



Vattikuti India Relief Foundation

Impact study of Financial Inclusion and Livelihood Security

Project Implemented by
idf Initiatives for Development Foundation, Bengaluru



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**Dr. Veershekharappa
B. P. Vani**

Financial Inclusion and Livelihood Security

Executive Summary

1. Introduction

Financial Inclusion provides for affordable access to banking services to the poor financially excluded community. Movement out of poverty requires enabling the poor community to have multiple livelihoods, coupled with financial inclusion and institutional support of their own community based on self-help and entrepreneurial culture. Hence, most of the livelihood programmes are linked with financial services to the poor organised into Self Help Groups (SHGs) and federating them to provide support to the members of the SHGs. The capacities are built by civil society organisations with support from Government and donor organisations.

Vattikuti India Relief Foundation (VIRF), a Michigan based non-profit organisation, envisioned a programme 'POVERTY ALLEVIATION INITIATIVE (PAI)'. The programme was designed to promote livelihoods of the poor and enable their growth by financial inclusion.

Initiatives for Development Foundation (IDF), is a non-profit civil society organisation based in Bangalore providing services in livelihood development and financial inclusion.

VIRF and IDF partnered to implement PAI in rural Kunigal, a taluk in Tumkur district in Karnataka State, India. The programme is named 'Sujeevana', which in Kannada means 'better life'. The programme strategies were

- a) Social mobilisation by organizing groups based on self-help culture
- b) Risk mitigation in their livelihood activities and facilitation of 'even cash flows' at their household level
- c) Providing access to affordable financial services including livelihood credit through Business Correspondent / Business Facilitator (BC/BF) services to the groups and
- d) Establishing the Community based organization (CBO) by federating groups for sustaining the programme. The programme promoted two types of groups (i) SHGs of women (ii) Groups of small / marginal or tenant farmers called as Joint Liability Groups (JLGs).

Having implemented the programme in Kunigal, VIRF intends to replicate this programme on a larger scale in other part of the state/country. In this context VIRF wanted to have a review of the impact of the programme.

2. Objectives

The evaluation study was taken up with following objectives

- a) The significance of methods/ strategy adopted in social mobilisation.
- b) Impact of financial inclusion on improving productive asset base.
- c) Impact of livelihood development on improving household level income.
- d) Sustainability of CBO and programme.

3. Methodology

The study design included assessment of secondary data from various sources. Field data was collected on sample basis. Two Grama Panchayaths (GP) were selected randomly from each Hobli. A Hobli is a cluster of Grama Panchayaths. GPs are the first tier of the Local Government in India.

The groups in the GPs were formed in different years and hence provided with varying levels of support by the programme. Hence, the groups were selected randomly from groups categorised based the number of years of exposure to the programme.

On an average four to seven groups were chosen from each GP; thus 33 JLGs and 23 SHGs were selected. In the sample of 56 groups, two SHGs and one JLG had members exclusively belonging to Scheduled Caste (SC) /Scheduled Tribe (ST) category. This community are highly under privileged and vulnerable to high level of poverty. The remaining groups have mixed composition of castes; most of them are backward castes. However all the group members belonged to poorer class of the society.

Data was collected from the sampled group members using Focussed Group Discussions for qualitative data and using a questionnaire for quantitative data. This data was collectively used for analysis, comparison with secondary data and cross verification.

4. Strategies adopted in Social Mobilisation

Before forming the groups, the programme staff established rapport with the rural community. Using the Participatory Rural Appraisal Techniques (PRA) the community was oriented to self-help culture. The PRA also provided reference for socio economic data collection at family level. The data analysis was shared with the community to identify Poorest of the Poor (POP) so as to include them in the social mobilisation process and inclusion in the programme. The community identified that any family falling with in any three of the four POP criteria [(a) homeless households (b) thatched roof households (c) no land holding or marginal land holding (c) women headed households dependent on labour as source of livelihood] as POP .

For deepening the impact, the programme design focussed on the family and allowed maximum two members to be directly in the programme. However, these members will be in different groups with the women constituting SHGs and men into JLGs.

During the study it was revealed that, most of the group members considered mutual proximity, economic, social and personal affinity as the basis to join together to form groups. This indicates a subtle screening process by the community to select or reject individuals' admission to the groups for smooth functioning and sustainability of the group. The groups were trained in group functioning, self-help culture, thrift, financial literacy, book keeping, leadership and conflict management. Progressively the group leaders were trained on CBO constitution and their role in its governance.

The social mobilisation was on large scale. Within a span of three years, around 22 thousand families have been added, which constitutes around 50 per cent of the families in Kunigal taluk.

5. Community Service Centers (CSC) and Financial inclusion

The programme established CSC to provide multiple services to the community under one roof at the GP level. The services covered data collection, collation of the community members, SHG book keeping, advisory on entitlements, self-employment counselling, schemes of government to the community, point of marketing of demand based services and inputs like mobile recharge, feeds, seeds, financial inclusion services etc.

The financial inclusion services provided were holistic, covering financial literacy to the community through street drama, trainings groups, enrolment of members to open their savings accounts at the banking kiosks on campaign mode and enabling the groups to access livelihood credit. Financial Inclusion was one of the massive interventions that lead to economic improvement of the poor community to a significant level.

6. Groups' Linkage with Banks

The financial exclusion of the poor community before the programme was about 60%. More than 45% of the families were dependent solely on money lenders to meet their credit needs, whose interest rates were usurious, ranging from 36% to 60% per annum, pushing them to vicious debt traps.

The FI component of the programme enabled the group members to access livelihood credit from State Bank of India. The loans extended were solely on group guarantee. As per the state policy, the group borrowings were provided interest subsidy. When repaid regularly, the net interest load on the borrowing members was as low as 4%, which has been a great relief to the debt trapped poor community. This has made a visible impact in the improvement of the earnings of the poor community and enabling them to acquire livelihood assets.

The groups' first cycle of credit from the bank was enabled within 6 to 7 months of formation of the group, after their satisfactory functioning and grading. Since 2009 till March 2013 a total of 2,678 groups have availed loan, out of which 1,741 were JLGs and 937 are SHGs. Of these groups 67 per cent had accessed three cycles of bank credit; 17 per cent of the groups have progressed towards the fourth cycle of bank credit.

The cumulative bank credit to 28,838 group members was **Rs 997.20 million**. As a result dependency of local money lenders significantly declined. Thus, Sujeevana helped in bringing more and more financially excluded families into financial inclusion.

Inspite of very impressive achievements in financial inclusion, the programme was dependent only on the Bank's kiosk system. This system does not provide the required management information needed for monitoring, planning and control. As a result the programme faced many problems which hindered realization of wholesome financial inclusion.

The lack of monitoring technology tools for large scale financial inclusion as in the instant case, and due to Bank's reluctance to permit access to their core banking system, denied full realization of the potential for developing a robust financial inclusion system.

7. Livelihood Development

The study indicated that the group members were provided knowledge and skills related to agriculture and allied activities based on locally relevant sustainable technology through the Farmers Field Schools (FFS). These technologies are low cost. They conserve natural resources; integrate live stocks with farming system. Sustainable farming systems such as Guli ragi (finger millet), System of Rice Intensification (SRI) and Sustainable Sugarcane Initiative (SSI) have been adopted by group members. Further, conservation of soil and water, organic methods of pest control, production and use of manures have been demonstrated and adopted by the group members. Bio pesticides extracted from local plants are widely used both in plant and animal health promotion/ protection.

The FFS were also used for disseminating knowledge on health and sanitation to the group members. Health camps were conducted to improve health of the community, disseminating knowledge on preventing and managing diseases thereby reducing medi-care expenditure. These are the additional benefits being extended, which are difficult to measure monetarily.

Training on non-farm activities such as tailoring, basic computer course, driving, etc were provided to enhance the skills of the family members of the group to explore supplementary livelihoods. These trainings have created opportunities for income generation by the younger generation of the families of the group members.

8. Income Improvement

The loan amount was primarily invested in agriculture and animal husbandry by the group members. As two members of the family have been included in the programme and were able to access low cost credit, the families could acquire livestock assets like high yielding milch cattle, sheep and goats.

The usage of sustainable farming methods reduced the input cost and improved the crop and livestock yields, contributing to incremental net income. The computation of incremental income is complex as it is a result of multiple cash flow streams, and consequence of reduction of expenditure and increased productivity. As said earlier there are many indirect benefits which cannot be measured in monetary terms but have enhanced the capacity of members to earn additional income.

The quantifiable benefits are reflected in the increased return of Rs.10,000 per acre both for Guli Ragi and paddy and a much higher return for sugarcane i.e., Rs.15,000-20,000 per acre. The increase in income from the live stocks can be seen in the increased milk yield. On an average a member from JLG group had derived **higher incremental** income of **Rs. 69,025 per annum**. In the case of SHG member, **the incremental income was Rs. 30,722 per annum**.

In sum, the incremental income can be attributed to four causes (a) Reduction in the expenditure on livelihood (b) Reduction in the financial costs at household level (c) Increased livelihood productivity and earning opportunities enabled by even cash flows (d) Liquidity due to multiple but integrated livelihood activities at household level (field crops, short term flower and vegetable crops, live stocks, labour etc)

9. Sustainability of the CBO

The programme has designed the CBO as the institutional support system to carry over the programmatic interventions as an on-going concern. The financial sustainability of the federation hence, was one of the objectives of the programme. Sustainability of the Federation essentially depends on its ability to generate revenues from multiple streams. Sustainability of the groups as well as CBO is interrelated and interdependent.

9.1. Groups Functioning

Group sustainability is achieved if the members within the group are socio economically homogenous; use the group as a means to enhance their livelihoods. More than 50 per cent of the groups are homogenous. Their training enhanced their livelihood skills. Similarly, the sustainability depends on the governance such as equal opportunity for participation, rotation of leadership, frequency of group meetings etc. It is noted that many of the members are reluctant to accept leadership. On an average, meetings were held twice per month. For groups which have been in existence for more than two years, meeting twice a month may be sufficient. But, for the newly formed groups it is essential that they meet once a week to acquaint themselves with the operations and mechanisms of the group. Group members also expressed similar desire. Further maintenance of records should be entrusted to group members, rather than seeking outside help. This may make everyone learn and understand the inherent intricacies of book keeping.

9.2. Financial operation of the groups

Most of the groups have a substantial savings which is used for internal lending. This internal loan acted as a good source of access to money at times of emergencies. The interest charged for internal lending is very nominal.

The members could access timely and subsidised bank credit due to their groups and CBO. They could also get other services like livelihood trainings, as they are into groups. The CBO also provided life risks by quickly providing a sum from its risk fund to the legal heirs of the family. To avail all these services, the members through their groups contributed a specific financial contribution.

One of the key features of PAI was to develop entrepreneurship for income diversification of the rural agrarian households. Thus, it is advisable, that homogenous livelihood groups be formed which include members who are inclined to start a micro enterprise. This could help provide additional source of income for the members and help diversify their income. In fact, the group members have expressed that they wish to venture into group entrepreneurship, which can be accomplished by providing forward and backward linkages.

10. Concluding Remarks

The study team concludes that the Sujeevana programme has improved livelihood to the group members. The causes for better livelihood are due to:

- Improvement of productivity, cost reduction, risk mitigation due to adoption of sustainable livelihood practices.
- Enhancing household level livelihood opportunities' including non-farm sector
- Reduction in financial costs, enabling thrift culture, building livelihood assets due to Financial inclusion
- Social benefit, building social capital, especially to SHG members, in terms of their empowerment both at home and in society.

The summary of the findings in comparison with the pre programme period is as under:

Table A: Demographics details

#	Particulars	Apr 2009	Mar 2013
1	Population	205,687	210,279
2	Households	45,380	46,364
3	No. of poor households including poorest of the poor	41,750	23,534
4	No. of poorest of the poor households	3,078	2,168

(Census 2011)

Table B: Coverage of poor

#	Particulars	Target	Achievement
1	No. of Households covered in the programme	28,369	22,000
2	No. of poor households covered in the programme	25,050	20,240
3	No. of poorest of the poor households	3,078	3,078

Table C: Movement out of poverty

#	Particulars	Before	After	% of HH covered
1	Poor Households moving out of poverty	20,240	18,216	90
2	Poorest of poor moving out of poverty	3,078	910	30

Table D: Financial impact

1	% of Group members getting incremental income	90%
2	Average incremental annual Income per household Rs .	49,874
3	Average incremental annual Income per household USD @ 60 INR	831
4	Average incremental income per household USD per day (i.e. above USD 2)	2.28

Table E: Financial inclusion

#	Particulars	Pre project Before Apr 2009	Post project Mar 2013
1	Households able access to credit from Bank, Cooperatives	2,200 (10%)	22,000 (100%)
2	Households dependent on Money lenders for credit	9,900 (45%)	1,760 (8%)
3	No. of Groups credit linked	0	2,060
4	No. of group members credit linked	0	28,838
5	Total bank credit accessed Rs in Millions.	0	997.20
6	Average credit per group member Rs.	0	34,579
7	Average credit per Household Rs.	0	45,327

Table F: Livelihood assets acquisition

#	Particulars	No. of members (% to total Members)
1	Members acquiring livelihood assets	23,647 (82%)
2	Of which Live stocks (milch cattle, sheep/goat)	20,187 (70 %)

The incremental income through usage of LEISA technique and diary activity, has on an average yielded Rs. 69,000 per annum to JLG members and Rs. 31,000 per annum to SHG member. However, if one takes into account the invisible benefits, the annual income would have been much higher than recorded. Thus, the Poverty Alleviation Initiative (PAI) through financial inclusion brought a noticeable improvement in the facilitation of banking services and standard living of the poor.

11. Way forward

Inclusive growth is the current developmental issue being discussed in all forums. Financial inclusion has become the prime objective of inclusive growth. In fact, many forums have categorically admitted that without financial inclusion, it is difficult to achieve inclusive growth.

The programme conceived by VIRF, implemented by IDF has proved that inclusive growth can be brought in by large scale social mobilisation through SHGs, promoting and developing the capacities of the CBOs, wholesome FI with Livelihood promotion, with continued support from the CBO.

Hence, this programme can be replicated in other areas. Following suggestions are made to enhance the value of the programme.

- **The programme needs to use an integrated IT platform for seamless exchange of the financial transactions between the community and the bank to provide valuable management information for control and development.** Further, efforts should be made to adopt mobile based technology, which will bring accuracy and reduce time for transaction. It also provides proper information to monitor and control of operation.
- The loan amount to group to be increased and group size can be brought down to have efficient function. It is observed that smaller groups have better repayment compared to the large groups, not only in this project but in SHG-Bank Linkage model elsewhere in the country. The capacity

building of community through financial literacy need to be continuous as the needs change over time and level of credit availed; prevent delinquencies in loan repayment.

- Enabling forward and backward linkages, especially to group enterprises of the members.
- CBO must make available the agricultural inputs, including the instruments needed by the community.
- Enabling subsidized credit to SHG members as available for Kisan Credit card

ACRONYMS

AT	Appropriate Technology
BC/BF	Business Correspondent/Business Facilitator
CBO	Community Based Organisation
CSC	Community Service Centre
DBT	Direct Benefit Transfer
FDP	Family Development Plan
FFS	Farmer Field School
FI	Financial Inclusion
GP	Gram Panchayat
IFAD	International Fund for Agricultural Development
INR	Indian Rupee
JLG	Joint Liability Group
KCC	Kisan Credit Card
LEISA	Low External Input Sustainable Agriculture
MBT	Mutual Benefit Trust
MFI	Micro-Finance Institute
NABARD	National Bank for Agriculture and Rural Development
NGO	Non-Governmental Organisation
PAI	Poverty Alleviation Programme
PRA	Participatory Rural Appraisal
RBI	Reserve Bank of India
RRB	Regional Rural Banks
SAT	Sustainable Agriculture Technology
SBI	State Bank of India
SHG	Self-Help Group
SHG-BLP	SHG-Bank Linked Programme
SHPIs	Self-Help Promoting Institutes
SRI	System of Rice Intensification
SSP	Self Employed Service Provider
UNDP	United Nations Development Programme
UNICEF	United Nations International Children's Emergency Fund
USD	US Dollar

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Chapter 1

Financial Inclusion: Policies and Provisions

1.1: Introduction

A number of studies support that the poor need financial services to help them manage their lives (Morduch and Rutherford 2003) but, in fact, a large segment of the population, especially the poor, are still excluded from the formal banking services, which has led to income inequity (Baldacci et al 2002). In India, efforts have been made to extend financial services to the poor by way of nationalization of banks, opening up new banking institutions and designing new credit schemes. However, two third of India's population does not have access to formal banking institutions. Recently, it has been identified that 51.4 per cent of farmer households are financially excluded from both formal and informal sources (59th, NSSO Survey) and 11.5 million households have no access to formal credit (Rangarajan Committee, 2008). Thus, the policies of financial reforms have not helped in the extension of financial services to vulnerable sections, instead they have paved for financial crises, affecting income (Baldacci et al 2002). It is imperative that necessary efforts have to be made to identify the causes of financial exclusion and to design strategies to ensure financial inclusion for overall inclusive growth.

1.2: Definition, Meaning and Concept

There are numerous definitions of financial inclusion, however; scholars define that the physical access to banking facilities (Leyshon and Thrift, 1993) and mainstream financial services (Kempson and Whyley, 1999) should be considered as financial inclusion. The financial exclusion may be considered as those who have no access at all to financial institutions (World Bank, 2005), persons who do not have a bank account (Thorat and Paul 2007) or have no access to basic financial services (Mor and Ananth 2007). The Reserve Bank of India (RBI) defines Financial Inclusion as *the process of ensuring access to appropriate financial products and services needed by all sections of the society in general and vulnerable groups in particular, at an affordable cost, in a fair and transparent manner by mainstream institutional players*. Both the Reserve Bank of India (RBI) and the Government of India (GOI) have set up Committees and Working Groups time and again to address these issues and increase the penetration of banking services to remote areas and vulnerable groups.

In continuation of it, the GOI in its Union Budget 2005-06, while addressing the issues on *Rural Credit and Indebtedness*, put forward that banks should focus on providing credit especially to rural households involved in agricultural activities. In this context, the GOI requested RBI to examine the issue of allowing banks to adopt the agency model by using the infrastructure of civil society organizations, rural kiosks and village knowledge centers to provide credit support to rural and farm sectors.

The RBI constituted an Internal Group to examine Issues Relating to Rural Credit and Micro Finance (Chairman Shri. H.R. Khan, 2005). The group recommended two agent models namely, the Business Facilitator (BF) and the Business Correspondent (BC) models as a proactive response. Under the BF Model, it was envisaged that banks could use a wide array of civil society organisations and others for supporting them by undertaking non-financial services¹. Under the BC Model, institutional agents/other external entities may support the banks for extending financial service². To support the agent models, the committee on Financial Inclusion (Rangarajan 2008) recommended setting up of Financial Inclusion Fund (FIF) to meet the cost of technology adoption and laid out a road map for further intensifying the on-going financial inclusion process and suggested to scale up investment in financial literacy.

1.3: Progress of Financial Inclusion

Based on the recommendations of Committees and Working Groups, the authorities have been executing policy measures on the advice of Reserve Bank of India (RBI) and much emphasis has been laid on opening no frill accounts and compliance with the KYC norms by the banks. The BC and BF agent models have played vital role in achieving financial inclusion (Table 1). The total number of BCs deployed has increased by 63,000 from 2010 to 2012. Further, the ICT A/Cs handled by BCs have increased from 27 million (2010) to 156 million (2012). The total transactions of these accounts have touched Rs. 97 billion in 2012, a remarkable achievement.

