

Philosophy in Practice

Annual Report 2007

DHAN Foundation
Madurai



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DHAN Foundation

Development of Humane Action (DHAN) Foundation, a professional development organisation, was initiated on October 2, 1997. It has been incorporated as a Trust under the Indian Trusts Act (1882). The Trust has been promoted with the objective of bringing highly motivated and educated young women and men to the development sector. They would work on bringing out new innovations in rural development and for upscaling development interventions to eradicate poverty in vast areas of the country. The Foundation works towards bringing significant changes in the livelihoods of the poor through innovations in themes and institutions. The broad purposes for which it stands are:

Mothering of Development Innovations: The institution aims to promote and nurture new ideas on different development themes, which have larger potential to address the livelihoods and development of the poor in a region viz., microfinance, small scale irrigation, dry land agriculture, working with Panchayats. Senior colleagues would anchor the new themes and work on it for a substantial period of time.

Promoting Institutions to reach scale: Exclusive thematic organisations will be promoted to undertake development work with a sub-sectoral focus. The primary role of these institutions is promotional to ensure that benefits reach a large number of poor with quality.

Human Resource Development: The institution would bring young professionals into the development sector and provide them an opportunity to practice and develop relevant knowledge, attitudes and skills to work long term in the development sector.

The principles guiding it are

- Engaging high quality human resources to work at the grassroots. The focus of the work would be on enabling rather than delivery of services.
- Valuing collaboration with mainstream institutions and government to demonstrate new and effective ways of development interventions, thereby building viable linkages between them and people.
- Promoting people's organisations at various levels to ensure entitlements and to build an effective demand system.
- Focusing on promotion of livelihoods to address poverty directly
- Enriching the themes and retaining sub-sectoral focus would be the strategy for growth.

DHAN Foundation's Mission is

Building people and institutions for development innovations and upscaling to enable the poor communities for poverty reduction and self reliance

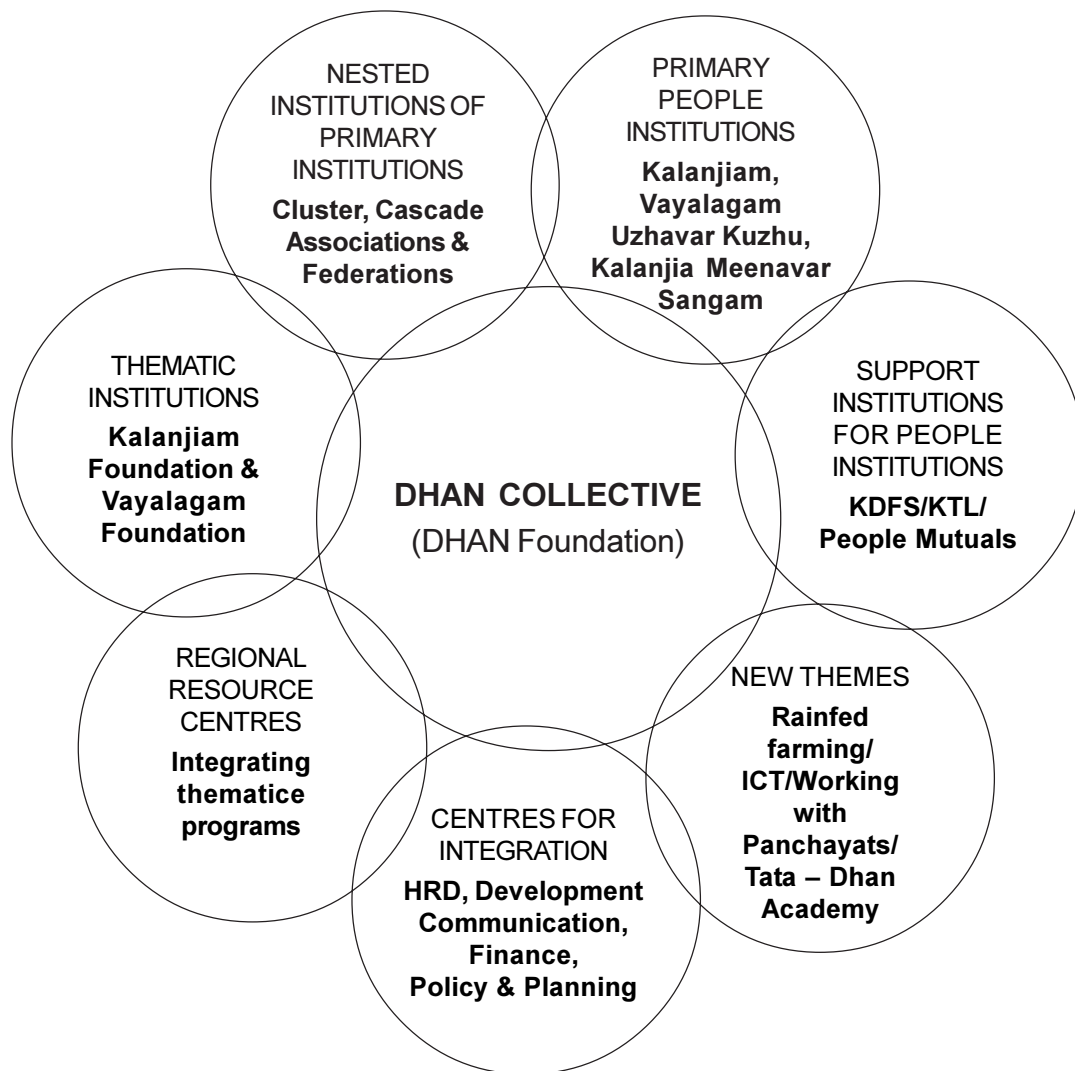
The vision statements that reflect philosophy and practice of Foundation are

- DHAN Foundation will be a pioneering development organization opening up new frontiers in the sector through building institutions for poverty reduction
- Building adaptable, cost effective and sustainable innovations for development and poverty reduction
- Inculcating values and ethics in the society by demonstration;
- Occupying legitimate space in policy making forums to shape the macro environment to the realities at the grassroots;
- Serving development community through disseminating best practices at the grassroots;
- Setting new paradigms in grassroots development, women empowerment and natural resource conservation.

DHAN Collective

DHAN Foundation and the thematic institutions promoted together form the DHAN Collective. DHAN Collective is a creative concept to nurture and preserve the culture of collegiality, mutuality and solidarity. Shared purpose, core values and resources (human, financial and physical resources) bind the DHAN Collective. DHAN Foundation as the parent institution would guide, support and regulate its family institutions on their mission, policies, strategies and values. Each institution would define its 'own unique' space with synergy.

The Kalanjiam Community Banking Programme, one of DHAN Foundation's pioneering initiatives and its first institution, has evolved into an institution, the 'Kalanjiam Foundation', to take up the promotional role. It would promote the theme of Kalanjiam Development Finance and guide the people institutions. Vayalagam Tankfed Agriculture Development Programme has evolved into the Vayalagam Foundation to work on the theme of conservation and development of small scale water bodies and stabilize the livelihoods of the farmers dependent on them. The Tata-Dhan Academy would be promoted within the next three to five years as the next thematic institution. Many such institutions would emerge in course of time in the DHAN Collective of institutions.





Philosophy in Practice

A Decade of DHAN's Work

The year 2006-07 is an important milestone in the growth path of DHAN Foundation, as it enters the second decade of its work, completing a decade of engagement in the work of poverty reduction. Over the last decade, by practicing the philosophy of mothering development innovations, the Foundation has come out with two scalable models – Kalanjiam enabling model of microfinance, tank based watershed development. Thematic institutions on these two themes have been promoted. It could attract and groom a pool of socially concerned and talented youths as development professionals to build the communities and their institutions for establishing their identities. DHAN Foundation took up an enabling role in building partnerships between the community and the mainstream institutions.

With a significant reach and scale, DHAN Foundation along with the communities could impact the policies of the mainstream agencies through networking, being member in a number of national and international forums, committees. Both Kalanjiam and Vayalagam programmes have become resources centres in their respective fields, creating learning opportunities for practitioners and policy makers. More importantly, it could nurture the Vayalagam and Kalanjiam peoples' movements to address the larger development issues related to women and water.



Mothering development innovations for poverty reduction

...Successful strategies and innovations evolve and realise that problems are opportunities and are part of a dynamic organisation's learning process. Experiences, expertise, ideas, feedback and learnings together point the way to innovation pathways and new institutions.

Mothering



- Building on native wisdom
- Learning and experimentation are the basis of development innovations
- Nurturing innovations that have the potential to transform lives of the poor on a large scale
- Identifying challenges and converting them to opportunities through experimentation
- Learning from others experiences, both local and global
- Collaborating with others to bring new expertise and perspectives
- Promoting themes around individuals

Development innovations in upscaling phase are i) microfinance and women through Kalanjiam Foundation ii) Water and livelihoods through Vayalagam Foundation. Working on four new themes i) development management education through Tata-Dhan academy ii) bridging the digital divide through Information and Communication Technology for the poor iii) stabilising livelihoods through Rainfed farming development iv) nurturing grassroots democracy through Working with Panchayats v) restoring livelihoods through integrated approach in Tsunami affected area.

Building professionals to build communities

...an environment in which people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning to see the whole together.

Mentoring



- Moral responsibility to give back to society
- Innate commitment to purpose
- Development Profession to become a way of life
- Emphasis on motivation, values and ethics
- Action – Reflection – Action mode of working
- Striving for Excellence in every action
- Building Competencies, Culture and Commitment to work with the poor

From 60 development workers in 1997, today there are 650 people from diverse disciplines working in the DHAN Foundation. They come from reputed academic institutions in India. They are working in different contexts such as tribal, rural, urban and coastal. Forty percent of senior management positions are held by women.

Identity for the poor: Building institutions for generations

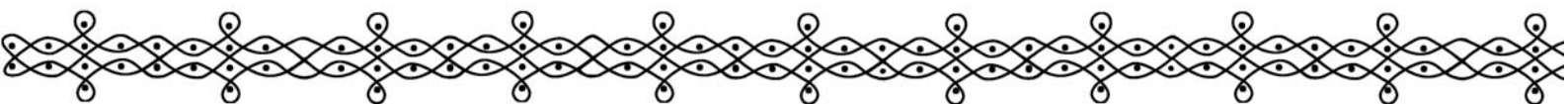
...the basic premise of building peoples' institutions encourages collective action through which the members articulate their voices on decisions which impact their lives. It makes them take responsibility and make their own decisions. It gives dignity to them by valuing their contributions and interests. Dignity enhances their self-esteem. It ignites a strong desire for achieving their entitlements and equity. It ultimately creates an identity, ensures the freedom of choice and quality of life.

Identity



- Independent yet interdependent organisation structure
- Fostering democratic values and practices
- Building capacity for local management
- Building sound demand system and ensuring their entitlements
- Building strength, solidarity, scale and social capital for sustainability

DHAN Foundation has promoted 30,000 primary groups and 150 federations through its various development themes, reaching out to half a million families. The federations provide an identity for the poor communities and help to build their capacities initially through a single theme for eg. microfinance or water. The federations over time transform into civic institutions to meet the various development aspirations of their members.



Building partnerships between mainstream institutions and the poor

...Working in partnership towards a common goal generates new learning and solutions. Bringing about positive change often requires considerable time, so it is important to establish close links between the community organisations and the mainstream institutions. These links provide a greater chance of continuity, consistency and sustainability for development.

Partnership



- Mutuality is the foundation for partnerships
- Working together for synergy and sustainability
- Shared vision and shared responsibility
- No compromise in autonomy and independence
- Creating a sound demand system for self reliance

DHAN Foundation takes up an enabling role in building linkages between the community organisations and the mainstream institutions such as banks and government development agencies. It has established linkages with 36 nationalised and private banks with over 210 branches involved. The people organisations also work with 30 District Rural Development Agencies, six insurance companies, 35 donor agencies to meet the needs of their members.

Upscaling for reach and impact

...Upscaling leads to more quality benefits to more people over a wider geographic area more quickly, more equitably and more lastingly. It provides an opportunity to deepen the understanding of issues related to poverty and provide space to experiment and invent alternate strategies to address it. Promoting and sustaining partnerships between poor and different stakeholders are an essential element of a strategy to scale up.

Upscaling



- Communities to adopt constant innovation to cope with changing contexts
- Upscaling leads to sustainability and growth with quality
- Deepening and diversification to enlarge the basket of benefits
- Scaling up requires replicable models
- Contextualisation of model is critical for upscaling
- Promoting partnerships and alliances for upscaling

DHAN Foundation has come out with two scalable models – Kalanjiam model of microfinance and Vayalagam model of tank based watershed development. It has promoted the Kalanjiam Foundation and Vayalagam Foundation for upscaling these two models. It is working on developing models on other four new themes. It aims to reach at least a million families each through these two themes. It is networking with other like minded institutions to promote this model and reach more poor families.

Grassroots learnings to influence development policies

...Policy determines the way society organises its resources, conducts its business, and expresses its values. In a democracy, all people have a right to participate meaningfully in policymaking. Yet, the poor communities historically have had limited access to the policymaking process despite the range of central, state, and local policies that directly shape their existence.

From the ground



- Communities know what they need
- Micro level learnings for macro level changes
- Leading through action and demonstration
- Building capacity of community to move from representation to participation in policy making
- Networking with likeminded institutions for influencing policies

DHAN Foundation was a member of various task forces and advisory committees setup by RBI, NABARD, SIDBI and other banks from time to time. It has also been invited to be on the advisory / working groups set up by the State and Central Governments such as SGSY, Ministry of Urban Affairs, Planning Commission and Water Mission. DHAN Foundation led a working group set up by the Prime Minister's office on Capacity building for microfinance sector to address the issues of the unorganised sector in the country. It is spearheading as well as a part of various national and international networks such as International Network of Alternative Financial Institutions, Global Water Partnership. It has promoted independent state level councils for conservation of small scale water resources. It facilitates the people organisations, people movements and networks of people's organisations to share their experiences at various forums involving the mainstream institutions.

Building leadership for development action

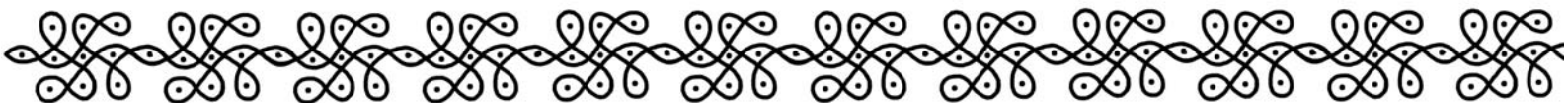
...leadership goals, that have a spiritual foundation, require higher order thinking and inculcate motivation, values and ethics, are dedicated to the achievement of universal transformation for the benefit of all humankind. Leadership in this new century, and for future centuries, is indeed demanding. With vigorous cultivation, inspiration and character building, this challenge can be met.

Leadership



- Encouraging innovations catalyse leadership development
- Culture and freedom nurtures leadership competence
- Upscaling and deepening development innovations bring about the leadership potential within
- Organisational design creates space and scope for growth
- Evolution of organisational leaders to development leaders

DHAN Foundation has over 70 programme leaders and team leaders heading different thematic institutions, new themes, centres and regions within the DHAN Collective of institutions. Over 150 young professionals are leading the community organisations promoted by DHAN Foundation. Many of them also play an important role in shaping the themes of microfinance and water in the development sector. DHAN's culture enables the individuals to explore and expand their leadership potentials to benefit the disadvantaged.



Building and sharing knowledge gained from practice

...Knowledge sharing is not just about sharing great ideas – It is about improving the way that things get done by sharing even the little things. Sharing knowledge is a synergistic process – we get more out than what we put in. Knowledge can be regarded as the only unique resource that grows when shared, transferred, and managed skilfully. To create a knowledge sharing culture we need to encourage people to work together more effectively, to collaborate and to share - ultimately to make organisational knowledge more productive.

Sharing



- Community provides a powerful learning opportunity
- Educating other stakeholders on community perspectives
- Sharing experiences, both local and global
- Benefiting a larger number indirectly through dissemination of learnings
- Theorising from practice for knowledge building

DHAN Foundation functions as a resource centre on water and microfinance. It has created learning opportunities for a few thousand bankers, hundreds of government officials, donor agencies, NGOs, academicians and researchers. It has accomplished this through training programmes, exposure visits, road shows, symposiums, film festivals, publications, films, workshops and seminars. It has set up the Tata-Dhan Academy for professionals and practitioners and DHAN People Academy for community workers and leaders. It has a number of emerging centres for building and sharing knowledge on HRD, development communication, mutual insurance and disaster mitigation.

Nurturing philanthropy for development

...Philanthropy is not about wealth, it is about sharing. It is a word that is often associated with the rich, but we can change that by making philanthropy a part of our every day lives regardless of the amount of money we have. Philanthropy is the long-term and strategic sharing, while charity is an immediate response of the heart. Both are good, but their investments in the future are very different.

Empathy



- All can contribute for the development
- Nurturing a culture of giving among all the stakeholders of development
- Being accountable and transparent with public money
- Encourage raising local resources for local development
- Philanthropy to promote collective action and sustainability
- Promoting partnerships for corporate social responsibility

DHAN Foundation is working on promoting a sharing culture among the poor communities with whom it is working, the general public both in India and abroad, corporates through creating meaningful opportunities and partnerships. The Kalanjiam and Vayalagam members have initiated a Jyothi programme through which they have contributed nearly Rs.30 lakhs over the past few years to reach out to more poor families in few exclusive locations.

Building a new social order through peoples movements

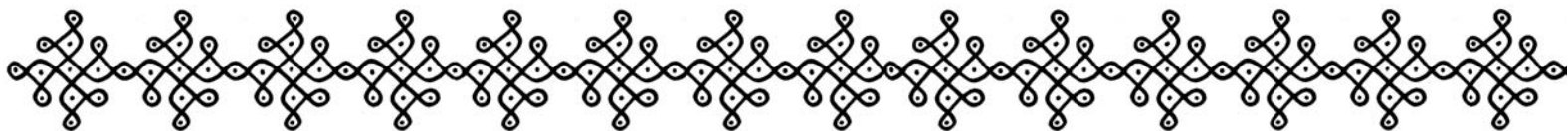
...people will inevitably find stories through which to re-assert their presence and autonomy in the world. It is just that the stories they will tell, and the movements of resistance they will mould from them, will never quite take the form theorists predict or expect them to.

