

# Development

June 2008

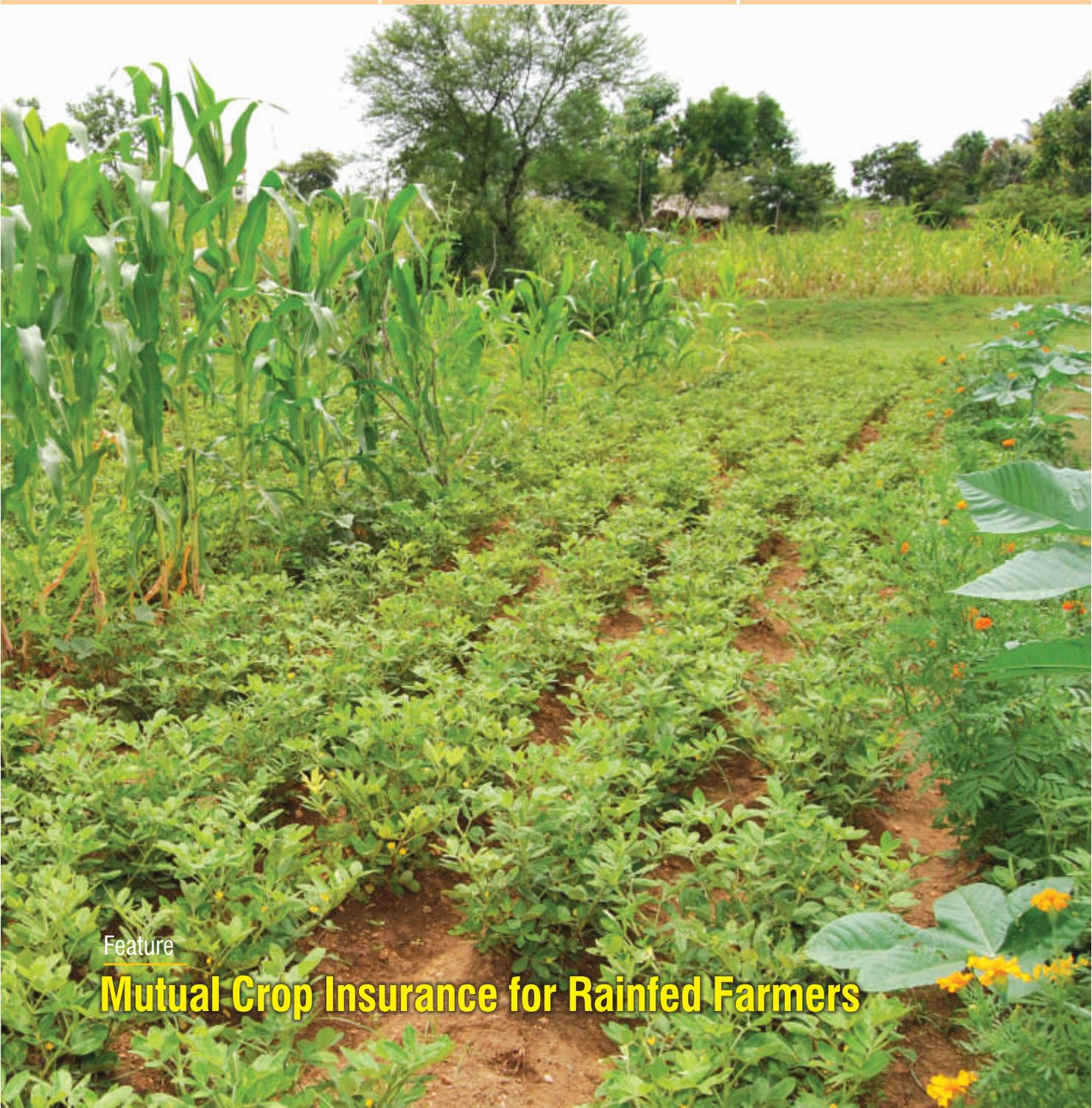
Monthly Development update from DHAN Collective

# Matters

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Feature

## Mutual Crop Insurance for Rainfed Farmers



The rainfed farmers face various kinds of risk in their livelihood. These risks can be categorized as human or personal risk, asset risk, production or yield risk, price risk, institutional risk and financial risk.



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## From the Editors' Desk

### Dear Readers!

This June issue of Development Matters, features the Mutual crop Income Insurance experience by the Rainfed Farming theme. Life of a community leader, Shanmughavalli shows us how she claimed a leadership ladder is shown. Now she is the President of INFOS. Ramkumar writes about the CBOA-DHAN model community school, a product of collaboration between Canara bank and DHAN Foundation.

The evolution of Livelihood Initiative with Functional Education and few human interest stories of the beneficiaries are pictured. Sakuntala speaks about Kalanjia Vidyaniketan, a school to address the problems of child labour and school drop outs of Hyderabad slums. Dheivanai explains how some of the families have improved in their standard of living due to DHAN's microfinance intervention. She gives the process documentation of the categorization process.

Please share with us your feedback, contributions, comments, critiques, feedback and encouragement to enrich the quality of this magazine.

### Happy Reading!

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# Piloting Mutual Crop Income Insurance with Small Rainfed Farmers

M. Karthikeyan\*

## Introduction

One cannot overstate the contribution of rainfed agriculture to the Indian economy. Within the agricultural sector, rainfed agriculture accounts for more than 60% of the total area cultivated and 40% of total production. In terms of output, 80 percent of the coarse cereals, 50 percent of maize, 65 percent of gram and tuar, 81 percent of groundnut, 88 percent of soyabean and more than half of the cotton output of the country, is accounted for by the rainfed districts. Nearly 50 percent of the total rural workforce and 60 percent of cattle heads of the country are located in the rainfed districts (Shah et al., 1998). As the growth of irrigated agriculture has reached a plateau and the ground water sources are dwindling very fast, future lies with rainfed agriculture. More significantly agricultural development in the rainfed areas is seen by a wide spectrum of people as the route for equitable development and as a solution to the current imbalance in development.

The rainfed farmers face various kinds of risk in their livelihood. These risks can be categorized as human or personal risk, asset risk, production or yield risk, price risk, institutional risk and financial risk. Among these, the production risk is the predominant one and it includes loss due to weather risks, pest and diseases, animals and

disasters like Tsunami. In rainfed agriculture weather risks play an important role, as more than 60 to 80% of the yield is decided by the adequate quantity and proper distribution of rainfall. Further the risk due to long dry spell and drought are recurrent. Hess estimated that 49 percent drop in rainfall levels for the month of July during the 2002/2003 growing season, caused a 3.1 percent decline in agricultural GDP of India (Hess 2003). The consequences of recurrent risks are having far reaching effects on the farming families like lack of credit availability, migration, compulsion to change their vocation and in extreme cases suicide.