Table 1 Progress of Financial Inclusion in India

S No.	Particulars	March 2010	March 2011	March 2012
1	BCs and CSPs deployed	33,042	58,361	96,828
2	Villages covered through the Branches	21,499	22,684	24,701
3	Villagers covered through the BCs	33,158	76,801	1,20,355
4	Villages covered through other modes	100	355	2,478
5	Total Villages covered	54,757	99,840	1,47,534
6	No Frills A/Cs (no. in millions)	49.55	74.39	103.21
7	No Frills A/Cs savings (no. in Rs. billion)	48.55	65.65	-
8	KCCs (no. in millions)	24	27	30
9	KCC- Credit (Rs. billions)	1,240	1,600	2,068
10	GCCs (no. in millions)	1	2	2
11	GCC- Credit (Rs. billions)	35	35	42

¹The Business Facilitators would provide support services such as: a) borrower identification, b) collection, processing, and submission of the application, c) preliminary appraisal, d) marketing of the financial products including savings, e) post-sanction monitoring, f) promoting and nurturing SHG/ Joint Liability Groups (JLG) and g) follow-up and recovery. The Group also identified several agencies which can act as BF's which the RBI has included in a phased manner.

² The BCs would function as 'pass through' agencies to provide credit related services such as disbursement of small value credit, recovery of principle, collection of interest and sale of micro finance/ mutual fund products/ pension products besides the other function of BF Model.

S No.	Particulars	March 2010	March 2011	March 2012
12	ICT A/Cs- BC Total transactions (no. in millions)	27	84	156
13	ICT A/Cs- BC Total transactions (Rs. billions)	7	58	97

Source: Microfinance: India State of the Sector report 2012; Report on Trend and Progress of Banking in India- 2012-13

Thus, the BC model has contributed for a deeper penetration and wider presence than bank branches in short duration. The number of villages covered by BCs increased from a mere 33,000 in 2010 to 1, 20,000 in 2012 whereas, the villages covered by bank branches during the same period have been very insignificant.

The increase in the number of No Frill Accounts (NFA) is impressive but, it is overshadowed by the low usage and high dormancy in these accounts. At the ground level, it has been observed that most of the NFAs were non-operative, and clients were not even aware of the terms of use of these accounts, though these accounts were designed keeping in mind the needs of vulnerable groups. Hence, there is need to strengthen financial literacy programme.

1.4: Progress of Financial Inclusion in Karnataka

Karnataka state is well known for the expansion of banking intuitions as well as for its contribution in promoting financial inclusion programme. According to the Report by Crisil called *Inclusix Index (2012)*, Karnataka ranks ninth with a score of 61.4 among all the 35 States and Union Territories, which is above all-India score of 42.8. The major parameters considered for this rating are bank branch, deposit and credit penetration. However, the report mentions that only one in every two households has a savings bank account and one in seven has access to bank accounts.

In the 125th meeting of State Level Bankers' Committee (SLBC) in October 13, 2013, it was recorded that commercial banks have achieved a target of providing banking outlets to all villages in Karnataka with a population of over 2,000 people. Banks have covered 3,395 such unbanked villages by providing outlets of which brick and mortar branches were opened in 402 villages in the first phase of the financial inclusion scheme. In the second phase, such outlets were only 3,862 against the target of 13,684 villages.

Table 2 Financial Inclusion in Karnataka

Sl. No.	Particulars	As on December 2013
1	No. of villages with population more than 2,000 identified for Financial Inclusion	3,395
2	Out of this, total No. of villages covered under Financial Inclusion	3,395
3	No. of villages with population less than 2,000 identified for Financial Inclusion	23,126

Sl. No.	Particulars	As on December 2013
4	Out of this, No. of villages covered under Financial Inclusion so far	10,850
5	Total No. of villages covered under ICT (Information and Communication Technology) based Financial Inclusion (FI) or other modes	13,611
6	Cumulative No. of Basic Savings Deposit Accounts opened (in lakhs)	107.86
7	No. of overdrafts in basic savings deposit accounts (in lakhs)	10.75
8	No. of general purpose credit cards (GCCs) issued (in lakhs)	3.67
9	No. of Kisan credit cards (KCCs) issued (in lakhs)	21.16
10	No. of smart cards issued (in lakhs)	18.96
11	No. of smart cards transactions (in lakhs)	81.75
12	No. of Business Correspondents(BCs) / Business facilitators (BFs) Appointed	8,077
13	No. of financial literacy centers (FLCs) established	102
14	No. of RSETIs established	33

Source: SLBC, Karnataka 2013

The most striking point that can be perceived from the above table (table 2) is that the number of villages identified for financial inclusion above 2,000 population have been covered in totality, whereas, only half of the identified villages have been covered which have population less than 2,000. The penetration of financial inclusion has deepened with the advent of ICT based FI models as 13,611 villages were reached for the year 2012-13. The total number of BCs and BFIs appointed in Karnataka was 8,077 with a view to reach out to a wider area. Also, 102 financial literacy centers were established to educate on financial services and procedures. The extent of GCCs and KCCs issued in Karnataka was 3.7 lakh and 21.2 lakh respectively. With over half of the identified villages (with population < 2000) remaining unbanked, there is a dire need to scale up the financial inclusion process in Karnataka.

Chapter 2

Institutional Intervention

2.1: Introduction

In recent years, ensuring a sustainable livelihood for the poor and the excluded has become a prime objective of many of the developmental institutions, among the developing countries. Similarly, across India, many institutions are focussing their efforts to promote viable and sustainable livelihoods for the excluded community. The early federations promoted by Professional Assistance for Development Action, PRADAN (1992), CDS in Alappuzha (1993), followed by Andhra Pradesh's Mahila Abhivruddhi Society (APMAS) have engaged themselves in this effort. Numerous international donor agencies, such as UNDP, IFAD, UNICEF, the Aga Khan Foundation, etc. have partnered with field level implementing organizations to implement a sustainable livelihood programme.

Similarly in Karnataka, a couple of development organizations with similar collaborations are undertaking sustainable livelihood programmes. One such collaboration is between Initiatives for Development Foundation (IDF) and Vattikuti India Relief Foundation (VIRF). Their sphere of activities and interventions are focused on physical and financial access for livelihood sustainability. In other words, by providing continuous financial access, livelihood security is ensured. The nature and role of the institutions are discussed briefly in the following paragraphs.

2.1.1: Initiatives for Development Foundation (IDF)

The Initiatives for Development Foundation (IDF), is a Non-Profit Charitable Trust, based in Bengaluru. Its expertise lies in the field of livelihood programme. It focuses on addressing developmental issues and improving the household economy by providing financial access and building agricultural and vocational skills. IDF is known for its transparency in operations and innovative techniques to reach out to the underprivileged sections. It has been recognized and awarded for its works in SHG-Bank Linkages Programme³ by NABARD. Further the IDF known for its self-help values and imparting agricultural know-how's to the financially excluded and agrarian households. Apart from the previously mentioned, it also organizes vocational training and entrepreneurship skill development. IDF follows the strategy of Community Based Organization (CBO)⁴ to ensure sustainable

Box 1: BC and BF

BF services included identifying and enabling financially excluded community to open their savings account with the bank and help them avail different financial services viz. savings, credit and any other suitable products from the bank.

The BC services included providing cash transaction services to the bank account holders using Point of Sale (PoS) machine.

³IDF has been awarded the best performance under SHG- Bank linkage and Farmers' Club programme for the year 2010-11 in Karnataka. This is the third time NABARD has recognized IDF for SHG Bank linkage.

⁴ Community Based Organisation (CBO) or Federation is primarily a democratic setup wherein the participants (SHG and JLG group members) of the programme elect their representatives. Elected representatives help in facilitating and monitoring the programme.

livelihood to the poor and the vulnerable (See 2.3).IDF's activities in Karnataka are spread across various districts such as Kolar, Chikkaballapur, Tumkur, Chitradurga, Dharwad and Haveri.

The approach adopted by IDF for financial inclusion the Business Correspondent (BC) and Business Facilitator (BF) model (Box 1) by bringing together major public sector banks, NGOs, IT services providers and insurance companies.

2.1.2: Vattikuti India Relief Foundation (VIRF)

Vattikuti Foundation is essentially a charitable, Non-Profit Organisation with its headquarters in Michigan, USA. VIRF through consultative processes designed a programme called Poverty Alleviation Initiative (PAI) aimed at moving the poor in the rural India out of poverty by delivering a set of services in a self-sustainable and replicable manner (Annexure 1). The foundation initiated Poverty Alleviation Initiative (PAI) in 2009, to ensure livelihood security to the poor by providing access to formal financial institutions through the CBO approach. Thus, IDF and VIRF have common approach to poverty alleviation initiative.

2.1.3: MOU between VIRF and IDF

As mentioned earlier, IDF was engaged in financial inclusion programme in Kunigal Taluk acting as the BC and BF of the State Bank of India. Meanwhile, it had been looking for opportunities to deepen the scope of its engagement with its target communities and expand into areas such as education, health, entrepreneurship and entitlement, further, it wanted to use technological solutions to expand its services. Similarly, VIRF was in search of an implementing partner to operationalize the Poverty Alleviation Initiative (PAI) aimed at ameliorating the status of the rural poor.

VIRF and IDF discovered that they shared a common vision of community led development. Thus, IDF and VIRF entered into an agreement (MOU) on December 7, 2010 to implement the poverty alleviating initiative (PAI). IDF took up the role of the project-implementing partner with VIRF being the donor agency. The PAI was to be implemented by IDF using: (i) The Community Based Organisation (CBO) platform already functional in Kunigal Taluk of Tumkur District, and (ii) replicating to newer geographies in the neighboring Taluk of Gubbi. The programme was named as Sujeevana.



Figure 1 Programme launch

2.2: Project Progression

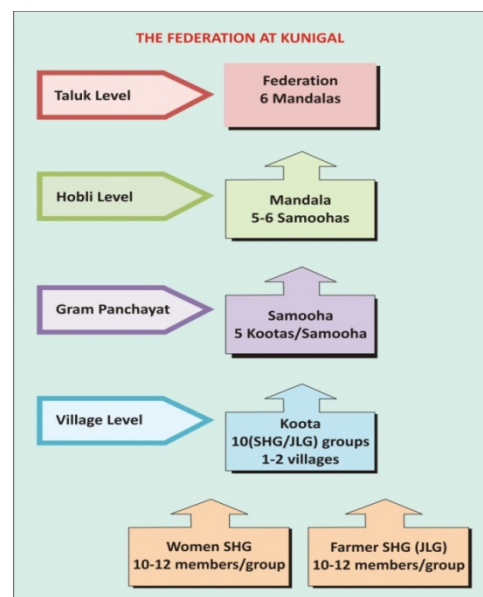
2.2.1: Sujeevana Project

IDF had initiated work in the villages of Kunigal Taluk of Tumkur District (during 2009-10) by mobilizing the financially excluded community and inculcating self-help culture, risk mitigation of their livelihoods and facilitation of cash flows. The project was coined as 'Sujeevana', which literally means

better livelihood. This project was partly funded by Hivos⁵ and partly from the internal reserves of IDF. It focused on:

- Building rapport with the community using cultural tools,
- Ascertaining the problems associated with livelihood and financial inclusion using Participative Rural Appraisal Tools (PRA),
- Forming the financially excluded families into Joint Liability groups (JLGs) and Self-Help Groups (SHGs). JLGs usually comprise of farmers and has more male members, whereas SHGs is associated with income generating activities and comprises of women,
- Familiarizing them with the SHG culture and increasing their involvement through regular meetings, thrift and extension of credit,
- Dissemination of sustainable livelihood technology through regular Farmer Field Schools (FFS) sessions to JLG members,
- Providing bank linkage for the groups through SBI Kunigal branch for livelihood credit; and
- Formation of the CBO by providing representation to the group members at various levels.

Box 2: CBO Hierarchy



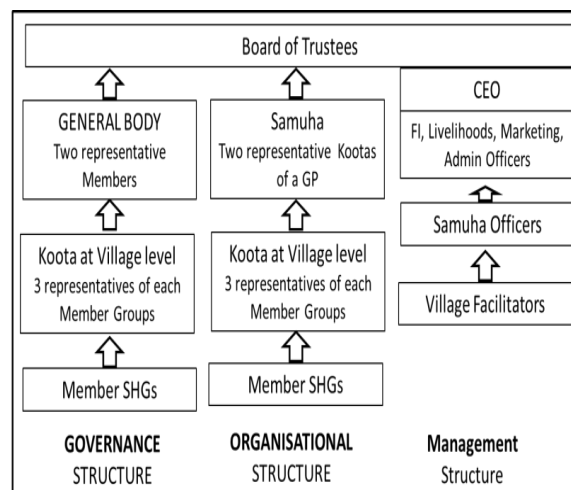
Apart from inculcating the concept of regular saving and thrift, IDF tried to train the members (especially JLG members) in use of sustainable technology in agriculture. Under this initiative, Farmer Field Schools (FFS) were given great importance. IDF desired to reduce the input cost of agriculture by reducing farmers' dependence on pesticides and fertilizers and introducing Low External Input Sustainable Agriculture (LEISA) Technology. This new method of cultivation helps in reduction of input costs and enhances the productivity thereby, increasing the overall farm income.

⁵<http://www.hivos.org/about-hivos>

2.3: Community Based Organisation

The *Community Based Organisation (CBO)/ Federation* is an institutional structure to monitor and facilitate the activities of the group members. At the grass root of this structure are the JLG and the SHG members (Box 2). As mentioned earlier, the JLGs comprise of farmers and are male dominated, whereas the SHGs comprise of female members. The entire CBO is constituted of three parts viz. Governance, Organizational and Management structures (Box 3). At the village level, the representatives of the groups monitor the activities of the group members along with the guidance and support of **Village Facilitators** (VFs). The governance structure is formed mainly by the elected members of the **kootas**.

Box 3: CBO Institutional Structure



The managerial structure involves the Village Facilitators (VF) at the village level, Samoocha officers at Gram Panchayat and Block officers at. The entire programme is implemented and monitored by Financial Inclusion officer, Social Mobilization officer and Livelihood officer. These personnel are responsible for conducting *farmer field schools (FFS)*, administration of the programme, bank linkages, credit disbursement etc. The programme is managed by the CEO through the layers described above whereas the governance is by Board of Trust through the Chairman of the CBO. The Federation was registered as a tax paying Mutual Benefit Trust (MBT) in Kunigal.

IDF initiated the process to strengthen the CBO by guiding its *governance team* and *lending management team* so that the CBO could in the long run function independently and (a) continue providing FI services to its member groups (b) graduate to promote market linkages to the produce (primarily agricultural) of its constituent members. The BC/BF commission from the financing bank and members contribution for the services availed were proposed as the major revenue sources to achieve financial sustainability of the CBO to function as an ongoing concern.

2.4: Initial Poverty Alleviation Model

VIRF engaged the services of M/s Swasthi⁶, a consultancy firm in developmental sector, to design the model for Poverty Alleviation using the strength of community. Swasthi developed the project proposal through a consultative process involving development professionals including the team from IDF, backed by secondary research. The five salient features of the Model were:

- ✓ Community ownership
- ✓ Self-employed Service Provider (SSP)
- ✓ Data collection and Identification of the Poor
- ✓ Family Development Plan (FDP)

⁶<http://www.swasti.org/main/>

- ✓ Learning and building on experience of others.

2.4.1: Four E Strategies

The PAI model included areas covering entitlements, entrepreneurship, education and employment and was termed as 4 E strategies (Box 4). These strategies were designed to achieve the poverty alleviation goals, coupled with financial inclusion and health. In order to achieve these goals, the model proposed:

- systematic primary data collection of the families of the rural community
- participative identification of the poor families
- developing family development plan
- digitization of data

Box 4: Four 'E' Strategies

1. Entitlements from the State
2. Enterprise promotion
3. Educational services to the students of families of village community
4. Employment facilitation

Using the information generated, the 4 E poverty alleviation services were to be implemented through a cadre of Self Service Providers (SSPs) identified, paid and controlled by the community through CBO.

2.5: Social Mobilisation- Methods Adopted

To understand how the poor or financially excluded were motivated to form the groups, focus group discussions (FGDs) were held by the ISEC Team. The project implemented by IDF adopted four criteria in identifying the poor household (Box 5), viz., members of houseless or thatched roof households, followed by no or marginal land holding, women as primary bread winners, laborers (agricultural or otherwise). During the focus group discussions, it was gathered that IDF organized (a) 3-4 meetings at the village level, (b) exposure visits to other groups to demonstrate the advantages of group membership and (c) one to one meetings with influential individuals like head of the villages, to instill a sense of credibility among the potential members. Some groups mentioned that they



Figure 2 Street play

received constant support from the old groups during their incipient stages. While forming a group, members were asked to list out certain criteria on the basis of which members were to be selected or rejected. During the focused group discussions it was revealed that, most of the groups considered geographical, economic, social and personal aspects to form groups. These criteria reveal that, the groups have undertaken a subtle screening process to select or reject individuals for smooth functioning and sustainability of the group.

2.5.1: Formation of Groups

While forming JLGs and SHGs, social mobilization was undertaken primarily on the basis of geographical area. In Kunigal, out of the total families, 70 per cent belonged to the farming community (31,790) and 30 per cent to the non-farming community (13,590).

The SHGs are most often female dominant with over 90 per cent of the group members being females. The main line of activities for the SHGs is usually allied activities such as dairy, cattle rearing, sheep and goat husbandry, etc. On the contrary, the JLGs are more inclined towards farm activities thus, male dominant. The size of groups varies from 10 to 15 members, with an average of 12 members.

Box 5: Criteria for Poor Identification

1. Houseless or thatched roof households
2. Marginal or no land holdings
3. Women as the head of the household
4. Labourers

In the recent past, there is a conscious effort to reduce the size of JLGs to five members. The small size of the group usually helps in the intensive training and close monitoring of their cultivation activities. Also, the small group size provides greater sense of belongingness and responsibility towards fellow members. In fact, when the JLG model was introduced by the Agriculture Department, Govt. of Karnataka (GOK) and NABARD, the group size was 5-8 members; even today the Department of Agriculture and Forest prefers a group of smaller size. The characteristic details of the sample groups studied by ISEC team have been dealt in detail in Chapter 6.

2.5.2: Group Meetings

After the establishment of the SHG or JLG, the members need to assimilate and understand the functioning of the group and hence the meetings are conducted frequently i.e. weekly. However, as the groups move along the learning curve, and after acquaintance with the basic do's and don'ts, the meetings are scheduled according to groups' convenience either weekly, once a fortnight or monthly. The response to the programme has been encouraging, as around 22 thousand families have been added within a span of three years It constitutes around 50 per cent of the families in Kunigal Taluk. The groups' activities have been supported and guided by the CBO structure.

2.5.3: Motivation behind Membership

The group members expressed that the main reason to join a group is to avail adequate, timely credit at lower rates of interest without much hassles of paperwork whereby the logistics and other formalities are covered by IDF. The advantage of this programme is that the credit is not linked to the groups' savings; contrary to SHG-Bank Linkage Programme, where the credit disbursement by bank is linked with the savings. Nevertheless, these groups make continuous and persistent savings to meet the immediate, small fund requirements, to supplement investment in income generating activities or to meet unforeseen expenditure.

2.5.4: Farmer Field Schools

Farmer Field Schools (FFS) are initiated to enhance the knowledge of the farmer in the field of farming and allied activities (Box 6). FFS is intended to disseminate information on new farming activities including use of low cost and indigenous inputs. As mentioned earlier, JLG members are involved in farming activities and are the main participants in this school.

The core issues discussed apart from techniques of agriculture are the problem they face in the context of financial inclusion, procurement of inputs and marketing of produce. The objective of the FFS is experimental learning, teamwork and overcoming the social barrier. The FFS meetings include

discourses on wide array of topics, though primary focus rests on agriculture but they tend to shed light on importance of education, hygiene, sanitation and numerous other socio-economic topics.