Unity



- Working towards a value based society
- Community always at centre stage
- Building personal and collective responsibility for managing common resources
- Platform to engender change
- Evolving leadership to address larger issues
- Ensuring freedom of choice and quality of life through humane action
- Leaders leading a simple lifestyle

DHAN Foundation has promoted two peoples movements – the Kalanjia Iyakkam and Vayalaga Iyakkam. These peoples' movements are nurtured and supported by DHAN Foundation to address the larger development issues related to women and water. These movements would slowly transform into a force to reckon within the society they live. Over one lakh members are holding leadership positions at different levels starting from the primary group at village level to the Movement at the national level.



DHAN Foundation at a Glance	March 2005	March 2006	March 2007
Cumulative figures			
Reach			
No. of Families	3,26,158	4,67,550	6,11,888
No. of Primary Groups	17,700	26,133	27,030
No. of Clusters	1,101	1,346	1,679
No. of Federations	55	72	128
No. of Villages	6,451	6,961	8,775
No. of Districts	35	35	37
No. of States	6	7	9
Staff			
No. of Professionals	287	349	363
No. of Programme Staff	208	302	367
No. of People Functionaries	2,156	2,729	2,919
Finances (Rs. in lakhs)			
a. Programme Funds			
People	6,940	8,637	12,985
Banks	12,230	16,417	22,388
Government and Donors (for the year)	340	2,906	2,555
Sub Total	19,510	27,960	37,928
b. Programme Management (for the year)			
People	418	505	808
Government	44	71	47
Donors	1,624	2,305	1,283
Sub Total	2,086	2,881	2,138
Grand Total	21,596	30,841	40,065

Overview of 2006-07

The year 2006-07 is an important milestone in the growth path of DHAN Foundation, as it enters the second decade of its work, completing a decade of engagement in the work of poverty reduction. The Foundation could see all round development in many fronts during the year. The revisited Mission "Building People and Institutions for development innovations and upscaling to enable the poor communities for poverty reduction and self reliance" was acclaimed institutionally to guide our works. The revisited values and beliefs have been put into action.

The themes and institutions of DHAN Collective with greater integration have expanded their capabilities to reach out to poor communities and impact their lives. The works in the Tsunami affected coastal regions have brought in a number of lessons to make a transition into conservation focused poverty reduction from restoration of the affected livelihoods. A significant improvement in the systems and practices has been achieved across all levels in the DHAN Collective, which in turn helped to enhance the quality of works. Computerisation of accounts at all levels starting from the primary groups, with regular upkeep of accounts and timely auditing could ensure absolute transparency and accountability.

While the Kalanjiam Community Banking Programme was successful in expansion in the most backward tribal regions of Madhya Pradesh, Orissa and Rajasthan, again it could make progress amidst the tough competition from the Government schemes and microfinance institutions in Andhra Pradesh, Tamil Nadu and Pondicherry. The programme has been formally made its mark in Maharashtra by initiating new locations and the programme also focused more on deepening of Microfinance by piloting a number of mF products and identified package of processes to design such products for any contexts. De-addiction, electricity, charcoal and dairy farming were such products. Similarly context specific business interventions were designed with the support of DHAN Business Development Services. In ten advanced

federations, Reproductive and Child Health initiative with the support of ICICI Bank is being piloted.

DHAN Vayalagam (Tank) Foundation, the second thematic institution has been created as part of the DHAN Collective to take forward the work of deepening and upscaling the programme. Consolidating more than a decade of experience in conservation and development of tanks and tank based watersheds, the Foundation will work towards upscaling the Vayalagam tank programmes vertically through deepening its activities as well as horizontally by reaching out to many water starved regions of the country. The new launch indeed has been a great nostalgia for DHAN Collective.

DHAN International has been launched with its registered office at the Netherlands. The Friends of DHAN (FoD), Netherlands supported the registration of DHAN International. DHAN International will help raise financial, technical, human and other resources for advancing the work of DHAN in the global arena. It will enable DHAN to influence the pro poor policies at the international level. It would also help set up country chapters to support the development work of DHAN in India and in those respective countries. The FoD, initiated last year took up several initiatives to support the work of DHAN. They could raise support for the education programme of DHAN, organize a development tour for participants from the Netherlands to gain an understanding of the work in India, support for the health programme of DHAN. Their support was useful to place two young professionals from the Netherlands to work with DHAN for a year.

The new themes - Information and Communication technology for the Poor, Working with the Panchayats and Rainfed farming development were able to focus their efforts in their areas of experimentation and they have taken efforts to consolidate their experiences and in the direction of building a model for replication. They are now moving into their next phases of growth. The rainfed theme could expand its operation and

sharpened its programme components. After five years of experimentation, the ICT for Poor theme has come out with a Thagavalagam model to take it to the next phase of upscaling.

The Tata Dhan Academy has completed the first phase of nurturing of five years and the last year was transition year. The PDM has been made into a two years Masters programme. The content and pedagogy has been revised. PDM 7 was the Academy's first two-year programme. The selection process was enriched with an intensive selection camp conducted in the villages and slums. Twenty one students have joined from seven states. The placement of PDM graduates has been opened out to select NGOs, the placement cell facilitated it with a rigorous selection process. A number of national and international training programmes were organised. The Asian Knowledge Centre for Mutual Insurance has taken a shape and organised specialised programmes on Mutual Insurance. The work on the new campus is nearing completion. Academic alliances with the Asian Institute of Technology, Anna University, Tamil Nadu Agricultural University and several other academic institutions have been made to mutual sharing of knowledge and expertise.

The Centres have taken shape and started playing greater integration across all the programmes and themes of DHAN Collective. The Centre for HRD, Centre for Finance, Centre for Development Communication, Centre for Policy and Planning provided key support to the programmes in advancing, expanding and deepening their work. Each of the Centres was able to create an identity for themselves within the DHAN Collective to provide specialised support to the programmes. The Centres further widened their perspectives to go beyond the programmes and institutions of DHAN collective to serve the development sector and impact the communities with the expertise gained over the years.

The Madurai Marathon 2007 as a Run for a Cause event on the theme of water was organized in Madurai with the overwhelming support of District Administration, media and all stakeholders. The

purpose of the event was to raise awareness related to water issues and raise resources for water related issues. Over 25,000 participants from school and college students, farmers, general public participated in this event and shared their concern and interest in the cause of water.

DHAN Foundation played an active role in policy advocacy on the themes of microfinance and water through various means such as participation in national and international forums sharing our perspective on these themes. They also provided an opportunity to look at our own work vis-à-vis the current thinking in the global scenario. DHAN Foundation has made a significant contribution in the Jawaharlal Nehru National Urban Renewal Mission, as a National Technical Advisory Group member, it could bring new components in the Mission implementation by forming City Technical Advisory Groups and City Volunteer Technical Corps. The Foundation continues to represent in advisory bodies of mainstream development players such as RBI, NABARD and SIDBI and thus has been able to influence the policy and strategic decisions of these institutions in favour of poor communities. It has played a key role in bringing new policy guidelines by RBI on 'Business facilitators and correspondence models' to deliver microfinance to poor. On invitation by the Government of Tamil Nadu, DHAN Foundation has drafted approach paper on water resources development and skill building for the eleventh plan of Planning Commission of India. Similarly DHAN Foundation has been invited to be a member of the state rural development vigilance committee setup by the Tamil Nadu Government.

Policy seminars on the theme of crop Insurance for sustaining agriculture production and historical Perspectives of Tank Technologies were organised and policy briefs on Encroachment of Small-Scale Water Bodies and integrating Micro Finance into Water and Agriculture were published. Presentation was made to the Chief Secretary and other Secretaries of Government of Tamil Nadu on Encroachment Eviction of Small- Scale Water Bodies, which reinforced the Government to pass a bill on Encroachments of the water bodies.

Kalanjiam Community Banking

DHAN Foundation has initiated the Kalanjiam Community Banking Programme in 1990. Over the last one decade these efforts resulted in developing an 'enabling model' of microfinance with emphasis on member ownership, self help and mutuality. The primary purpose of this model is to empower the women and address poverty by going beyond 'microfinance'. Promotion of nested institutions (groups, clusters and federations) is the core aspect of this model with greater emphasis on sustainability through establishing linkage with the mainstream and covering the costs of operations.

In order to upscale this experience and to reach at least a million poor over next one decade, DHAN Foundation has promoted 'Kalanjiam Foundation', a thematic institution on community banking as a subsidiary. This institution would advance the theme of Kalanjiam Development Finance and guide the people institutions for generations. Kalanjiam Foundation is the first institution in the DHAN Collective. As a mothering institution DHAN Collective is providing needed human resource development support and strategic guidance and vision for Kalanjiam Foundation. Kalanjiam Foundation is envisaged to become an institution for significant impact in the field of community banking and microfinance sector to address poverty and promote community action through mutuality and self help.

Reaching out to the poor

Direct Action: The programme could promote 27 locations against the plan of initiating 42 locations. Most of it happened in the northern India. These locations were supported by SRTT, SDTT and other donors. The Programme increased its outreach to other 63,559 poor families during last year. The programme was successful in initiating its operations in Marathwada region of Maharashtra and intensified expansion activities in other northern part of the country during the last half of the year. The Programme has an outreach of 3,80,517 poor women spread over 157 locations covering 7,209 villages/

slums in 33 districts of Tamil Nadu, Andhra Pradesh, Karnataka, Madhya Pradesh, Orissa, Rajasthan, Maharashtra and union territory of Pudhucherry. Many graduates from Tata-Dhan Academy hailing from Orissa are anchoring the expansion in Koraput district of Orissa.

The Programme was successful in convincing the mainstream banks for supporting in promotion of new groups. Continuous interactions and policy advocacy efforts made by the Programme over the last one decade have resulted in making few of the bankers to accept meeting the promotional costs. These efforts have triggered the bankers to 'invest' in the SHG-Bank linkage activity through providing funds for promoting SHGs. The groups thus promoted will offer business to the banks through linking with the branches of the promotional bank. Beginning with SIDBI, ICICI Bank, ABN Amro Bank, Canara Bank, Corporation Bank and Bank of India came forward to partner with Kalanjiam Foundation and provided promotional costs for promotion of new groups and locations. Though the response is positive from the banks to meet the costs of promotion, banks could meet only a portion of the total costs. Except Corporation Bank, other banks provided the promotional costs only as reimbursement basis after the linkage of the groups.

The Programme had to grow amidst the tough competition from the Government schemes and microfinance institutions (MFIs) in Andhra Pradesh, Tamil Nadu and Pondicherry. Subsidy linked credit services to the members by the Government schemes and disbursal of larger amounts of credit without proper appraisal by the Micro Finance Institutions attracts the community. In Karnataka the programme could achieve faster growth since the microfinance is an emerging field. Expansion through leaders was found to be effective in this state; the leaders have promoted more than 45 per cent of the groups. The Programme was successful in initiating and strengthening its expansion initiatives in the most backward cum tribal regions of Madhya Pradesh, Orissa and Rajasthan. Initiation of the Programme in Maharashtra was another milestone in upscaling.

The Kalanjiam Programme has been able to demonstrate its model successfully in varied contexts namely rural, urban, coastal and tribal. Though the basic principles and guiding philosophy were same, each context has offered unique lessons and operations modalities to make the 'micro finance' relevant for the poor.

Expansion through Affiliates: The Foundation could make a significant stride forward in upscaling the Kalanjiam Community Banking Programme as FDEA from Senegal has partnered with us as the first affiliate from outside India to promote the Programme in Senegal. Works with the Samaj Pragati Sahayog (SPS) to replicate Kalanjiam model in Madhya Pradesh were further strengthened. A senior level team from DHAN Foundation visited Senegal and similarly a two member team from Senegal visited Madurai and a MoU has been signed for replicating the Kalanjiam model in Senegal. The new collaboration will provide a lot of learnings and insights to take the Programme to the international arena. REPCO Bank Foundation for micro-credit, a subsidiary of REPCO Bank has entered into MoU with DHAN Foundation to promote the Kalanjiam Programme as an affiliate. Two training programmes on Community Banking were organised by Kalanjiam Foundation for branch managers of the Bank and field staff of microfinance programme of the affiliate. A team from the Programme undertook a diagnostic study on microfinance interventions of REPCO Bank Foundation.

Resource support for other organisations: In consonant with the momentum the microfinance movement has gained across the country and globe, the need for capacity building of different players such as NGOs, government agencies, bankers, insurance providers and research and academic is growing. The Kalanjiam Foundation continues to provide support to these players by organising and supporting in various events and play a pivotal role of catalyst in upscaling through resource and capacity building support. The structured training programme on promotion of nested institutions, microfinance management and SHG-Bank linkage gained good reception among the NGOs. The Foundation has partnered with Centre for Micro Finance (CMF), a SRTT's initiative to promote microfinance in Rajasthan. The Foundation will act as a

resource centre for the Centre and organisations in state involved in microfinance. The software package - Self Help Enabler (SHE), developed by the team received overwhelming response from various organisations across the country and world. Organisations namely PREM (Orissa), ASA (Madhya Pradesh), SPS (Madhya Pradesh), Agha Khan Foundation (Afganistan) have adopted this software for their SHG level operation.

Building people's institutions

During last year, 38 Cluster Development Associations (CDAs) were promoted and the total number of CDAs as on March 2007 was 1,026 So far, the Programme has graduated 70 locations into registered federations. The programme team continued to undertake the quality check process before finalising the registration of the federation. The team ensures that only locations with set quality parameters of mutuality, self management and financial sustainability are graduated as federation.

New design for group meeting systems, which was introduced in 2005-06, got streamlined during the last year. Since the group meeting is an important forum for building group as an institution at programme level focus was given to bring efficiency of conducting group meeting. In order to address capacity building needs of groups and on other development issues, a design was evolved in such a way that all the groups in a village will be conducting their meeting on a single day or two. Also they will be completed in the first fortnight and the remaining activities like training, bank linkage, monthly audit, addressing conflicts and participation in cluster and federation forum happens in the second fortnight. Due to these efforts 90-95 per cent of group meetings were conducted on time with quality.

Governance and Institutional Processes: Special focus was given on governance and institutional processes of the federations. Initiatives on common fund allocation at group level, which were started in the last year gained momentum during the reporting period. The Programme continued to focus on educating the members, leaders and the staff on the need to change the current perspective in such groups. Instead of rotating the 'common fund' for on lending

the groups create corpus, mutuality fund and social development fund. The groups have taken resolutions to create these funds, and physically took out of groups and kept as fixed deposits in banks. Monthly allocation of the common fund and depositing the same in the bank was emphasised. Rotation of leadership was ensured at all levels to ensure democracy and to enable all the members attaining leadership qualities. While executing the rotation once in three years it was ensured that one third of the existing leaders resume their office in view of providing continuity to the office. The capacity building for the leaders was given larger emphasis.

Many of the advanced federations were able to create their own physical infrastructure for the operations and many other federations have created land assets. Federations at Palamedu and Alanganallur locations completed construction of own office cum resource centre buildings while Kottampatti, Podhigai, Mullai, Pudhuvai, Gangai and Shanarpatti have purchased land. Members have provided major contribution in creating these assets in terms of funds and physical labour besides mobilising resources from external donor agencies and local philanthropic individuals and institutions. In many locations, clusters have created building assets with the support from local government and these buildings act as a people learning centres for conducting group and cluster meetings and other training programmes for the members.

Self management through cost coverage: The members have contributed to run the second level institutions namely CDAs and federations to the tune of Rs 322 lakhs. Besides, they have contributed Rs.636 lakh to meet the costs of group level activities. The Programme continued to encourage diversity in methods for covering the costs. Need based product development and livelihoods and civic interventions in advanced and matured locations were found to have positive effect on creating ownership among the members and in turn covering the costs of people's institutions. Need for evolving location and context based policy for cost coverage was emphasised across the Programme. Major focus was given to educate the group members as sustainability of people's institutions and significance of cost coverage by people to run their own institutions.

Promotion of financial services

Savings: So far the members have mobilised cumulative savings of Rs. 9420 lakhs. Apart from savings by members, the reserves and surplus after meeting all expenses generated by the Kalanjams also form part of internal resources for on lending to the members. The cumulative reserves and surplus available with the Kalanjams is Rs. 2,684 lakh. Thus, the total internal fund available with the Kalanjams is Rs. 12,104 Lakh. The federations have given special attention in developing savings products and standardising the processes and systems and thus they could demonstrate it to the locations. Federations at Athoor rural, Veerapandi, Ponnammappettai and Kondalampatti blocks developed savings linked credit product on education. Besides standardising processes for developing the product suiting to the local needs, these federations have been able to achieve mass enrolment of members in the product scheme, which has given viability to the product. Federations at Madurai west and Vadipatti block has evolved 'a fixed deposit' product called 'Amudhu Surabhi' and it has gained good recognition among the members. In locations such as Kanakapura north, Kanakapura central, Kanakapura south and Punganur festival (ugadi) savings product gained momentum.

Credit: During last year Rs. 12,950 lakh of credit was disbursed to the members in the groups adding up the cumulative credit disbursed to Rs. 50,161 lakh. Development and value addition of loan products such as electricity connection, domestic cooking gas connection, house leasing, auto leasing were given major emphasis during last year. Around 25 federations gave major focus on electricity product. The federations at Madurai East II and Pondicherry blocks have evolved credit product for LPG cylinder connection for household purposes. This loan product envisages collective approach by members in getting the gas connection in addition to provision of loan. By this, each family has been able to save nearly Rs.750 in getting the connection. Federations at Vathalagundu, Vadamadurai and Nilakottai have introduced micro-leasing loan product for goat rearing. In this product, the animals are owned by Cluster Development Associations and are leased out to the members on a rotation basis. The product has been evolved from

indigenous 'Vaaram' (weekly) system of goat rearing. In view of ensuring financial discipline in repayment at member level, concepts of 'single loan' and loan graduation were reinforced at Programme level.