The traditional coping mechanisms used by farmers include accumulation of buffer stocks as precautionary savings, varying cropping practices (planting different crops and varieties, planting in different fields and staggered over time, intercropping and relying on low risk inputs), diversification of income sources/ enterprises, distress sale of farm assets, removing children from school, migration and borrowing. These measures are not sufficient to manage the various consequences of production risk and they are not available to all. As the state intervention in terms of crop insurance and disaster relief have run into various kinds of problems making them ineffective, this critical problem of rainfed farmers remains

unaddressed to a large extent.

This article is written primarily to share DHAN Foundation's experience of piloting mutual crop income insurance, first of its kind in India, for addressing the production/yield and price risks of rainfed farmers. The following sessions cover the background of the pilot, process involved, outcome, learning, issues and concerns and the way forward.

## Background

Mutual Crop Income Insurance (MCII) for groundnut crop was piloted in Nattarampalli, a block in Vellore district of Tamil Nadu, India. DHAN Foundation has been implementing Rainfed Farming Development Theme in this location for the past five years and currently working with around 2,500 farmers. These farmers are organized into 147 groups, ten Watershed Associations (WAs) and one Coordination Committee (CC). Deficit rainfall insurance, a kind of weather insurance, was piloted in this location for three years in collaboration with ICICI Lombard. Even after improving the product in many ways it was found unsatisfactory to the farmers as it was difficult to design a product that fully reflects the relationship between crop performance and rainfall. Besides the inadequacies of the weather insurance product, the other main problem faced was externalizing the issue of yield loss by the farmers and looking

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forward for some compensation irrespective of the crop loss situation, when insured through insurance company. This was mainly due to inadequate insurance education. Due to these issues other effective alternatives were sought for addressing yield and price risks. The search was for an alternative insurance mechanism that not only manages risk but also result in motivating the farming community to look for all means of preventing the risks and lead to empowerment of local farmers in the long term. At that point in time Eureka Re, a Netherlands based reinsurance company came forward to support mutuality based crop income insurance. Netherlands is known for mutual insurance and mutual crop insurance products like AVIPOL, Potato Pol were in vogue there for more than a decade and found to be effective. Out earlier experience with mutual deficit rainfall insurance and mutual pest insurance at Thirumangalam taluk of Madurai district was also positive. So it was decided to pilot MCII. MCII is a product in which the farmers are indemnified based on actual losses, with loss assessment and price monitoring done by older and wiser farmers. As the participating farmers were organized into organisations of their own at various levels and have been involved in various farming related interventions for the past four years, they had the necessary social capital for piloting Mutual Crop Insurance (MCI). The spatial correlated nature of rainfed agriculture risk, which makes it difficult to insure, was addressed through pooling of risks related to mutual crop income insurance product at Nattarampalli, mutual rainfall insurance products at Thirumangalam and Mudukulathur and mutual pest insurance product at

Thirumangalam at People Mutuals (People Mutuals is an organization that supports insurance activities of various federations promoted by DHAN Foundation), all four having different risk profiles. Further this pilot has become feasible due to training and reinsurance (twelve percent of total premium collected was remitted to People Mutuals for reinsurance) support by People Mutuals, technical support given by Mutual Insurance Association of Netherlands (MIAN) and financial support and back up guarantee support given by Eureka Re.

### Process followed

A Mutual Insurance Committee (MIC) was formed by selecting two to three wiser farmers from each watershed. These farmers were selected based on their track record of involvement in community activities and knowledge of groundnut cultivation. They were exposed to the mutual life and mediclaim insurance products practiced by Kadamalai Kalanjia Vattara Sangam, a federation of women SHGs promoted by DHAN Foundation. Training was conducted by People Mutuals to orient them on the concept of mutual insurance. To design the MCII product, the data on past experience of rainfed groundnut cultivation in Nattarampalli was collected from a group of farmers. This included frequency, levels and causes of loss, variations across the location and cost of cultivation. The data revealed that individual farmers experience a loss on average twice in five years. Losses range between Rs.525 and Rs.2,500 per acre, with an average of Rs.1,500 per acre. Usually once in five years a moderate loss is suffered, which means below average, and once in five years farmers are

confronted with a severe loss, which is above average. Individual farmer's area of cultivation ranges from 0.25 to 4 acres, with an average of 1 acre per farmer. MIAN has developed a mutual insurance product using this data. This product was discussed in detail with the MIC and they customized the same product in terms of sum insured and premium per acre. It was decided to go for the groundnut mutual income insurance policy with Rs.2,000 as sum insured and Rs.500 as premium per acre. Out of Rs.500, the risk premium was Rs.468 and the administrative cost was Rs.32. The design of the product was such that cost of cultivation was considered as the bench mark for compensation and not the expected income, to make the product affordable to farmers. MIC also evolved the norms and methods for implementing this mutual insurance product for groundnut in three meetings. Concerted efforts were taken to avoid the conventional problems of crop insurance (i.e.) adverse selection, moral hazard and delayed compensation in MCI. Moral hazard risk was addressed by introducing retention, requiring farmers to pay a pre-determined percentage of their loss themselves. The extent of retention of losses by the farmer herself/himself was 35% (i.e.) Rs.1,000 out of total expected loss of Rs.3,000 per acre. Further, the organization of the claims assessment process was also designed in such a way to ensure a further reduction of moral hazard risk through abandoning fraudulent farmers and those who have not taken preventive measures. The insured farmers own the mutual pool and because of that they were very critical to what type of farmers was accepted as members of the insurance pool. This environment of social control and familiarity of

### Box No. 1: Norms evolved for Mutual Groundnut Insurance:

- All the farmers enrolling into the scheme have to specify the plot of land insured with survey number.
- The team of MIC member, professional and associate would visit each farm to identify the insured plot of land and to take basic details of the groundnut crop. A separate notebook would be used to record the particulars of crop.
- If the sowing is taken up in shaded area, such area to be deleted from total area covered.
- If low seed rate was practiced, seed rate based area to be taken for coverage.
- All insured farmers should inform the MIC before one week of intended harvest. The plot harvested without giving information would be removed from coverage.
- Just before harvest each farm would be visited by the same team to assess the yield. A sample from the farm would be taken to assess the yield of the insured plot of land.
- Compensation will not be given for human negligence, which will be identified during periodical visit.
- If there is yield loss due to heavy weed infestation the plot will be removed from coverage.
- If there is yield loss due to damage by wild animals the plot will be removed from coverage.
- Sample yield measurement would be taken in all plots of the insured land.
- Sample yield measurement would be done using cycle tyre. Sample yield measurement would be taken near four corners of the plot at a distance of 10 feet from each corner and also in the centre.
- Litre measure would be used to measure the sample harvest. Crown filling method to be followed for measurement.
- The conversion ratio is 12 litres = one vallam; 42 vallams = one putti.
- One eighth of volume of the fresh produce to be deducted for wages.
- Fifteen vallams to be deducted for half acre seed material.
- The value of groundnut plant residue will not be taken for calculating total income.
- Any one of the two MIC members who are considered as an expert on groundnut will also accompany the team for harvest measurement.
- So by the end of the season there will be information regarding the actual yield of each insured plot of land and the reasons for the same.
- The current year farm gate price will be used for calculating value of the produce. Average price for the season would be found after taking into account high and low prices in the season.
- If the quality of produce is poor, pertinent price would be used.