Box 6: FFS Activities

1. LEISA (Low External Input Agriculture) – for substitution of pesticides, fertilizers and aligning with natural processes for sustainability
2. Guli Ragi (Sustainable agro practices for Finger millet)
3. SRI (System of Rice Intensification)
4. SSI (Sustainable Sugarcane Initiative)
5. Azolla culture (for Nitrogen fixing, feed supplement to poultry, dairy)
6. Effective Microorganism usage
7. Organic Urea, crystallizing urine of Livestock's
8. Management of animals (Cow, buffalo, poultry, goats, sheep etc)
9. Apiculture (Honey bee rearing)
10. Fishery
11. Horticulture and agro forestry

2.6: Community Service Centers

Community Service Centers (CSC) are an organizational conduit orchestrated in order to facilitate the Financial Inclusion program (Box 7). The CSC generally consists of a laptop or computer in a small building, operated by one person.

The primary functions of the CSC are community services (community mobilization, awareness and training, counseling, financial inclusion, and bookkeeping), data management (data collection and updating, entitlement facilitation, and services to the government) and information based services (market prices and advisory, entitlement advisory, and job searches). At these locations, any member of an SHG or JLG with a bank account is able to make deposits, withdraw cash, avail loans, and make transfers and other basic banking transactions. Members are issued a laminated ID card, and their account is protected by biometrics i.e. fingerprint scanning. CSC facilitates transactions, keeping records, and liaison among the Federation, government, and community, for each service, a service charge is levied. However, despite the state of the art services from these institutions, the maintenance of the CSCs has proven to be uneconomical, and hence the CSCs are being shifted from GP level to Hobli level. The problems are owing to many reasons like susceptibility to fraud, transaction and withdrawal limits restricted to Rs. 10,000 etc. The CSCs are presently unable to break even due to limited transactions and small coverage area. Increase in the volume of business through increase in the number of individuals transacting and using the kiosks' facilities are desired to make CSCs sustainable.

Box 7: CSC Services

Community Services	Data Management	Information Based Services
<ul style="list-style-type: none"> • Community Mobilization • Awareness and Training • Counseling • Financial Inclusion • Bookkeeping 	<ul style="list-style-type: none"> • Data Collection and Updating • Entitlement Facilitation • Services to the Government 	<ul style="list-style-type: none"> • Agri-market prices and advisory • Entitlement advisory • Job searches

2.7: Conclusion

Financial inclusion is the primary objective of the Poverty Alleviation Initiative (PAI) and adjunct to this is the livelihood security programme. IDF as the BC/BF has facilitated bank credit linkage for ensuring sustainable livelihood to the members. The field level observation reveals that sufficient efforts have been made by IDF for enabling groups access affordable bank credit. The credit is made available in accordance with the requirement of the entire group. The JLG groups have been provided Kisan Credit Cards (KCC), which facilitates easy access to credit from formal banking institution for farm investments. Within three years, 29 thousand members from 2,678 groups were linked to the banks. Around 80 per cent of the total credit availed belonged to farmer groups (JLGs) and the remaining belonged to the female groups (SHGs). Thus, in this programme the agrarian activities have gained priority.

Chapter 3

Sujeevana Programme in Kunigal Taluk

3.1: Introduction

In order to fully comprehend the impact of Sujeevana, the Poverty Alleviation Initiative in Kunigal Taluk, it is imperative that one must acquaint oneself with the socio-economic characteristics of the study region. This chapter will discuss the socio- economic profile of the region as well the project design of Sujeevana.

3.2: Kunigal Taluk

Kunigal Taluk is one of the 10 taluks of Tumkur district, spread across 6 hoblis and 36 gram panchayats. There are 294 inhabited and 20 uninhabited villages. It accounts for 9.2 per cent of the district's area and 8.4 per cent of district's population (2011 Census). Kunigal taluk has been classified as *Most Backward* by HPCFRRI, (Chairman Dr. D.M. Nanjundappa). The taluk score 0.79 on the index with a ranking of 138 out of 175 taluks in Karnataka towards bottom. The Irrigation Commission (1972) also mentioned this taluk as *Drought Prone region*, to overcome this problem, the central and state government both addressing issues concerned to backwardness. As per HPCFRRI report, the taluks income deprivation level was 31.4 per cent (BPL(R))⁷. In addition, the Taluk ranks low in agricultural productivity with below state average infrastructure and low performance on industrial development. As far as social infrastructure is concerned, it was classified as *More Backward*. On the other hand, the educational infrastructure of the Taluk is relatively better, but enrolment of students remains below state average.

Based on the findings and recommendations of HPCFRRI, the Government of Karnataka has laid more emphasis on developing the backward taluks and has pumped in large state funds for this purpose. Today, the situation is expected to have improved in these taluks. Nevertheless, Kunigal Taluk would require some more time to reduce its imbalances in various sectors. A comparative picture of indicators of Kunigal Taluk as per HPCFRRI and latest data of the same are presented in Annexure 3.

3.2.1: Economy of Kunigal

Kunigal Taluk continues to be an agrarian economy. More than 77 per cent of the population lives in rural Kunigal of which cultivators account for 60 per cent and the agricultural labourers 18 per cent. With regard to the size of the land holdings, about 50 per cent of the farmers come under the marginal category (i.e. less than one hectare of land holding) followed by small holdings (i.e. above 1 and below 2 hectares) accounting for nearly 26 per cent of the farmers. As regards the genderwise ownership pattern, males own 82 per cent of the land.

The land utilization pattern for Kunigal suggests that 52 per cent of the area is net sown area and 32 per cent of the net sown area is irrigated. Due to this, the taluk has relatively a larger area under paddy and sugarcane i.e. 26 per cent and 95 per cent of the Tumkur district's total respectively. The pulses cultivated are horse-gram, green gram, aware and cowpea. In fact, Kunigal taluk has the highest area

⁷According to the report, 31.4 per cent of the rural population is below the poverty line.

under food grains. It accounts for nearly 16 per cent of the area under food grains of the entire district. Kunigal taluk also has a large segment of rain fed area. In the last 2 years, the monsoon pattern has been erratic resulting in drought conditions. This has caused a setback to the agricultural production in this region.

Apart from food grains and commercial crops, the taluk has the largest area under mulberry cultivation in the district and accounts for 29 per cent of the district's total area under mulberry to support sericulture activity in Kunigal taluk. Sericulture being a labour intensive household industry had engaged 4,681 persons in 2011-12. This taluk has 5 cocoon markets out of 7 in the district. Farm allied activities such as animal husbandry and cattle rearing hold an integral part in the livelihood activities of the people of Kunigal taluk. The total cattle and buffalo population was the second highest in the district. The total livestock (as per 2007 Livestock Census) stood at 2,93,361 which was the highest in the district.

Kunigal taluk is not industrially well developed. As per end of March 2012, it had 435 and 565 registered chemical and engineering factories respectively. There are 2,016 small scale industrial units in the taluk. This highlights that Kunigal economy is heavily dependent on agricultural sector with less dependency on industrial sector.

3.2.2: Financial Infrastructure in Kunigal Taluk

As per NABARD studies, the financial exclusion of Kunigal was about 60%. The financially excluded people were dependent on local money lenders charging usurious rate of interest ranging from 36% to 60% per month.

It is in this context the project intervened to bring Financial Inclusion along with other interventions.

As at the end of March 2012, there were 22 banks operating in Kunigal taluk (Box 8). The State Bank of Mysore and State Bank of India have a prominent position in sharing banking business in this region.

Box 8: Banks in Kunigal Taluk

Nationalized Banks	15
Grameen Banks	4
DCC Banks	2

There are six organisations working in Kunigal taluk in micro-finance area. Apart from IDF Sujeevana programme, Stree Shakti, a programme launched during 2000-01 by the Department of Women and Child Development, GOK is operating, Shree Kshetra Dharmasthala Rural Development Project (SKDRDP), a project promoted by Dr. D. Veerendra Heggade, SKS Microfinance, Spandana Grameena Koota and Janalakshmi Social Services (JSS) are also operating micro finance in the taluk. Apart from commercial banks and NGOs, the Credit Cooperatives Societies have also been functioning in this region with regard to making finance and credit available. There are 20 agricultural Credit Cooperative Societies and 9 others with a combined membership of 37,719 members.

Table 3 Profile of Formal Financial Institutions in Kunigal Taluk (in lakh)

Sl. No.	Banks	Number of Banks	Agricultural loans	Total Loans	Deposits
1	Nationalized Banks	15	7,930	12,222	25,911
2	Grameen Banks	4	1,439	2,251	2,369
3	DCC Banks	2	912	1,237	1,647
4	KSCARD Banks	1	55	55	0

Studying the profile of the formal financial institutions one can ascertain that the agricultural loan provided by Nationalized Banks and Grameen Banks is Rs. 7,930 lakh (close to 65 per cent of the total loans given by them). This percentage is higher for DCC banks at 73.7 per cent. Under the non-credit cooperative societies, the milk societies have flourished in this taluk. There are 98 such societies with 21,830 members.

The Direct Benefit Transfers (DBT) scheme of Government of India aims to provide cash subsidy/pension benefits directly through the bank account of beneficiaries. It may be mentioned here that the entire Tumkur District in Karnataka has been selected for implementing DBT on pilot basis. Thus, it is implied that each and every resident of Tumkur district should open and maintain a bank account to avail DBT. Also, it is mandatory that each and every resident of Kunigal taluk should possess Aadhar card. In the direction achieving financial inclusion in all the hoblis of Kunigal taluk,, the role played by IDF as a facilitator is laudable.

3.3: IDF's Pilot Project in Kunigal Taluk

During 2009-10, IDF initiated the work in the villages of Kunigal taluk by organizing the financially excluded community on self-help culture for livelihood risk mitigation and for enabling even cash flows.

3.3.1: Progress of IDF Project

In the three-year period of 2009-12, IDF had covered substantial area under its programme. During the period, it has spread its reach from 19 to almost all the villages of the taluk. The demographics & coverage of the poor before and current position is provided in Table 4 and Table 5.

Table 4 Demographics & coverage

#	Particulars	Apr 2009	Mar 2013
1	Population	2,05,687	2,10,279
2	Households	45,380	46,364
3	No. of poor households including poorest of the poor	41,750	23,534
4	No. of poorest of the poor households	3,078	2,168

Table 5 Coverage of the Poor

#	Particulars	Target	Achievement
1	No. of Households covered in the programme	28,369	22,000

2	No. of poor households covered in the programme	25,050	20,240
3	No. of poorest of the poor households	3,078	3,078

For each revenue village, on an average 4 to 5 groups were formed. When new villages were added by IDF, the number of groups increased. It has been observed that initially only one person from each household was representing in the groups formed by IDF. But subsequently, more than one person from the same household became members of JLG or SHG. Most of the households have members either in JLGs or SHGs and many households have representation in both SHGs and JLGs. (Table 6). However, there were fluctuations in households per group due to migration of families as well as renunciation of membership due to health issues faced by members.

Table 6 Strength of the Groups

Sl. No.	Group Strength	Years			
		2009-10	2010-11	2011-12	2012-13
1	Groups per village	5	4	4	5
2	Members per group	12.0	11.7	13.1	12.4
3	Households per group	12.0	5.8	4.5	8.1
4	Same household members	1.0	2.0	2.9	1.5

In the beginning of the programme (2009-2010), Rs.2.95 crores were distributed under credit linkage programme, and by the end of third year the amount disbursed was Rs. 38.20 crores to JLG and Rs. 8.79 crores to SHGs. The total cumulative amount disbursed in three years was Rs. 99.72 crores (Table 7).

It can be observed that the JLGs have been provided with maximum four linkages whereas the SHGs have been linked maximum thrice.

Table 7 Linkage and Disbursement of Loans

Sl. No.	Disbursement of loans	Years				Total
		2009-10	2010-11	2011-12	2012-13	
1	Farmer groups Credit Linked	91	325	772	553	1,741
2	Women groups Credit Linked	Nil	170	362	405	937
3	Total groups Credit Linked	91	495	1,134	958	2,678
4	No. of farmer Credit Linked	1,092	4,092	9,599	5,911	20,694
5	No. of women Credit Linked	Nil	2,080	4,595	3,660	10,335
6	Total members – Credit Linked	1,092	6,172	14,194	7,380	28,838

Sl. No.	Disbursement of loans	Years				Total
		2009-10	2010-11	2011-12	2012-13	
7	Total loan to Farmers (Crore)	2.95	13.98	33.73	30.2	80.86
8	Total loan to Women (Crore)	Nil	2.67	7.4	8.79	18.86
9	Total loan disbursed (7+8)	2.95	16.65	41.13	38.99	99.72

The loan amount per group varies across the years from Rs 3.2 lakh in 2009-10 to Rs 5.46 lakh in 2012-13, (Table 8). Similarly, the amount per farmer/JLG member varies from Rs 27,000 to Rs.51,000. The average amount per member disbursed to SHGs has progressively increased over the years from Rs 13,000 to 24,000.

Compared to the high rate of interest paid before the project ranging from 36 to 60% per month, the poor community covered by the project enabled them to access bank finance as above at a very affordable cost of 7% to 12% per annum.

Further, the JLGs who have availed crop loans from the banks, on regular repayment got interest subvention of 3%, drastically reducing the cost of borrowings to 4% per annum. This has visibly transformed the entire local economy, as the credit was increasingly used for productive purpose, including acquiring livelihood assets.

Table 8 Credit made available per Group and per Member (in INR)

Sl. No.	Years	Joint Liability Group		Self Help Group	
		Per group (in lakh)	Per farmer	Per group (in lakh)	Per woman
1	2009-10	3.2	27,000	-	-
2	2010-11	4.3	34,000	1.57	13,000
3	2011-12	4.37	35,000	2.04	16,000
4	2012-13	5.46	50,000	2.17	24,000

Table 9 provides the extent of financial inclusion increased.

Table 9 Increase in Financial Inclusion

#	Particulars	Pre project Before Apr 2009	Post project Mar 2013
1	Households able access to credit from Bank, Cooperatives	2,200 (10%)	22,000 (100%)
2	Households dependent on Money lenders for credit	9,900 (45%)	1,760 (8%)
3	No. of Groups credit linked	0	2,060
4	No. of group members credit linked	0	28,838
5	Total bank credit accessed Rs in Cr	0	99.72
6	Average credit per group member Rs	0	34,579
7	Average credit per Household Rs	0	45,327

Under the banking kiosk arrangement, the members need not visit the bank branches. The banking services are offered at Community Service Centre (CSC) to the group members (see section 2.6). All the groups have bank accounts at a single branch (SBI Kunigal) which is on an average 20 km away from the villages. At the CSCs, computers are used to bring banking functions closer to the SHG and JLG members. Through an internet connection, one can conduct transactions like withdrawals and deposits. The members' bank accounts are accessed using biometrics.

The interaction with the available staff at CSC revealed that these centers are not financially sustainable. To make them self-sufficient financially, there is a need to improve and scale-up the business.

Inspite of very impressive achievements in financial inclusion, the programme was dependent only on the Bank's kiosk system. This system does not provide the required management information needed for monitoring, planning and control. As a result the programme faced many problems which hindered realization of wholesome financial inclusion. The lack of monitoring technology for large scale financial inclusion as in the instant case, and due to Bank's reluctance to permit access to their core banking system denied full realization of the potential for developing a robust financial inclusion system.

Chapter 4

Study Design

4.1: Introduction

The Vattikuti India Relief Foundation, Michigan, USA commissioned this study to assess the VIRF-IDF Poverty Alleviation Initiative (Sujeevana) in Kunigal taluk. VIRF intends to replicate this programme on a larger scale and before doing so, the foundation wanted to have an assessment of the programme. Hence, the study focuses on the following objectives:



Figure 3 A Focused Group Discussion

Objectives of the study

- (i) Ascertain the relevance of methods/strategy adopted in social mobilisation.
- (ii) Ascertain impact of financial inclusion on improving productive asset base.
- (iii) Ascertain impact of livelihood development on improving income.
- (iv) Role of CBO in the programme and level of CBO sustainability.

4.2: Sample Structure

The programme was implemented in Kunigal taluk which has six hoblis comprising 36 Gram Panchayats (GP). The PAI programme was implemented by IDF in two stages. In the first stage, the programme was implemented in Yadiyur and Amruthur hoblis in 2009. Subsequently, in the second stage, the programme has been extended to all the hoblis.

To understand the financial inclusion and the livelihood activities undertaken by IDF under Sujeevana programme, 33 JLGs and 23 SHGs were randomly selected. The sampling frame adopted is a two stage stratified random sampling technique.

In order to have complete representation, in the first stage, from each Hobli two Gram Panchayats (GP) were selected randomly. For second stage, groups were classified into different strata based on the year of formation (see table 10). Further, groups were randomly selected from each stratum to have representation from each year of formation. The number of SHGs and JLGs chosen from each GP depended on the number of groups that existed in the particular GP. On an average, 4 to 7 groups were chosen from each GP. Details on the selected GPs, groups etc. are provided in the Annexure 4.

Table 10 Sample Group particulars

Sl. No.	Year of Formation	JLG	SHG	Total Sample Groups	Total number of groups formed by IDF
1	2009-10	6 (18)	6 (26)	12 (21)	475 (23)
2	2010-11	13 (40)	7 (30)	20 (36)	573 (28)
3	2011-12	12 (36)	7 (30)	19 (34)	696 (34)
4	2012-13	2 (6)	3 (14)	5 (9)	315 (15)
5	Total Groups	33 (100)	23 (100)	56 (100)	2,059 (100)

Note: Figures in parentheses are percentage of column total.

The years 2010-11 and 2011-12 witnessed an escalation in group formation. Table 10 shows the number of groups chosen from different years of formation. From each group, two members were chosen to study the livelihood benefits derived by them after joining the group. Considering two members per group for the study, the total members were 112 members (Table 11), but only 95 members could be interviewed as others could not spare time due to their busy engagement due to onset of monsoons and beginning of sowing season. However, a sample of 95 members is a considerable representation to understand the livelihood activities and benefits they derived by joining the groups.

Table 11 Sample Structure

Sl. No.	Hobli	GP	No. of Groups			No. of Individuals		
			JLG	SHG	Total Groups	JLG	SHG	Total Individuals
1	Amruthur	K H Halli	2	2	4	4	3	7
2		Yadavani	3	2	5	4	4	8
3	Yadiyur	Koppa	3	2	5	5	4	9
4		Kaggere	2	2	4	4	4	8
5	Huliyurdurga	Chowdenkuppe	2	2	4	3	4	7
6		Kodavathi	2	2	4	4	4	8
7	Huthridurga	Ippadi	4	1	5	5	2	7
8		Kempanhalli	3	2	5	6	4	10
9	Kasaba	Kithnamangala	4	2	6	6	3	9
10	Kothegere	T Hosahalli	2	2	4	4	4	8
11		Theradakuppe	3	2	5	3	3	6
12		Bhaktharhalli	3	2	5	4	4	8
13		Total	33	23	56	52	43	95

Figure 4: Sample Structure

Hobli	Amruthur	Yediyur	Huliyur durga	Huthri durga	Kasaba	Kothege	Total
JLG-No. of Groups	5	5	4	7	6	6	33
JLG-No. of Individuals	8	9	7	11	10	7	52
SHG-No. of Groups	4	4	4	3	4	4	23
SHG-No. of Individuals	7	8	8	6	7	7	43

Two questionnaires were administered, one for the group, to understand the group activities and group sustainability and second for the member, to understand members' livelihood activities and the subsequent benefits derived by them by joining the group (Annexure 5 and 6).

4.2.1: Characteristics of the Sample Groups and Members

The purpose of forming groups (JLG/SHG) is primarily to make financial services available to all those who are otherwise deprived of the services by the formal financial banking system. Bringing the financially excluded under the purview of formal banking institutions reduces their dependence on money lenders and helps them access credit at affordable rates. Even though the concept of JLG is relatively new, the concept of SHG is well established. Many organizations supported by Governments, NGOs and Banks have already formed numerous SHGs which have successfully existed for several years.