Insurance: The federations continue to collaborate with various insurance companies to provide access to various insurance services to members. The Kalanjiam federations have partnered with insurance providers such as LIC of India, Birla Sun Life, Metlife, HDFC, United India Insurance, National India Assurance, New India Assurance, ICICI Lombard etc. to provide social security services to the members. A total of 3,08,392 members were provided with insurance coverage during last year. Health insurance services have been provided to 14,582 members and it is likely to increase with the introduction of people run hospitals at district level in the years to come. As many as 3,127 livestock animals owned by the Kalanjiam members were covered under insurance during last year. An amount of Rs. 298 lakh was mobilised as premium from members during the last year. Each insurance company was able to deal with the federation and the process was facilitated by 'People Mutuals' an entity created for promoting mutual insurance by the community.

As part of developing and experimenting on the concept of promoting mutual insurance among poor, Gangai Vattara Mutuals (GVM) has been registered under Trust act in Madurai East II location. In view of strengthening the concept of mutuality in the federations, revolving fund support was extended to 22 federations to meet immediate funeral expenses as the claim would take time. This fund will be utilised to provide timely financial assistance to the member families in the event of death in their families. The insurance initiative is primarily supported by Rabo Bank and Oxfam Novib and guided by technical team from Interpolis. The technical mission undertook two visits and provided needed inputs.

An appreciation cum training programme for the managerial level staff of insurance providers was organised and 14 persons from eight insurance companies participated in the programme. As part of insurance literacy initiatives, a series of events and programmes were organised for professionals working in federations and members of Kalanjiams. The focus

was on the concept of insurance for poor especially through mutuality. Street plays and training programmes for members, people leaders and staff were organised. In-house workshops and focussed group discussions on social security and mutuality were conducted for the Kalanjiam members during the Mahasabha events. Vedha Nellu-a film on insurance education was exhibited to members in villages across the Programme location through a mobile theatre.

Promoting collaboration with banks and other financial institutions

Twenty nine banks and 183 branches were involved in SHG-Bank linkage and Rs. 8949 lakh has been generated from Banks as direct Linkage through 4,058 linkages. The experience of Regulated Cash Credit (RCC) type of loans is positive in enhancing the credit flow and improving the timeliness of credit for all members. Presently the facility is being offered by the Canara Bank and Indian Overseas Bank. Responding to the positive results of earlier experiences the Banks have come forward to provide the facility from second linkage onwards. Scale achieved through region based intensive linkages with banks has paved way for the Programme in negotiating with the banks on areas such as interest rate, documentation procedures and charges etc.

In Karnataka and in Tamilnadu, DHAN Foundation has received state level award by NABARD for significant performance in SHG-Bank linkages. Kanakapura branch of Canara Bank and Malavalli branch of Vijaya Bank, in which Kalanjiam groups have predominant linkages, have received awards for their best performance in linking with SHGs. The support from KDFS in bridging the credit gap was significant particularly in locations in Andhra Pradesh, north Indian states and few pockets of Tamil Nadu and Karnataka where the mainstream banks were not positive in linking the Kalanjiams. Kalanjiam Programme has initiated new products for house leasing, agriculture and bore well construction with the loan support from KDFS. The support rendered by KDFS in demonstrating the viability of lending to shelter improvement purposes like providing electricity connection to poor was quite significant.

Programme Deepening - Supporting Development and Civic Initiatives

Community based de-addiction programme: A comprehensive de-addiction programme in Kalanjiam Community Banking Programme was implemented in federations at Madurai East, Mandapam, Alanganallur and Palamedu locations. The approach for treatment was shifted from individual focus into family inclusive. The team of professionals from the programme undertook an exposure visit to the de-addiction programme of Shri Kshethra Dharmasthala Rural Development Programme at Mangalore. The de-addiction programme of SKDRDP primarily focuses on community based model of treatment. Witnessing the effectiveness of the model the Kalanjiam programme has planned to adopt the same in our de-addiction programme. The de-addiction activities at federation level have been integrated with the Reproductive Child Health (RCH) project. The community based model involves three stages of implementation namely pre-camp, in-camp and post-camp.

Kalanjiam Reproductive Child Health Programme: As part of deepening the microfinance activities the Kalanjiam Programme has undertaken a pilot project on Reproductive and Child Health in eight advanced Kalanjiam federations with the support of ICICI bank. Intervention on anaemia control was taken up at the first phase. Communication materials as part of behavioural change communication to address anaemia were developed. The health team in the project federations have started activities on behavioural change communication and counselling to the member families on anaemia. Kalanjiam Foundation has entered into collaboration with Government of Tamil Nadu in the area of reproductive and child health.

Providing Electricity for the Poor: The importance of electricity in addressing the issues of development was realized and an exclusive product for 'Electricity' as part of house up-gradation was piloted in select federations before including in the proposal as a pilot. The intervention taken up during the phase of support helped the programme in evolving a design for effective implementation. Process steps involved in

organizing the members, awareness creation, product design and collaboration with the respective state electricity board were studied across the federations. Preparation of a project design including guidelines is in progress and would be given to all the federations for implementation. By this the initiative would be replicated in all the federations. As on 31 March 2007, electricity connection has been provided to 1525 members spread in 15 federations. Credit at the rate of Rs. 5,000 per household was mobilised from the banks. So far around Rs. 75 lacs has been lent exclusively for providing electricity. Effective systems at federations, regions and at programme level have been set up for smooth implementation and also monitoring.

Strengthening Business Development Services for Livelihoods

In view of catalysing the business initiatives by the Kalanjiam federations the Programme provided venture capital support. This fund will be disbursed to the federations to undertake innovative business experimentations by members. Based on the proposals received from the federations, the fund has been issued to the activities such as tamarind processing unit and terracotta production unit at Shanarpatti, char coal making at Kamudhi, goat leasing and tender coconut marketing in Nilakottai, dairy in Vathalagundu, leasing of horticultural land in Palamedu, land leasing for cotton cultivation in Attur urban of Salem region and hand made paper unit in Pudur. Progress in business support interventions by the federations is as narrated below? kProvision of the venture capital enabled many Primary Producer Groups and companies to initiate many new ventures. A comprehensive package of support services are offered to strengthen the livelihood initiatives on selected activities in selected locations. Under this, the followings are given focus

- Context specific activities are identified and are supported in an area so that sufficient business infrastructure will be established to sustain the initiatives in that area.
- Potential women are identified for each activity to go through trial-run to see the benefits from the

activity and they are encouraged to create additional income and (or) assets to take that activities as their primary occupation

- Primary Producer Groups and Primary Marketing Groups of women involved in the concerned activities are promoted to take forward and backward linkages in addition to production operations
- Producer Companies are created to support PPGs and PMGs strategically and operationally.

Charcoal making: Production of charcoal out of *prosopis juliflora* (which grow wildly in southern districts of Tamilnadu particularly in Ramanathapuram, Tuticorin, Virudhunagar and Sivaganga districts) is the major source of employment during the off season of agriculture.

The labourers were organised into 31 PPGs with 161 members of which 94 are members of Kalanjiam and 67 are spouses of Kalanjiam members. The Producer Company promoted by organizing the PPGs together coordinating the marketing operations. The company reached a turnover of Rs.39.55 lakhs during 2006 – 07 and gets regular order from various parts of the country.

Promotion of Dairy business: The federations – Kadamalai, Bodi, Vathalagundu, Sanarpatti and Vadamadurai were able to successfully initiate these activities and systems were designed for effective implementation. Vadamadurai federation has designed a model for market tie ups, and Sanarpatti has designed a package for Veterinary care. The design for supplying of cattle feed was done by Bodi. The intervention is in start up phase in Palamedu, Nilakottai, Athoor and Chinnamanur federations. In Andhra Pradesh at Nalogonda district collaboration is made between the federation and the JERSEY dairy to market the milk. This pilot initiative included sharing of both promotional and operational cost of dairy interventions by Jersey a private dairy in Andhra Pradesh. This linkage has enabled more members to get involved in the activity and increase their income. Around 2,200 members have been organized under dairy interventions. The federations together procure

around 4500 litres of milk every day and supply to various private and cooperative dairies. The turn over of cattle feed supply was Rs.12.78 lakhs.

Medicinal and Aromatic plants – Collection and Cultivation: Nineteen PPGs with 288 members who are involved in collection and marketing of medicinal plants. More than 15 plant species are collected and are sold to various leading players. Market arrangements have strengthened and materials are procured from the PPGs on demand. The turn over of the intervention has reached Rs.12.85 lakhs during the year. Commercial cultivation of selected medicinal plants – Colens, Osimum sanctum and Lucerne has been initiated on pilot basis. Currently four PPGs are involved in farm cultivation and buy back arrangements at pre fixed price with concerned companies are in place. Herbal garden was established at Oothupatti farm where in on farm cultivation will be demonstrated. Besides it, the garden act as a training centre for giving training on plant species identification, safest mode of collection/ plucking etc.

An attempt was taken up to establish a chain of grocery shop for kalanjiam members at SPMS, Tirupathi benefiting 5600 members. An organization called SPCL was created to co-ordinate the activities and the turn over reached Rs. 39 lakhs in the last year. Besides it, the federation provided loans to grocery shops owned by members and making efforts for collective purchase of different items. The company is owned by members by way of share capital contribution and involvement in the governance. The activity is viable but yet to meet all the promotional costs and make profit. At present the initial costs are met by the support from SIDBI. Once the systems and procedures are finalised this initiative will be taken to all the federations.

Research studies and documentation

The Programme undertook a study on impact of electricity product in Shanarpatti federation among 153 sample households. As part of initiatives on developing an Internal Learning Systems (ILS) for the Programme, participatory evaluation tools (Kal-album) have been developed and field tested in one location. Creation of

a baseline through execution of tools will be done in the next half year. Major emphasis was given on developing user documentation for programme implementation. The programme has already developed a manual for professionals, on location initiation and this document is widely being used for operations and training programmes. Building on from the experience had on preparing this document, the programme has designed a project for preparation of user documents for field workers. So far eight chapters have been completed for use and the works are underway to complete the remaining chapters. During last year Kalanjiam Foundation could bring out a publication namely 'meet our leaders: Thayammal-a crusader of development'. Besides, the Programme brought out the annual reports for the Reproductive and Child Health Project and Social intermediation of DISHA initiative. It also facilitated publication of annual reports by six Kalanjiam federations in view of creating their own identity.

Policy advocacy

The Programme continued to represent major policy making bodies at national and international level and has been able to influence in their policy decisions. Having recognised Kalanjiam Foundation as a significant player in the sector bodies such as Reserve Bank of India (RBI), Ministry of Finance, State government departments and planning commissions are increasingly coming forward to seek advice and consultation of the programme in framing policies and programmes. The Foundation continues to represent in advisory bodies of mainstream development players such as RBI, NABARD and SIDBI and thus has been able to influence the policy and strategic decisions of these institutions in favour of poor communities.

Through constant interaction and participation at the high level policy bodies the Programme has been able to reinforce the SHG-Bank linkage model and the need and the role of commercial banks to lend to poor at affordable interest rates. The Kalanjiam Programme has strongly challenged the high cost MFI models, which in the name of sustainability provide loans to poor at usurious rates. Contribution of the Programme is noteworthy in bringing the new policy guidelines by

RBI on 'Business facilitators and correspondence models' to deliver microfinance to poor. The guidelines legitimise and recognise the promotional and facilitation role played by NGOs and federations and recommends the banks to meet these costs as part of the business strategy. A few of the commercial banks have come forward to operationalise these concepts with the support of NGOs and community based organisations. Banks such as State Bank of India, Indian Overseas Bank approached DHAN Foundation seeking advice on formulating guidelines on implementing these concepts.

Building on from the positive experience had from pilot initiative with SPMS, the National Housing Bank (NHB) has come forward to expand the concept of converging microfinance with housing and infrastructure to many other parts of the country with the support SHG - federation and NGOs. In addition to facilitating the introduction of housing services to poor, the Bank plans to extend loan assistance these microfinance related agencies for undertaking housing activities such as new house construction, house up gradation, house extension, providing electricity connection, house leasing etc. The Foundation organised a training workshop on housing finance for poor at Tirupati with the sponsorship of the Bank and delegates from 14 organisations and Kalanjiam federations participated the event. Besides, senior staff of the Foundation represented in policy making and advocacy fora and events at national and international levels to position the enabling model of microfinance among the stakeholders.

Programme management

Computerisation of MIS and accounts at group level through Dhanam software was given major focus. The software has been standardised after a series of experimentations and reviews. Computerisation has been ensured in 148 locations. In view of enhancing utility of the software various initiatives were made to develop analytical and baseline reports during last year and as a result many such reports have been finalised and included in the advanced version of the software package. In addition to increasing efficiency of systems in people's institutions, computerisation has

strengthened internal control mechanisms at group level operations to ensure transparency. It has enabled the locations in timely completion of audit of groups. Computerisation has also improved the skills of the

people's institutions making effective management decisions. The Programme MIS team has provided capacity building and technical support with respect to computerisation to the regions on a continuous basis.

STATUS OF KALANJIAM COMMUNITY BANKING PROGRAMME

(Cumulative figures)

Sl. No.	Particulars	March '05	March '06	March '07
1	Spread of the programme			
	a) No. of States	6	7	9
	b) No. of Districts	25	31	33
	c) No. of Blocks	103	132	157
	d) No. of Kalanjams	16,354	20,213	23987
	e) No. of Clusters	1,013	1,274	1527
	f) No. of Federations	47	61	70
	g) No. of Members	2,57,928	3,16,958	380517
	h) No. of villages	5,604	6,294	7209
2	Finance (<i>Rs.in lakhs</i>)			
	a) Total own funds	6,726.56	8,195	12104
	b) Savings	4,921.80	6,654	9420
	c) Reserves & Surplus	1,804.76	1,541	2684
3	SHG Bank Linkage			
	a) No. of branches involved	192	208	183
	b) No. of banks involved	32	36	29
	c) No. of loans	27,211	34,808	44895
	d) Amount mobilized	10,064.95	13,588	18763
4	Apex Bank Linkage			
	a) No. of federations	22	25	25
	b) Amount mobilized	2002.00	2,406	2982
5	Loan outstanding with members	11,146.99	13,683	19225
6	Total credit generated	28,640.00	37,211.00	50161

(* It includes SGSY linkage also)

Vayalagam Tankfed Agriculture Development

About 70% of country's population live in rural areas and are often at the mercy of rainfall based source of income. Fresh water availability is a key limiting factor in food production and livelihood improvement. Water is seen as one of the effective tools to reduce poverty through innovative approaches and strategies. DHAN Foundation initiated the Vayalagam Tankfed Agriculture Development Programme in the year 1992 for the

conservation and development of the small scale water resources such as tanks to stabilise the livelihoods of the poor farmers who are dependent on them.

In order to realize this objective, it formed Vayalagams at the village level, Cascade Vayalagams based on their hydrologic linkages in a watershed / cascade and Federation of Vayalagams at the Block level. The

programme also focuses on networking at state level in Tamil Nadu, Andhra Pradesh, Karnataka and Pondicherry for policy advocacy, allocation of financial resources and usufruct rights turn over of operation and maintenance of tank systems to farming communities. The programme with over a decade experience in this theme is now poised to upscale it to reach more number of poor households.

DHAN Vayalagam (Tank) Foundation – DV (T) F, the second thematic institution has been created as part of the DHAN Collective to take forward the work of deepening and upscaling the programme. With a small beginning of building community around 9 villages in the project area to rehabilitate the tanks with community empowerment, the growth into a thematic programme sprawled over 1000 villages in 4 South Indian States in 2006, the new launch indeed has been a great addition for DHAN Collective. This institution will have a systematic and decentralized operational set up to implement and upscale the Vayalagam tank programmes. The programmes would be upscaled vertically through deepening its programmes and activities as well as horizontally by reaching out to many villages and districts. The launch has been formally done on the tenth foundation day; October 2, 2006, in the presence of the board of trustees of DHAN Foundation by Mr. John Ambler, Senior Vice President (Operations) of Oxfam-America.

Purpose of Vayalagam (Tank) Foundation:

The Foundation would focus on reaching large number of poor farmers, landless and women in thousands of villages in the country by bringing local management towards conservation and development of traditional small water resources namely tanks, ponds, farm ponds, check dams, community wells and the like at village level. It would also promote nested institutions of these primary people institutions on hydrological basis. DV (T) F will continue to provide techno managerial support required to manage people's institutions by way of deputing competent professionals and support staff. This would provide a learning space for many more professionals as the expansion provides opportunity for them to undertake grassroots action in diverse contexts namely rural, coastal, tribal and urban. Moreover, it would also act as a resource centre

on water resources development, safe drinking water and watershed development for people from NGOs, Academia and Research Institutions, Government and bankers and would strive to influence policies of government and bankers in favour of poor.

Programmes of Vayalagam (Tank) Foundation:

The Vayalagam (Tank) Foundation based on the grassroots experience gained over a decade standardized and geared up to implement the following programmes.

- i) Demonstrating the Vayalagam Model to reach 2.50 lakh families by 2010-2011
- ii) Nurturing Vayalagam Movement to upscale as well as to bring in self regulation among the people institutions
- iii) Building Self Managed Federations as potential civic institutions in rural, coastal and tribal contexts.
- iv) A Water Watch Unit under newly established Water Expertise Training Centre will set up processes and mechanisms to monitor the quality of drinking water supplies in Urban and Rural areas in the project locations
- v) The Water Expertise Training Centre would also provide Capacity building aspects on Rainwater Harvesting, Small Scale Water Resources, Safe Drinking water and Watershed Development
- vi) Networking on Minor Irrigation Tanks/small water resources at national level
- vii) Policy advocacy through action research, policy research, Conservation Councils and the like.