colleague farmers with production circumstances have resulted in avoiding farms that repeatedly face loss thereby addressing adverse selection. Because each MIC member was responsible for assessing claim in his/her own area he/she would be aware of the production history of the insured person and plot and will therefore be able to provide a good judgement of crop damage quickly. Further as the premium was with MIC they were favourably placed to give compensation at the earliest. The norm evolved for implementing MCII given in box no. 1 reflects this in detail. A total of 204 farmers were enrolled for the product, out of which 14 farmers were rejected based on the norms. A total area of 74.1 acres belonging to 190 farmers was insured and the total sum insured was Rs.148,260/-

### Outcome

Out of the total 190 farmers selected for coverage, 68 farmers have sown in the early part of the season, 113 in the fag end of the season and 9 in both the seasons. The yield of early sown crop was good and it was considered the best in the last five years. The late sown crop has not fared well particularly due to 35 days dry spell during pod formation phase and the yield varied from bad to worst. The quality of harvest was also below the mark thereby fetching lower farm gate prices. At the end of the season, the MIC decided that the average price per *putti* (A *putti* is a local volume measure which is approximately equal to 120 kg of dried groundnut pods) of first season crop as Rs.2,250 and that of second season as Rs.1,400. Using the yield data arrived from harvest sample and the average price, compensation was arrived.

Compensation below Rs.100 was taken as Rs.100 and all compensation figures were rounded to nearest multiple of ten. If a farmer has cultivated in two seasons, each crop was taken as a separate policy. Last year compensation was received by 64 farmers to the extent of Rs.21,250.

### Learning from piloting MCII

Piloting MCII has resulted in rich learning on designing and implementing mutual crop insurance and on various aspects of groundnut cultivation in Nattarampalli. They are listed below.

- The team came to know in person the various issues faced by groundnut farmers like late onset of monsoon, long dryspell within the crop period, wild animal attack, attack by rats, death of young plants, viral disease, stem rot and white grub menace. For the first time in the last five years, the team came to know that viral disease and white grub are causing significant damage to the crops.
- The yield varied widely even in the case of fields sown on the same week, mainly due to the attention given by the farmer in terms of number of ploughing (particularly summer ploughing), FYM application, fertilizer application, seed quality and sowing in time. This observation validates the idea that even if there is enough rain, what the rainfed farmer does before sowing decides the major portion of yield.
- Presence of *Bellari kuthi* variety, which is a semi spreading type, was found in the location. It has

advantages like more ability to withstand drought, better palatability, the plant residue not wasted by incessant rains during harvesting and kernels will not germinate in the land itself if harvesting is delayed, over that of TMV 7, the ruling variety. The only problem is lower oil content. After due consultation with farmers, this variety can be promoted on a significant scale in the next year.

- Even though members were given training on the importance of earthing-up in the first two years of the theme, almost none of the insured members practiced earthing-up mainly because second weeding is not practiced. This could have significant negative influence on the yield.
- Participation in implementation and ownership of the product by the MIC members was remarkable. They were very instrumental in convincing and explaining to the insured members. The concept that this insurance product is based on actual losses and involving in this product is like doing saving, that will come handy when actual loss occurs, was well explained by the MIC members.
- The capacity of the MIC members to handle the issue of crop loss has significantly improved.
- The attention of the insured members on their crop has increased because of their participation in MCII, particularly due to the field visits by the MIC members and staffs.

This increase in attention has potential to stimulate timely action and so better crop performance.

- This initiative has resulted in expansion of insurability in terms of size of farm. Even 0.12 acre farm was enrolled for MCII.
- The influence of season on yield was very much demonstrated in 2007 and so 15<sup>th</sup> Adi was kept as closing date for groundnut sowing season for the next year, so that the crops sown after that date will not be covered by MCII.

### Issues and concerns

- The administrative cost of MCII was substantially high ranging from 20 to 25 % of the sum insured. But this can be reduced to 10 to 12 %, if the area covered per farmer can be increased by two to threefold. Even then the administrative cost would be substantially higher. Annexure 1 gives details of cost of implementing MCII.
- In farmers' opinion, the yield of early sown crop is always better than the late sown crop. If it is validated by large number of farmers, there is need to differentiation of premium based on sowing date. Or otherwise early sown farmers will be at a disadvantage when compared to the late sown peers.
- Even with in a single village there is variation across farmers in terms of sowing date. It is to be explored why certain farmers sow late when their neighbours are sowing in time and what can

be done to make them capitalize rains in the early part of the season.

- There is lack of enabling environment for MCII, like reinsurance support.

#### Way forward:

- As field visits done as part of insurance work can result in production enhancement, part of the cost of implementing MCII can be seen as an investment for production improvement and can be funded through other means of public investment. This step would substantially reduce the actual premium.
- All measures need to be taken to reduce the administrative cost. Learning from existing practitioners and improving the capacity of MIC members can be of help in reducing the cost.
- The product can be revised after three years based on experience.
- As similar MCI products can be potential tool to address issues like drought and climate change in a proactive manner and as it is an obligation of the state to support families affected by these issues, state need to come forward to create necessary enabling environment. Creating necessary enabling environment includes supporting pilots for evolving product design for various crops in different regions, reinsurance and insurance literacy, promoting the evolved products and bringing in necessary regulations like that of Philippines.

#### Annexure 1 - Cost of implementation of MCI

Sl. No.	Particulars	Amount (Rs.)
For one unit of 200 farmers		
1	Field visit @ 1,000 km two wheeler use in two months (8 to 10 farmers can be covered in a day and so 2 months needed for minimum of two visits) @ of Rs.2.25 per km	4,500
2	Honorarium to MCI memebtrs for crop assessment @ Rs.100 per day for 50 days	
3	Cost of collecting premium, remitting to Coordination committee, maintenance of accounts - roughly	5,000
4	Meeting cost @ Rs.20 for each MCI member (one member for 20 insured farmers) and for 10 members for 4 meetings	6,000
5	Salary to Insurance associate @ 5,000 per month for 3 months	800
6	TA to insurance associate besides 4,500 @ 300 per month	15,000
7	Professional cost - 4 days for 4 meetings and another 11 days- a total of 15 days @ 500 per day	900
8	Photo copy @ Rs 5 per insured	1,000
9	Other miscellaneous items	1,000
<b>Total</b>		2,500
Risk premium for 200 persons @ half acre for each insured @ 468 per acre		43,200
Share of premium to sum insured		46,800
Share of management cost to sum insured		0.45
This can change positively if each farmer is made to insure one acre then the share of management cost to sum insured is 0.108		0.216