Figure 5 Impact study interactions with group members

Since early 2000s, Kunigal taluk also has seen the intervention of various Governmental and Non Governmental Organisations in the sphere of SHG formation and micro finance. IDF entered this taluk much later i.e. in 2008-09, with unique objective of poverty alleviation through formation of JLGs and providing credit even to the farmers without title documents. Their four point criteria to identify the poor, making them a part of the groups, training and linking them to the bank have helped to achieve sustenance, acceptance and success.

With the group size ranging from 9 to 15 members, IDF followed the strategy large group approach, which reduces the workload of field officers for bank linkages. Large groups facilitate easy and faster dissemination of information among members. Majority of the groups had 15 members. In few cases, members have left the group and new members have joined. Those who left the group did so on account of marriage, migration or death. In very rare cases, members left the group because they were unable to make savings.

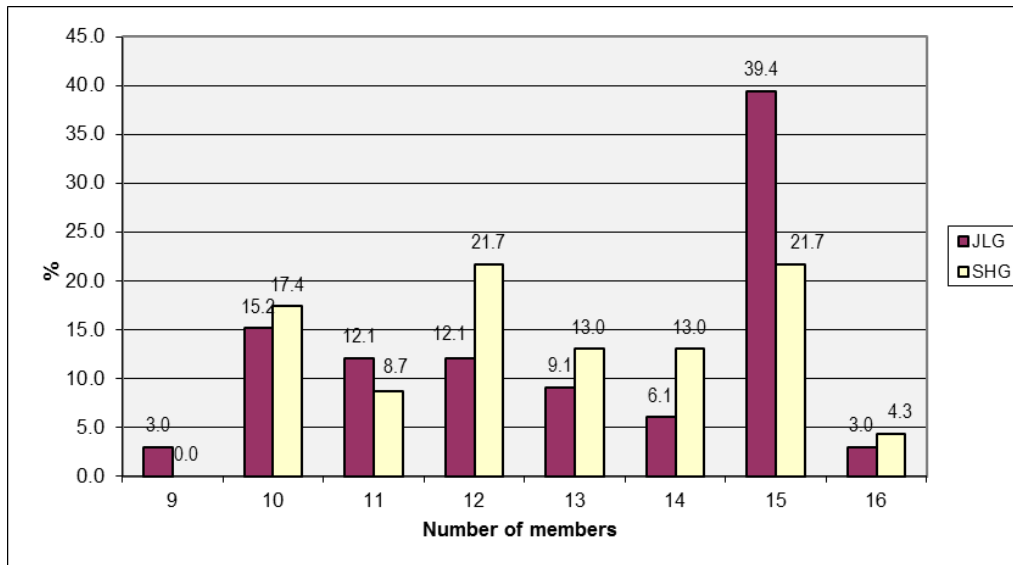


Figure 6 Average Members in the Group

In the sample, nearly 20 per cent of the members belonged to SC/ST community. Kunigal has approximately 14 per cent of SC/ST population. Majority of the members came from OBC categories. In the sample of 56 groups, two SHGs and one JLG had members belonging to SC/ST category only. Rest of the groups had a mixture of members belonging to different castes (Table 13).

Table 12 Social Class of Members (in per cent)

Sl. No.	Caste	JLG	SHG	Total
1	SC/ST	18	22	19
2	OBC	80	77	79
3	Others	2	1	2
	Total	100 (52)	100 (43)	100 (95)

Table 13 Occupational Pattern of Members (in per cent)

Sl. No.	Occupation	JLG	SHG	Total
1	Self cultivation	68	63	66
2	Agricultural laborers	29	30	29
3	Other Nonfarm activities	3	7	5
	Total	100 (52)	100 (43)	100 (95)

Table 14 Land Holding Pattern (in per cent)

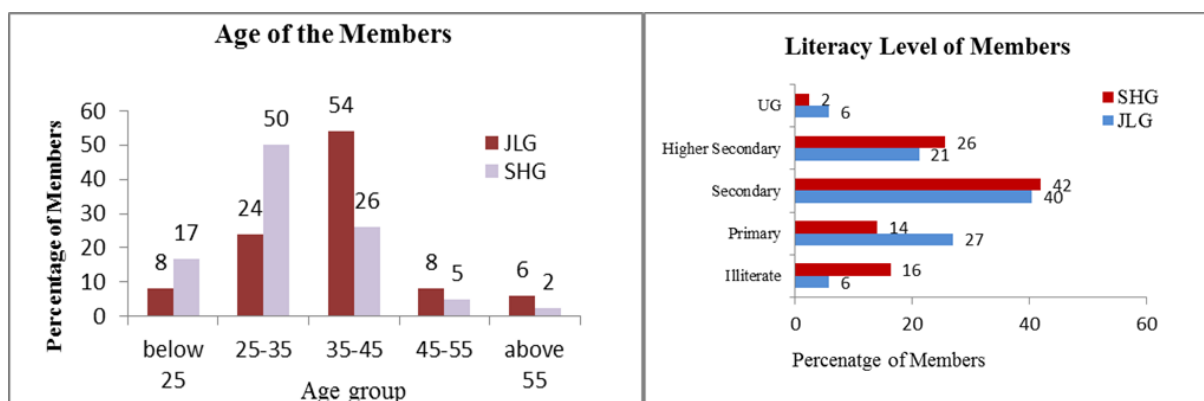
Sl. No.	Land Holding	JLG	SHG	Total
1	Landless	6	11	8
2	Below 2 acres	28	66	43
3	2 to 4 acres	56	19	41
4	4 to 10 acres	10	4	8
	Total	100 (52)	100 (43)	100 (95)

Table 15 Land-Holdings of Self Cultivators (in per cent)

Sl. No.	Land Holding	JLG	SHG	Total
1	Below 2 acres	44	71	55
2	2 to 4 acres	38	21	31
3	4 to 10 acres	18	7	13
	Total	100 (52)	100 (43)	100 (95)

Note: Values in parentheses are the total number of individuals interviewed.

Table 13 and 14 throws light on the occupational pattern and the land holding by the members respectively. Accordingly, 66 per cent of the members were involved in cultivation of own lands which is higher than the district average of 60 per cent. Even the percentage of agricultural laborers in Kunigal Taluk (29 per cent) is higher than district average of 17 per cent, though only 8 per cent of the members were land less. However, due to two consecutive drought years, many of the members ended up as labourers to earn their daily livelihood. Table 12 gives a break-up of the land holdings of self cultivators. Accordingly, 44 per cent of JLG members and 71 per cent of SHG members have land holdings below 2 acres. On an average, 55 percent of self cultivators in the sample had less than 2 acres of land and 31 per cent had land holdings between 2-4 acres. Thus, 86 per cent of the farmers belong to marginal and small farmers group.

**Figure 7 Age and Literacy level of members**

The age of the members range between 35-45 years among JLGs and 25-35 among SHGs. Thus, SHG members are relatively younger. The education level shows that most of them are literate and more than 70 per cent of them have completed secondary education. Some of them even attended college. In totality, the sample statistics move in tandem with the taluk averages, justifying that the sample studied is representative of the population.

Chapter 5

Analysis of Programme's Impact

5.1: Introduction

Similar to all India scenario, even in this region, most of the households had no access to formal banking institutions for credit and depend upon informal financial institutions and money lenders for immediate cash requirements at higher rates of interest. Thus, it leads households to get over indebted. Moreover, the households being marginal and small land holders without proper land records/titles in their own names, it inhibits them from obtaining finance from formal sources. Moreover, the formal financial institutions discourage small borrowers to avoid higher transaction cost at bank level. However, in our sample, few members are holding accounts in the formal banking institutions.

5.1.1: Access to Finance by Sample Groups

Among the selected samples, 31 per cent of JLG members and 12 per cent of SHG members had access to finance from various sources before joining the group (Table 16). Of those who had access, only 19 per cent of the JLG farmers had access to formal financial institution such as banks or co-operative societies, whereas SHG members had no access to formal credit. Thus, it was an opportunity to group members to get access to formal banking institution for finance through Sujeevana Project.

Table 16 Access to Credit before Joining the Group(in per cent)

Sl. No.	Sources of Credit	JLG	SHG	Total
1	Bank	15	0	8
2	Co-Operative Society	4	0	2
3	Money lender	6	9	7
4	Friend & Others	6	2	4
5	Total (1 to 4)	31	12	22
	Total Members not Availing Credit	69	88	78
	Total Members	100 (52)	100 (43)	100 (95)

Note: The values in parentheses are total number of individuals interviewed.

5.1.2: Formation of Groups

Sujeevana initiation (in 2009) has led to the formation of 2,060 groups till March 2013, out of which 1,218 are JLGs and 842 are SHGs. Data on year-wise formation of groups are provided in Table 17. Accordingly, around 30,000 families have been brought under the umbrella of formal financial inclusion.

Table 17 Total Groups Formed in Kunigal Taluk by IDF

Sl. No.	Year	JLG	SHG	Total
1	2009-10	186	289	475
2	2010-11	376	197	573
3	2011-12	481	215	696

Sl. No.	Year	JLG	SHG	Total
4	2012-13	175	141	316
5	Total	1,218	842	2,060

5.1.3: Linkages of Groups

The process of financial access was undertaken systematically by creating confidence on livelihood programmes among the group members and linking them to the bank. All the groups, irrespective of JLG or SHG had their first bank linkage within 6 to 7 months of group formation. Most of the JLG groups had continued their linkage by renewing it. For instance, all the groups formed during 2009-10, had second linkage. Of these, 67 per cent have been linked for the third time and 17 per cent have progressed towards fourth linkage (Figure 8). Similarly, groups formed during 2010-11, all of them had second linkage and 15 per cent of them had linked for the third time. Among the 2012-13 batch groups, 50 per cent of them have been linked. Similarly, the SHGs formed during 2009-10 have all been linked for the second time and only 29 have moved to third linkage. Only 57 per cent of those formed in 2010-11 have been linked twice.

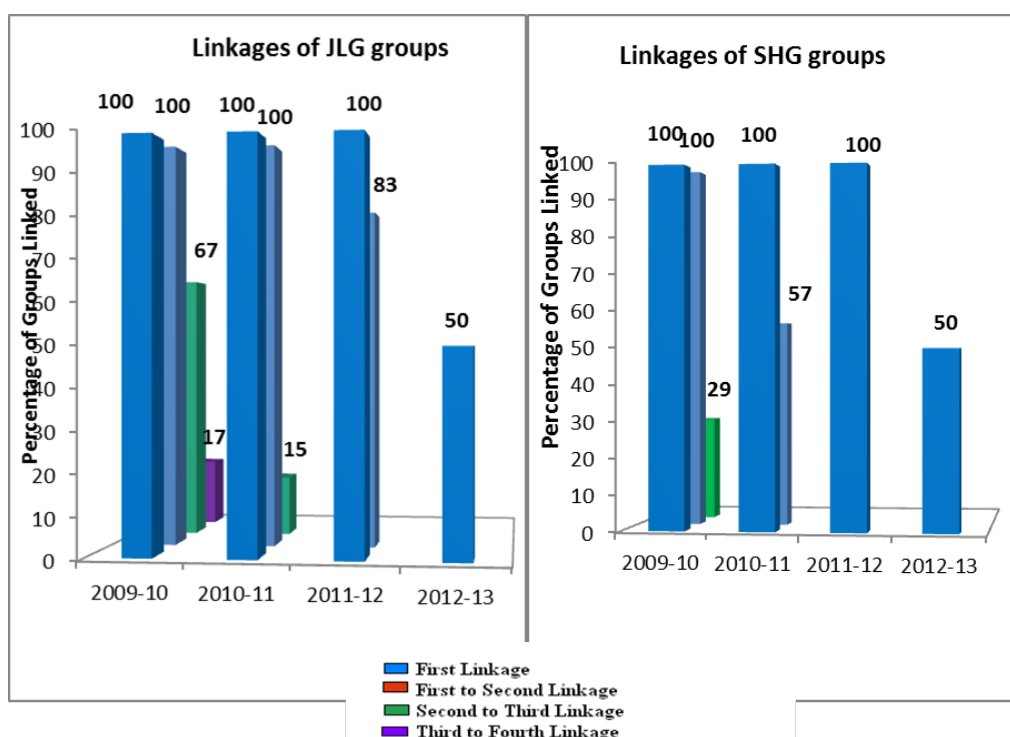


Figure 8 Stages of Bank linkage

5.1.4: Amount of loan Availed by Groups

The distribution of loan to JLG shows that, it is a progressive lending. From table 18, it may be seen that the JLGs received on an average of Rs. 34,980 loan per member during first linkage, which was increased to Rs. 47,222 in the second linkage and to Rs. 48,889 in the third linkage. The maximum amount of loan that can be availed by a JLG member is Rs. 50,000. The bank provides loan based on scale of finance for crop, which is determined by at district level technical committee every year.

Table 18 Average Loan Received (in INR)

Sl. No.	Group Type	Particulars	First linkage	Second Linkage	Third Linkage	Fourth Linkage
1	JLG	Average Linkage	34,980	47,222	48,889	50,000
2	SHG	Average Linkage	9,860	21,667	24,000	*

* None of the SHG groups have received fourth linkage from the sample.

Among the SHG members, the first bank linkage is generally for a sum of Rs. 10,000 and for the second linkage the amount goes up to Rs. 20,000. The maximum that can be availed by a SHG member is Rs. 35,000. The average credit received by the SHG members from the first linkage amounted to Rs. 9,860. In the second and third linkages, the average credit increased to Rs. 21,667 and Rs. 24,000 respectively. Thus, the progressive lending is taking place not only because of increase in scale of finance but also because of groups adhering to repayment discipline and bank considering higher amount.

5.1.5: Repayment Schedule of Sample Groups

The repayment schedule is fixed based on the type/purpose of loan. The bank's strategy and the policies for financing JLGs and SHGs are not identical. JLGs, whose activities are related to food production, were provided not only larger quantum of loan but also at lower interest rate. Both the centre and state governments support this loan with subsidized interest rate, considering this loan as priority sector lending. The farmers get the benefit of subsidized interest rate, if they repay loan on schedule. The interest charged on loans provided to JLGs is 7 per cent per annum but, if the loan amount is paid off within one year, then a 3 per cent interest subvention is provided. Hence, the effective interest rate stands at 4 per cent. If the loan is not repaid within a year's duration, it is treated as overdue and is subject to an interest up to 14 per cent per annum. On the other hand, activities of SHGs are not related to agriculture and hence, do not enjoy either the benefit of larger amount of loan or lower rate of interest.

Table 19 Repayment of Loan and Bank Linkages (in months)

Sl. No.	Group Type	Average Time taken for Repayment and Bank Linkage			
		1 st linkage	2 nd linkage	3 rd linkage	4 th linkage
1	JLG	6	14	14	14
2	SHG	7	20	20	*

*None of the SHG groups received fourth linkage from the sample.

Thus, the bank specifies different schedule for the repayment of loans for JLG and SHG. Since JLG credit comes under agricultural credit, they had to repay within 12 months to become eligible for the renewal/next linkage. The SHGs had more flexible repayment period, which on most occasion was up to 24 months.

5.2: Impact of Linkage to Formal Finance

Credit helps members to pursue income generating activity. It is expected to enhance the income of households and improve overall standard of living. The following paragraphs and tables present the **members' perspective** on impact of financial access in terms of increase in income, assets creation and reduction in their dependency on money lenders. In the later section of this chapter, the incremental income is calculated to substantiate the members' earnings.

5.2.1: Income Augmentation

Among the members, around 30 and 14 per cent from JLG and SHG members respectively expressed that their incremental income was more than Rs. 20,000 per annum. However, about 12 per cent among JLG members and 28 per cent among SHG members could not quantify the absolute increase, but stated that there has been an incremental income after joining Sujeevana. On the other hand, about five per cent of SHG members felt that their income had not increased at all. Nevertheless, majority of the members have agreed that their incremental income had improved to a great extent (Table 20).

Table 20 Members' Incremental Income (in per cent)

Sl. No.	Particulars	JLG	SHG
1	Members expressing Increase in Income (2+3)	88	93
2	Expressed increase but unable to quantify	12	28
3	Quantitative Improvement (4+5+6+7+8+9)	77	65
4	Up to Rs. 10,000	16	28
5	Rs. 10,000-15,000	12	5
6	Rs. 15,000-20,000	21	19
7	Rs. 20,000-25,000	8	2
8	Rs. 25,000-30,000	12	12
9	Rs. 30,000 and above	10	-
10	Members expressing no Increase in Income	0	5
11	Not Responded	12	2
12	Total members (1+10+11)	100 (52)	100 (43)

Note: The values in parenthesis are the total number of individuals interviewed.

5.2.2: Creation of Assets and Utilization of Credit Amount

The purpose of Sujeevana is to improve productivity at field level and create productive assets at household level. It is noticed that majority of the members had procured assets in the form of livestock like cows, sheep and goat, which provided them regular source of income. Around 70 per cent of the SHG members opted for these assets. While about 10 per cent of the members procured vehicles for better transportation, rest of the members have invested in gold and land and a few constructed or renovated houses (Figure 9).

It has been noted that a few members have invested in more than one asset. However, 23 per cent of JLG and 12 per cent of SHG members did not procure any new assets and made investment in existing assets (Table 21). Further, it is noted that the families which had membership in both JLG and SHG have created assets, as each one supplementing others investment. It is not dual membership, male member being part of the JLG group and female member part of the SHG.

Figure 9 Type of Assets purchased post membership

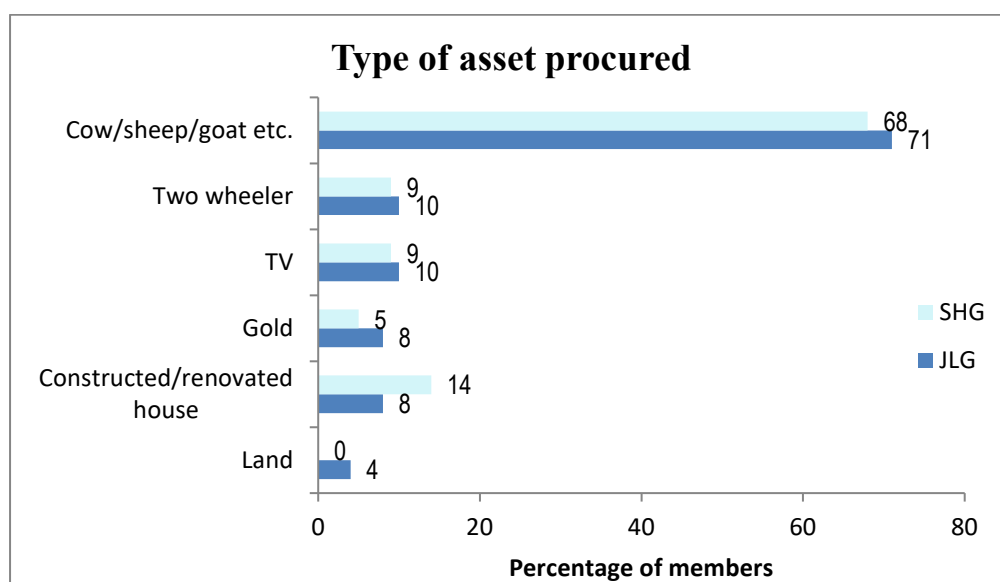


Table 21 Members purchasing assets (in per cent)

Sl. No.	Particulars	JLG	SHG
1	Members purchasing assets	77	88
2	Members not purchased anything	23	12
	Total	100 (52)	100 (43)

Note: The values in parenthesis are the total number of individuals interviewed.