Progress during the year

Community mobilization and promotion of people institutions

Vayalagam Nested Institutions are promoted to bring local management by conserving and managing the traditional small scale water bodies and address the livelihood issues with sustainable agricultural development systems. The programme is operating in 35 locations in four states including Tamilnadu, Andhra

Pradesh, Karnataka and Pondicherry. Efforts were made to upscale the promotion of nested institutions in a coherent manner during the year. This approach worked out successfully and 211 new Vayalagam primary institutions have been promoted with a membership of 23,963 against the plan of 250. Through these institutions, the programme could reach 1, 08,334 farm families. Seven more cascade Vayalagams have been promoted as against the plan of 25 as the focus was more on physical implementation of works. Ten more federations at block level have been registered with lot more rigor and systems. There are three district level federations, 11 block level federations and 95 cascade/watershed associations. The Vayalagam movement has taken efforts and set up the procedures and quality check processes to graduate the federations. As a regular institutional process, financial audit, regular meetings, annual general body meetings, Mahashbhas, Movement Day celebration and water day celebration etc, were ensured at all levels.

Conservation works and Physical Infrastructure Development

During the year, the performances on conservation and development works of small scale water harvesting structures, land development for higher productivity have been progressing steadily despite high level of procedural delays and challenges in working with mainstream agencies. The programme continues to maintain the trends set during last two years in the volume and value of physical works executed. The team could complete the implementation of Rs.560 lakhs worth of conservation and development works as against the plan of Rs. 500 lakhs. During the period the locations have collaborated with multiple funding agencies to mobilize programme funds for conservation works.

The Agriculture Department of Tamil Nadu Government through its National Watershed Development Project for Rainfed Areas (NWDPR) supported works in Madurai, Ramnad, Kanchipuram, Virudunagar Tuticorin and Thruvallur Districts. Works at Ramnad and Tuticorin Districts were supported by NABARD, District Rural Development Agencies and District Water

Management Agencies provided support to Chittoor, Nalgonda, Madurai and Tuticorin Districts. The corporate agency ITC funded the works at Sivagangai District. Similarly the Karnataka state government through its Jala Samvardhane Yojana Sanga supported works at Tumkur and Kolar Districts. Oxfam GB supported yadagiri location in Andhra Pradesh. The support extended by the individuals in response to the appeal in the website used to revive Ooranis in Ramnad District.

A contribution of 25% of the total figure was made by the community. A number of conservation works that include Tank rehabilitation including all components of tank system, drinking water ponds development, creation of farm ponds in watershed areas as new water bodies, soil and water conservation works under watershed works such as farm bund, tree plantation, agriculture demonstrations were carried out by the team to meet the needs of the community. Encroachment eviction in over 20 tanks in Madurai, Chittoor, Thiruvallur, Kolar and Tumkur Districts with the cooperation of Revenue and Police departments helped the farmers to recover the tanks from encroachers. This was one of the major achievements of the teams, as encroachment eviction was continued to be a major issue in the rehabilitation and restoration of tanks to its original condition. Dynamic software (Integrated Hydrologic Monitoring and Management System) has been prepared for about 100 tanks in Karnataka for managing the tank systems at any point of time with accurate data.

Microfinance and facilitation of agricultural development finance:

The promotion of Microfinance groups (MFG) in the Vayalagams was taken up to strengthen the Vayalagams and provide credit support for the agriculture interventions. During the period 347 new microfinance groups were promoted among the Vayalagam members taking the total of 1807 MFGs with 29,232 members. These MFGs have made linkages with the local commercial banks and obtained loans to the tune of Rs.188 lakhs as against the plan of Rs.150 lakhs. The majority of the linkages have gone for agriculture, consumption and other livelihood

related purposes. Efforts were made to bring the MFG accounts online under Dhanam software in 25 locations out of 30 eligible locations. Intensive trainings and orientations were given to the staff on VOLAG and Dhanam software to make accounts online.

In addition to savings and credit insurance is an important component to address the risks and vulnerability of the farmers. The Programme aimed at covering the lives of 25,000 members during the year. Where as 6,209 members were covered under group insurance policies.

Initiatives to Stabilise Agricultural Production

One of the core programme components is stabilising agriculture in the tank command areas to improve the livelihoods of the farmers and to ensure food security to the farmer households. Each of the locations undertook activities specific to their locations and based on the demand from the farmers. In Mudukulathur location, the Ramanathapuram District Federation procured and distributed 75 tonnes of fertilizer costing Rs.3.82 lakhs resulted in a saving of Rs.45000 to the members. The collective marketing of 355 quintals of Soybean in the Indervelly and Bejjur locations of Hyderabad region earned a profit of Rs. 18,417. Similar initiatives were done in Ramanathapuram, Theni and Chittoor districts, where the collective marketing of Paddy, Maize and pungaema seeds resulted in enhancement of net income ranging from Rs. 3500 to Rs.5000 per hectare to the members. Cultivation and marketing of herbal plants such as Lucerne and Tulsi through Primary Producer Groups yielded a net profit of Rs. 2. 10 lakhs to the cultivators.

Twenty four veterinary camps were conducted in four locations of Madurai Region to treat about 8500 animals. Similar camps have been conducted in five locations of Chittoor region to treat about 7000 animals. To facilitate efficient regulation of irrigation water and minimize wastage of water about 100 plug and rod shutters have been installed in Tank sluices in Singampunari block. Fish rearing activities were facilitated in 64 water bodies (27 tanks, 14 ooranis and 23 farm ponds) with an expected harvest of about 38 tonnes to yield a net profit of Rs.8.04 Lakhs. So far, harvest has been completed in 6 tanks which yielded

5.37 tonnes of fish to fetch a net income of Rs.1.25 lakhs.

Setting up farm field schools for training the farmers on agricultures practices, promotion of kitchen garden, farm pond construction in individual lands for raising crops or vegetables, tree plantation in farmer's lands, soil testing and recommendations, demonstration and training on new technology such as vermi composting, organic farming etc were some of the other interventions towards agricultural development

Resource Centre for Conservation and Development:

The programme provided space for the academic learning through internships. Two students from Holland have taken up the study on the usefulness of community wells constructed under tank command area. One student from New Zealand has taken up voluntary assignment on documenting the experiences of tankfed agriculture development programme. Four students from Tata Dhan Academy have completed Development Practice with our programme. The programme has successfully completed the fifth year of the University Grant Commission Sponsored Certificate Course on Soil Conservation and Watershed Management for the final year students of Rural Development Studies in Arul Anandar College of Karumathur, Tamil Nadu.

The Tribal Development Department of Government of Andhra Pradesh has given an assignment to the programme to prepare tank memoirs for more than 2500 tanks in Adilabad district as a succeeding work to our earlier assignment on preparation of tank cascade atlas during the year 2001-02. The research team has completed the data collection from primary and secondary sources and consolidation of data is currently in progress

The professionals in tank programme participated in different national and international events like workshops, seminars either as resource persons, anchors or as participants. In these, they have been intensively involved in deliberations, prepared as well as presented papers. The senior members of the programme made presentations on the legal issues

and changes envisaged in contemporary law in three national level legal seminars/workshops organized by International Environmental Law Research Centre (IELRC), New Delhi, Centre for Policy Research, New Delhi and Svaraj, a Bangalore based NGO in association with Centre for Inter Disciplinary Studies in Environment and Development (CISED).

Also the team undertook an assignment for the Aga Khan Foundation and State Rural Development Department of Gujarat Government to design and conduct a study on efficacy of 45 days Basic Training Course conducted by Development Support Centre, Ahmedabad since 2001-02. The presentation and the report was well received by the sponsors.

STATUS OF VAYALAGAM AGRICULTURE DEVELOPMENT PROGRAMME

(Cumulative figures)

Sl. No.	Particulars	As on March '05	As on March '06	As on March '07
1	Spread of the programme			
	a) No. of States	4	4	4
	b) No. of Districts	18	18	18
	c) No. of Vayalagams	851	1,041	1197
	d) No. of Cascade including watershed associations	48	48	96
	e) No. of Federations	8	11	14
	f) No. of Members	54,078	78,303	1,02,266
	g) Command area benefited (in ha.)	29,906	32,187	34,683
2	Value of Physical works implemented during (Rs.in lakhs)			
	a) Through Farmers' Contribution	44	78	65
	b) Through Govt. and other agencies	120	233	259
	c) Agriculture Credit support through MFGs	186	206	188

Restoration of Livelihoods in Tsunami Affected Locations

DHAN Foundation swiftly responded to the disaster situation and supported the affected community through relief measures in 10 affected districts of Tamil Nadu. To identify and address the specific needs of the people, the local community was involved and the implementation was done through them. The efforts taken up by DHAN's teams reached about 29,000 families in one or more ways. The first phase of relief was completed by March 2005 and the livelihood restoration phase started from April 2005 onwards.

The prime objective of the second phase in the tsunami-affected villages was to restore and rehabilitate the livelihoods and habitat of the affected communities as soon as possible. All the livelihood

interventions were routed through the people institutions that were promoted. The community in the coastal area have been organised based on their livelihood activities into three types of people institutions. The affected and poor families, involved in fishing using Catamaran, backwater fishing, FRP labourers, and hand fishing were organised in the fishermen groups. The affected and poor farmers were organised in the Vayalagam groups. Affected women from the different communities and vulnerable people were organised into Kalanjiam groups.

Building People' Organisations

So far 61,785 families have been organised in to 3551 groups. Of the total families reached 26,210 were

fishermen, 12,187 were farmers and 27,045 were Kalanjiam women. Since these families were organised with in a short period of time, the programme took a role to ensure the quality of all the people institution. Major focus was on the fishermen groups. Efforts were taken to strengthen and stabilize the people institutions promoted in the coastal villages. These primary groups have been nested into the next level organisations such as Cluster Development Associations (CDAs) and Federations. So far 228 CDAs have been promoted. The primary groups further federated into 31 federations, of them 13 are fisherfolks federations, 8 are Kalanjiam federations and 6 are Vayalagam federations.

Financial Services

All these groups have saved collectively Rs 724 lakhs. Of the total amount mobilised Rs. 392 lakhs was mobilised by the Kalanjiam Women groups, Rs. 142 lakhs by the Vayalagam groups and Rs. 190 lakhs by the fishermen groups. 157 groups have gone for SHG Bank linkage and mobilised Rs.98.6 lakhs. They have taken loans for various purposes, primarily for initiating or reviving their incomes generating activities. Apart from banks efforts were taken to link the SHGs with Government projects. Rs. 300 lakhs has been mobilised by linking 118 groups under Tsunami Emergency Assistance Project (TEAP). The programme facilitated enrolling all the members organised in the people institution in the insurance programmes. Attempts were made to cover both the female and the male member in the family. Either if the male member or the female member dies the other should be compensated for meeting their needs. As on march more than 46100 members and their spouses were enrolled in the insurance scheme.

Restoration of Livelihoods

Sea based livelihoods: The focus was on the fishing community as the damage was direct and high to the fishermen. Through repair of nets, boats and fishing equipments, the fishing community was supported. As there was a huge demand from the community the programme supported them for purchasing the nets. The field teams along with the leaders appraised the need for nets and based on that identified fishermen

were supported for purchasing the nets. Apart from providing nets the poor vulnerable families were supported for purchasing and repairing small and minor non exploitative fishing crafts. They were also supported for ice boxes and fish trackless. In order to support the poor and vulnerable families involved in drying fishing marketing field level teams supported them to construct the drying yards. During this year 3838 families involved in fishing activities were supported for purchasing the nets. Apart from supporting the families for purchasing the nets 3135 families were supported purchasing fish equipment, drying yard and other purposes.

Farm based livelihoods: The agriculture based interventions were land reclamation, cropping support, land leasing, and livelihood related training events. Major focus of the intervention was on small and marginal farming families. During this year 10,400 farming families in the coastal villages were supported for their livelihood. The focus on farming families was very in Nagapattinam region. In the entire episode of intervention major focus has been given for poor and landless farming families. The field teams in Karaikal and Cuddalore supported the land less labourers to lease the agriculture lands for paddy cultivation and cashew crop. Farmers in the Nagapattinam village were supported for purchasing the ground nut seeds. The field teams were proactive in supporting the poor vulnerable families for their livelihood needs.

The sea water inundation not only damaged the land but also damaged the small and large water bodies in the coastal areas. The sludge carried by the sea water got deposited in the water bodies. The DHAN team identified the water bodies affected by Tsunami and took up the renovation through the people institutions. During this year 7 tanks, 17 ponds, 40 farm ponds and 33 drainage channels were desilted. Through renovations various water bodies 5,537 families living in the coastal villages were benefited. Apart from desiltation the Nagapattinam regional team has supported the coastal villages by strengthening the bund in the coastal village. By these initiatives more than 650 farming families in the coastal villages were benefited. To encourage the farmers for conserving the water bodies, fish rearing in ponds and tanks were promoted.

The Coastal Agricultural Resource Centre with the support of lab facilities tested 800 soil samples and shared the results. Through water testing and various other services it has reached 1776 families. In order to train the community at the field level it organised the farm field school for farmers. It also introduced the new variety seeds on the experimental basis. With the collaboration of ICRISAT, the centre sodium blockers for the salt affected lands. This intervention had better impact with the farmers.

Livestock: People in the coastal agrarian villages have chosen the dairy and goat activities for enhancing their income. This activity has been an important source for the small marginal farmers to reduce the risk caused by market price fluctuation and other natural calamities. The income from the activity could stabilize the affected families for meeting their needs. During this year 1623 families were supported for purchasing cattles. Of the total members benefited 1419 are Kalanjiam members, 136 are the farmers and 68 are fishermen. 917 families were benefited by purchasing Goats. Of the total families benefited 672 are Kalanjiam members and 245 are Vayalagam members.

Market linkages: In order to promote the collective action to gain the price advantage, families involved in homogeneous activities were organised into marketing and producer groups. After organising the community, they were facilitated to pool their produces and supported for collective marketing. The groups were linked with the commercial institutions for marketing their produce. Such interventions have increased the income of the affected people in the coastal area. So far 179 groups were promoted covering 3226 families. These people institutions have done commercial transaction to the extent of Rs. 500 lakhs.

Value Addition: To enable the community to earn better income with the same amount of catch, value addition was thought of. Fish meal plants, lobster fattening unit, crab fattening unit, Masimin unit etc. have been setup on an experimental basis. So far two crab fattening units, six fish kiosk units and one lobster fattening unit have been set up. Through these units the fisher folk in the coastal villages will also be getting continuous employment opportunities. Similarly to sustain dairy activities supported earlier, setting up of

milk processing unit in Cuddalore district has been initiated. The unit promoted would be supporting 5000 families involved in cattle rearing. The supported families will be gaining better price for the milk. This initiative would create a spiral effect in the entire coastal area, and more number of families will be taking up the livestock activities on their own. Artificial Insemination services were made available to more than 2000 families owning livestock as their major income generating activity.

All the restoration measures were carefully planned in such a way that it suits the context and the peoples' needs. In the entire restoration process as a principle all the livelihoods supports were extended with contribution of members. So far 21, 612 fishermen families, 10, 989 farming families, and 19, 232 women have been benefited through the intervention. In total 51833 families were supported for their livelihood activities. To support the livelihood activities in the coastal area, DHAN promoted the integrated service centres. These service centres provided service to the fishermen at the cheaper price. So far nine service centers have been promoted. In due course these service centers will be managed by the community.

Civic Initiatives

Health was the other major area of concentration during the year. Each region has been provided with a health associate for organizing health related services such as health camps. During this year DHAN has organised 45 health camps covering 7383 members living in the coastal area. Apart from organising camps, the adolescent girls who are found to be anemic were identified and they were linked with the government hospitals for getting the iron tablets. The health team set in the coastal area is identifying such people for supporting them to get the iron tablets. Different initiatives on HIV AIDS control were taken up during the year. Trainings, awareness through VICs, condom promotion, cultural events, mass rally, training the community leaders and by integrating HIV awareness with other programmes were organised by the location teams.

Though there are many schools in the coastal villages, the environment available for the students is not

conducive in the coastal areas; since the student teacher ratio is poor, the students' performance is also found to be poor. Also students do not get a congenial environment in their houses to focus on their studies. Like health access to good quality education is still a distant dream for many of the poor in coastal areas. To address this issue 80 school teachers were provided for the needed schools and 251 remedial centres were started by which about 7698 students got benefited.

The ICT team has established 112 Village information centres and 10 community colleges. Through various services the village information centres were able to reach more than 124000 users. The Panchayat team working in 10 Panchayats have given major focus on

training the voters and newly elected representatives. During this year the Panchayat team has organised field level orientation for all the existing Panchayat Development Groups and further it organised the exclusive training programme for the identified voters. Through the intensive training events about 13,000 voters have been trained. In order to self sustain the local government DHAN supported these institutions to create income generating assets. The institutions were supported to purchase livestock assets which will be managed by community. Through this process the local government will be getting regular income for its sustainability and poor people will also be getting the income.

Tata-Dhan Academy

The Tata-Dhan Academy was created as a Centre of Excellence in Development Management Education institution in December 2000 by the DHAN Foundation in partnership with the Sir Ratan Tata Trust. During a two-year Programme in Development Management (PDM), students learn to become development professionals and development entrepreneurs. By the end of the programme, students possess a multi-disciplinary set of skills relevant to the development context.

In addition to the PDM, the Academy also offers a condensed Development management Programme (DPM) to improve the skills of current practitioners and other development players. These programmes also aim to professionalize the NGO operations and the development sector in general, ultimately improving their efficiency and effectiveness. To facilitate relevant practical learning, the Academy emphasizes building upon the knowledge gained by these groups from their firsthand experiences. The Academy also strongly promotes practitioners as teachers, experiential learning, and knowledge-building through a structured action-reflection-action process. The DPM's goal is to develop high-quality techno-managerial competencies supported by appropriate motivations, values, and attitudes necessary for working with people—the disadvantaged

in particular—while "building people's organizations to build people".