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# Shanmughavalli in leadership ladders

T. Narendran & K. Amina Bibi\*

## Birth and parental family

Shanmughavalli was born and brought up in a small village called “Ettivayal” in Ramnad district of south Tamil Nadu. There were three female children and one male child to her parents. Her father, Maiyan, was an ex-service man, retired from the military and working in railways. Her mother, Alagammal, was a housewife. Owing to transferable job of the father, the mother used to accompany her husband leaving the children in her parent’s house. Shanmughavalli, the third child, studied up to 4<sup>th</sup> standard because she and all family members sacrificed in all possible ways to educate the eldest sister. The eldest sister was very interested in studies, completed her B.A., became the first graduate in their family and learnt professional skills like short hand and tailoring and later she became a teacher. The next sister and the youngest brother studied until 8<sup>th</sup> standard. Shanmughavalli had the responsibility of doing the household chores and taking care of her siblings. She longed for a free student life whenever her grandparents would command her to do household chores. She watched her sister get an education and started accepting the life. She had a desire to become a teacher but had to sacrifice it for the benefit of others. She says, “Though I have lost formal education in the childhood days, I learnt a lot from life experience. See, I am speaking



confidently to the Collector and Superintendent of Police about the people’s problems and finding ways to solve it.”

## Broken marriage

All the family members and their relatives were illiterate. It was very normal to arrange marriage in very early years. A marriage was arranged to her close relative, Poovalingam. Life was not compatible with him. They had a misunderstanding from day one. Her marriage ended in divorce, but by that time, she had a daughter and conceived a son of 86 days. She started living with her parents like a widow, not wearing any jewels, or *bindhi* (spot on the forehead). Her father supported the needs and took care of the children. Her father died in the year 2000. Then the maternal property was shared equally by her and her brother.

## Membership in Kalanjiam

While living in the village, she came to know about Mahalir Thittam, a government-run SHG program, and was a member from 1995–99. There was only savings and lending. The group accountant used to withdraw money from banks and mishandling was not a rare practice. When Ms. Anbarasi and Mr. John Vincent came to their area for group formation, she was reluctant to join in the Kalanjiam SHG promoted by DHAN Foundation. They explained the salient features of Kalanjiam like no money handling by staff, money remains with the members, loans based on need, lower interest rate, etc. She observed the operation of Kalanjiam in her village for a month, and then she was convinced. She spoke with 11 other villagers to form

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a group called Iyyanar Kalanjiam. The initial saving was Rs.10 per member.

### Leadership Ladder

In the first group meeting itself she was selected as a Group Treasurer for three years. The criteria of her being selected were her initiatives to form a group, home managing strategies from the childhood days and bringing up the siblings in a responsible manner. Organizing group meetings, book keeping in perfect manner, accounts updating gave recognition in the village. Her first loan was Rs.300 from group, availed to meet the festival expenses. Her first bank loan was Rs.2,000 which she used for electrification of her house. She was prompt in loan repayment. After six months, cluster (a few groups combine to form a cluster) was formed. Again she was the treasurer of the cluster for two years. She learnt a lot like social mobilization, how to speak, behave and interact. She also took initiatives to solve the problems of the poor people. Over a period of time she became the secretary of Sigaram federation, a federation of women SHGs in Ramnad. She was giving trainings to younger colleagues. Her active participation in all SHG activities made her an ambassador to serve people. In 2003, there was First National Convention of Women leaders conducted by Indian Network of Federations of Microfinance Self Help Groups (INFOS) and she had represented Sigaram federation and gained good recognition and also built good rapport with other federations who participated from across the country. When INFOS launched formally in 2006, she was selected as the president of the INFOS due to her commitment and experiences in the SHG movement. In about 13 years of

being a member and office bearer at different levels, she availed only five loans, of which, the last loan (from federation) was towards her daughter's marriage.

### Day to day life

Being a single woman with the burden of grooming two children, she used to do agricultural field works. She also does tailoring works to earn her livelihood. She spends minimum time for her household chores and spends most of her time in one or the other group, cluster or federation activities. Maybe problem-solving, book-keeping in groups, giving and receiving trainings, conducting health camps, electrification, awareness programmes etc. As she was born and brought up in the same village, the villagers have credibility on her. She says "If I had confined to home, I would have lived only with the depression of my life. When I came out of my cocoon, the world was bigger and people around me had bigger problems than me. So I decided to help them to come out with the collective strength. To start with, I did counseling, encouraging others to overcome the situation. People appreciated my attempts for the positive results. Kalanjiam (group of people) is my base I earned in my life, whenever I have problem, I go to them. They support me. I needed support for my daughter's marriage; I got (moral support and loan) from Kalanjiam."

### As a leader

Punctuality, keeping my words, sincerity, acquaintance with professionals of DHAN Foundation,



trainings, dedication to group, honesty and always available for the people are the qualities people saw in me to make me a leader. I also give tailoring training to many villagers, to earn their livelihood. "I was instrumental in promoting SHGs (Kaliyammam and Durgaiammam Kalanjiam) in MGR Nagar with the help of cluster and federation leaders. These people being economically, socially backward called Narikuravar (tribal people). The traditional occupation of this community was producing and selling ornaments and toys by carrying in baskets, selling during festivals. Their daily income was exploited by money lenders, and the interest paid was beyond their income level. To eliminate this issue I discussed with other leaders and resolved to support these Kalanjiam through Sigaram Vattaram (the federation) and Kalanjiam Development Financial Services (KDFS)." As a leader, I am not to dominate or dictate others but to be one among them. The then Chief minister of Tamil Nadu, Kamaraj is my role model. The secret of my success is the poor people who encouraged and brought my potential out. My aim is to reach all the left out poor people in our country and make them to be part of SHGs. I have traveled to give training to people of various states like Andhra Pradesh, Karnataka, Pondicherry, Madhya Pradesh, Orissa etc. ■

# CBOA-DHAN Model community school

S. Ram Kumar\*

## Background

Education is a universal right to all school-age children; this has been widely recognized and accepted by all the countries and world-level organisations. Though education is a basic right, in many rural areas, availability of good-quality educational services is still often a dream. DHAN Foundation through its need based intervention has a plan of providing the quality educational services in the remote pockets in the rural areas. Canara Bank Officer's Association (CBOA) has the educational society and has the similar objective of providing the quality educational services for the rural community. DHAN Foundation, through its intensive works for imparting quality education to the poor and disadvantaged students in Tamil Nadu, had come up with an idea of initiating a model community school which will provide quality education for the students in the rural areas with the medium of instruction in English. It is piloted in Sivagangai district, one of the backward districts in Tamil Nadu where the availability of the quality education at an affordable cost is to be improved.