The farmers have used the credit amount for improving their agricultural operations and have experimented implementing the Sustainable Agricultural Techniques (SAT). The credit amount from the first linkage has been utilized to develop and adopt the new techniques in agriculture. Among the JLG members, about 86 per cent have used their first linkage for investment on land, whereas most of the SHG members used it for creating assets. In case of first linkage, the percentage of SHG members going to purchase livestock is very significant, but same was not true among the JLG members, whose investment was on existing asset (land). For both the JLG and SHG members, the second linkage shows a slight shift in favour of animal husbandry activities. About 16 per cent of the JLG members have utilized their loan funds towards procuring and maintaining livestock whereas for SHG, this per cent was 21.

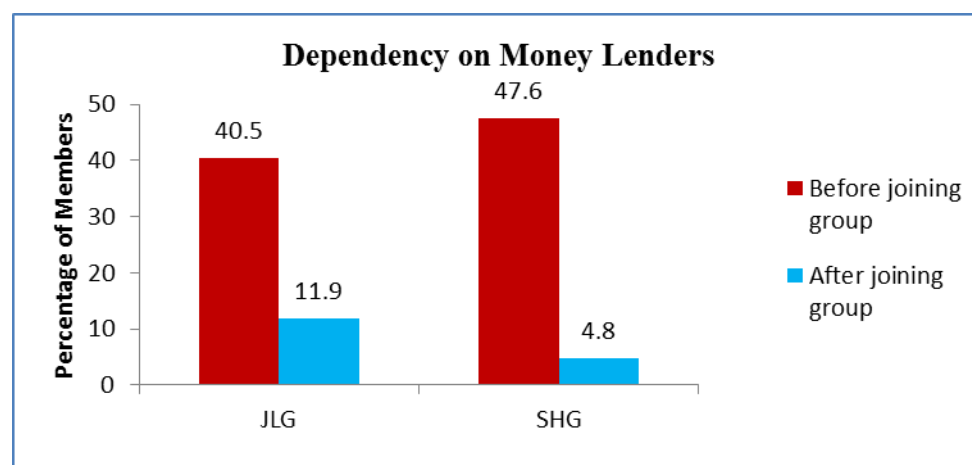
Table 22 Purpose Credit Utilization (in per cent)

Sl. No.	Particulars	1st linkage		2nd linkage	
		JLG	SHG	JLG	SHG
1	Agriculture	86	53	73	47
2	Animal husbandry	6	19	16	21
3	Enterprise	2	5	2	11
4	Other	2	14	4	0
5	Not responded	4	9	4	21
	Total	100	100	100	100

5.2.3: Dependency on Money Lenders

As Sujeevana programme intended to provide formal credit access to poor through linkage, it is observed that with the subsequent linkage with formal banking institution, dependency of members on local money lenders declined sharply. Earlier, 45 per cent of the members were borrowing from money lenders whereas after interventions, very insignificant members depended on money lenders (Figure 6). Those who borrowed from money lenders even after joining the group, were those who were in need of larger quantum of money for social functions, such as daughter's marriage, etc.,

However, most of them have felt that they are now in a position to bargain with the money lenders for lower interest rates (mostly two per cent per month) which was not possible earlier. Previously, there were cases where the members have even paid up to five per cent monthly interest in cases of emergencies.

**Figure 10 Dependency on Money Lenders**

The proportion of members borrowing from money lenders significantly declined. This can be attributed to the impact of Sujeevana. The money lenders in India especially in the rural sector have played dominant role in credit provision for the rural households. The facilitation of bank linkages to the rural poor not only helps them in accessing formal finance at a lower interest rate but also lifts their morale and confidence levels, which in fact cannot be measured quantitatively.

5.3: Non-Finance Benefits Accrued to IDF Members

5.3.1: Health Camps

Apart from the financial benefits, there were non-financial benefits which form a part of the Sujeevana Initiative, such as health camps for both family members and for livestock. The camps organized were funded by IDF in the initial years, but as the Federation moved towards achieving self-sufficiency, the Federation is funding these programmes.

Nearly 70 per cent of the members made use of the facilities (Table 20). The regular health camps for members involved eye check-up, general health check-up, check-up for gynecology related problems faced by women etc.



Figure 11 Community Health camps

Table 23 Health Camps (in per cent)

Sl. No.	Particulars	JLG	SHG
1	Made use of Health Camps	71	70
2	Not Aware of Health Camps	12	19
3	Not Responded	17	11
4	Total Members	100 (52)	100 (43)

Note: The values in parenthesis are the total number of individuals interviewed

Though the health camps are free of cost, a few could not participate as these are organized at the Hobli level and many found it difficult to travel long distances. The dissemination of information through the word of mouth, may not have reached the members on time. The members who are proactive and participative or the ones who genuinely have some health problems opted to attend these camps. This has helped indirectly in reduction of manpower lost in household economic activities.



Figure 12 Animal Health Check up camp

5.3.2: Kiosk Facility

Usage of Kiosks in financial transaction is another non-monetized benefit. Kiosks were earlier referred to as Customer Service Centers (CSCs) which was supposed to be the hub of all the information pertaining to the bank linkages, training, agricultural facilities etc. The concept of CSC was later scaled down to Kiosks which undertook banking transactions. This benefit was accessible not only to the members but to the other residents of the village. Initially, Kiosks were established in each of the GPs but later IDF realized that maintenance of these at GP level was financially unfeasible and hence these kiosks were reduced to one per Hobli.

Table 24 Kiosk Facility-GP Level (in per cent)

Sl. No.	Kiosk at GP:	JLG	SHG
1	Yes	73	72
2	No	12	23
3	Not Responded	15	5
4	Total Members	100 (52)	100 (43)
	Purpose of using Kiosk:		
5	Only savings	11	12
6	Only withdrawal	8	12
7	Savings and Withdrawal	78	70
8	Not Using the Kiosk	3	6
	Total Members	100 (52)	100 (43)

Note: The values in parenthesis are the total number of individuals interviewed.

From the above table, it can be ascertained that over 70 per cent of the members of the sample had access to kiosk facility at their GPs, which is remarkable. Even after shifting the kiosks to the Hobli level, the response continued to be overwhelming as majority of the members enjoy an easy access to it. Around 11 per cent of the members use the kiosks exclusively for saving purposes and the percentage of members using the kiosks exclusively for withdrawals is higher in the case of SHG members. Only three per cent of the JLG members did not use this facility to save or withdraw whereas this percentage is higher among the SHG members where seven per cent of the members do not use the kiosks at all.

Majority of the members were satisfied with the Kiosk facility (Table 25) since it reduces the cost and time, cutting the travel to Kunigal SBI branch office to credit their savings money as well as to withdraw the loan amount. Even though there is a restriction on the credit or withdrawal to the maximum of Rs. 10,000 per transaction, members are content with the service. Most of them wanted the service to be reverted back to the GP level.

Table 25 Satisfaction with Kiosk Facilities (in per cent)

Sl. No.	Satisfied with the Kiosks	JLG	SHG
1	Yes	65	56
2	No	2	3
3	Not Responded	33	41
	Total Members	100 (52)	100 (43)

Note: The values in parenthesis are the total number of individuals interviewed.

The other accruing benefits of the kiosk are that it helps the members to save their money in a safe and secured manner which otherwise would have been prone to theft, and also may tempt the members for unnecessary consumption, etc. Some have also expressed that IDF could help establish a few ATMs to draw money from their savings account round the clock.

5.3.3: Farmer Field School

The Farmer Field School (FFS) has been one of the most scientific methods of inculcating awareness pertaining to agriculture and allied activities. The sessions are conducted by the Field Officer along with the Block Officer and Village Facilitators who could be outsourced or a local having in-depth knowledge regarding the subject. The classes are conducted mainly for the JLG members. The SHG members can also attend the classes and the events are organized weekly or fortnightly. The sustainable techniques of agriculture are imparted through these event and meetings. The subject matter is not restricted solely to cultivating methods but also on conservation of resources, preparation of manure and maintenance of livestock. It also includes discussions on health and other issues.



Figure 13 A session of FFS

Table 26 Participation in FFS (in per cent)

Sl. No.	Participation in FFS	JLG	SHG
1	Yes	81	54
2	No	11	44
3	Not Responded	8	2
	Total Members	100 (52)	100 (43)

Note: The values in parenthesis are the total number of individuals interviewed.

From the above table, it is evident that the share of JLG members in the participation is higher than that of SHG members. Over 80 per cent of the JLG members from our sample have participated in the meetings at FFS. Most of the SHG members being women felt that timing and place of these schools was inconvenient for them to attend even though they were willing to involve in FSS events. The training provided at FFS ranged from the new techniques of agriculture i.e. Guli Ragi, System of Rice Intensification (SRI) and Sustainable Sugarcane Initiative (SSI), to preparation of feed for livestock and making manure using locally sourced materials (indigenous ingredients). The following table sheds light on the percentage of members benefited from these training programmes.

Table 27 Participation FFS Training Activities (in per cent)

Sl. No.	Particulars	JLG	SHG
1	Agricultural Activities		
I	Sustainable Agricultural Methods	81	47
li	Natural Resource Management.	60	44
lii	Horticulture	8	2
2	Agriculture-allied Activities		
I	Dairy	14	12
li	Poultry	10	5
lii	Animal Husbandry	69	49
3	Others	4	2

All those who have attended FFS have received training in sustainable methods of agriculture. The natural resource management has focused on maximizing the benefits from the available resources like water, soil, beneficial insects etc. The method of terrace formation, bund formation etc. to prevent water runoffs, preparing manure from cow-dung and kitchen wastes etc. were part of these meetings. Horticulture training was given for maintenance and cultivation of kitchen gardens, flowering shrubs and vegetables to augment and support income from agriculture or for domestic consumption.

Members have also received training in cattle rearing which was attended by 12 per cent of the members. The concept of animal husbandry revolves around rearing of livestock including cow, goat, sheep and poultry. The incremental income generated from these sources has been calculated in the last segment of this chapter.

5.3.4: Other Training Activities

Apart from agriculture and allied activities, the training was provided on non-farm activities, such as car driving, tailoring, computer etc, among them, most opted ones were tailoring and computer training. Intense tailoring training was given for about three months to the members and some of them who have attended started their own tailoring centers in their villages. Tailoring training was attended by 10 members of the 43 SHG individuals interviewed (Table 28).



Figure 14 Training on tailoring skills

Table 28 Types of Training undertaken by members

Sl. No.	Activity	Time Period	No. of People Attended	No. of People Utilizing the skill
1	Computer	2-3 months	65	6
2	Tailoring	1-2 months	10	2
3	Driving	1 month	10	4

But, majority of them employed their expertise in tailoring to stitching clothes only for the family members. Computer training was mainly attended by the children of the group members. The members were pleased with the computer knowledge that their children received as it acquainted the children on how to use computers, enhancing their knowledge and employability. A couple of participants were fortunate to be employed immediately after training. Driving courses were also well attended by the members and family members in hope of securing self/job employment.

From the sample, 65 people either belonging to the group or the relatives or children of the members have attended computer training, which is also the most sought after training programmes by the members. The members have requested for computer training to be conducted at GP level to benefit a larger section of people for which they are even ready to pay fees.

5.4: Social Empowerment

Apart from financial inclusion and other facilitating benefits, the other objective of the Sujeevana is to empower women members in decision making at household as well as in society. When some probing questions relating to this was posed to SHG members, it was confirmed that majority were now able to come out of their shell (shy) and were participating in the process of decision making (Table 29). About 91 per cent of women members said that their role in decision making process has increased significantly after joining SHGs. They felt that they are now in a position to take decision regarding children's education, assets purchase, usage of loans etc. Further, the members felt that they could participate in the weekly meetings, hold discussions on several issues with field officers, Government officials and bank officers confidently without fear. Some of these SHG groups were confident that if they were involved at each stage of bank linkage, like documentation, meeting bank officer etc. they could perform the required procedures from next linkage onwards. Thus, one can infer that the objective of empowerment is being achieved greater extent.



Figure 15 A SHG meeting

Table 29 Social Empowerment of Women Members

Sl. No.	Indicators of Social Empowerment	Percentage
1	Role in decision making	91
2	Liberty to use loan amount	88
3	Free Interaction with field officers	98
4	Free Interaction with Govt./Bank Officials	98

5.5: Incremental Income Accrued to the Sample Members

While arriving at the estimated incremental income to the beneficiaries, it was noticed that the members have got benefited from incremental income. The income has arisen mainly due to (i) adoption of LEISA technique in agriculture and (ii) acquiring animal assets at household level. It is slightly complicate to compute incremental income, as Sujeevana Programme involves multi-dimensional activities which are interrelated for incremental income. Several benefits cannot be measured in monetary terms like the knowledge obtained at FFS, training etc. Nevertheless, in this context an attempt has been made to measure only those benefits, which are quantifiable. These quantified benefits are analyzed here under:

5.5.1: LEISA Technique Adoption

The loan availed by the sample members was used for various purposes. The loan amount was primarily used for agriculture and animal husbandry and rarely for starting enterprises.

As a part of Sujeevana programme, farm schools are regularly held and apart from discussing several issues, the farmers are trained in the usage of LEISA technique which resulted in reduction in input cost and increase in yield. Of all the sustainable techniques taught at FFS, most of the members (54 per cent) have implemented guli ragi as compared to SRI and SSI (Figure 17), which resulted in higher production. Apart from this, they have been taught as to how to make bio urea, manure and pesticide by themselves in their fields. The bio pesticides called 'Kashaya' (decoction) prepared from locally sourced ingredients help to control pests.

Figure 16 SRI Practice

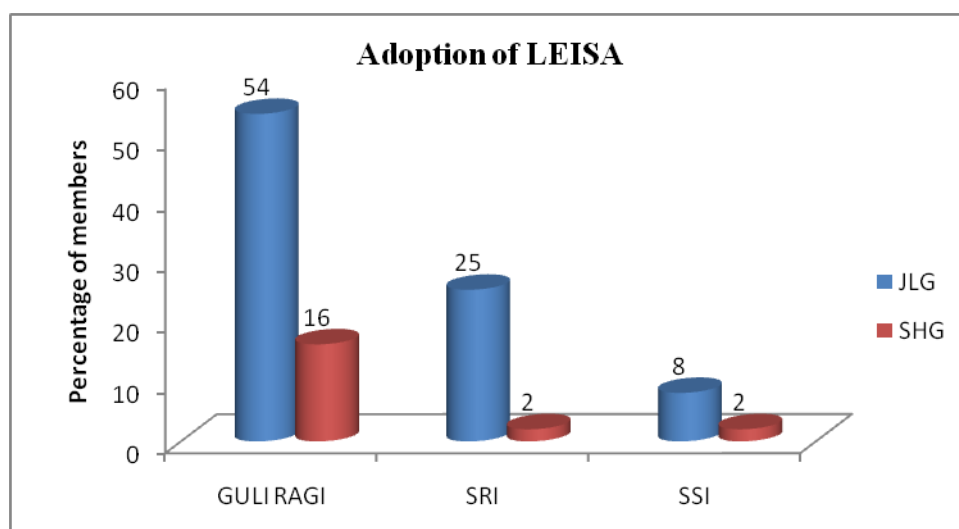


Figure 17 Adoption of LEISA Technique

Interaction with the members revealed that even though they were confident of practicing guli ragi, SRI and SSI techniques for Ragi, rice and sugarcane respectively, the members initially desired to experiment them before getting into total adoption. Their apprehension was because of successive years of drought which constrained most of them from undertaking these techniques on a large scale. However, majority of them have become accustomed to preparing their own manure and kashaya. About 60 per cent of the individuals interviewed stated that they prepare manure and kashaya.

Table 30 Land used for LEISA (in acres)

Sl. No.	Group	Guliragi	SRI
1	JLG	1.64	0.92
2	SHG	1.44	1.00

Of the members adopting these agricultural techniques on an average employed 1.6 acres for Guliragi and 0.9 acres for SRI cultivation (Table 30).

5.5.2: Reduction in Input Cost

On an average, incremental saving with respect to input cost was marginal. Further, savings on account of preparing manure and kashaya, and labour were difficult to quantify. The increase in output of crops was quite substantial. Average output per acre with respect to Guliragi, SRI and SSI are as follows (Table 31 & 32).

Table 31 Average Increase in the Yield

Sl. No.	Increase in production using new Sustainable Techniques of Agriculture	Guliragi	SRI	SSI
1	Quantitative Increase (per acre)	471.4 kg	661.9 kg	4.44 tonnes
2	Increase in the Production (in per cent)	38.3	57.2	44.4

5.5.3: Incremental Income in Crop Production

The reduction in cost of inputs as also increase in yield of crops have been valued at about Rs. 10,000 per acre per crop both for guliragi and paddy. However, the incremental income with respect to sugarcane was much higher at Rs. 15,000-20,000 per acre, even though very few of them have adopted it.

Table 32 Incremental Income-LEISA Technique (in INR per annum per acre)

Sl. No.	Group	Guliragi	SRI	SSI
1	JLG	9,919	11,710	45,500
2	SHG	12,691	10,150	14,500

5.5.4: Increase in Income in Animal Husbandry Sector

The second major source of increase in income was from the animal husbandry sector. This mainly is from increased milk production and sale. Due to access to formal banking credit, most of these members have purchased cows and other small animals. A large number of them have managed to increase their livestock (mostly cows) with successive loans and income generated through milk production. Some of the success stories of the members who have managed to acquire/add more cows and goat/sheep are mentioned in Section 5.7.

On an average, the milk yield per day per cow is 11 liters. Some of the members possessed high yielding breeds of cows (20 liters of milk per day), whereas some others who have gone for local breed of cows with a yield as low as 4 liters per day. Thus, it ranges from four lpd to 20 lpd. In order to calculate the incremental income per annum, the cost of feed, veterinary cost and price of milk (Rs.

24 per liter) have been taken into consideration. While calculating the annual income the yield is taken for only 8 months which is the average lactating period of a cow. From Table 33, it can be observed that 67 per cent of the JLG members and 44 per cent of SHG members have purchased cows.

The percentage of SHG members buying cows is lesser as the credit amount received by them is lesser than JLG members. The JLG members earn Rs. 38,375 as an annual income per cow whereas; this income is lower for SHG members at Rs. 28,808. This can again be substantiated with the fact that the credit amount for SHG members is low and not sufficient to purchase high yielding cows.

Table 33 Members Owning Cows and Average Yield per Day

Sl. No.	Group	Members owning cows (in per cent)	Avg. milk production (in liters per day)	Average income per annum per cow (in Rs.)
1	JLG	67	12	38,375
2	SHG	44	10	28,808
3	Total Members	57	11	35,009

Other animal husbandry activities that are undertaken are rearing goat and sheep. In this respect, members tend to carry out buying and selling of these animals. They buy newly born calves, breed them up to a year, and sell them to get a handsome profit. The profit arising out of these sales can be seen from Table 34. A few other members have purchased the adult female sheep/goat which are due to deliver. Such members retain the young ones and sell off the mother and subsequently sell the offspring when they are a year old.

Table 34 Sheep/goat procured and Average Yield per Year

Sl. No.	Group	Sheep		Goat	
		Avg. no. of sheep owned	Avg. Income per sheep (in Rs.)	Avg. no. of goat owned	Avg. Income per goat (in Rs.)
1	JLG	5	4,011	6	4500
2	SHG	3	5,067	12	5500

5.6: Aggregate Income

The results on increase in income give a mixed picture. Of the total members, four per cent got incremental income due to adoption of new techniques of crop production, while 30 per cent of members had incremental income due to dairy activities. However, other 41 per cent of members felt that the incremental income was due to involving in both the activities. Another scenario which is entirely different from this is with respect to those members who have neither adopted the new techniques of production nor have they taken up any animal husbandry activities. They have been benefitted solely from loan availed by them which was used by them for their primary activity i.e. agriculture.