Master's Programme in Development Management

PDM 7 was the Academy's first two-year programme. Part of the selection process involved a two-day "selection camp" during which candidates visited a village, presented their observations, engaged in group discussions, and completed a personal interview. From the 53 students offered admission to PDM 7, 21 students enrolled. Students came from Tamil Nadu, Orissa, Bihar, Jharkhand, West Bengal, Maharashtra, and New Delhi.

Curriculum development

During 2006, the Academy's faculty council opted to revise the design of the PDM in terms of structure, content, and pedagogy. The new PDM structure includes four segments, five terms, and five disciplines dealing with the complex scenarios which impede the development of livelihoods for the poor. Each term, students attend a classroom segment followed by either a field work or development practice segment. This design facilitates the application of classroom learning to field study and practice. All PDM courses have also been revised.

Seventy one credits are required for completion of the program. Field work, the development practice segments, and the development tour account for 36 credits. Elective courses are also offered.

Foundation Courses and Field Practice

The Academy offers foundation courses in the first two terms under five disciplines: **BASICS, TECH, MADE, LAB, and CODE**. These courses emphasize student exposure to poverty, inequality and development, context based issues, research and statistical tools and techniques, development intervention in microfinance, and social issues. Throughout the courses and field visits, students receive experiential learning on motivation, culture and values, development ethics, and positive interpersonal skills. Guided field demonstrations help students better appraise rural communities and develop context-specific solutions for poor communities.

Other fieldwork study opportunities include a seven-week study and practice with an NGO. This year, students worked with PRADAN (Jharkhand), Seva Mandir (Rajasthan), PRAYAS (Bihar), DHAN Foundation (Tamil Nadu and Orissa), Shramiki Bharti (Uttar Pradesh), CARE Partner NGO: Bikash (West Bengal), and Sanskriti Samvardhan Mandal (Maharashtra). These studies took place in rural, urban, tribal, and coastal contexts, and students tried to characterize or define poverty in these varied context. In the process, they gained experience in researching, adapting to a new community, approaching communities, and maintaining motivation; they were also given a chance to practice and apply their classroom learning.

Advanced learning and practice

PDM 6 students partook in two 10-week development practice segments (DPS) to practice organizing communities and designing and implementing management projects.

For organizing communities, students worked with four NGOs—M.V. Foundation (Andhra Pradesh), Deshabandhu (Assam), CERD (Assam), and DHAN Foundation (Tamil Nadu, Karnataka, Andhra

Pradesh, Madhya Pradesh, and Orissa)—and formed 89 groups comprising a total of 1,832 members. These groups were formed using the basic principles and systematic process steps learned in classroom segments. Students employed innovative approaches such as organizing padha yatras, providing exposure for the community, and involving other group leaders or members as resource persons.

For designing and implementing projects, students worked with PRADAN (Orissa), Just Change India Producer Company Ltd. (Nilgiris), Vidhya Trust: ACCORD (Nilgiris), Guild of Service (Chennai), SEVA Mandir (Udaipur), Shramik Bharti (Kanpur), and DHAN Foundation (Madurai) on projects related to impact assessment (microfinance), human resources management, marketing, communication development, mutual insurance, education, and systems development. Many of the projects have received recognition within the development community for the quality of their content and usefulness for future action.

Reinforcing commitment through development exposure

PDM6 students were exposed to development approaches and models related to social development issues through visits to Sevagram Ashram (Maharashtra), SPARC (Mumbai), Tribal Health Institute (Tamil Nadu), Karuna Trust (B.R. Hills), Rural Development Trust (Bangalore), and BIRD-K Tiptur (Karnataka). Besides being used to reinforce the students' education, these visits also inspire a commitment to development.

Entry into real life grassroots situation

The Academy's placement team has established processes for placing PDM students in the workplace. Almost 20 organisations throughout India were approached as potential long-term collaborators. Of these, 13 were identified as designated NGOs for the year and five organizations—Sharmik Bharti (Kanpur), South Indian Federation of Fishermen Societies (SIFFS) (Trivandrum), Grameen Development Services (GDS) (Lucknow), Foundation of Ecological Security (FES) (Gujarat), and DHAN Foundation

(Madurai) responded to campus interview process and ensured 100% placement.

Short duration education programmes

During 2006, the Academy offered eight programmes for national and international development practitioners (India, Sri Lanka, Indonesia, Tanzania, Nepal, Bangladesh, Canada, USA, Germany and France). Programmes ranged from three days to three weeks; the 143 participants ranged from academicians to bank officials. These programmes have helped establish links within the community, identify potential experts as guest lecturers, provide ideas for improving current courses and course materials, and identify placement opportunities for students.

Leadership programmes: Human Resources Development (HRD) and Leadership Programme for Social Organisations: Strategy, Process and Attributes

Thematic programmes: Fourth International Programme on the Art of Upscaling Microfinance, Second International programme on Micro Insurance, National Training Programme on Micro Insurance, Advance Training Programme on Financing SHGs

General programmes: Development Management Appreciation Programme, Participatory Learning Methods, Written Analysis and Communication

Building knowledge through research

Tata-Dhan Academy's research team undertakes a range of research topics including contract farming, microfinance and health, land leasing, and capacity building of people's organizations. The findings are distributed as reports, or shared via workshops or other communications efforts.

One research project in 2006 was an attempt to learn how contract farming is promoted among small and marginal farmers, and to identify how farmers responded in accepting and practicing the concept. The final report presents several challenges and opportunities for practicing contract farming in Karnataka. Another project on microfinance and health studied the health seeking behavior of

women members of savings and credit groups, the portion of income spent on healthcare, and the influence of this behavior on poverty dimensions.

One research team completed the challenging assignment of preparing District Human Development Reports (DHDR) with the state government for the Sivagangai and Thiruvannamalai districts in Tamil Nadu. This project provided great learning potential on the concept of human development, challenges in dealing with government departments, and experience with the prerequisite research abilities necessary when dealing with primary and secondary data

Cases and workshops

The research team generated 14 cases on microfinance, capacity building of people's organisations, issues related to land leasing, managing small business initiative, water, and human resources development. The cases are in different stages of development. The research team also conducted a workshop on contingency planning and disaster preparedness. This was accompanied by a preliminary study and contingency plan based on the tsunami affected region.

Asian Knowledge Centre for Mutual Insurance

During 2006, the Academy also initiated the development of specialized knowledge centres. The Asian Knowledge Centre for Mutual Insurance—ASKMI—which is a specialized centre at the academy developed to shape and advance the mutual insurance sector with support from MIAN, Interpolis, and ZLM Mutual Insurance Company, Netherlands. The centre has conducted the Second International Programme on micro insurance and the First National Training Programme on micro insurance. Also it has offered an elective course on micro insurance for PDM 6. It has created a digital knowledge bank (eSnips). MoU has been made with Bishop Heber College and Tamil Nadu Agricultural University, offered certificate course on Micro Insurance for students of Bishop Heber's College, Tamil Nadu.

Information and Communication Technology for Poor

DHAN Foundation, conscious of the technological change and the poor being left out in the whole process has initiated the theme IT for poor for making Information Technology accessible to the poor and for impacting their livelihoods. Presently the programme has a reach of 14 Community Colleges and 162 Village Information Centres.

The Village Information Centers (VICs) is a resource centre where an operator and a computer system are available with internet connectivity. They would provide computer experience for the villagers. The VICs help villagers to enhance their livelihood options and empowering them with information tools, goods, and services. The concept of Federation on the theme of ICT for Development is being done for the first time in India or in the World. The Village information Centers are established at the panchayat level. The Community Colleges are established at block level. The Content Development is undertaken both at Village Information Centres and Community Colleges. The Thagavalagam Development Associations are promoted at VIC level with users groups (farmers, fishermen, women, youth, etc) and the Thagavalagam federation is promoted at the district level.

After five years of experimentation, the theme has come out with a Thagavalagam model to take it to the next phase of upsacing. It has identified five major programme components for the next phase. 1) Village Information Centers to take ICT services at grass roots level, presently there are about 30 different ICT based services designed and offered to the communities suiting to their needs and local context. 2) Community Colleges to create ICT based employment opportunity and act as information hub for the VIC activities. These community colleges provide diploma and certificate computer courses to local youths. 3) Developing locally relevant content that have influence over the lives and livelihoods of the local communities. 4) Promoting Thagavalagam People Institutions to bring sustainability and ownership among the primary groups. 5) Fulfilling hardware and software requirements of Peoples Organisations and development institutions.

Community Colleges in Madurai District have become the resource training centers for the newer locations. Exposure visits were facilitated by the Community Colleges. Village Information Centres (VIC) promoted in the villages offers various online and offline services to the community. Offline services include computer education, computer aided school education and adult literacy, undertaking job works, content development etc. The online services include e-mail & browsing, e-Post and e-Talk, online resource consultation for health and eye care, agriculture, animal husbandry and fishery science, legal guidance, education etc. So far 162 VIC have been promoted, which includes 10 Adult Learning Centres. About 190 local youths, have been trained and employed as VIC operators. About 1.75 lakhs users have got benefited directly from these services.

Video conferencing is more popular in VICs in Melur through iSee Video Conference tool. The VICs are connected with the Information hub at Melur Thagavalagam through CorDect Technology, where video conferencing, voice and data services are given. The villagers interact at a fixed date in every month with experts in agricultural extension, animal husbandry, health care etc. About 2500 users have got benefited through the video conferencing facility.

Daily Information Services provided by the VICs got a good response from the community. Employment and job opportunities from near by villages were collected through VICs and readout by the operators. Public Address systems were provided for the Village Information Centres. Weather information, Potential Fishing Zone information, etc were announced through public address system and notice boards of the VICs.

In five VICs the Voice over Internet Protocol was tried out, members who have relatives working abroad used this service to talk to them. It saved nearly 50% of ISD call charges and provided income to the VICs. Global Positioning Systems were provided to fishermen from 50 VICs to identify the potential fishing zone data provided by the Remote sensing centre, GoI. They were trained to handle this GPS sets. A collection of

educational CDs and Books have been kept at each VIC for the use of the community especially school going children.

The ICT theme is providing hardware and software support for the other programme of DHAN Foundation.

The software produced by it for the Self Help Groups, SHE, has got very good reception and another software was prepared to facilitate management information system related to insurance coverage of the peoples' organisations.

Rainfed Farming Development

DHAN Foundation initiated a new theme 'Rainfed Farming Development' in October 2002. The rainfed farming development theme is at the end of its experimental phase. During this phase it aims at understanding the issues of rainfed farming in selected locations in which a decline has been observed and identifying specific interventions and consolidation of interventions for bringing them forward to pilot project stage. The theme works with the approach of building on the local best practices of the farmers, organizing them as Uzhavar Kuzhus (Farmers groups) and Uzhavar Mandram/Rainfed Watershed Associations; undertaking multiple and interrelated interventions across sub sectors like agriculture, livestock and horticulture.

The experimentation on rainfed farming was taken up in three locations with three different soil conditions namely black and red soils and sandy soils of the coastal areas. These three soil conditions fairly represent the major rainfed soils in Southern India. They are Thirumangalam in Madurai district, Natrampalli in Vellore district Vedaraniyam in Nagapattinam district. Last year intensive experiments and activities were carried out in all the three blocks

Building People's Organisations: 361 Uzhavar Kuzhus and 24 Rainfed Watershed Associations were promoted in all the three locations covering 11,619 members. In Thirumangalam block the team took intensive efforts to form groups, while in Nattarampalli location the farmers took the responsibility of expansion with the support of location team. In the coastal part of Vedaraniyam block all the villages Uzhavar Kuzhus have been formed covering all the eligible and potential farm families. The block level federation called 'Uzhavar Mamandram' was formed in

Vedaraniyam block. In Nattarampalli and Thirumangalam blocks the co-ordination committees facilitate all the activities including social security programmes crop and animal insurance in an innovative way.

Land Improvement: Watershed associations/ rainfed farmers' co ordination committee/'Uzhavar Mamandram' have taken up land improvement activities. Summer ploughing practices were encouraged and implemented in a larger way by the introduction of special type plough. Chisel ploughing was introduced for eradicating the Cynadon dactylon (Weed grass) and for conserving soil and moisture in the black cotton soil areas. In addition, different kinds labour saving agricultural implements such as Kayatharu iron plough, Guntu weeder, Cycle weeders were introduced to the farming community and trained them to practice it.

Around 70 farm ponds were constructed in Thirumangalam blocks and dryland horticultural plantations were taken up around the farm ponds. Silpaulin was used in farm pond in Thirumangalam on experimental basis and it was found that it is effective for arresting the percolation losses.

In Vedaraniyam block, around 150 existing farm ponds were desilted and are used for giving supplemental irrigation to the paddy and ground nut. Silt application was taken up by considerable number of farmers in Nattarampalli and Thirumangalam blocks. There was overwhelming response from farmers for this initiative.

Crop Production Enhancement: This is another key component of the RFDT. Groundnut is the chief rainfed crop in Natrampalli block. Trainings were organised in most of the watersheds in this block on groundnut

production enhancement technologies with the support of TANCOF, around 400 members participated in these trainings. Loan packaging was done for weather insurance and gypsum application for the groundnut farmers. Seed supply was combined with seed treatment, five tonnes of groundnut seeds were supplied to the farmers with 50 tonnes of gypsum, 50 Kgs of Carbendazim and 260 Kgs of biofertilizer.

Cotton is a major crop in Thirumangalam block. Integrated approach of pest management was introduced to cotton based intercropping system in Thirumangalam. Drought resistant cotton variety KC2 was introduced.

Crop diversification was focused in the last three years. Maize was introduced and the area under maize has been increasing year by year. Last year, around 2000 acres were covered under maize and farmers felt that maize was the profitable crop when compared to all other crops grown in Thirumangalam and Nattarampalli. Wheat was introduced in Nattarampalli on experimental basis with 20 farmers. Farmers did not appreciate this crop.

Under dry land horticulture component of the rainfed farming planting of trees such as tamarind, amla, sapota, jamoon, mango, silver oak, teak, neem, guava, casuarinas, pomegranate and date palm were taken up by the farmers with 50% of the contribution. In Thirumangalam location, totally 22403 seedlings of various trees were planted in the farmers field of 252 farmers. In Natrampalli 2455 Date seedlings were supplied to 159 farmers on 50% contribution basis. In addition to that 3945 seedlings of different types namely mango, guava, sapota, jamoon, tamarind, lemon, amla, sweet orange, pomegranate were supplied to the farmers. For promoting Agro forestry, 2000 casurina seedlings were supplied to 6 farmers and planted in 5 acres. 1350 teak seedlings were supplied to 12 farmers.

Training was organised on bio pesticide and growth promoters. As a follow up, around 120 farmers tried various technologies like panchakavya, herbal pesticide, butter milk and coconut milk mixture. Good results have been recorded. Micro irrigation was introduced with a significant number of farmers and a

few systems were combined with kitchen garden. Panchakavya was tried for vegetable crops both at Nattarampalli and Thirumangalam blocks. The results were very good.

Organic Matter buildup: The over all challenge in the rainfed farming was to make farmers realise the need for improving the organic matter content; followed by identification of locally suited methods of compost making, exploring utility of various wastes as raw material and large scale practice. Several methods were tried out. Penning with goat herds was done by a large number of farmers in Thirumangalam block on loan basis. 13 farmers undertook vermi compost activity; Nearly 350 farmers undertook compost pit and about 100 farmers took up aerobic composting using the crop residues such as black gram, green gram and other weeds.

Livestock Development: Livestock activity was given adequate attention. Campaigns were organised for deworming and vaccination covering about 10,000 animals. Anthrax vaccine and ET vaccine was administered to 4,000 sheep and goats. Training on *azolla* green fodder production was organised for 500 farmers, of them 300 farmers initiated production to meet the green fodder requirement of milch animals in Nattarampalli, Vedaraniyam and Thirumangalam block. In Tirumangalam block Muiyal masal (*Stylosanthes hamata*) and Kudiraimasal (*Medicago sativa*) were introduced. Members were encouraged to take up backyard poultry activity. About 2000 members took up this activity.

Kitchen garden activity was promoted in all the locations. Nearly 2500 families have taken up this activity. In order to provide safe treated drinking water bio sand filters were introduced on a pilot basis. About 250 bio-sand filters were installed in Thirumangalam and Vedaraniyam locations.

Agricultural Finance: The primary groups so far through microfinance operation could save Rs. 68.24 lakhs and lend 446.33 lakhs worth of credit. Rs. 170.98 lakhs was the loan outstanding in all the primary groups. The members have taken loans for various purposes, primarily for land development activities, which include redeeming lands that were mortgaged and improving the land through various agronomic

practices. The other major portion of credit was used for cultivation expenses, purchase and maintenance of livestock etc.

Reducing Vulnerabilities: In Thirumangalam location a mutual insurance programme was introduced for rainfed farmers, as a pioneer attempt in the country. Deficit rainfall insurance and insurance against the menace of the Red

Hairy Caterpillars were done through mutual solutions. Rain gauges were installed in the working villages and the local rainfall data was used to calculate the payout. Based on the rainfall deficit, the payout was worked out and paid to the farmers. The damage by the red hairy caterpillar was assessed by the insurance committee consists of farmer leaders and the team and representative from People Mutuals. The affected farmers got payout based on the extent of damage.

Working with Panchayats

DHAN Foundation initiated a new theme on "Working with the Panchayats" in the year 2003. Though the 73rd Constitutional amendment focused on promotion and active functioning of the Panchayat Raj Institutions as a third layer of Government, Panchayats have till now failed to emerge as a third layer of Government even up to the minimum expected level. The main objectives of the new theme in the experimentation phase are i) Promoting and strengthening of village level institutions as functional groups in the Panchayat to ensure people's participation ii) Sustaining the Panchayat institutions to access resources and reduce its dependence on the State and iii) Integrating the existing traditional systems with the Panchayats to enhance the participation of the people and achieve synergy.