## Genesis

The village selected for the school project is Melavellore. It comes under the Manamadurai Taluk of Sivagangai district. It has poor educational services. There are 24 villages around this village with the need for the better



CBOA-DHAN Model community school inauguration function on 3.6.2008

educational services. It is situated in the rural village road which runs parallel to the National Highway of Madurai to Rameswaram. It is about 20 kilometres away from Madurai. There are government primary schools in these villages and there is a private matriculation school to cater the needs to 7,194 students. About 2,823 students still depend on Madurai city and the other nearby areas for their education. Most of them prefer a good quality education with English-medium instruction.

DHAN Foundation, with the collaboration of CBOA educational trust, has proposed to provide community school in these rural areas. With the emphasis on activity based learning (ABL) and the orientation on community school, a

good learning environment would be created which will automatically result in the overall personality development of the students. The community will be enabled to manage the school with the village educational committee. The community, DHAN Foundation, and CBOA Educational Society are the major stakeholders. There will be Village Educational Committee which can support the educational support to their villages. A Parent-Teacher Association will be formed to take care of the quality of education, the teaching and learning environment, and the overall development of the school campus.

## The model community school

The concept of model community school is unique to DHAN

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Foundation which focuses the role of community in the overall growth and development of the school. Enhanced ownership, participation, involvement from the parents and the community right from the first day is the special feature of this model. Community school is an innovative concept which would enable the community to take part fully in the overall growth and development of the school. They will ensure the quality of the education and also enrolling the students for the school. They will come to the school in a turn basis to extend their support in monitoring the functioning of the school.

DHAN Foundation, CBOA Educational Society, and Gangai Vattara Kalanjiam are the major stakeholders. Resource mobilization, campaigning and admitting the students, setting up of the systems for the school, establishing the new building, monitoring and overall smooth conductance of the school is shared by the stake holders. Philanthropic institutions, corporates and other agencies which are interested in supporting the education initiatives are to be identified and involved in this initiative.

### Inauguration of the school

The inauguration for the CBOA-DHAN school was done on 3<sup>rd</sup> June 2008. Dr. Nisha Agrawal (CEO of OXFAM India) and Mr. B.T. Bangera (Chairman of DHAN Foundation) were present at the school inauguration along with Mr. M.P. Vasimalai (Executive Director, DHAN Foundation), leaders of Gangai Vattara Kalanjiam, office bearers and members of CBOA, representatives from DHAN, the local village president, and the union counsellor.



The enrolment for the school for the academic year 2008-09 was started from the second fortnight of May in an intensive manner. During June first week we had 22 students and as of July 20<sup>th</sup>, we have 41 students in Pre-KG, LKG, UKG, I std and II std. There are intensive enrolment processes for the Vijayadasami Admission simultaneously.

### Training for the teachers

There are four teachers for the CBOA-DHAN Nursery and Primary School. The school has regular trainings on topics such as materials preparation, enhancing the teaching and learning environment, and evaluation methods and has one education resource person who trains our teachers periodically.

### Training to students

The students are also given training on the new method of ABL and also on the model community school concept. Teaching practice by involving the selected students for the new ideas is undertaken.

### Expected outcome

The school will give the following outcomes.

- a. Model community school with good infrastructure facilities with good learning environment
- b. The emphasis on activity based learning with good learning among the students.
- c. Affordable, high-quality education for the rural poor communities.
- d. Value-based education.
- e. Good infrastructure which fosters a good learning and teaching environment.
- f. Good education and overall personality development of the students in the 24 villages around the school.
- g. Active community participation in establishing and maintaining the school.
- h. Community involvement in monitoring the overall functioning and performance of the school. ■

# Kalanjiam Community Banking

## Evolving a Development Information System

N. Karthikeyan\*

### Introduction

Poverty is a dynamic phenomenon involving numerous variables and attributes with complicated interrelatedness among them. In addition, the poverty issues are context specific, which adds another element of complication. Timely and appropriate decision making is the key for an effective developmental intervention. Decision making processes demand an in depth understanding of the poverty issues from its different dimensions. Besides, there should be a constant flow of information from operational units to strategic fora on the subject. Putting it in a nutshell, there should be a professional action with scientific orientation in managing the developmental interventions.

The two decades of experience of DHAN Foundation's Kalanjiam Community Banking Programme has demonstrated that microfinance is a powerful tool to combat poverty issues. One of the most crucial factors that contribute to the success of the Programme is its rigorous focus on development. A conscious attention is given on purpose review in all the consultative, review and strategic forums of the Programme. The field professionals are provided with an adequate space to evolve context specific products and strategies to cater to the contextual needs of the community and as a result a variety of

innovations have emerged and upscaled. A system of preparing an inception report before starting programme activities in a location has been institutionalised in the programme. This report assesses potential for programme expansion in a block and captures the existing developmental issues of the community. The Kalanjiam Programme has conducted two major impact studies among the members and the findings of these studies were helpful in making refinements in the existing strategies and policies. Besides, need based short term studies on programme components and developmental issues are undertaken on a regular interval for programme advancement.

In order to assess the impact of the Programme on a regular basis, an Internal Learning System (ILS) namely Kal-Album has been introduced among the member households. In view of enhancing direct field action of the field professionals, a system of Development Intervention Group (DIG) is being operationalised. As per this system, each professionals directly handle five groups in a location and this provides an opportunity to understand the developmental needs of the members on first hand and in turn evolving suitable interventions. As a way forward, the Kalanjiam Programme envisages evolving a new system

namely Development Information System (DIS) to exclusively deal with developmental issues and interventions. This note is about objectives, components and operational mechanisms of the proposed system.

### What is DIS?

DIS in the context of Kalanjiam Programme can be referred to 'a range of tools, techniques and processes with defined roles and responsibilities at different levels, which generate and disseminate information for decision making on developmental interventions'.

The DIS goes beyond ad hoc and time bound studies and it envisages a permanent mechanism as an integral part of the programme. The system would enable the programme and people's institutions in evolving new products and strategies, formulating and updating policies, evaluating the existing interventions, products and experimentations and creating a knowledge base. Primary emphasis in DIS would be on people orientation, which implies that the information generated out of the system would be owned by the people for decision making and other applications. The new system aims at effectiveness of the Programme towards achieving the purpose and hence it would complement the existing systems such as MIS, monitoring, bookkeeping, accounting, auditing, etc.

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## Objectives

All strategies, processes and activities in DIS would be designed and executed to achieve the following objectives

- Understanding development needs of the members
- Developing context specific products and strategies
- Assessing changes in lives of the members due to the programme intervention

## Components

The DIS constitutes a wide range of processes and activities defined by certain components, which are as listed below.

**a. Exploratory studies (Explore):** It constitutes a set of activities involved to assess the feasibility of a particular intervention and to understand different dimensions of a new idea in the programme. A typical example for this is inception documentation for initiating programme activities in a state or district or block.

**b. Enumerative cum longitudinal survey in all groups (Ensure All):** It is a system to capture basic quantitative information on developmental state of member households on a continuous basis. A baseline on variables such as household income, asset holding, access to credit, education, health, risk & vulnerability, gender, etc. will be created for the universe i.e. all the member households of the programme. Then the database will be updated on a regular

basis. The database will be of the highest utility for the locations/federations to design and implement context specific interventions. The location teams will take up the responsibility of creating and updating the database with guidance of the programme.