In fact, for these members the incremental income is the saving in their interest cost as the loan from bank was at lower interest rates. They would have been borrowed by them at market rate (i.e. 2 per cent per month) had they not joined the group formed by IDF (Table 35).

Table 35 Sector wise Incremental Income (in per cent)

Sl. No.	Groups	Agriculture (LEISA)	Animal Husbandry	Agriculture and Animal Husbandry	None of these Sectors
1	JLG	8	17	60	15
2	SHG	0	44	19	37
3	Total	4	30	41	25

5.6.1: Annual Incremental Income

After accounting for incremental income from all sources, it was found that on an average a member from JLG group would have benefitted from an increase in income of Rs. 69,025 per annum while a member from SHG group would have relatively lesser benefit of Rs. 30,722 per annum. By looking at distribution of incremental income (Table 36), it can be observed that about 27 per cent of JLG members had an incremental income ranging between Rs. 50,000 and one lakh and about 17 per cent had a higher incremental income of more than one lakh. These percentages even though are less with respect to SHG members, even an increase to the extent of Rs. 50,000 in respect of 14 per cent of them is noteworthy.

Table 36 Annual Incremental Income (in per cent)

Sl. No.	Aggregate Income	JLG	SHG
1	Below 10,000	15	44
2	10,000 to 25000	10	26
3	25000 to 50,000	31	14
4	50,000 to 1,00,000	27	7
5	Above 1,00,000	17	9
6	Average Increment (in Rs)	69,025	30,722

However, it is found from the sample data that in the case of 53 per cent of JLG members, other family member (mostly wife) was member of SHG group formed by IDF. In the case of 68 per cent of SHG members, their husbands (and rarely father) were member of JLG group. Thus, on an average in 60 per cent of cases, there was a dual membership and the incremental income in these cases was due to joint impact. However, there was a marginal difference (to the tune of few hundred) in the incremental income between the households with dual membership and single membership. Thus, this leads us to infer that creation of an income generating asset is a household responsibility and the gap in the requirement of fund would be filled by the household member either through the loan procured by the partner if they are members of other groups or through other source.

5.6.2: Movement out of poverty

Considering all the above, the poor households moving out of the poverty is summarized (Table 39), reading together table 37 and 38 below.

Table 37 Financial Impact

1	% of Group members getting incremental income	90%
2	Average incremental Income per household Rs	49,874
3	Average incremental Income per household USD @ 60 INR	831
4	Average incremental income per household USD per day (ie above USD 2)	2.28

Table 38 Acquisition of livelihood assets

#	Particulars	No. of members (% to total Members)
1	Members acquiring livelihood assets	23,647 (82%)
2	Of which Live stocks (milch cattle, sheep/goat)	20,187 (70 %)

Table 39 Movement out of poverty

#	Particulars	Before	After	% of HH covered
1	Poor Households moving out of poverty	20,240	18,216	90
2	Poorest of poor moving out of poverty	3,078	910	30

5.7: Success Stories

- **Nandaraju** who is the third representative of the Ishwar JLG belonging to Yadavani GP, Amruthur hobli has benefited greatly from bank linkage and livelihood activities. Prior to joining the group, Nandaraju entirely depended on agriculture on his five acres land which was frequently affected by erratic monsoon conditions.

After joining the group in 2009, he has substantially progressed as an agriculturist, implementing the new sustainable methods of agriculture.

**Figure 18 Nandaraju**

From the first credit linkage, Nandaraju purchased a cow to diversify his source of income and stabilize his economic condition. He went on to purchase an other cow in the second linkage in order to further improve his monthly income. After clearing the earlier two loans, he used his third and fourth linkage amount on improvement of land by investing for bore well and improvement of irrigation system by adoption of sprinkler and drip irrigation. He has been participating in FFS as well and has garnered praise and admiration for his sugarcane crop. Many consider him as the best farmer in the entire Hobli. His current monthly income from two cows and cultivation on five acres is Rs. 10,000 approximately.

- **Srinivas** who is a member of Annapurneshwari JLG of Chowdan kuppe GP, Huliurdurga hobli has a different success story to share. Prior to joining the group in 2011, Srinivas undertook agricultural activities in his four acres of land and worked as an agricultural labourer in others' fields as well to make both ends meet. After joining the group, he has used the two credit linkages to start his own poultry feed business. He is currently the owner of a poultry feed business which is operating successfully and profitably. From the bank linkages he set up a small factory which manufactures poultry feeds using maize as the main ingredient. He plans to expand the business through branding and packaging. He also adopted LEISA techniques of cultivation on his land and grows sugarcane. He feels deeply indebted to Sujeevana programme for lifting him from subsistence living. His present monthly income stands at Rs. 15,000 -20,000.



Figure 19 Srinivas

- **Jayamma** lost her husband five years back and had to take responsibility of the bread earner for the family. She found it extremely difficult to provide for her family as the family did not have much land of its own and she had to work as an agricultural labourer in other's land. She joined the Sri Lakshmi SHG in 2011 thinking that it would help uplift her and her family from poverty. From the first linkage, she purchased a cow which gave birth to a female calf. From the second linkage she went ahead and purchased another cow. She possesses three milk yielding cows presently and has a monthly income of Rs. 10,000. She feels immensely grateful towards Sujeevana programme and states that without its support she would have never been able to rise above poverty line in her lifetime.



Figure 20 Jayamma

- **Rajanna** of Kodipalya village in Yadiyur GP bought one cow in 2010 with the first linkage of Rs. 25,000. In the subsequent two linkages, he managed to enhance his assets and presently owns five cows, which enabled him to earn a profit of Rs. 15,000 per month. He also possesses an acre of land and with the knowledge of LEISA techniques, he is able to grow enough food for the family. Recently, he celebrated his daughter's marriage which was a grand event in the surrounding, as expressed by the villagers.



Figure 21 Rajanna

- **Manjula** is a member of SHG and her husband is a member of JLG of Kodipalya village. Both being members of different groups, they managed to access relatively higher level of credit, which they invested to procure ten sheep, which multiplied and they now own 50 sheep. With the first linkage of Rs. 10,000 they bought just two sheep. With the subsequent linkages of SHG and JLG, they have managed to increase their assets. The husband being a sheep trader is an added advantage to their success.



Figure 22 Manjula

5.8: Concluding Remarks

To conclude one can infer that Sujeevana programme has brought in better livelihood to the members. The causes for better livelihood: are:

- spread of knowledge in agriculture through farmer school,
- employment opportunity for the members as well as their children who have used the opportunity of undergoing tailoring and computer training,
- usage of the banking system through Kiosks which save time and cost of members and
- Social benefit, especially to SHG members, in terms of their empowerment both at home and in society.

Monetized benefits like incremental income through usage of LEISA technique and animal husbandry, which has on an average yielded Rs. 69,000 per annum with respect to JLG members and Rs. 31,000 per annum with respect to SHG members have greatly enhanced the living standards of the members. However, if one takes into account the invisible benefits, the annual income would have been much higher than recorded. Thus, the Poverty Alleviation Initiative (PAI) undertaken by VIRF and IDF through financial inclusion programme with SBI under Sujeevana programme has brought about a noticeable improvement in the facilitation of banking services to the poor and the financially excluded community of Kunigal Taluk.

Chapter 6

Community Based Organisation: Sustainability Issues

6.1: Introduction

Sustainability of the Federation, i.e. Community Based Organisation (CBO), essentially depends on the income it can generate which would meet its establishment expenditure such as maintaining the office, staff expenses, programme expenditure etc. in the absence of any external assistance. External assistance is required in the initial stages of the formation of the organization. Thereafter, the organization must be capable of raising resources in a sustainable manner which ultimately enables the organization to achieve self-sufficiency out of its own resources.

For any group to function well and sustain itself greatly depends on the capability and capacity of the group leader. During the field study, it was observed that in most cases, the leader or the representatives were nominated by the members. They mostly prefer the person who was educated and equipped with knowledge to perform the duty of maintaining the records. They also considered if the person possessed the required leadership qualities. This would envisage smooth running of the group thus, making the micro units of CBO sustainable.

Attaining self-sufficiency without external assistance is very important for the organization's own credibility. Therefore, sustainability issues are vital for any organization. In this chapter, the sustainability issues of CBO are analyzed and discussed.

6.2: Uniqueness of CBO

6.2.1: Rotation of Leadership

It is generally observed that smooth functioning of any organization depends on participation of everyone, transparency of activities and accountability. The representative in the group is rotated to provide everyone opportunity to act as representative. Such change is also necessary to provide an opportunity to other members of the group to acquaint themselves with leadership skills, which will avoid the dominance and vested interest of few people. However, the gathered data and focus group discussion show that only 19 per cent of JLGs and 13 per cent of the SHGs changed their leaders. In rest of the groups, the same representatives continued in position since inception of the group (Table 34). Some members were found to avoid leadership as they felt that it might involve lot of responsibility for which they were not prepared.

Table 40 Rotation of Representatives (in per cent)

Sl. No.	Particulars	JLG	SHG	Total
1	Rotated	19	13	16
2	Not Rotated	81	87	84
	Total	100 (33)	100 (23)	100 (56)

Note: The values in the parentheses are the total number of groups interviewed.

6.2.2: Governance of Groups

Participation in the meetings by everyone helps in improving efficiency in delivery of services. The number of meetings held in a month, percentage of attendance and percentage of members participating in the discussion indicate whether the groups have been functioning well or not.. Ideally, meetings should be held once a week to facilitate regular interactions among the members, to forge a stronger connection among them. It also enhances their understanding of each other's problems, which in turn would help in building the feeling of togetherness. Participation in the meeting and knowing the rules and regulations would empower the members in taking better decisions. From the field observation, it was found that on an average, meetings were held twice per month. For groups which have been in existence for more than two years, meeting twice a month may be sufficient. But, for the newly formed groups, it is essential that they meet once a week to acquaint themselves with the operational mechanism of the group.

Fifty two per cent of JLGs and 57 per cent of SHGs held their meetings once a month and this was mainly due to a policy change that the Federation was trying to implement. However, majority of the groups were not happy with this change and wanted to stick to the earlier routine of having weekly meetings. In majority of the cases, all the members attended the meetings but, attendance among SHGs was higher. Even when it comes to interaction in the meetings, all the women in the SHGs actively participated, whereas only 89 per cent of JLG members participated actively during group meetings. Books are maintained well and updated soon after the meeting in most of the groups. In case the group's representative finds it difficult to write the books, he/she is assisted by Federation's representative. Books are maintained by the first representative and/or the second representative in the case of JLGs whereas, 26 per cent of SHG groups seek the help from the others. In some cases, non-members assist the SHG members in recording their activities and are paid some nominal fees for writing and maintaining the records (Annexure 8).

Nearly 87 per cent of the groups were aware of the fee collected by CBO as federation fee (2 per cent) and risk fee (0.5 per cent). Knowledge about accounts being audited and auditor's fees was known to only 33 per cent of the groups. The percentage of awareness was higher among the JLGs. The JLGs are also up-to-date about the latest developments in the IDF. For instance, knowledge about programme responsibilities being transferred gradually to Federation was known to 85 per cent of the JLGs, while only 61 per cent of SHGs seemed to be aware of this.

6.2.3: Banking Knowledge: Pattern of Savings and Advances

Savings and lending are an integral part of the group activities and they help the group members not only to have savings to their credit but also have an access to the saved money in case of an emergency. Basic principle of formation of groups is that even very poor individual can save small amount and this forms an additional incentive to access the bank and get bank loan at relatively low interest rate. Otherwise, they were not eligible for availing banking facilities. This not only strengthens the habit of saving, but also enables them to have reasonably good amount in the group through the saving which further could be used for internal lending.

In the sample groups, savings ranged between Rs. 40 per month and Rs. 200 per month, but on an average majority of the groups saved around Rs. 100 per month. Nearly 50 per cent of the groups increased the saving amount once since inception (Figure 8). About 25 per cent of JLGs and 40 per cent of SHGs increased the amount by Rs. 20.

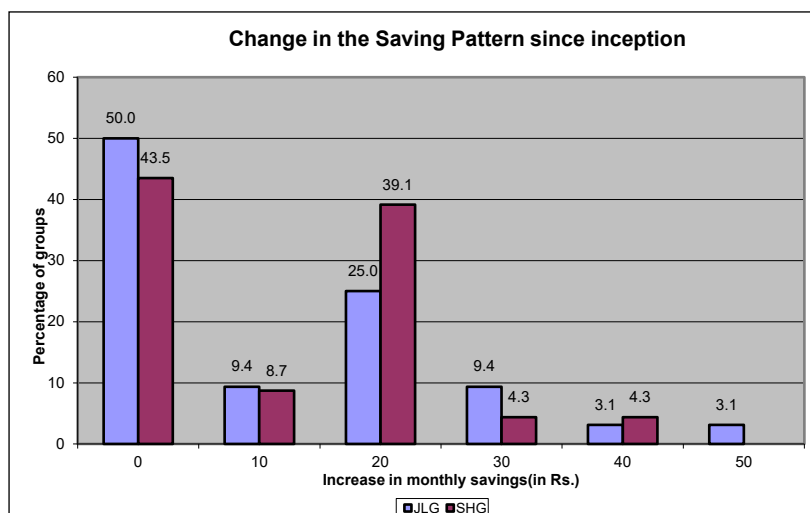


Figure 23 Changes in Savings Pattern since Inception

On an average, per person saving was around Rs. 2,000 for those belonging to SHGs and 2,500 for members belonging to JLGs. Total group saving in JLGs ranged from Rs. 6000 to Rs. 98,000, with the average being around Rs. 33,000 (Annexure 9). SHG groups also had savings ranging from Rs. 6,000 to Rs. 46,000 with the average being Rs. 27,000. This total group saving is sum of the saving and interest earned from the internal lending. The number of occasions of savings by the members of the group depends upon the frequency of meetings. This clearly indicates that most of the groups have a substantial amount as part of their savings which are used for internal lending. Majority of the groups started their internal lending within 5-6 months of starting of the group. Majority of the groups lend at 2 per cent interest rate per month which is not only less than the rate charged by the money lenders but also acts as a disincentive for unnecessary borrowing. Almost all the groups stated that all the members were involved in decision making with respect to selecting the members for advancing and also the amount to be advanced from the group savings.

In the sample groups, 91 per cent of the members availed internal loan and only 9 per cent had not done so. The reason for not availing the internal loan was that they did not have a need for such loans. This internal loan acted as a good source of access to money at times of emergencies at interest rates lower than the money lender. Majority of the time the members have used it for healthcare, conducting ceremonies, paying up the education fees of their children, etc. Many also mentioned that they used it for procuring inputs like seeds, fertilizer, renting tools for farm activities. The loan amount ranged from as small as a sum of Rs. 500 to Rs. 5,500. In most of the cases the repayment was punctual.

6.2.4: Repayment of Loans

Sustainability of the group also depends on timely repayment of bank loans. JLGs were not only getting the loan at lower interest rate i.e., seven per cent per annum, they would also get a subsidy of three per cent if the repayment was well before the stipulated time i.e., 12 months. This prompted many

groups to make the payment in time. In the sample data, it was found that 27 per cent of the groups repaid the loans within the stipulated period of 12 months. In 41 per cent of the groups, the repayment was with a delay of just two months.

6.3: Organizational Aspects of the Groups

6.3.1: Homogeneity of Groups

Sustainability of the group also depends on the organizational sustainability and adequate support received from CBO (It is interdependent). Organizational sustainability can be usually achieved if the members within a group come from similar socio-economic background. The sample groups indicate the following pattern when it comes to socio-economic background. Measure of index of diversity indicates whether the groups are homogenous or not. From the sample, it was observed that with respect to the social class, 52 per cent of SHG groups and 33 per cent of JLG groups were homogenous i.e., all the members belonged to a single social group. There were two groups each in JLG and SHG whose members belonged to SC community, otherwise, majority were from OBC community (Table 35).

Table 41 Homogeneity of Groups-Social Class (in per cent)

Sl. No.	Index of diversity value range	JLG	SHG
1	0 (Homogenous groups)	33	52
2	0.01 to 0.25 (Mildly homogenous)	42	17
3	0.25 to 0.50 (Mildly heterogeneous)	21	26
4	>0.50 (Heterogeneous groups)	4	5
	Total	100 (33)	100 (23)

Note: The values in the parentheses are the total number of groups interviewed.

6.3.2: Economic Class of Groups

Land possessed by the member acts as an indicator of economic class to which they belong. It was found that only 12 per cent of members among JLGs and 30 per cent among SHGs were homogeneous. Another 27 per cent of the groups among JLG and 4 per cent among SHG were heterogeneous in nature in terms of the land holdings. Rest of the groups were mildly homogenous or mildly heterogeneous. Thus, data highlights the fact that groups include members of various economic strata.

Table 42 Homogeneity of groups-economic class (in per cent)

Sl. No.	Index of diversity value range	JLG	SHG
1	0 (Homogenous groups)	12	30
2	0.01 to 0.25 (Mildly homogenous)	9	9
3	0.25 to 0.50 (Mildly heterogeneous)	52	57
4	>0.50 (Heterogeneous groups)	27	4
	Total	100 (33)	100 (23)

Note: The values in the parentheses are the total number of groups interviewed.

6.3.3: Occupation of the Groups

Even though the groups were mildly to severely heterogeneous with respect to land holding, as far as the occupation of the group members is concerned, nearly 50 per cent of the groups were found to be mildly homogenous.

Table 43 Homogeneity of groups-Occupation (in per cent)

Sl. No.	Index of diversity value range	JLG	SHG
1	0 (Homogenous groups)	33	30
2	0.01 to 0.25 (Mildly homogenous)	12	22
3	0.25 to 0.50 (Mildly heterogeneous)	55	48
4	>0.50 (Heterogeneous groups)	0	0
	Total	100 (33)	100 (23)

Note: The values in the parentheses are the total number of groups interviewed.

6.4: Members impression of Sujeevana

6.4.1: Satisfaction levels of the Groups

The sample groups expressed that they are satisfied with the support received from Sujeevana. Majority of the support received from them are in respect of documentation i.e., maintaining the book and getting the documents ready for the bank linkage, linking the groups with the bank and getting the loan sanctioned, training, conducting farmer school etc. In majority of the cases i.e. more than 80 per cent of the groups were very satisfied and contented with the support received (Table 38).

Table 44 Sujeevana Services (in per cent)

Sl. No.	Services	Satisfied
1	Documentation	80
2	Bank Linkage	98
3	Training	63
4	Farmer School	84
5	Getting Job card etc.	9
6	Others	2

From the detailed analysis of the varied information collected from the groups as narrated earlier, one can broadly conclude that groups would be able to sustain and attain self-sufficiency in the near future. By and large, groups have a strong sense of belongingness and confidence with Sujeevana programme. Their experiences with programme were satisfying. Some of the SHG members expressed that they were apprehensive about the programme initially as they had more confidence in government sponsored interventions. But, they changed their opinion over a period of time after observing the transparency and modus operandi of IDF.

Some SHG groups in the sample expressed their displeasure which was mainly with respect to interest rate that is being charged to them vis a vis the JLG groups who are getting higher amounts of loan at lower interest rate.

It is a matter of banks' policy that the loan availed by JLGs are treated as crop loans whereas the loan availed by SHGs is treated as non-agricultural loan even if it is for petty and retail businesses. Interest rates charged for crop loans are relatively lower. However, SHG members are not convinced and are feeling that it is gender biased. The two sample SHG groups which exclusively had only SC members expressed their displeasure for having joined group formed by IDF as they were not getting any additional benefits in terms of subsidy, which otherwise was possible (nearly 50 per cent subsidy) had they belonged to StreeShakthi groups or groups formed by other NGOs.