Institution Building

The Panchayat theme has its operation in 24 Panchayats covering 118 hamlets and a population of 15,300. The people in the selected Panchayats who are above 18 years old were organized into 1458 Panchayat Development Groups (PDGs) with a membership of 26,897. It includes 1217 functional groups organised by other NGOs with 21,132 members. So far 52 Village Development Forums (VDF) have been promoted. VDF is a forum constituted at hamlet level; it guides and mobilizes the people to take part in the Panchayat activities. In all 24 Panchayats Working Committees (WC) have been promoted. WC is a mandatory forum legally promoted at Panchayat level. Five committees are envisaged for each Panchayat namely Appointment committee, Works committee, Development committee, Watershed

/ Agricultural committee and Education committee. These committees are empowered to implement the work and monitor the work within their Panchayat boundary

Primary focus was given on strengthening level of community participation in Gram Saba, facilitating democratic meetings, strengthening primary groups and promoting the Panchayat level Working Committees in all working Panchayats. The program team has demonstrated model Gram Saba meetings in five Panchayats. Working committees were given orientation in 15 Panchayats. During the year, Panchayat Parliament was tried out in the Kameswaram panchayat of Nagapattinam District. The local community participated enthusiastically in it. The experience was enriching both for the community as well as the team. Some operational issues were solved there itself. Also the people could realize the practical problems of Panchayat administration through this exercise; it also demonstrated the procedures and process of Parliamentary system to the community.

People's Plan & Implementation

The team continued to strengthen the people centered – Micro planning with community participation. The plan would be prepared in the first quarter of every year and it would be approved by the respective Gram Saba for implementation. The Panchayat team members would follow up the plan implementation and resource mobilization. During the year, focus was given to ensure timely completion of Plan and Increase the Quality of Plan document. Even with the regular follow-up on an average 30 per cent of the Plan got achieved, except Kameswaram Panchayat, where about 65

percent of the plan got achieved. Getting a legitimate recognition and approval for the plan document from the state and district administration was a great challenge for the team.

To facilitate the Panchayats to attain self-sufficiency in terms of resources, initiatives were taken up to create Rs. 24 lakhs worth of assets and help them to make meaningful investment. It was done in the coastal locations of Cuddalore & Nagapattinam districts. In other three locations the team has followed up closely to ensure that the revolving fund given in the last year got utilized properly. Out of 15 Panchayats, four Panchayats have generated profit out of the revolving fund. .

Capacity Building

The team has designed and implemented a package of training for imparting Panchayat Literacy to community. Intensive Voter's Training was conducted in all the hamlets to coincide with the Panchayat Elections in Tamil Nadu. The response was encouraging; people have gained awareness about their rights and duties relating to Panchayat election. After the Panchayat election, training to newly elected representatives were organized and the basic orientation on Panchayat sector were given.

The team took an initiative to demonstrate transparency in the governance and make the Panchayat system to be accountable to the community. The team negotiated with all the Panchayats to disclose financial details in common places, and

present the details of income – expenditure details in Gram Saba meetings. Six Panchayats accepted the idea readily and disclosed the details. Similarly efforts were taken to refine the list of Below Poverty Line (BPL) families in all the Panchayats, the lists prepared with the participation of the community were subsequently approved by the Grama Sabhas to make it a legitimate list of BPL families.

Policy Initiatives

For advocating policy towards facilitating devolution of fund, functions and functionaries to Panchayat Institutions our theme established an exclusive centre called as C – PAD (Centre for Panchayat Affairs and Development), which will act as a resource centre for local governance and decentralization by conducting workshops, publishing a News letter and communication materials. During the year C – PAD facilitated a workshop for Panchayat presidents to consolidate field issues on existing Government schemes. News letter titled "Panchayat Thoodhu" was launched.

Panchayat theme jointly with the DHAN People Academy conducted Diploma in Panchayat Management. The course material and content got refined. The programme has initiated collaboration with Rajeev Gandhi National Institute of Youth Development, Tamilnadu, through which approximately 100 Panchayat representatives would get connected apart from the representatives of the Panchayats, with whom the programme is currently working.

Centres for Integration

CENTRE FOR HUMAN RESOURCE DEVELOPMENT

The core purpose of DHAN Foundation's HRD is to get high quality sensitive professionals to work in the development sector. The focus is on building up the needed motivation, values, attitudes and competence. It creates opportunities and organises various programmes for the on-going professional development for the staff as they grow and occupy

leadership spaces and anchor new themes. The broader purposes of HRD in DHAN Foundation are;

- Nurturing young graduates to become Development Professionals by promoting the right attitude, imparting required skills and competence to take up long term development work.
- Educating Academic Institutions about the scope and challenges for professionals in the development sector
- Providing a conducive environment.

The purpose of the centre is not only to provide support to the institution but also to position in the sector by rendering various services. It is being increasingly realized that ultimately the effectiveness of the institution depends upon the staff and a systemic approach to use the creative potential certainly bring results. The necessity for reorienting as HRD and HRM has become integral in the recent past. The renewed approach in HRM assumes greater importance to establish both operative and managerial functions HRD focuses on 3 c's – competency, culture and commitment. All efforts of HRM and HRD share a common goal of institutional development to improve individual, team and institutional effectiveness.

Progress

Against this plan, the centre could place 72 professionals on regular basis and 39 on contractual basis against the plan of 50 professionals. 137 support staffs were placed against the plan of 50 during the year. The process was systematic as it ensured broad uniformity and objectivity to place right candidates at right time. The centre could ensure placement of 30% women staff for a better balance in the institution. Human Resources planning based on consultation with the programmes and region helped in better allocation by matching the potential of the candidates with growth phase of the location.

Five batches of Development Associates and four batches of Development Apprentices were organised with the size of 45 and 94 numbers respectively. All the events were organized with value additions in the methodology, reading material and the programme. 80% of the events were organised in the field locations for better understanding of the location's context. The emphasis of such programmes was on shaping attitudes combined with skill enhancement and knowledge acquisition.

Leadership LAB programmes were organized for Project Executives and Team Leaders on enhancing leadership competencies through motivation. Enhancing Managerial Communication skills was organized for Team Leaders to improve understanding and ability to apply communication effectively.

Development support staff programme had eight batches of programme Associates. Considering the training needs, the capacity building events were designed with a range of modules integrating concepts and practices. The centre could create a learning environment for them so that they could enrich their knowledge and skills to perform their roles better and enhance their overall personality. The centre has initiated discussions with select academic institutions to impart development education and personality development programme to the students. A knowledge building workshop on HRD was organised with the senior DHANites to pool the HRD experience of the organisation gained over the last two decades.

DHAN PEOPLE ACADEMY

People academy is an educational initiative of DHAN. This institution is meant for building the capacity of the leaders and functionaries of People Institutions that are promoted for the development of marginalized communities. People academy is now in its nurturing phase. Hence piloting different educational programmes within Dhan system and outside, grooming faculty members and positioning the institution are the focus areas for this year.

Diploma in Panchayat Management is the flagship programmes of DPA. The programme is offered as one year distance learning programme. This course is offered with the content and operational support from 'Working with Panchayats' theme. During the year 145 students were enrolled for second batch of DPM. The Academic council of DPM met thrice for revision of syllabus of DPM. New chapters were added and some changes were made in sequencing and grouping the contents.

Kalanjiam Movement Workers Training was conducted for four batches of associates, 108 persons from 32 federations participated in it. Similarly Vayalagam Movement Workers Training was organized for two batches of 49 persons. Review was made to enhance the quality of both these programmes. Training programmes on the Mutuality and Social security was organized for 260 Cluster Associates and leaders. A resource team was created for giving insurance training with eight cluster/federation associates from

various federations. They were given an orientation on how to train field teams about insurance.

Leadership Development Programme was given for 11 batches in which 143 leaders participated. This programme was meant for building the perspective of the Federation leaders. Human process lab was conducted for 3 batches of cluster associates from Madurai Urban and Ramnad Tank region as part of their appraisal process. It was also conducted for two batches of leaders from Kottampatti and Ramnad Tank Federations. The programmes were well received by the participants. Thirteen exposure programmes were organized for other NGOs on the themes of Microfinance and Water in which 226 persons participated.

A Workshop for experience sharing of ICT Kiosk operators was conducted in which 160 operators participated. A national seminar on financial inclusion was organized together with INFOS. The seminar focused on the present strategies for financial inclusion and also explored on role of different players for enhancing financial inclusion of poor through SHGs.

An agreement was signed between the commerce department of Fatima College and Dhan People Academy for providing an elective paper 'Accounting Practices in Non Profit Organisations' for the II M.Com students. A team was constituted with DHANites familiar with the subject. The team prepared the course outline and course materials. One batch of M.Com students (36students) went through the entire course. The course was completed and our resource team extended their support in completing the final evaluation.

DHAN Community Volunteers Programme focuses on fostering volunteerism among the youth. 90 volunteers were enrolled in this programme from 25 villages. Apart from this, 257 students from various colleges were enrolled for specific volunteer service like blood donation, eye donation etc. Conducting N.S.S. Camps jointly with the colleges in Madurai is one of the components of this programme. In this year five camps were conducted with three colleges. The community volunteers undertook campaigns for enrolling children in schools, planting of seedlings, blood donation etc.

Four Satellite centers are operating with the support of DPA in Tsunami affected coastal regions. The trainers in the satellite centers were given orientation on various training programmes at periodical intervals. Review of Satellite centers was done periodically. These centers were able to provide many field level trainings more than campus based. The training programmes were well received by the participants. Totally 554 trainings were conducted in which 18,281 persons participated. Out of these field level and campus based trainings were 231 and 323 respectively with respective participation of 9869 and 8412 persons.

CENTRE FOR DEVELOPMENT COMMUNICATION

Communication is about the human aspect in development. It gives people a voice, makes them "visible" and helps them to learn and take action. The Centre for Development Communication was promoted with the objectives of documenting field learning and sharing it within and outside the organization, promoting the use of information and communication as a tool for development in selected themes, and working with print and electronic media to highlight development work. The Centre could fulfill the communication needs of the organisation and field programmes during the year through its three functional units namely Audio-Visual Communication Unit, Information and Communication Resource Unit and Media Resource Unit.

Audio Visual Communication Unit: The Audio Visual Unit provided audio video documentation services to the Programmes and People Organisations for documenting events and best practices. A feature film Kodangi was produced to support the safe drinking water campaign of the Vayalagam Programme. The film addresses the issues of untreated drinking water and portrays various health problems resulting from bad sanitation with solutions in a folk medium. A film on PRA was prepared for DHAN People Academy as a training material. A film on Athangudi tiles was prepared and screened at the Athangudi tiles workshop organised by the EXIM Bank.

The II Development Film Festival on Water & Life was conducted from September 28th to 30th. Nearly 60

documentaries related to water related theme from all over the world participated in the festival. The first round of evaluation on the basis of relevance of theme, context & treatment, presentation, technical quality and creativity was done with 5 members' panel of juries. They have selected 12 films for screening at film festival.

Information and Communication Resource Unit:

DHAN Foundation's website is maintained by this unit. Updating of the site was done as and when required. Nearly 22000 unique visitors visited the site during the year. It could facilitate an exhibition of DHAN works in the public information campaign organised by the Press Information Bureau, Chennai under the Union Ministry of Information and Broadcasting. Documentation of success and distress stories of human development in Thiruvannamalai and Sivagangai district was done for the District Human Development Report prepared by DHAN.

The team members were involved in the mega event – Madurai Marathon, a run for water event organised by DHAN Foundation stressing the need for water. A booklet in Tamil titled "Neerindri" depicting the past, present and future of water resources of Madurai city was prepared and issued to all the participants of the Marathon. A package of communication strategies were designed and coordinated by this unit to popularize the event. This unit worked out greetings card with rainfed farming as a theme and a Calendar on the theme of Collaboration. Twelve dimensions of collaboration / partnership, beliefs and practices of DHAN in partnership were visualized in the form of games of rural children. They were appreciated by everyone. This unit could provide design support of a number of publications of various programmes and centres of DHAN.

Media Resource Unit: During the year, this unit has organised 10 press meets on various themes and issued 10 press releases. A number of feature stories were published in the popular magazines and newspapers. The centre has initiated a Kalanjiam Community Radio with the support of UNDP to enable the communities in the disaster prone coastal areas to get prepared for managing disasters and strengthen their livelihoods to cope up with such disasters. The

Keelaiyur Vattara Vayalagam, a federation of Vayalagam Farmers' groups promoted by DHAN Foundation among the Tsunami affected communities owns the Kalanjiam Community Radio. The Foundation works with the federation to set up Governance and Executive Structure for managing the Radio Station. This initiative is supported by the UNDP and technical support is provided by VOICES, a Bangalore based Development Communication NGO.

Launch of Kalanjiam Community Radio assumes added significance as it virtually coincides with the Government of India guidelines enabling community radio to become a reality in the country. With its production centre at Vizhunthamavadi Village, the initiative is piloted in five nearby villages in the first phase. The license will however enable the station to cover the entire region. The centre is Working on the concept of Community Media Centre combining ICT based Village information Centres, Community Radio and Community Video to maximize the impact of information and communication on the lives of the local communities, especially women. The centre is involved actively in consultations with ministry of I & B through Community Radio Forum. Through this initiative DHAN Foundation is now emerging as one of the key players in South India in practicing Community Radio.

CENTRE FOR POLICY AND PLANNING

The Centre for Policy and Planning has been set up to support the programmes and institutions of the DHAN Collective so that they evolve, develop and modify their policies and fulfill their objectives. It shapes the sectoral policies from practice at the grassroots. DHAN Foundation as a member of many policy-making bodies on microfinance and water conservation strongly advocates pro-poor policies. As a resource centre, it organises many capacity building events and training programmes for bankers, government officials and representatives of NGOs within and outside the country.

The Centre for Policy and Planning of DHAN Foundation provided support to the programmes and institutions of the DHAN Collective so that they evolve, develop and modify their policies and fulfil their aims. It shaped the sectoral policies to be practiced at the grassroots. DHAN Foundation as a member of many policy-making

bodies on Micro Finance and Water Conservation strongly advocates pro-poor policies. The Centre has taken up policy advocacy processes through Policy Briefs, Policy Seminars on Microfinance, Water Conservation, Rainfed Farming, Panchayat Raj Institutions and Disaster Mitigation. As a resource centre, it organised many Conferences, Seminars, dialogues with Bankers, Government officials, Academicians and representatives of NGOs within and outside the country.

Policy Seminars: The Centre actively involved senior members of DHAN Foundation in Policy Dialogues, Discussions and shaping the Policy recommendations on themes. The Centre participated in all the Regional Coordinators meetings and provided Leads for programme implementation. It extended Liaison support to the programmes to forge and maintain alliances with the mainstream agencies at higher level in Tamil Nadu. Policy seminars were organised on the theme of crop Insurance for sustaining agriculture production and historical Perspectives of Tank Technologies and their Relevance in Modern Era. The centre provided design support to the programme to conduct similar seminars. In addition to the above seminars, the Centre provided support on NGOs Conference on Advancing SHG linkage - Affordable Micro Finance organised by INAFI-INDIA.

Policy Briefs: The Centre has brought out seven Policy Briefs on small- scale water bodies, of which two of them have been printed. They were "Encroachment of Small-Scale Water Bodies: Emerging Solutions for Eviction" and "Integrating Micro Finance into Water and Agriculture". The Centre made a presentation to the Chief Secretary and other Secretaries of Government of Tamil Nadu on Encroachment Eviction of Small-Scale Water Bodies on 22nd March 2007 at the Secretariat. One of the major impacts of the Policy Brief and the presentation was that the Government has taken an initiative to propose an "Act" on the Encroachments of the water bodies in Tamil Nadu. A Bill has been passed in the Assembly and suitable Act will be notified in due course.

The Centre has presented a paper on "Livelihood Opportunities through Financial Inclusion" at the National Conference on Public Policy Management 2007

at CPP, Indian Institute of Management, Bangalore. The presentation was well received and we were able to position DHAN and the Centre among National Policy making bodies. This paper was based on Policy Brief "Integrating Micro Finance into water and Agriculture.

The Centre also took up an assignment of studying the institution building process of a NGO - Guild of Service at Chennai. A comprehensive study report, recommending required changes in institutional processes was prepared and submitted the Board of the NGO. The Centre could also facilitate the Tata DHAN Academy students to complete their educational assignment with the Guild of Services.

CENTRE FOR FINANCE AND FACILITATING PHILANTHROPY

The Centre for Finance is an integral part of the central office, collating financial functions across programmes, centres and thematic organisations of the DHAN Collective. The Centre has moved from doing a few limited financial functions to contributing to the DHAN Collective and Peoples' Organisations by giving training and setting up financial management systems at all levels. The Centre places greater emphasis on building a transparent and foolproof financial management system. The Centre evolves financial policies for the Foundation and other Institutions in DHAN Collective and Peoples Organisations.

It ensures online accounting system with the support of accounting software packages, which in turn ensures compilation of reports in time apart from finalizing the account books. It has built a sound internal auditing system with the principles of ascertaining, appraising and recommending the quality of books and expenses. The Centre develops operational accounting manuals with the help of Auditors. It provides ICAI-formulated accounting guidelines for quality audit standards to ensure uniformity in programmes and institutions of the DHAN Collective. It facilitates the audit process and statutory compliances of People Organisations promoted by the DHAN Foundation. It also organizes training programmes for accountants and finance managers.

The Centre has setup Quality Assurance Audit Team to work with all the financial responsibility centres.

Concurrent auditing was done for all the Financial Responsibility Centres and the Centre was also able to complete the quarterly external audit in time. The Centre took initiatives in setting up mechanisms for appointment of External Auditors for People's Organisations region wise, with due reduction in the cost of audit after negotiation with auditors without sacrificing quality. In addition to ensuring statutory compliances, the Centre played a vital role of coordinating with all the programmes in sending reports to donors on time.

Centre for Facilitating Philanthropy

Development tends to be the concern of the government, donor agencies, NGOs and a few others. There is need for other stakeholders in the society to participate in the development process in meaningful ways to hasten the development process and usher in peace and prosperity for all rather than for a few which would ultimately be unsustainable. Also for any development to happen and to create enduring impact, we need to work continuously with the community over a period of time which requires continuous support. There is need for resources on a large scale.