**c. Longitudinal survey in Development Intervention Groups (DIG Survey):** This component captures information on the same variables listed under 'Ensure All' component using the same data collection tools. Periodicity for creating and updating the database also will be the same for both the components. The only difference rests with sampling method. In case of 'DIG Survey', data will be collected from the member households of statistically selected Development Intervention Groups (DIG)<sup>1</sup>.

**d. Micro studies for development (Demist):** Micro study is about scientific examination of a problem for decision making at different levels of the programme through minimal use of existing resources namely finance, labour and time. The minimal use of resources in micro study does not imply compromise on quality of research orientation and objectivity rather it envisages effective outputs through optimising the existing resources. The micro study banks on the institutional knowledge and experience of the practitioners in formulating design for the study.

**e. Action research (Arch):** It is associated with systematic processes applied for enhancing efficiency, effectiveness and efficacy of certain interventions specifically experimentations. Action research will help evolve replicable products, practices, programmes and policies

**f. Value addition studies (Vast):** Any intervention by the programme is intended to add value in the livelihoods of member families or programme systems and processes. Tracking these changes will provide immense learning for conceptual advancement of the programme and for scaling up best practices. Hence, this component will strive to capture the value addition by new interventions and practices.

## Tools and techniques

Since DIS encompasses a variety of components, there is a need to include a set of quantitative, qualitative and participatory tools and techniques. Depending on the requirement of a particular assignment or component one or a mix of the following methods will be applied.

- Household surveys
- Participatory tools and techniques
- Case research
- Desk research
- Process documentation
- FGDs and workshops
- Goal setting exercises

<sup>1</sup> DIGs are the Kalanjiam SHGs, which are directly handled by the professionals of the respective locations / federations. Each professional handles five DIGs in a location/federation. It serves as a learning platform for the professionals for effective grassroots action and also a demonstration unit for the local team.

## Methodology for DIG Survey

### The guiding framework

The design for DIG Survey will be guided by the philosophy of envisaging ‘microfinance as a tool for poverty alleviation and achieving Millennium Development Goals (MDGs). Specific variables and indicators will be developed based on the MDGs to evolve tools and techniques for data collection and processing. A broader list of variables to be included while designing the DIG Survey component is as follows.

#### *MDG: Eradicate extreme hunger and poverty*

- Increase in household income
- Increase in asset possession
- Creation of employment opportunities
- Creation of access to affordable credit
- Improved quality of housing

#### *MDG: Achieve universal primary education<sup>2</sup>*

- Increase in enrolment of eligible children for primary education
- Reduction in drop out of children from primary education

#### *MDG: Reduce child mortality and improve maternal health<sup>3</sup>*

- Increased access to public healthcare system
- Behavioural changes to alleviate anaemia
- Reduction in prevalence of anaemia among mothers and adolescent girls
- Ensuring safe delivery

### Methods for data collection and processing

Data will be collected from member households of statistically selected sample groups called DIG. As many as five groups will be selected from each location through stratified sampling technique to ensure representation. Stratification factors for each location will be decided after studying the local context. A structured tool will be developed to capture data on the quantitative variables. Data collection will be done through household interview technique by a team of trained persons. A baseline of information in the line of above mentioned variables will be created first and the database will be updated through the same tools and techniques on periodic intervals. Location and context specific strategies and products will be evolved and implemented based on the results and interpretations of the survey. Since the basic assumption of DIS is ‘people orientation’, major emphasis will be on making the community to own the information. In order to achieve this, processes such as sharing the observations derived out of the survey with the people and goal setting by the governance for further action will be undertaken.

### Operational mechanisms

A central level team at the Programme Office will coordinate overall activities of the component. It will undertake responsibilities such

as designing variables, tools and techniques, selecting sample groups for survey, setting up survey teams, developing toolkit for execution, training the Programme staff and survey team, coordinating data collection activities, data processing and dissemination of survey findings. Survey teams constituted by experienced staff of locations/federations will be set up at regional level. An exclusive software programme compatible with the existing MIS software (Dhanam) will be evolved for data processing. A series of orientation and training programmes will be organised for the people leaders and programme staff on DIS and DIG Survey.

### Way Forward

In the similar lines of DIG Survey, exclusive design and methodology will be evolved for all other components of DIS. Being a new system for the Programme; there is a greater need for capacity building at different levels to mainstream it into the Programme components. Hence, DIS will be incorporated with the ongoing competency building programmes for professionals, people staff and members. Needed resources and systems at different levels of the Programme will be placed to operationalise DIS. It is expected that DIS will become full-fledged in terms of content, resources and outreach in a five years of timeline. During the process of evolution DIS will offer significance insights for DHAN Foundation, in defining strategies and designing interventions in its quest of poverty reduction. ■

<sup>2</sup> The variables related to education will be applicable for locations having crossed five years

<sup>3</sup> The variables related to health will be applicable for locations, which implement ‘Focused Health Intervention’ programmes

## LIFE changes lives

B. Dheeba\*

**D**HAN Foundation has taken many initiatives for improving the livelihoods of poor communities. One among them is Livelihood Initiatives with Functional Education (**LIFE**). There is an interesting story behind this. One of the themes of DHAN Foundation, Information and Communication Technologies for Poor (**ICT for Poor**) initiated a community college to give computer education. The centre offered computer courses at nominal prices to poor people especially members of Kalanjiam Community Banking Programme (KCBP). The centre was inaugurated on 5<sup>th</sup> August 2005 and offered computer courses like Diploma in Computer Hardware and Software Application (DCHSA), Certificate in Computer Application (CCA) and crash courses for children at the time of summer holidays. Many children of DHAN Foundation's staff also benefited from the courses. 110 students got computer literacy in the community college through computer education and 80% of the students got placement. The success of the computer course and its positive impact on students inspired the team leader, Mr. Senramar to motivate the then course coordinator, Ms. Dheeba to replicate similar community colleges in Sanarpatti, Vadamadurai, Pallathur and Kazhugumalai.

### Efforts behind expansion

To extend the reach to students from poor families who are struggling to get a computer education, field



work was undertaken. The leading computer education centers offer the same courses at a very high cost. Hence, the minimum qualification is fixed as 10<sup>th</sup> or +2 to encourage many poor students to enroll in the suitable courses. 25 Kalanjiam member's children were enrolled for Diploma in Computer Hardware and Software Applications (DCHSA) for 6 months course. All the students came from poor families below poverty level and they were the first graduate of their families. For improving their livelihood and increasing their social awareness, all students were given personality development and communication programme as value based education. The first batch of students got 100% placement. One among the students of the first batch is Miss. C.Revathi, who is now working as Programme Assistant in ICT for Poor theme of DHAN Foundation.