6.4.2: Progress of Groups

Continuous nurturing the groups will make them more matured in the programme. We observed that older groups(2009 and 2010 formed) were found to be matured and are capable of understanding the functioning of the CBO/Federation better. The groups expressed that they can run the group activity on their own with the help of Federation, as IDF is gradually withdrawing its presence in the sphere of day-to-day operations and monitoring. Majority of the groups felt that they can sustain and monitor their group activities of saving and lending by themselves except for applying for bank linkage which they stated may need a couple of more years to perform all by themselves.

6.5 Sustenance of CBO/Federation

The second issue for consideration relates to the sustenance of Federation without much external funding. In order to estimate the amount of fee that may be collected from the groups, one has to consider the number of groups that will be linked with the bank. By considering the total number of groups existing, formed at different points in time, and the share of groups that were linked at each stage from the sample information (Tables 39-40.) and average time taken to avail the next linkage, the anticipated number of groups that will be linked in year 2013-14 can be calculated.

Table 45: Percentage of JLG Groups Obtaining Bank Linkages

Sl. No.	JLG groups formation year	First linkage from start	First to second link	Second to third link	Third to fourth link
1	2009-10	100	100	67	17
2	2010-11	100	100	15	-
3	2011-12	100	83	-	-
4	2012-13	50	-	-	-

Table 46: Percentage of SHG groups Obtaining Bank Linkages

Sl. No.	SHG groups formation year	First linkage from start	First to second link	Second to third link	Third to fourth link
1	2009-10	100	100	29	-
2	2010-11	100	57	-	-
3	2011-12	100	-	-	-
4	2012-13	50	-	-	-

Note: Blank cells depict that none of the groups have been linked in that particular year.

One can ascertain from the above tables that all the groups formed during 2009-10 have been linked for the second time. For JLG groups, this is true also for the groups formed in 2010-11. Only 67 per

cent of the groups formed in 2009-10 have received third linkage and only 17 per cent have progressed to the fourth. The drop in the percentage of groups being linked after second linkage is because certain groups are yet to pay the remaining installments. In addition, some groups have applied for new loans but are yet to get sanction.

Though the renewal of loans is relatively easier in the case of SHGs, only 29 per cent of the groups formed in 2009-10 have progressed towards third linkage. This is because the SHGs have two years time to repay their loan. None of the groups formed after 2009-10 have been linked for the fourth time.

Table 47 Projected Number of groups- linked in 2013-14

Sl. No.	Linkages	JLG	SHG	Total
1	First linkage	102	71	173
2	Second Linkage	150	123	273
3	Third Linkage	248	85	333
4	Fourth Linkage	46	60	106
	Total	546	339	885

It is estimated that around 546 JLGs and 339 SHGs will be linked in the year 2013-14. Taking an average amount of Rs. 50,000 for each member in JLG group for 2nd, 3rd and 4th linkage and Rs. 40,000 per member for 1st linkage (similar amount for SHG are Rs. 25,000 and Rs. 10,000 respectively) and with an average of 15 members per group, it turned out that JLGs would be linked with the amount of Rs. 39 crore and SHGs with Rs. 11 crore totaling to 50 crore (Table 42) in 2013-14.

Table 48 Total Credit estimated Across Linkages 2013-14 (in INR crore)

Sl. No.	Linkages	JLG	SHG	Total
1	First linkage	6.14	1.06	7.2
2	Second Linkage	11.22	4.6	15.82
3	Third Linkage	18.61	3.18	21.79
4	Fourth Linkage	3.45	2.23	5.68
	Total	39.42	11.07	50.49

Thus, the federation fees charged at two per cent of the credit amount (Rs. 50.49 crore) would yield Rs. 1 crore approximately. As per the audited accounts of Kunigal Federation for the year 2012-13, the expenditure is Rs 55.6 lakhs (Annexure 10). Accounting for 10 per cent inflation, the expenditure of the CBO would be 61 lakhs.

This however does not include the

- salaries of operators and maintenance of CSCs,

- salaries of six block officers, three specialist officers, administration and accounts personnel of IDF Kunigal office,
- maintenance of Kunigal office

As per the Estimated Income and Expenditure statement of the Kunigal Federation, the salaries and remuneration to the above mentioned personnel amounts to Rs. 31 lakhs. Accounting for all the above expenditure (totaling to Rs. 92 lakhs), CBO Kunigal can sustain financially from its federation fees. It is necessary that SBI must also support by way of well-structured commission system covering all the finance related activities like disbursement, recovery etc.

Chapter 7

Way Forward

7.1: Introduction

Inclusive growth is the current developmental issue being discussed in all form. It is being looked as a measure to alleviate people from poverty. Financial inclusion has become the prime objective of inclusive growth. Thus, providing financial access to the needy and vulnerable section has become priority and various steps have been taken in this regard. In this context, the policies relating to micro-credit and micro-finance have undergone changes time and again, the recent being the RBI Policy to mainstream the process of financial inclusion using the Business Correspondent and Business Facilitator Model by bringing together major public sector banks, NGOs, IT service providers and insurance companies to strengthen the micro finance sector.

The Initiatives for Development Foundation (IDF) along with Vattikuti India Relief Foundation (VIRF) has implemented the poverty alleviation initiative (PAI) or Sujeevana, utilizing the Business Correspondent model. The objective of this joint venture is not only to provide access to micro finance but also support livelihood activities through available technology, thus improving the household economy. The experience of the partner institutions in financial inclusion process, poverty alleviation programmes and technology oriented approach has made this programme a success which is being acknowledged internationally.

7.2: IDF's Experience in Kunigal

Our observation and interaction with beneficiaries brings out that, IDF's endeavor to achieve financial inclusion in Kunigal has proved successful. IDF which is equipped with the experience in facilitating financial services and successful implementation of livelihood programmes validates the fact that it can replicate and extend the project to other areas. In fact, IDF management has good experience in banking as well livelihood promotion activities for more than few decades. It has gained confidence of the people as well as development agencies national and international.

The concept of Sujeevana developed by IDF and VIRF is far more comprehensive than mere BC or BF activities. Under BC/BF model, only financial inclusion through bank linkages is undertaken whereas, Sujeevana extends livelihood activities. It (a) undertakes social mobilization of villagers into groups and formation of CBO, (b) provides the groups with bank linkages to usher financial inclusion, (c) provides training in sustainable livelihood activities, including farm and non-farm activities. Thus, IDF assures financial and livelihood security to the members, through enhancement of skills and provision of required financial flow. The bankers involved with IDF have expressed that their association with IDF has benefitted them immensely as they were able to penetrate deeper into the villages and provide basic banking facilities in remote areas. At present, almost all households have opened bank accounts in the operated area, and access to bank transaction is provided by eight kiosks centers at Kunigal Taluk. However, they felt that the group size of both JLG and SHG has to be brought down for effective functioning of credit transactions. Further there is need for greeter diligence in formation of groups with homogeneity and also saturating the geography with SHGs –reduces transaction as well

as overhead costs. Penetrating the mobile based technology is need of the hour, which brings accuracy and reduces transaction time. It gives proper information to members and controls operations.

7.2.1: Women Empowerment

The group concept and training have helped women to get out of their shell. Presently, they are confident to the extent of complying with the policies and procedures to acquire bank linkages. Many SHG members have showed inclination towards starting micro enterprises and contributing towards household income. Above all, their confidence levels have raised owing to contributed economic and social empowerment.

7.2.2: LEISA Technique

The sustainable farming techniques (for ragi, paddy and sugarcane) have reduced input costs. But, it has been observed that these are still in nascent stages and large segment of farmers particularly who possessed relatively larger holdings found these techniques impractical. The farmers are of the opinion that, these techniques can be implemented in small areas only. In fact, the technique has small holding advantage. Thus, it has greater relevance for marginal and small farmers.

7.2.3: Training

The training in income generating activities and imparting of soft skills to the youth were appreciated by the members. Computer training is being requested by majority of the members for the benefit of their children. Many group members have expressed that they would like to receive training in plate making, handicrafts, tailoring etc. to help them establish small units. They proposed that such programmes be conducted at gram panchayats level. For strengthening this aspect, there is need to bring professionalism in the management of CBO, the better governance skills of CBO will help in upgrading skills of beneficiaries and sustaining the programme. In fact, the CBO has to put efforts in spreading financial literacy, which will help in better coordination among the field staff and beneficiaries.

7.2.4: Repayment

The strength of the groups ranged from 10 to 15 members, which is not ideal for easy and smooth operations. It is imperative that a strict screening is undertaken before individuals are made part of the group. This is essential to reduce drop outs and to minimize default risk. The defaults have been higher among the JLGs compared to SHGs, primarily due to the failure of monsoons leading to low agricultural produce and fall in farm income. In some cases, members have willfully defaulted due to misgiving of local politicians, who spread rumors on waiver of loan amount. The willful defaulters are currently keen on paying the interest and rescheduling their loans to be treated as new loans. IDF may intervene to reschedule their loans and to discontinue the display of photographs of defaulted members at bank.

7.3: Observations

One of the key features of PAI was to develop entrepreneurship for income diversification of the rural agrarian households. But, the loan amount of individual members is often less to start enterprises. It is advisable, especially in the case of SHGs, to form homogenous groups which include members who are inclined to start a micro enterprise. This could help provide additional source of income for the members and help diversify their income. In fact, the group members have expressed that they wish

to venture into group entrepreneurship, which can be accomplished by providing loan with forward and backward linkages.

As discussed earlier, majority of the members belong to agrarian households. Agriculture activity holds the prime position not only for the members but also for Sujeevana programme. In this context, the JLG members have requested that CBO must make available agricultural equipment to facilitate their agricultural activities. These equipments can be hired out at small hire charges. Sujeevana has been maintaining seed banks at various kiosks to aid the farmers for procuring seeds for sowing which is later after harvest replenished by the members.

The SHG members on the other hand, have expressed their displeasure on two specific areas. They felt that the quantum of loan provided to them and the rate of interest charged were different from those for JLG members. Crop loan is subsidized by the government and hence JLGs get loans at lower rate of interest. This difference between an agricultural loan and non-agricultural loan needs to be explained to the SHG members. Some women members felt it as discrimination on gender basis. Secondly, they have questioned as to why they are not getting concession in interest rate as 'Stree Shakti' groups. There is a need to create awareness among SHG members and clarify them the aspects of interest rates, the difference between government and NGO programmes etc.

It was also observed that the many group members have joined more than one organization to benefit from multiple memberships. There are many households whose family members have dual membership. For example, if the husband is an IDF member, the wife would be a member of some other micro-finance/SHG. In some cases, the same individual would be a member of IDF as well as another SHG promoted by a different organization. Thus, the households have access to two sources of funds. This trend needs to be controlled as it will impact the repayment capacity. Multiple borrowings will render the member incapable of making repayments towards the loans, and accumulate savings.

The partner institutions intend to make CBO an independent and self sustaining organization, capable of managing and operating the Sujeevana programme, But, it is still uncertain whether the CBO has the required management skills to handle all the banking aspects of credit linkages and disbursements by itself. Further, the field staff should have in-depth knowledge regarding agriculture extension activities to undertake FSS and impart technical know-how. Further, most of the group members do not have clarity on the fee structure towards the services provided by the Federation, on issues related to sustainability of the Federation and regarding interest rate patterns and processing charges levied by the bank. It would be in the interest of the organization to provide a chart or a diagrammatic explanation to assist the members in understanding the fees and interest pattern. An organization is as strong as its people. Hence, there is need to further upgrade the skills of field staff and other officials. The staff turnover should be minimized and it is important to take efforts to retain efficient and experienced staff.

The overall impact of the Sujeevana programme has been positive. It has been capable of bringing large section of the financially excluded under the purview of formal finance. Further, it has imparted sustainable agricultural techniques to its JLG members. It also has increased the self confidence and decision making ability of its SHG members and brought in a sense of belongingness among all its

members. Thus, this model can be replicated provided, the errors and short comings of current programme are corrected and requirements of the new region are considered.

ANNEXURE

1. Developmental Model of VIRF

The Vattikuti Foundation has built a professional team in India (based at Bengaluru) to explore various development models. The Foundation has deliberated with development practitioners, senior civil servants and corporate leaders to design a scalable and sustainable model. Based on these, the following key principles have been developed which will guide the initiatives/ models of the Foundation.

Any initiative has to be Community owned and managed for it to be effective and sustainable. Fortunately India is witnessing major social change through the movement of Self Help Groups (SHGs). These institutions at many locations have demonstrated their ability to manage local institutions and affairs. The local self-governance systems also provide huge potential for self-management. Scalable models can be developed on these very useful foundations.

Self-employed Service Provider (SSP) to address the unavailability of services that are an impediment to economic activity and growth. This is an approach to building locally relevant effective and sustainable service provisions in the communities. A set of well-intentioned and trained youth can get gainfully self-employed and also provide useful services to community in various fields such as Agriculture, Animal Husbandry, Financial Inclusion, Education, Health and other Income generating activities.

Family Development Plan would need to be created in consultation with the family and the local community to assist the family in understanding the opportunities available and prioritizing their needs. In the process, an understanding of the needs of the village and the potential for SSPs will be identified.

Learning and building on experiences of others – There are many development approaches and models have been tested and implemented by various agencies across the sections of Entitlement, Education, Enterprise, Employment and Health. The foundation would partner with agencies for implementation of successful interventions.

The foundation has completed the design of the program that covers various aspects of the implementation and sustainability. The Foundation has chosen to pilot the poverty alleviation program in two stages covering 5 and 7 Gram Panchayats (5-7 villages) in Kunigal Taluk and 7 and 14 Gram Panchayats in Gubbi Taluk of Tumkur District (about seventy kilometres from Bengaluru) based on its level of poverty and proximity as the location for the pilot. As part of the design process, many innovative components of the design have been field tested and fine-tuned in the pilot district.

2. Pilot Project Duration and Project Area

Taluk	Stage 1 (1 Sept 2010 to 30 Apr 2012)	Stage 2 (1 May 2012 to 31 May 2013)	Remarks – Targets and achievements of GPs covered
Kunigal	Nagasandra Yadiyur Kaggere Nadamavinpura Koppa	Nagasandra Yadiyur Kaggere Nadamavinpura Koppa Ippadi Kithnamangala	In Stage 2, two GPs viz, Ippadi and Kithnamangala in different Hoblis were included, as SBI offered them to service as they were designated Financial Inclusion villages by the Government
Gubbi	Koppa Kallur Kunala Peddanahalli Belavatha Marashettyhalli Kadaba	Koppa Kallur Kunala Peddanahalli Belavatha Marashettyhalli Kadaba MN Kote Tyagathur Doddaguni Kondli Ammanghatta Hindaskere Chikkonahalli (Heruru GP)	In Stage 2, seven more GPs were taken for coverage by the project due to: Taking over of MN Kote, Tyagathur & Doddaguni GPs covered under IIM Consortium managed centre's by M/s Terra Soft s Servicing 4 GPs covering Financial Inclusion (FI) villages of SB I viz Kondli, Ammanghatta, Hindaskere and Chikkonahalli (Herur)

3. Indicators of Kunigal Taluk and Normalized Indicators of Development.

#	Indicators of development	Actual		Normalized*		Actual		Normalized*	
		2001				2011			
		Kunigal	State avg.	Kunigal	State avg.	Kunigal	State avg.	Kunigal	State avg.
1	Percentage of Cropped Area To Net Area Sown	105.17	117.37	0.9	1	112.41	124.13	0.91	1
2	Percentage of Total Area Under Food grains To Total Cropped Area	76.88	59.62	1.29	1	72.44	63.05	1.15	1
3	Percentage of Total Area Under Horticultural Crops To Total Cropped Area	3.36	3.35	1	1	4.46	14.55	0.31	1
4	Percentage of Total Area Under Commercial Crops	15.66	36.46	0.43	1	6.04	20.82	0.3	1
5	Percentage of Net Area Irrigated To Net Area Sown	27.82	23.76	1.17	1	30.76	33.17	0.93	1
6	Fertilizers Consumption (NPK)In Kilo Gram Per Hectare Total Cropped Area 2000	87	119	0.73	1	36	159.55	0.23	1
7	No. of Tractors Per 1000 Hectare Sown Area 2001	6	9	0.68	1	17	26.53	0.64	1
8	Livestock Units Per Lakh Population 1988-89	63,160	48,212	1.31	1	153157	53791.45	2.85	1
9	Per capita bank credit (commercial and regional rural banks) to agriculture in Rs. 2000	147.65	486.37	0.3	1	4580	1162.97	3.94	1
10	No. of Industrial Units Per Lakh of Population 1988-89	590	492	1.22	1	893	711.00	1.26	1
11	Percentage of Industrial Workers To Main Workers 1991	5.64	10.71	0.53	1	10.03	53.67	0.19	1
12	Per Capita Advances By Banks In Rs.	1,597	3,527.29	0.45	1	12095	23601.40	0.51	1
13	No. of Bank Branches Per Lakh of Population (2001)	7	9	0.78	1	10	11.00	0.91	1
14	No. of Enterprises Engaged In Trade, Hotels And Transport Per Lakh of Population (2000)	1098	1428	0.77	1		1587.20	0.00	1
15	No. of Post offices Per Lakh of Population (2000)	28	19	1.47	1	28	16.00	1.75	1

#	Indicators of development	Actual		Normalized*		Actual		Normalized*	
		2001				2011			
		Kunigal	State avg.	Kunigal	State avg.	Kunigal	State avg.	Kunigal	State avg.
16	No. of Telephones In Per Lakh of Population (2001)	1597	4430	0.36	1	997	3338.00	0.3	1
17	Road length in k.m. Per 1000sq. Km. (1998)	103	70	1.47	1	30.79	146.92	0.21	1
18	Proportion of Population Having Access To All Weather Roads (1999)	50.17	60.09	0.83	1	90	63.95	1.41	1
19	No. of Motor Vehicles Per Lakh Population (2001)	1882	6742	0.28	1	10916	16244.00	0.67	1
20	No. of Co-Operative Societies (Agricultural And Non-Agricultural) Per Lakh Population (2001)	8.5	13.72	0.62	1	68	54.00	1.26	1
21	No. of Regulated Markets And Sub-Markets (Equivalent To Regulated Markets) Per Lakh Population 2000	0.47	66.56	1.22	1	1	0.82	1.21	1
22	No. of Doctors (Govt- Pvt) Per 1000 Population (2001)	1	3	0.28	1	3	4.20	0.71	1
23	No. of Govt Hospital Beds Per 10,000 Population (2000)	4	8	0.56	1	18	10.00	1.8	1
24	Literacy Rate 2001 (in per cent)	61.52	67.04	0.92	1	68.3	75.61	0.9	1
25	Pupil Teacher Ratio (1st to 10th std) 2000	26	34	0.74	1	20	23.48	0.85	1
26	Percentage of Children Out of School (6-14) 2000	4.41	10.03	0.44	1	0	0.50	0.00	1
27	No. Of Students In Govt. and Aided First Grade Degree Colleges Per Lakh of Population 2001	213	669	0.33	1	651	413.00	1.58	1
28	Sex Ratio 2001	1023	964	1.06	1	999	943.00	1.06	1
29	Percentage of Sc And St Population To Total Population 2001	12.88	33.39	0.38	1	12.88	33.39	0.39	1
30	Percentage of Urban Population To Total Population 2001	13.27	20.64	0.664	1	13.27	38.57	0.34	1
31	Percentage of Non-Agricultural Workers To Total Workers 1991	36.69	42.21	0.87	1	23.37	44.29	0.53	1

#	Indicators of development	Actual		Normalized*		Actual		Normalized*	
		2001				2011			
		Kunigal	State avg.	Kunigal	State avg.	Kunigal	State avg.	Kunigal	State avg.
32	Percentage of Agricultural Laborers To Main Workers 1991	13.19	28.91	0.46	1	10.85	32.16	0.374	1

*Normalized Column is calculated as a ratio of Actual Data over State Avg. for the respective year.