Funding for projects, creating visible infrastructure are fairly easily available whereas funding for development of human resources both professional and community, institution building processes, creating endowments, experimenting and nurturing new ideas and themes that can potentially impact large numbers of poor, scaling up programmes to impact poverty significantly, support to transforming people's organizations into civic institutions that make development sustainable and in the hands of people themselves etc are scarce.

The Centre for Facilitating Philanthropy set up within DHAN Foundation is involved in creating meaningful opportunities for the different stakeholders in the society. The core areas of work for the centre are promoting philanthropy with the members of the poor communities that DHAN is working with, engaging the general public in development work in a more meaningful way, building corporate partnerships for social development, setting up Friends of DHAN

networks in other countries to support DHAN's work in the themes of microfinance, water, information technology, development management education, dryland farming, health etc.,

The focus during the year was on identifying relevant ideas for development into products for the promotion of philanthropy to mobilize resources both financial and non financial to support the work of DHAN. The renovation and creation of ooranis (dug out ponds) to resolve the drinking water problems of rural communities was promoted as a opportunity for individuals and institutions to consider taking up for support. The 25% contribution by the farmers and the provision of techno managerial services from DHAN for the implementation of the project caught the interest of those who came forward to support it. This ooranis in need were profiled on the website and those who contributed to it were also acknowledged on the webpages. The centre could raise Rs.20 lakhs for this purpose. A similar initiative to create access to electricity for poor households was launched on the website on the occasion of the World Women's Day on 8 March.

The centre in collaboration with the Centre for Development Communication and the DHAN Vayalagam Tank Foundation organized the Madurai Marathon 2007 as a Run for a Cause event on the theme of water. The purpose of the event was to raise awareness related to water issues and raise resources for water related issues. The centre could raise about Rs,5.5 lakhs for the cause and sponsors to meet the cost of organizing the event.

The Friends of DHAN in the Netherlands took up several initiatives to support the work of DHAN with the Centre. They could raise support for the education programme of DHAN, organize a development tour for participants from the Netherlands to gain an understanding of the work in India, support for the health programme of DHAN. Their support was useful to place two young professionals from the Netherlands to work with DHAN for a year. The Indian Association in Zurich, Switzerland extended supported to one urban federation of women self help groups to provide computer education for their children.

The Centre explored opportunities for partnership with HLL and a proposal to work on the theme of water was finalized. The Centre organized a knowledge building workshop on Facilitating Philanthropy for Development with participants from organization with a lot of experience in this area. A Development Dialogue was organized with participants from different sectors Such as academic institutions, banks, funding agencies and others to explore mutual areas of interest for forging partnerships.

Central Office

The central office plays the integration role across themes, geographic locations, functions etc. through innovative integrating mechanisms and events. It provides strategic support to the new thematic institutions promoted and help them to establish themselves. The central office also takes the responsibility for resource mobilization and its management, strategic planning, policy advocacy at higher levels, legal compliances etc. It has set up specialized Centres for Human Resource Development, Development Communication, Policy and Planning, and

Finance for the above activities as well as the different themes and thematic institutions.

DHAN Foundation has a number of integrating mechanisms that besides bringing in a common culture, vision among all the members also builds the leadership capacity. Some of them are the Strategic Forum, Consultative Forum, retreat, task forces and working groups for specific purposes. They contribute to the institution building processes and collective leadership.

The Regional Coordinators met every month to review operational issues and plans and to workout mechanisms for integration across themes and institutions. Knowledge building workshops were organised on select themes with them. The Consultative Forum met twice during the year. It reviewed all the programmes of DHAN collective. The Strategic Forum met several times during the year to review the growth and set the direction for the future growth. The Ninth Annual Retreat was organized at Sri Padmavathy Mahila Abyudhaya Sangam (SPMS), Tirupathi, Andhra Pradesh. Nearly 350 DHANites participated in the event.

FORM NO. 10 B

Audit report under section 12 A(b) of the Income Tax Act, 1961 in the case of
charitable or religious trusts or institutions

We have examined the consolidated Balance Sheet of **DHAN (Development of Humane Action) Foundation**, 18, Pillayar Koil Street, S.S.Colony, Madurai – 625 010, Tamilnadu, India (Permanent Account Number : **AAA TD 2591 B**) as at 31 March 2007 and the consolidated Income and Expenditure Account for the year ended on that date which are in agreement with the books of account maintained by the said trust.

This financial statement is the responsibility of the trust's management. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of the audit subject to non confirmation of balances of certain advances, deposits and loans recoverable, bank balances, donor balances and current liabilities. In our opinion, proper books of account have been kept by the head office and branches of the trust so far as appears from our examination of the books.



A handwritten signature in black ink, consisting of a stylized 'S' and 'D' followed by a horizontal line.

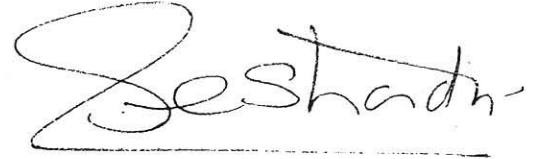
: 2 :

In our opinion and to the best of our information and according to the information given to us, the said accounts give a true and fair view :

- i) in the case of the consolidated Balance Sheet of the state of affairs of the above named trust as at 31 March 2007 and
- ii) in the case of the consolidated income and expenditure account of the excess of expenditure over income of its accounting year ending on 31 March 2007.

The prescribed particulars are annexed hereto.

for SUNANDA & SHESHADRI,
Chartered Accountants,



K.SHESHADRI,
Partner.

Membership Number : 2095

Place : Madurai
Date : 19 June 2007



**DHAN (Development of Humane Action) Foundation
CONSOLIDATED BALANCE SHEET**

As at March 31, 2007 As at March 31, 2006

	<i>Schedule</i>	<i>(In Rupees)</i>	
ASSETS			
FIXED ASSETS			
Written off as per contra	1	60,181,125	61,234,253
INVESTMENTS	2	78,058,357	68,672,164
CURRENT ASSETS, LOANS AND ADVANCES			
Bank Balances	3	54,120,544	66,388,968
Inventory		5,625	6,250
Loans and Advances	4	10,580,256	8,534,810
Total		<u>202,945,907</u>	<u>204,836,445</u>
LIABILITIES			
CORPUS AND CAPITAL FUND	5	87,749,671	72,516,489
SPECIFIED FUNDS	6	52,719,189	68,852,715
CURRENT LIABILITIES	7	2,295,922	2,232,988
FIXED ASSETS WRITTEN OFF AS PER CONTRA	1	60,181,125	61,234,253
Total		<u>202,945,907</u>	<u>204,836,445</u>
Notes on Accounts	12		

Schedules 1 to 7 & 12 form an integral part of the Balance sheet


Chairman


Treasurer

As per our Report of even date.
For Sunanda & Sheshadri
Chartered Accountants


Executive Director


K. SHESHADRI
Partner
Membership No. 20956

Madurai
June 19, 2007



DHAN (Development of Humane Action) Foundation

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED March 31, 2007 March 31, 2006

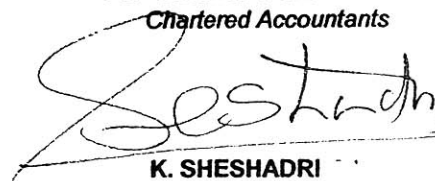
	Schedule	(In Rupees)	
INCOME :			
Grants Received	8	269,743,395	380,353,527
Techno Managerial Services Receipts (TMS)		3,107,588	2,265,423
Other Receipts	9	17,081,423	14,029,967
Total		<u>289,932,406</u>	<u>396,648,917</u>
EXPENDITURE:			
Community Banking Programme			
Programme Implementation and Administration	10	6,947,579	11,774,440
Capital Expenditure	1	<u>1,237,122</u>	8,184,701
Tank fed Agriculture Programme			
Programme Implementation and Administration	10	33,968,096	28,352,032
Capital Expenditure	1	<u>787,879</u>	34,755,975
Post Tsunami relief and Rehabilitation Programme			
Programme Implementation and Administration	10	190,470,516	294,084,372
Capital Expenditure	1	<u>14,553,862</u>	205,024,377
New Themes and Other Programmes			
Programme Implementation and Administration	10	27,054,787	27,317,125
Capital Expenditure	1	<u>15,435,314</u>	42,490,101
Central support system			
Programme Implementation and Administration	10	7,891,868	6,956,505
Capital Expenditure	1	<u>15,076</u>	7,906,944
Excess of (Expenditure over income) / income over expenditure		(8,429,692)	11,388,620
Total		<u>289,932,406</u>	<u>396,648,917</u>
Appropriation of Excess (Expenditure over income) of Income over Expenditure	11	<u>(8,429,692)</u>	<u>11,388,620</u>
Notes on Accounts	12		

Schedules 1 & 8 to 12 form an integral part of the Income and Expenditure account

 Chairman
  Treasurer

 Executive Director

As per our Report of even date.
For Sunanda & Sheshadri
Chartered Accountants



K. SHESHADRI
Partner
Membership No. 20956

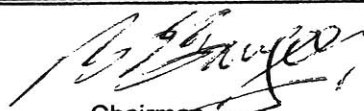


Madurai
June 19, 2007

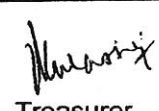
DHAN (Development of Humane Action) Foundation

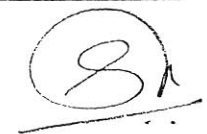
SCHEDULES TO CONSOLIDATED BALANCE SHEET

	AS AT MARCH 31,	2007	2006
Schedule 2 : Investments (In Rupees)			
Ford Foundation Corpus Deposits with :			
Post Office - KVP Scheme	14,300,000		14,300,000
Housing & Urban Development Corporation Ltd	5,000,000		5,000,000
Housing Development Financial Corporation	7,500,000		7,500,000
Govt. of India - RBI bonds	2,430,000		2,430,000
Fixed Deposits with Canara Bank	<u>3,143,773</u>		3,997,015
		32,373,773	
Sir Dorabji Tata Trust Corpus Fund Deposits :			
Govt. of India RBI bonds	16,373,500		7,737,500
Post office - Kisan Vikas Patra Scheme	7,500,000		7,500,000
Fixed Deposit with Canara Bank	<u>401,183</u>		600,000
		24,274,683	
DHAN own /Tata-Dhan Acadmey /Other Corpus Fund Deposits :			
Housing & Urban Development Corporation Ltd	500,000		500,000
Housing & Urban Development Corporation Ltd	991,621		2,416,624
Govt. of India RBI bonds	1,122,500		1,122,500
Post office - Kisan Vikas Patra Scheme	1,500,000		1,500,000
Fixed Deposit with REPCO Bank	8,169,803		-
Fixed Deposits with City Union Bank Ltd,	2,000,000		-
Fixed Deposits with ICICI Bank and Other investments	<u>4,983,014</u>		2,909,351
		19,266,938	
Sir Ratan Tata Trust Expendable Field Campus corpus			
Fixed Deposits with Canara Bank	2,142,963		1,884,000
Fixed Deposits with Pandian Grama Bank	-	2,142,963	9,275,174
Total		<u>78,058,357</u>	<u>68,672,164</u>
Schedule 3 : Bank Balances			
In Savings accounts		16,102,500	23,417,514
In Fixed Deposits		37,628,494	42,962,936
Cheques in Transit		389,550	8,518
Total		<u>54,120,544</u>	<u>66,388,968</u>
Schedule 4 : Loans and Advances			
Advances Recoverable:			
Project Advances to staff		103,463	199,298
Deposits		2,639,128	2,611,144
Other Advances Recoverable		<u>7,837,665</u>	<u>5,724,368</u>
Total		<u>10,580,256</u>	<u>8,534,810</u>


Chairman


Executive Director


Treasurer



Madurai
June 19, 2007





DHAN (Development of Humane Action) Foundation

SCHEDULE TO CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2007

Schedule 1 : Fixed Assets

Particulars	(In Rupees)										NETBLOCK	
	G R O S S B L O C K A T C O S T		D E P R E C I A T I O N		D E P R E C I A T I O N		D E P R E C I A T I O N		D E P R E C I A T I O N		NETBLOCK	
	As on 01.04.2006	Addition during the year	Deletion during the year	As on 31.03.2007	As on 01.04.2006	for the year	Withdrawn on deletion	As on 31.03.2007	As on 31.03.2007	As on 31.03.2007	As on 31.03.2007	
Community Banking Programme												
Freehold Land	2,037,316	-	-	2,037,316	-	-	-	-	-	-	2,037,316	
Building	1,206,692	-	-	1,206,692	327,014	87,968	-	414,982	-	-	791,710	
Building (Work-in-Progress)	119,980	-	-	119,980	-	-	-	-	-	-	119,980	
Furniture and Fixtures	1,238,519	3,795	183,928	1,058,386	558,398	58,597	85,387	531,608	-	-	526,778	
Office Equipments	436,160	2,400	72,413	366,147	283,956	17,229	33,268	267,917	-	-	98,230	
Professional Equipments	6,958,926	31,199	2,216,613	4,773,512	6,621,629	178,794	2,136,904	4,663,519	-	-	109,993	
Electrical Fittings	369,438	1,860	40,779	330,519	246,609	14,133	19,513	241,229	-	-	89,290	
Vehicles	3,470,215	995,500	-	4,465,715	2,022,006	367,573	-	2,389,579	-	-	2,076,136	
Staff Vehicles	728,242	202,368	406,674	523,936	-	-	-	-	-	-	523,936	
Plant & Machinery	85,436	-	-	85,436	52,029	3,995	-	56,024	-	-	29,412	
Total I	16,650,924	1,237,122	2,920,407	14,967,639	10,111,641	728,289	2,275,072	8,564,858	6,402,781	6,402,781	6,402,781	
Tank Fed Agriculture Programme												
Freehold Land	176,689	-	-	176,689	-	-	-	-	-	-	176,689	
Furniture and Fixtures	440,696	44,625	7,516	477,805	173,821	30,747	3,488	201,080	-	-	276,725	
Office Equipments	314,390	13,136	7,492	320,034	127,671	29,466	4,074	153,063	-	-	166,971	
Professional Equipments	2,009,322	439,063	259,860	2,188,525	1,802,385	371,343	232,764	1,940,964	-	-	247,561	
Electrical Fittings	138,455	25,200	7,810	155,845	82,658	11,465	3,241	90,882	-	-	64,963	
Vehicles	1,242,551	4,400	-	1,246,951	851,394	59,334	-	910,728	-	-	336,223	
Staff Vehicles	228,667	261,455	-	490,122	-	-	-	-	-	-	490,122	
Plant & Machinery	1,324,800	-	-	1,324,800	968,187	53,492	-	1,021,679	-	-	303,121	
Total II	5,875,570	787,879	282,678	6,380,771	4,008,116	555,847	243,567	4,318,396	2,062,375	2,062,375	2,062,375	
Post Tsunami Relief and Rehabilitation Programme												
Freehold Land	-	1,618,997	-	1,618,997	-	-	-	-	-	-	1,618,997	
Building work-in-progress	1,014,232	924,057	-	1,938,289	-	-	-	-	-	-	1,938,289	
People Academy Building	-	-	-	-	-	-	-	-	-	-	-	
Building	-	8,490,201	-	8,490,201	-	-	-	-	-	-	-	
Furniture and Fixtures	1,037,123	189,822	-	1,226,945	115,023	849,020	-	849,020	-	-	7,641,181	
Office Equipments	664,027	176,143	-	840,170	100,603	110,935	-	226,215	-	-	1,000,730	
Professional Equipments	4,729,214	1,034,534	-	5,763,748	3,005,812	1,654,761	-	4,660,573	-	-	628,632	
Electrical Fittings	400,586	89,118	-	489,704	67,896	63,272	-	131,168	-	-	1,103,175	
Vehicles	4,515,529	2,030,990	-	6,546,519	920,285	833,073	-	1,753,358	-	-	358,536	
Total III	12,360,711	14,553,862	-	26,914,573	4,209,619	3,622,253	-	7,831,872	-	-	19,082,701	

DHAN (Development of Humane Action) Foundation

SCHEDULE TO CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2007

Schedule 1 : Fixed Assets

(In Rupees)

Particulars	G R O S S B L O C K A T C O S T					D E P R E C I A T I O N			N E T B L O C K	
	As on 01.04.2006	Addition during the year	Deletion during the year	As on 31.03.2007	As on 01.04.2006	for the year	Withdrawn on deletion	As on 31.03.2007	As on 31.03.2007	
New Themes and Other Programmes										
Freehold Land	1,552,705	-	-	1,552,705	-	-	-	-	1,552,705	
Building work in Progress	4,873,313	14,286,457	-	19,159,770	-	-	-	-	19,159,770	
Furniture and Fixtures	1,221,672	118,125	-	1,339,797	294,899	104,489	-	399,388	940,409	
Office Equipments	555,758	72,743	-	628,501	167,035	69,220	-	236,255	392,246	
Professional Equipments	5,671,380	794,753	-	6,466,133	5,077,191	833,365	-	5,910,556	555,577	
Electrical Fittings	352,139	78,352	-	430,491	143,585	43,036	-	186,621	243,870	
Vehicles	1,480,688	37,475	-	1,518,163	518,108	150,009	-	668,117	850,046	
Staff Vehicles	130,121	45,949	44,587	131,483	-	-	-	-	131,483	
Plant & Machinery	141,140	1,460	-	142,600	83,943	8,799	-	92,742	49,858	
Total IV	15,978,916	15,435,314	44,587	31,369,643	6,284,761	1,208,918	-	7,493,679	23,875,964	
Central Support System*										
Freehold Land	8,474,350	-	-	8,474,350	-	-	-	-	8,474,350	
Furniture and Fixtures	313,086	13,236	-	326,322	129,288	19,700	-	148,988	177,334	
Office Equipments	77,981	-	-	77,981	55,174	3,420	-	58,594	19,387	
Professional Equipments	1,411,129	-	-	1,411,129	1,282,057	77,443	-	1,359,500	51,629	
Electrical Fittings	91,585	1,840	-	93,426	52,715	6,107	-	58,822	34,604	
Total V	10,368,132	15,076	-	10,383,208	1,519,234	106,670	-	1,625,904	8,757,304	
Total (I+II+III+IV+V)	61,234,253	32,029,253	3,247,672	90,015,834	26,131,371	6,221,977	2,518,639	29,834,709	60,181,125	