### Vocational initiatives of DHAN People Academy

Meanwhile, DHAN People Academy had established an exclusive division for skill building namely Centre for Vocational studies which is headed by Ms. Nageswari, Senior Project Executive. The center constituted an advisory council consisting of eminent persons representing various industries, service sector and academic institutions. The livelihood needs of Madurai for the next decade was taken into consideration. Finally all these ideas lead to formation of an institutional set up called as LIFE – Livelihoods initiative with Functional Education. Centre for Vocational studies of DHAN People Academy had promoted the first LIFE at Thenmadurai Vattara Kalanjiam in Ellis Nagar, Madurai. The main focus is on school dropouts and housewives who want to venture out into

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## Homemaker turns entrepreneur



I am Kokila, 33 years old homemaker studied upto 5<sup>th</sup> standard. There was no one to motivate me to go for further education. I got married at the age of 15 and gave birth to two girls. I learnt tailoring from neighbors and started doing tailoring works. Since 21<sup>st</sup> year of tailoring life which gave supplementary income of at least Rs.2,000 each month. In festival days the income may be Rs.5,000 and during Deepavali, I usually get more than Rs.8,000.

My husband Duraipandi is a carpenter. His works is monsoon dependant. In summer, he will earn Rs.250 per day. But in the rainy season there will be no income for six months. During 2006, there was a heavy loss in business due to unexpected rainfall. He lost all his investments and even ended with a loss of Rs.2 lakhs. My sister came forward to help us by giving Rs.1 lakh by selling her land. The remaining Rs.1 lakh is a loan from money lenders. I am still paying the interest.

I came to know that DHAN's LIFE institute offers a number of job oriented courses to all poor women. I wanted to join the beautician course. Earlier I had approached Tamil Nadu Women Polytechnic and they said minimum education qualification is 10<sup>th</sup> or +2 to pursue the course. On the other hand, private beauty parlors demanded a very high fee which I could not afford. LIFE offered the course to me at a nominal fee and encouraged me. My education level was not a hindrance. All relatives including my parents started discouraging me. They felt that Rs.2,000 from tailoring would either dwindle or be spent for paying the course fee. I had to write record note at midnight after doing all the household chores. While I was studying I practiced what I learnt by convincing my neighbors and relatives. By that I could earn Rs.300 per day. With this additional income I could balance my home management, skill building and educating my daughters. The elder daughter is studying third year polytechnic (IT) and younger daughter is studying +1 computer science group.

When I was doing basic beautician course, I happened to join 10 days jewellery making course. I first practiced making ornaments for my daughters. When they went to their schools and colleges, their friends wanted to have one for them. That was the first encouragement I received. The next day I made the ornaments like studs, bracelets, necklace and anklets for all their friends and I got good income. Seeing my daughters, I get multiple orders. The price of gold is in increasing trend, Rs.1,000 per gram. There is a fear of theft, murder to snatch the earring and chain is becoming very common. The artificial jewellery is very cheap and attractive. The cheaper price makes the college students purchase a set of jewellery matching their attire. Time and cost invested is very low but the returns are very high. Eye catching jewellery is made from small studs to grand pendant chain. I can make studs within few second which is saleable at Rs.5-20, bangles at Rs.20-200 (depending on the material used-beads, crystals or stones), necklace at Rs.35-500. The amount invested is very low, but the returns are usually 200%. I also have a beauty parlor at home. I do facial, bridal makeup, threading, mehndi and haircuts earning around Rs.5,000 per month. I can be contacted at 97519 53504.

## Faculty's word

R. Karthigai Deepa, aged 30, is a B. Com graduate who also completed basic and advanced beauty culture and aroma therapy. After her education and capacity building courses she established a beauty parlor and was functioning in her home for three years. Later it was shifted to a rented building and it is still functioning successfully. The team from LIFE visited her parlor and enquired about her willingness to be a tutor for a course, she readily came forward. She taught two batches of basic courses and an advanced beautician course. Being an owner of beauty parlor, she had met only people who spend money lavishly for luxury. LIFE unleashed the reality of another section of the society who is working hard to meet their ends. The first batch students were from very poor families. She feels LIFE gave an opportunity to empower ten women's life out of 18 students studied from her. Students from poor families do bridal make up in their neighboring areas and earn a livelihood.

entrepreneurship using their free time. It aims to give livelihood oriented skills to women, men and youth through vocational education. The students become employable and capable of becoming an entrepreneur and thereby prevent poverty in future. LIFE collaborates with the government, industries, polytechnics and industrial training institutes for providing livelihood initiatives related courses.

## Diversified Education

LIFE offers various courses like costume designing, beauty Culture, Jewellery Making and preparation of simple chemicals. 155 students have turned either entrepreneurs or employees through these livelihood based courses. For developing their business and encouraging the entrepreneurs, few entrepreneur development programmes were conducted in LIFE. One among them is "Life Enrichment Course and Prime Minister Rojgar Yojana (PMRY) loan" which taught how to apply subsidiary loans. PMRY is a scheme to create and provide sustainable self-employment opportunities to one million educated unemployed youth in the country. The training was given with the collaboration of "BramhaKumari" sisters and Rural Development and Self Employment Training Institute (RUDSET

Institute). Successful candidates were awarded with certificates.

## Spread

Providing skill education to poor is a tool used to reduce poverty in urban area. This center has three years training experience in skill development. This vocational education center offers various trade related skill educations to poor people who live in Madurai urban especially in slum area. This institute offers diversified courses from July 2008. It reaches the people through kalanjiam federations in Madurai urban. All the federations in Madurai urban region get benefitted out of LIFE, Madurai.

LIFE not only limits with conducting vocational courses but also encourages all sorts of livelihood activities. One such activity is promotion of Madurai Malli, the location specific activity of Madurai. A workshop was conducted in Thyagaraja College of Engineering inaugurated by S.S. Jawahar, Madurai District Collector. Different types of training workshops were conducted to

## Course Completed Students status

Sl. No.	Courses	No. of Students
1	Computer	41
2	Beautician	18
3	Jewellery making	14
4	Videography	5
5	Simple chemicals	64
6	Tailoring and embroidery	9
7	Jardosi (decoration works on sarees)	4
<b>Total</b>		<b>155</b>

the flower binders to teach them various methods. These methods are unique to the location and have more demand in local as well as national and international markets.

In future LIFE, Madurai proposes to take up new initiatives. The most significant are –

- Conducting job fair primarily for the youth in our member's family.
- Create a data base of industries and their demand for man power and matching with suitable candidates from a members' family.

I invite all of you to contribute your ideas and support and make LIFE change more lives.