4. Names of the Groups interviewed for the Survey

Hobli	Gram Panchayats	JLG	SHG
Amruthur	K H Halli	Veer Anjaneya	Annapurneshwari
		Jai Maruthi	Huliyurramma
	Yadavani	Kalikamba	Mailarlingeshwara
		Vinayaka	Adarsh
		Varadaraya Swami	
Yadiyur	Koppa	Byreshwara	Kittur Rani
		NarsimhaSwamy	Pattaladamma
		Vinayaka	
	Kaggere	Siddalingeshwara	Lashmi Devi
		Lakshmi	Padmavati
Huliyurdurga	Chowdankuppe	Sri Maruthi	Chamundeshwari
		MuthurayaSwamy	Lakshmi Devi
	Kodavathi	Ambedkar	Bireshwar
		Hemagiri	Kala baireshwara
Huthridurga	Ippadi	Kollapurdamma	Shanishwar
		Chandeshwari	
		Veerbadreshwar	
		Vinayaka	
	Kempanahalli	Bhuvaneshwari	Saraswathi
		Veeranjaneya	Varamahalakshmi
		Maruthi	
Kasaba	Kithnamangala	Venkateshwar	Pooja
		Basaweshwara	Sudarshan
		LakshmiNarasimha	
		RanganathSwamy	
	T, Hosahalli	Lakshmi Ranganath	Marammadevi
		AnjaneyaSwamy	Star Embroidery
Kothagere	Therada kuppe	Ganapathy	Varalakshmi
		Manjunatha	Renukamba
		Vivekananda	
	Bhaktharahalli	Maramura Devi	Renukadevi
		Sri Lakshmi	Prakruthi
		Ananta Shayana	

5. Questionnaire for Self Help Groups/Joint Liability Groups

I. Respondent Information

1a. Name of SHG/JLG:

2. Location of SHG/JLG

1b. Date of formation:

4. Village:

3. Mandal/Hobli:

5. Gram Panchayats:

6. Respondents Name & Contact No. (Mobile or Phone No.)	7. Sex M F	8. His/her official positioning the group 1 st representative 2 nd representative
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II. Membership

1. Number of Members

Beginning/ formation	Drop-outs	New members	Total members at present

2. If any member(s) have dropped out, the reasons for it?

Specify reasons:

III. Status of Members

1. Basic information

How many possess:							
1. ID cards	No.	2. Caste Status	No.	3. Education	No.	4. Land holdings (acres)	No.
Green card		SC/ST		No. of illiterates		Zero	
Red card		OBC		Primary		below 2 acres	
Anthodia card		Others		Secondary		2 – 4 acres	
				College & above		4 – 10 acres	
						10 and above	

2. Occupation

Occupation	No. of Members
a) Agricultural labourer	
b) Daily Wage earner	
c) Self cultivation work	
d) Other non-farm businesses (specify)	

IV. Details of Management

1. Participation, and Transparency

Participation	Meeting held			Attendance (no. of members an on average)	Penalty for Absentees	Amount collected as penalty	How many members interact in the meeting (Average)
	Monthly	Weekly	Fortnight				
	President/leader			Who Writes book			
	Rotated		Not rotated	1 st representative	2 nd representative	Others	
			Reasons				
Transparency	Do you know that some money is paid from the group account for Auditing		Who decides whom to give Internal loan?		How much to give loan?		
	Yes =1	No = 2	1) One person (specify)		a) One person (specify)		
			2) Collective 3)federation representative/ koota head4) Any other		b) Collective c)federation Representative/ koota head) Any other		
Is the group aware that every time loan is sanction some % goes towards federation fund (2%), risk fund (0.5%), koota fund(0.5%) etc..? Yes <input type="checkbox"/> No <input type="checkbox"/> If yes how many members are aware of it?							

V. Federation related

1. Do your group members know that IDF has been replaced by Federation from April 1?

Yes ☐ No ☐

2. For what activity of the group was federation or initially IDF helping?

1. Bank linkage
2. Documentation/preparation of the proposal
3. Training
4. Farmer school
5. Marketing
6. Helping in applying for job card/health card etc..?

7. Any other (specify)?

3. What further support you need from federation? (Narrate)

VI. Operational Issues

A. Saving pattern

A1. When did the SHG/JLG open a savings account? Month ____ and Year ____

A2. Saving details of the group.

Duration	Savings		Total Savings (Till Today)
	Initially (Rs)	Currently (Rs)	
Weekly			
Fortnight			
Monthly			

A3. Any other sources of funds received by group? Yes ☐ No ☐

Sources of Funds	If yes, how much per year?			
	Regular Payment (In Rs) Yes = 1, No = 2,	Onetime Payment only (In Rs) yes =1, No =2	Amount due each time (In Rs)	Amount Collected till today (In Rs.)
Membership fee				
Penalties				
Grant from either Govt. or Local leaders				
Grants from external agency				
Any other (specify)				

B. Effective Interest Rate (bank related)

B1. Provide following details about bank linkage?

No. of Linkage	Year	Bank Name	Amount Borrowed	Processing Charges (Specify)	Purpose of Loan	Int. rate	Repayment schedule (months)	Amount
1 st Linkage								

2 nd Linkage								
3 rd Linkage								

C. Credit pattern/ internal lending.

C1. When did the SHG/JLG start internal lending with its own funds? Month And Year

C2. What are the criteria used for providing/sanctioning loan?

1. Purpose
2. Repayment capacity
3. Involvement in group activity
4. Based on the clearance of earlier loans
5. Others (specify)

C3. How many members have borrowed loans?	
C4. How many members have never borrowed loans?	

C5. Why they have not borrowed loan?

- i. not needed/never asked
4. asked but rejected
5. if (ii) what is the reason?

C6. Average number of loans received by members since inception?

Number _____ and Amount Rs. _____

C7. The maximum number of loans borrowed for the purpose (give Rank = 1 for most frequent purpose etc.)

1. Income Generating activities	
2. Education	
3. Health	
4. Ceremonies	
5. Others (specify)	

C8. Generally, do you give the amount requested by the borrower? Yes No

C9. Does IDF/federation guides in lending activity? Yes No

C10. What are the Income Generating Activities (IGA) undertaken (only for SHG)?

C11. Does IDF provide technical training for IGA if required by members? Yes No

C12. If yes, please provide following details

Training No.	Purpose	No. of days	Persons attended	Was it useful Yes = 1, No = 2	Was it linked to any job after the training	How many started the related activity after receiving the training

D. Rate of Interest

D1. Interest rate prevailing for internal lending?

Initially (%)	Currently (%)

D2. Is the interest rate fixed? Yes No

D3. If no, interest rate depends on?

Amount borrowed	Purpose of borrowing	Period/term	Others (specify)

D4. Interest rate charged by you is higher than the bank rate? Do you have any plans of reducing it?

D5. Do the members still borrow from the moneylenders? Yes No

D6. If yes, at what rate of interest?(%)

D7. Reasons for borrowing?

SHG/JLG loan is not sufficient, any Other reasons (Specify)

D8. Do you borrow from any other formal financial institutions like microfinance etc..?

Yes No

D9. If yes, how much amount? Rs...

E. Provide Details of Documentation

E1. Documentation is done up to date? Yes ☐ No ☐

E2. How frequently books are updated?

E3. Has IDF trained the representatives in documentation? Yes ☐ No ☐

If yes, from whom? Explain?

E4. Presently do they face any problems in documentation? Yes ☐ No ☐ suggestions:

F. Repayment pattern

F1. How many members repay as per schedule (on an average)?

F2. How many repay fully at the end of the term?

F3. How many repay with one-month delay?

F4. How many repay with more than one month delay?

F5. Number of loans overdue at the year end? (Provide details).

F6. What are the reasons for overdue?

1. Death/bad health in the family
2. Natural calamity
3. Crop failure
4. Other misfortune
5. Wilful

F7. What actions do you take if the members do not repay?

- a. Imposing fines on defaulting member? Yes ☐ No ☐
- b. If yes, how much? Rs...
- c. Not giving fresh loan until over dues are paid. Yes ☐ No ☐
- d. Defaulters are sent off the group Yes ☐ No ☐
- e. Any other (mention)

F8. Does IDF/federation play any role in regularising the repayment matters?

Yes ☐ No ☐

F9. If yes, how? (Narration)

G. Expenditure Pattern of SHG /JLG

G1. Cost of stationery (books/pens etc) Rs...

G2. Coffee/tea etc in weekly meetings of the group? Rs

G3. Expenditure towards some community activity like birthday of the group?

G4. Expenditure towards Vaccination for cows etc.

G5. Do you need to get any approval for spending from anybody?

Yes ☐ No ☐

G6. If yes, from whom?

G7. Do you usually get the approval? Yes ☐ No ☐

G8. Nature of problems/challenges in SHG/JLG (Narration way)?

Nature of Problems	
1. Holding of regular SHG/JLG meetings	
2. Meeting is attended by all	
3. Book Keeping kept regularly or not	
4. Delay of loan from the bank	
5. IGAs taken up	
6. Inadequate fund in the hands of SHG/JLG	
7. Savings comes regularly	
8. Inadequate loan from Bank	
9. Inadequate Training	

VII. Suggestions (In way of narration)

1. What type of problem you face in smooth functioning of SHG/JLG (not mentioned so far)?
2. Is the support from the bank adequate? Financially and otherwise?
3. What type of further support needed from IDF/federation?
4. If IDF/federation is absent will your group function properly?
5. If no, why, what are the problems?
6. How many more years you need their support?
7. If timely repayment is a problem, then how can you improve repayment by members?
8. Is utilization of credit appropriate?
9. Do you need any further support for proper utilization of credit?
10. Has SHG/JLG activities helped to improve the economic conditions of your members? By what way?
11. Can it be improved further? Give suggestions.

6. Questionnaire for Individual Member of Self Help Group/ Joint Liability Group

I. Respondent Information

- | | |
|------------------------------|---------------------|
| 1. a) Name of the Respondent | 2. Name of SHG/ JLG |
| b) Mobile No. | |
| 3. Village Name: | 4. Koota: |
| 5. Samooaha: | 6. Mandal: |

Personal information

7. Gender: M F O 8. Religion. H M C O 9. Caste: SC ST OBC GEN
10. Education: Illiterate / Literate Primary Secondary Higher secondary Under graduation
11. Age: 12. Occupation: 13.No. of Family Members 14.No. of members earning
15. Sources of Income 16. Land holdings (in Acres)
- (a) Farm Source (%) (b) Non- farm Source (%)
- (c) Non-farm source (small scale enterprise) (%)

I. Details of Savings

1. Member of SHG or JLG? _____
2. Joined the group on _____
3. Saving contribution per month _____
4. Do you save in any other form?
Yes No If yes, gives details

I. Details of loans taken before joining SHGs/ JLG.

1. No. of loans taken?

Source	Amount	ROI	Collateral	Period	Amount repaid	Balance outstanding, if any

2. Did you pay the loan installments regularly? If so, Please furnish details (EMI, period, total repayment, etc.).
3. Did you default repaying loan any time? If so, Please furnish details.

III. Details of loans taken after joining SHGs/ JLG.

1. Number of times loans taken?

No.	When is the loan taken	Type of loan (internal/bank)	Credit amt.	ROI	Purpose	Amt. Repaid /month	Total amt. repaid till date
1							
2							
3							

2. Are you aware that you pay about payment towards federation, koota and the risk fund?

Yes ☐ No ☐

3. Internal loan Amount borrowed from SHG sufficient? Yes ☐ No ☐

4. According to you, how much credit is sufficient?

Amount per annum.....

5. Are you a member of any other SHG/ JLG sponsored / promoted by some other organization?

Yes (1) No (2) Total no. of SHG?JLG joined Reason for joining another SHG/JLG

6. Benefits derived as a result of participation in SHG/JLG

(To be narrated on the following Points)

Sl. No	Benefit	Before Joining the group (yes/no)	After joining the group (Yes/No)
	Bank Account & access to credit and saving		
	Training in Non-farm Activity		
	Ration Card/Aadhar card		
	Do any eligible member get old age pension/widow pension/physically handicapped pension/any other pension		
	MGNAREGA work Card		
	Yashswini or any other health card like RSBY card		
	Dependency on money lenders		
	Involvement in decision making at Home/ empowerment at home		
	Occupational diversification (shift from agriculture to service and trade)		

Sl. No	Benefit	Before Joining the group (yes/no)	After joining the group (Yes/No)
	Shift from casual/bonded employment to self-employment		
	Dependency on migration as a livelihood strategy (declined/same)		
	Any other		

IV. Bank Account

- Did you have a bank account before being a member of SHG/JLG? Yes No
- Do you operate the bank account?

Yes (1)	No (2)	Purpose	Frequency

- If you do not use, why you did not use?
Explain:
- Is there a kiosk in your Gram Panchayats? Yes ☐ no ☐
- Do you operate your bank account without going to banks? (Tick)
Purpose: saving /withdrawal/ others (specify)
Frequency: once in a month/ 3months/ 6months
- Are you satisfied with the services of Kiosks?
Yes No
- Any suggestions for the improvement in the services of Kiosks?
.....

V. JLG related (farm activity)

ADOPTION OF NEW TECHNOLOGY, which is cost saving:

- Do you participate in Sujeevana Field school? Yes ☐ No ☐
- Have you adopted the new techniques of cultivation taught at FFS? Yes ☐ No ☐
- If yes how useful it is?.....
- If no why (reason)/.....
- Have you received training in the following areas?

Agricultural activities

- Horticulture
- Natural resource management
- Sustainable agriculture

Farm related activities

- Dairy
- Poultry
- Animal husbandry

d. Any other

Is your land under irrigation? Yes ☐ No ☐

6. Has your household adopted SRI, SSI or guliragietc..For paddy, sugarcane and Ragi cultivation? Yes ☐ No ☐

7. If no why it was not adopted?.....

8. Land used under the indigenous farming techniques currently?

Land (in acres)cultivated under: **GULI RAGI** **SRI RICE** **SSI SUGARCANE**

9. Do you make your own compost/earthworm rearing (i.e., organic manure)?
Yes ☐ No ☐

10. Do you make kashaya (Jeevamrutha) i.e., tonics or bio-pesticides for the plants?
Yes ☐ No ☐

11. Savings in Inputs before and after adoption of LEISA(per acre in Rs):

Savings	GULI RAGI		SRI RICE		SSI SUGARCANE	
	Before	After	Before	After	Before	After
Seed per acre						
Labour cost per acre						
Manure per acre						
Saving in water						
Pesticide						
Production (bags per acre)						
Total						

12. Are LEISA and SRI methods are easy to implement?

Particulars	Before FFS training		After FFs training	
	Easy	Difficult	Easy	Difficult
1. Sowing				
2. Weeding				
3. Harvesting				

13. Has attending FFS increased your knowledge in the field of agriculture?
Yes ☐ No ☐

14. Do you wish to be trained in any other activity other than farming?
Yes ☐ No ☐

15. If yes, in what activity?

VI. Non Farm Activity and Marketing Problem

1. Have you started any nonfarm activity with the support of loan from through SHG from Bank?

Yes ☐ NO ☐

2. If Yes what activity?

a. Bought a cow

b. Bought sheep/goat

c. Started Poultry

d. Started an enterprise(specify the product produced)

3. Information pertaining dairy farming.

No. of cows	Milk yield - Liters/ day	Cost/month		Avg. no. of months of economic milk yield
		Feed	Veterinary care	

4. Poultry and sheep/ goat rearing.

Animal	No	Cost of feed/ month	Cost at purchase	Months before sale	Price at sale/unit	Total
Goat						
Sheep						
Poultry						
Total						

5. Did the IDF provide any training to start the Nonfarm activity/ enterprise?

If yes what kind of training(specify as to who gave and where, frequency of such training, weekly offs, exposure visits, participation in field days, monthly Sujeevana farmers meetings, exhibitions at the samavesha etc.)

6. How was the training helpful (narrate)?

7. Do you face any marketing problem with respect to the produce? Yes ☐ No ☐

8. Do you get a fair price for your produce? E. g. for milk, eggs, mutton? Yes ☐ No ☐

9. Did IDF help in solving the marketing problem?

10. Where do you buy the feeds for the animals/input for the enterprise?

11. If you are buying from your Federation, what are the reasons?

- a. cheaper than the market price
- b. better quality product

- c. easily available
- d. any other(specify)

12. What further support you need from IDF and your Federation .g., any other type of training etc.. Are you willing to pay for these services?

VI. IMPROVEMENT IN LIVELIHOOD

1. What is the increase in your Annual income after joining SHG / JLG?
2. Did all your family members were getting 2 square meals per day before joining SHG?
All in the family
Only children and male members in the family
3. Have you bought any assets or improved your standard of living after joining the SHG/ JLG?
 - a. Bought Two wheeler
 - b. TV
 - c. Fridge
 - d. Cow/sheep/goat etc.
 - e. Gold for the family members
 - f. Repaired/ renovated/extended house
 - g. Constructed new house
 - h. land
 - i. Any other(specify)
4. Were you sending your children to school before joining the SHG/ JLG? Yes ☐ No ☐
5. Type of school they attended (Govt or private school)?
6. Are you aware of the health camps organized by the IDF? Was it sufficient and helpful?
7. Are you aware of similar health camps organized for the animals?
8. Have you got the benefit of the vaccination camp organized for cattle?

VII. Social Implications

After joining SHG/ JLG what are the improvements you find in yourself in terms of empowerment/decision making/behavioral change?

1. Role of decision making? Yes ☐ No ☐
2. Liberty in using loan amount? Yes ☐ No ☐
3. Interaction with govt/bank/other officials without fear? Yes ☐ No ☐
4. Interaction with Samoocha or Field, Block or Mandala Officers without fear? Yes ☐ No ☐
5. Views on dowry, processing individual toilet etc.....

6. Getting respect/addressing with respect/valuing your views/effort to get rid of husbands'

bad habits etc. Yes No ☐ ☐

7. Management principles of the Group

Particulars	JLG	SHG	Total
Frequency of the meeting held			
Monthly	52	57	54
Fortnightly	9	9	9
Weekly	39	34	37
Total	100	100	100
Avg. no. of meetings per month	2.27	2.13	2.21
Attendance in the Meeting			
Full attendance	84	96	89
Less than full	16	4	11
Total	100	100	100
Interaction in the Meeting			
All members	89	100	94
Most members	7	0	4
Few members	4	0	2
Total members	100	100	100
Maintenance of the Book			
1st representative	64	61	63
2nd representative	9	4	7
1st & 2nd representatives	27	9	20
Others	0	26	11
Total	100	100	100
Knowledge of Auditing of accounts and Auditors fee			
Yes	32	33	33
No	68	67	67
Total	100	100	100
Knowledge about Fee collected towards federation, risk fund etc.			
Aware	88	87	88
Not aware	3	13	7
Not responded	9	0	5
Total	100	100	100
Members aware of the details of fees, risk fund etc			
All	76	95	84
Majority	7	5	6
Few	3	0	2
Not aware	14	0	8
Total	100	100	100

8. Saving Pattern of the Groups (in INR)

Group	Year of Formation	Average Saving per Member per Month	Average Total Saving per Member	Average Total Saving of the Group
JLG	2009-10	73	2,715	38,110
	2010-11	84	2,602	33,259
	2011-12	81	2,486	31,243
	2012-13	65	1,791	26,860
	Total	80	2,529	33,012
SHG	2009-10	58	2,580	31,930
	2010-11	79	2,411	34,470
	2011-12	73	1,669	20,851
	2012-13	93	1,397	16,267
	Total	73	2,097	27,288
Total	2009-10	66	2,647	35,020
	2010-11	82	2,532	33,705
	2011-12	78	2,185	27,414
	2012-13	82	1,554	20,504
	Total	77	2,348	30,619

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