* Central Support System - Freehold land includes Rs.20,94,344 funded out of Corpus

B. Sankar
Chairman

N. Narayana
Treasurer

[Signature]
Executive Director

Madurai
June 19, 2007



DHAN (Development of Humane Action) Foundation

SCHEDULES TO CONSOLIDATED BALANCE SHEET - As AT MARCH 31, 2007

Particulars	(in Rupees)				Closing Balance / (Application) as on Mar 31, 2007
	Opening balances / (Application) as on Apr 1, 2006	Receipt during the year	Appropriation	Surplus / (Expenses)	
Schedule 5 : Corpus and Capital Fund					
Corpus Fund					
Ford Foundation	32,580,807	-	1,288,193	(1,627,699)	32,241,301
Sir Dorabji Tata Trust	15,837,500	8,000,000	1,146,146	(710,374)	24,273,272
DHAN Foundation Own	6,482,475	229,592	5,973,343	(1,100,000)	11,585,410
Others corpus fund	2,369,580	-	-	-	2,369,580
Tata DHAN Academy	1,300,000	-	200,000	-	1,500,000
Total	58,570,362	8,229,592	8,607,682	(3,438,073)	71,969,563
	13,946,127	-	-	1,833,981	15,780,108
Capital Fund	72,516,489	8,229,592	8,607,682	(1,604,092)	87,749,671
Schedule 6 : Specified Fund					
Donors' Account					
Sir Ratan Tata Trust Expendable Field Campus corpus Fund	52,893,769	-	1,828,559	(11,513,524)	43,208,804
SRTT Expendable Field Campus corpus Fund - Revolving fund returns	12,058,802	(2,765,103)	521,309	(6,269,627)	3,545,381
Sir Ratan Tata Trust Revolving Fund	100,000	-	-	-	100,000
Other Revolving fund returns	200,000	-	-	-	200,000
Community Risk Reserve Fund	3,197,331	1,227,000	-	-	4,424,331
Donatus	-	580,956	-	-	580,956
Rabobank Foundation	-	716,904	-	-	716,904
Book Fund	186,923	-	-	-	186,923
Vehicle Fund	215,890	-	-	-	215,890
TOTAL	68,852,715	(240,243)	2,349,868	(17,783,151)	53,179,189
					460,000
					200,000
					200,000
					4,164,331

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Executive Director

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Chairman

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Treasurer

Madurai
June 19, 2007



DHAN (Development of Humane Action) Foundation

SCHEDULES TO CONSOLIDATED BALANCE SHEET

(In Rupees)

	2007	2006
AS AT MARCH 31,		
Schedule 7 : Current Liabilities		
On Government Programmes	-	1,455,133
Others	2,295,922	777,855
Total	2,295,922	2,232,988

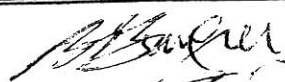
SCHEDULES TO CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

	2007	2006
AS AT MARCH 31,		
Schedule 8 : Grants Received		
From Foreign Agencies		
Oxfam Novib - The Netherlands	227,912,268	293,971,166
Rabobank Foundation	1,968,828	1,891,338
Oxfam (India) Trust	953,270	900,000
Care India	1,933,067	2,663,216
Philips India	846,744	1,148,575
ZLM Verzekeringen , The Netherlands	1,455,248	1,342,750
ACTED India	13,310,657	26,821,497
Interpolis Re, The Netherlands	108,861	2,649,783
American India Foundation	1,495,603	696,537
Chicago Balaji Temple Trust	250,000	250,000
Water for Life	714,358	6,250
Indian Association of Minnesota	221,393	-
Indian Association of Zurich, Switzerland	111,484	-
Water for Life	114,892	-
Individual donations for Tank renovation works	856,113	-
Others	-	23,983,105
	252,252,786	
Less : Grant refunded to Care India	24,830	252,227,956
From Indian Agencies		
Sir Ratan Tata Trust	4,182,263	5,500,000
ICICI Bank	1,250,000	5,058,476
ITC Rural Development Trust	3,389,000	2,859,000
Department of Agriculture NWDPR - Watershed	1,029,927	3,261,331
Jala Samvardhane Yojana Sangha - GoK	1,389,412	706,029
United Nations Development Programme / UNTRS	2,406,000	1,600,000
District Rural Development Agency -TN	1,388,460	1,264,963
National Bank for Agriculture and Rural Development	251,612	616,500
Canara Bank	800,000	-
ITDP Uttnoor, AP	200,000	-
Individual donations for Tank renovation works	1,228,765	-
Others	-	3,299,058
Less : Grant refunded to DRDA - GoAP	-	136,047
Total	269,743,395	380,353,527

Schedule 9 : Other Receipts

Interest from Banks, etc.,	6,761,530	7,521,111
Income from corpus Investment	3,827,193	3,430,746
Other Income	5,829,490	3,018,110
Donations	663,210	60,000
Total	17,081,423	14,029,967

Madurai
June 19, 2007


Chairman


Treasurer


Executive Director





SCHEDULES TO CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

AS AT MARCH 31, 2007 2006

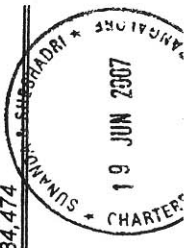
Schedule 10 : Programme Implementation and Administration (In Rupees)

Activity / Expenditure / Items	Community Banking Programme	Tank fed Agriculture Programme	Post tsunami relief and rehabilitation Programme	New Themes and Other Programmes	Central support system	Total
Post Tsunami - relief & Rehabilitation	-	-	6,108,030	-	-	6,108,030
Post Tsunami - Restoring livelihoods	-	-	60,481,115	-	-	60,481,115
Post Tsunami - Restoring habitat	-	-	10,925	-	-	10,925
Post Tsunami - Coastal Agriculture / Horticulture / livelihoods	-	-	40,049,177	-	-	40,049,177
Endowment and other Grants to Tank Farmers Associations, NGOs, Panchayats etc.,	1,100,000	110,000	3,016,551	-	-	4,226,551
Flood relief support and Restoring Habitat	-	6,001,585	-	-	-	6,001,585
Volunteer Allowances and Travel	1,600,822	3,103,696	11,426,271	2,539,701	-	18,670,490
Training / Expenses on Volunteers, Groups, Members & Federations & Civic Programmes	309,221	975,877	12,071,349	2,517,719	-	15,874,166
Support for Income generation by members	75,000	185,000	25,477,371	1,393,000	-	27,130,371
Crop Production & Water Management Training	-	306,010	951,401	-	-	1,257,411
Drinking Water Ponds Programme	-	7,219,202	3,658,920	-	-	10,878,122
Convention, Workshop, Events and meetings	533	1,276,311	661,247	-	1,499,958	14,872,184
Employees remuneration and benefits	2,646,638	9,528,292	14,809,771	9,831,393	2,950,673	7,836,313
Professional / Consultancy Charges	166,500	730,884	1,542,451	572,638	779,980	39,766,767
Travel / Conveyance	426,117	1,815,716	2,777,037	1,753,896	1,002,867	3,792,453
Vehicle maintenance	87,407	354,917	1,714,276	512,018	158,276	7,775,633
Books and Audio Visual Expenses	203	163,164	609,701	488,056	72,874	2,826,894
Printing and Stationery	111,362	467,687	1,036,525	1,347,435	508,769	1,333,998
Communication	92,767	495,577	1,278,476	687,370	236,893	3,471,778
Rent, Water, Electricity and Maintenance	291,667	1,136,971	2,668,590	1,653,710	476,030	2,791,083
Bank charges and Miscellaneous Expenses	39,342	97,207	72,308	33,624	180,548	6,226,968
Advertisement Expenses	-	-	49,024	244,707	25,000	423,029
Total	6,947,579	33,968,096	190,470,516	27,054,787	7,891,868	266,332,846
Previous year	11,774,440	28,352,032	294,084,372	27,317,125	6,956,505	368,484,474

[Signature]
Chairman

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Treasurer

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Executive Director



DHAN (Development of Humane Action) Foundation

SCHEDULES TO CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

AS AT MARCH 31,	2007	2006
	(in Rupees)	

Schedule 11 : Appropriation of Excess of (Expenditure over income) / Income over Expenditure

Excess of (Expenditure over income) / income over expenditure	(8,429,692)	11,388,620
Transfer to :		
DHAN Corpus fund from TMS Receipts and other income	5,101,798	1,500,000
DHAN Corpus fund from Interest Income	871,545	288,175
Sir Dorabji Tata Trust corpus fund - interest Income	1,146,146	600,000
Sir Ratan Tata Trust Expendable Field Campus - corpus from Interest Income	521,309	898,779
Sir Ratan Tata Trust - Interest on Building fund	1,828,559	1,784,814
Tata Dhan Academy Corpus fund	200,000	1,300,000
Ford Foundation Corpus fund from Interest Income	1,288,193	1,643,792
Balance carried to Balance sheet		
Donor's account		
Expenses transferred to Sir Dorabji Tata Trust corpus	(710,374)	-
Expenses transferred to DHAN Foundation own corpus	(1,100,000)	-
Expenses transferred to Ford Corpus fund	(1,627,699)	(1,124,316)
Sir Ratan Tata Trust Expendable Field Campus corpus - Fund expenditure	(6,269,627)	(601,591)
Others - Surplus	(11,513,524)	4,457,407
Capital Fund - Surplus	1,833,981	641,560
Total	(8,429,693)	11,388,620


Chairman


Treasurer


Executive Director





Madurai
June 19, 2007

DHAN (Development of Humane Action) FOUNDATION

Schedules to Balance sheet & Income and Expenditure account - Consolidated - for the year ended March 31, 2007

Schedule 12 : Notes on accounts

1. The guiding principles that are fundamental to the Trust are:
 - 1.1 High quality human resources will be engaged in grassroots work. The focus of the work will be on enabling rather than delivering through direct action.
 - 1.2 Value collaboration with mainstream institutions and government to demonstrate new and effective ways of development intervention and to build viable linkages between people and mainstream.
 - 1.3 Promoting people's organisations at various levels, with focus on one particular theme for sustainability.
 - 1.4 The strategy for growth is towards enriching the themes and retain subsectoral focus.

2. In pursuance of its objects and based on the guiding principles set out in para 1 above the trust:
 - 2.1 undertakes projects and facilitates government and private local institution sponsored projects for promotion, renovation and maintenance of irrigation systems, and of natural resources, by land treatment, watershed management, afforestation, waste land development and management and also housing/housing finance for the needy.
 - 2.2 promotes women's mutual credit and savings groups, associations of such groups and federations of such associations to enhance the savings and borrowing power of the poor to promote income generation activities for their livelihood.
 - 2.3 works with the poor through locally active groups, informal and otherwise, in the accomplishment of its objectives.
 - 2.4 provides technical and management assistance to similar voluntary agencies, institutions, government departments and funding agencies involved in developmental work in India. The reimbursement of cost/services in the form of fees are accounted under the head Techno Managerial service receipts & other receipts.

3. In the course of implementing the development projects the trust facilitates the mobilisation of substantial resources from various rural development schemes of the government and banks and through participants' own contribution, which are directly channeled to the participants. These have no monetary impact on the accounts of the trust. This is in keeping with the Trust's policy of progressively strengthening the capability of the weaker sections to deal effectively with development agencies and to manage development activities themselves. The administrative overheads incurred on account of the technical/managerial support extended are charged as expenditure of the trust.

4. In the case of informal savings and credit groups and other income generation activities flowing therefrom, the trust provides inter alia revolving fund grants & working capital loans, as per the mandate of the donors to the beneficiaries and the same are separately accounted for through the Balance Sheet, held in trust and administered. All other grants (except corpus grants), including capital grants, are taken as revenue receipts of the trust in the year of receipt.

5. The trust follows cash basis of accounting.

6. Fixed assets are written off in the year of acquisition as expenditure in the income and expenditure account.



The cost of such assets were shown as contra on both the assets and liabilities side of the Balance Sheet till the year ended March 31, 2006 after deleting the cost of assets transferred, sold, obsolete etc. From the current year, that is the year ended March 31, 2007, to present a more realistic picture of the value of assets appearing in the balance sheet, depreciation at the rates provided in the Income Tax Act, 1961 is being reduced from the fixed assets shown in the assets and liabilities side of the Balance Sheet on the written down value method. In the current year depreciation has been provided since inception / acquisition. No Corresponding change has been made in the preceding years figures.

No depreciation has however been provided on staff vehicles as they are deleted when transferred to the employees at cost on their repayment of the loan taken to acquire the vehicle.

Professional equipments include computers, projectors, cameras etc, and have been depreciated at the rate applicable to computers.

7. Fixed Assets include Rs. 30,46,703/- consisting of Motor vehicle Rs.1,78,008/-, Furniture and Fixtures Rs.1,31,888/- Office equipments Rs. 96,751/- Electrical fittings Rs 11,538/- Professional equipments Rs 80,218/- Plant and Machinery Rs 13,23,300 and Land & Building Rs 12,25,000/- being assets acquired out of grants received from the United Nations Development Programme (UNDP), for a programme titled 'Promotion of alternative livelihoods for the poor in the biosphere of Gulf of Mannar' through the Ministry of Rural Development, Government of India (executing agency) and the M.S. Swaminathan Research Foundation, Chennai (implementing agency). These assets remain the property of UNDP and disposal /transfer was to take place at the end of the project. The project has ended and in the absence of any specific instructions from UNDP the assets are still held by DHAN Foundation. Depreciation has been provided as explained in paragraph 6 above on these assets also.
8. Consequent to the enrolment of the employees under the government provident fund scheme (Government scheme), the funds of the DHAN Foundation Staff Provident Fund, a recognised provident fund trust (Staff provident fund) had to be transferred to the government scheme. To provide liquidity to the staff provident fund to do so, some of their investments (including deposits with Housing and Urban Development Corporation Limited (HUDCO) of Rs 9,91,621/- (Previous year Rs 24,16,624) were acquired for consideration by the Trust. Of Rs.9,91,621/-, (Previous year Rs 24,16,624) while deposit of Rs 5,74,340/- (Previous year Rs 5,74,340) is held jointly by the trust with the staff provident fund with the prior approval of HUDCO, Rs 4,17,281/- (Previous year Rs 18,42,284/-) is held in the name of the staff provident fund only as transfer in favour of the Trust is not permissible as per HUDCO.
9. Fixed Deposits of Rs 1,11,830/- (Previous year Nil) are under lien with Sate Bank of India as 100% margin for the bank guarantee issued by them in favour of CAPART.
10. Inventory of Rs 5,625/- (Previous year Rs 6,250/-) being pressurised candle (water) filters representing grants in Kind from an overseas donor is valued at nominal value at Rupee one per unit.
11. Previous year's figures have been regrouped / reclassified wherever necessary.


Chairman


Treasurer


Executive Director





Madurai
June 19, 2007

ACKNOWLEDGEMENT

We gratefully acknowledge the contributions and continued support being rendered by Sir Ratan Tata Trust, Mumbai, Oxfam Novib, the Netherlands, Sir Dorabji Tata Trust and Ford Foundation, New Delhi, to our work from the very beginning.

We express thanks to NABARD, National Housing Bank, HDFC, HUDCO, SIDBI, ICICI Bank, Corporation Bank, Bank of India, Canara Bank, Indian Bank, Indian Overseas Bank, State Bank of India, State Bank of Hyderabad, State Bank of Mysore, Andhra Bank, Bank of Baroda, Union Bank of India, Vijaya Bank, Syndicate Bank, Central Bank of India, and other commercial banks, Regional Rural Banks and Central Cooperative Banks for their support during the year.

We thank the Insurance Companies – Life Insurance Corporation of India, MetLife India, Birla Sunlife, HDFC Standard Life Insurance, ICICI Lombard Insurance, National Insurance Company, United India Insurance, New India Assurance and other insurance companies for partnering with us and supporting social security initiatives of the Peoples Organisations promoted by us. We also thank Oxfam Novib, Rabobank Foundation, Eureka Re, Donatus Verzekeringen, and MIAN – the Netherlands for their continued support to shape the social security initiative of DHAN.

Our thanks are also due to CAPART, New Delhi and the District Rural Development Agencies of the districts in Tamil Nadu, Andhra Pradesh, Karnataka and Pondicherry where we are working, District Water Management Agencies of Andhra Pradesh, Agriculture Department of Government of Tamil Nadu, Jala Samvardhane Yojana Sangha of Government of Karnataka, UNDP and United Nations Team for Tsunami Recovery, Integrated Tribal Development Programme of Government of Andhra Pradesh and District Rural Development Agencies of the districts in Tamil Nadu, Andhra Pradesh, Karnataka and Pondicherry where we are working.

We thank ACTED India, American India Foundation, Chicago Balaji Temple Trust, Indian Association of Minnesota, ADECCO, ABN AMRO Foundation, Rabobank Foundation, the Netherlands, American Indian Foundation, Care India, Singapore, Oxfam (India) Trust, ZLM Verzekeringen, The Netherlands for their support during the year in restoration of livelihoods initiatives in the Tsunami affected locations.

We also thank ITC Rural Development Trust, Philips India, and Indian Association of Zurich, Switzerland and Water for Life for jointly working with us on specific themes. Also we thank individuals and NRIs for their support to the philanthropic initiative of DHAN to revive Ooranis. We thank the entire academic and research institutions that have collaborated with us during the year.



DHAN Foundation

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*"Love worth learning, learn flawlessly
Live by that learning thoroughly."*

- Thirukkural (391)