## Beauty parlor at home

I am Krishnaveni, studied upto +2 and could not study college education. My aim was to become a teacher but parents convinced me to get married to our close relative. From that I was restricted to home doing household chores. My husband, Mohanraj is doing gold business. I have a son studying seventh standard. Due to financial crisis I conducted tuition classes at my residence for 12 students at nominal fees (Rs.20 – 40 per student) for five years. This gave me atleast Rs.350 / month. But that was not enough to meet the growing demand. I happen to become a member in “Karthigai Kalanjiam” of Sellur federation at 2002. In a group meeting I came to know about LIFE, offering beautician course. I eagerly joined the “basic beautician course” for 6 months. The course fees was Rs.250/month. It was a boon to middle class people like us. (Polytechnic asked to pay the fee in single installment). In the mean time, I practice what we learnt and started earning. With that money I paid the subsequent month’s fees. I used to do “Hot oil massage for those who have hairfall and “Dyeing using Organic Henna” for those with grey hair. I used to get Rs.300 per day. I did not demand money from family. After completion of basic level I started practicing. Our tutor told about the advanced course, which would enable us to practice in our own beauty parlor. So I joined the advanced course. The fees was Rs.3,500, I paid in four installments. I got a loan of Rs.3,000 from Kalanjiam as money was needed to purchase materials for practicing in class worth Rs.5,000. After completion of the advanced course I have set up a small beauty parlor at home. Now I do Gold Facial (Rs.500), threading (Rs.20), hair fall treatment (Rs.250), bridal make up (Rs.1,500), fruit facial (Rs.100). There is regular income for me from this business. With this income I manage my family and my in-laws are very happy to see me earning at home. ■



## Advanced Reflective education and Training (ART) Development Finance - Theme 1

Tata-Dhan Academy conducts the sixth international course on Development Finance during December 1 – 4, 2008.

The course aims at enabling the participants

- To learn from well-proven models which dominate microfinance across the world
- To develop knowledge on strategic skills and operational tools needed to design and manage the process of up-scaling microfinance products
- To discuss the challenges of implementing ‘financial inclusion’ and microfinance regulation bill to deepen and diversify microfinance for reducing poverty.

In addition, the course provides first hand exposure to field practices through field visits and interactions with the poor communities, the field staff and commercial banks to understand mainstreaming microfinance.

The teaching methods include small group assignments during field visits, classroom lectures, experience sharing, group discussions and case studies. The participatory learning will be highly encouraged.

*Those who are interested to take part can contact*

Tata-Dhan Academy, Tel. +91-452-2475219, 2475318, Email: [tatadhanacademy@gmail.com](mailto:tatadhanacademy@gmail.com).

# Socio Economic Survey

S. Aravindhan\*

## 1.0 Background

The City Development Plan (CDP) for Madurai Corporation is approved by Government of India, under Jawaharlal Nehru National Urban Renewal Mission (JnNURM). Ministry of Urban Development expects to have socio economic survey done for all the households residing in slums under Basic Services for Urban Poor (BSUP). There are 208 slums in Madurai Corporation. They are grouped into Phase I (21slums), Phase II (58 slums), Phase III (52 slums) and Phase IV (77 Slums) respectively. The projects submitted for three phases covering 132 slums were sanctioned Rs. 307.16 crores by the Ministry.



non-objectionable and 20 slums are under objectionable area. The findings of the survey are given below:

### 2.1. Socio economic conditions

## 2.0 Socio Economic Survey.

On Corporation's request, DHAN Foundation carried out the baseline survey for the first and second phases and for the III phase socio economic survey is carried out. The main objectives of the study are:

- To identify the socio economic conditions of households residing in 52 slums.
- To identify the potentiality of housing allotment under BSUP.
- To suggest way forward for the issues.

Out of 52 slums under III phase, 32 slums are classified as

- a. Male population (56%) is higher than the female population (43%).
- b. 47 percentage of the slum parents are illiterate. Comparing with girls, higher amount of boys drop their education at all education levels.
- c. More than 50 per cent of the families are living less than 10 years in one house or the slum. This is because 68.5% families are living in rental houses.
- d. 77 percent slum family heads are wage laborers. The wage laborers are classified under 89 categories based on their specialization of job. Fifty three per cent of slum family heads have no specialized jobs. They will go for any job based on the availability and demand. 70 per cent of the families are single person earning families. From the collected data it is observed that only 1.9 per cent families are rearing livestock in 52 slums.
- e. Huge expenditure is incurred on medical expenses and social obligations.
- f. On analyzing the caste classification, it is observed that backward community occupies the major proportion of the slum population i.e. 79 percentage.
- g. 12 percent families are women headed families and four per cent

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family heads are handicaps. There are twelve per cent families are run by single persons.

- h. All the slum families are having access to safe drinking water through house pipe, common pipes and lorries. Despite the presence of community toilet people are to excrete in open space also. . It is clearly known that 60 per cent of slum families are having the inbuilt toilet facility and 12 per cent families are utilizing community toilet facility.

## 2.2. Potential for Housing

As per Detailed Project Report (DPR) submitted by the corporation to the Ministry the number of new houses to be constructed is 12, 608 where as it is 12,498 as per our survey findings. Out of 12,498 families, 8,147 families are residing in non-objectionable and 4351 families are in objectionable slums. Out of 12,498, 11574 houses are tiled and 924 houses are thatched. There are 3,524 (28%) houses owned by the beneficiaries. Out of 3524 own houses, only 1,312 houses (11%) are in patta lands of non-objectionable slums. There are 4,351 families residing in objectionable slums.

The households residing in objectionable areas and the families who are living in rented or leased houses feel insecure. The major concern for their insecurity is about their eligibility for new house and the accessibility to their livelihoods. The people with 'No identity' don't know

their status of title deed. 59 per cent of slum dwellers are not showing interest in new construction as well as in resettlement. The house owners of the rented households live outside the slum area and are not willing to invest in constructing the houses inside the slums. Regarding the tenants, they are not ready to shift the families to new places, unwilling to pay higher rent and have no confidence in getting the same house after reconstruction.

## 3.0 Way Forward

### 3.1. On Socio Economic conditions:

Vocational training centers are to be established in slums to impart special trainings in specific trades to wage laborer. This will open many avenues of employment to them. Trade specific producer and marketing groups are to be promoted. Captive market linkage is to be explored for the products of slum dwellers. Promotional costs are required to organize the unorganized under Self Help Groups which will enhance the saving habit and provide opportunities to get credit facilities. Awareness on social security measures such as mediclaim and accident insurance should be created among slum families who are vulnerable for accidental deaths and loss of parts of body. Families who have no ration cards need to be offered with new houses if their statements on staying are found as true. A study is to be undertaken to know the reasons for the differences in sex ratio. Access to primary and secondary schools should be facilitated and counseling needs to be done. Task

force need to be constituted for identifying the reasons for school drop out. User groups for maintaining the community toilets, common pipes and other sanitation are to be promoted. Basic services like sewage and sewerage infra structures are to be ensured in all slums. Effective solid waste management system is to be implemented.

### 3.2. On Housing

Resettlement for rented households is to be done as the majority of the dwellers come under this category due to migration. Strict regulation through bio metric process is to be done for ensuring one house for one beneficiary. Roofing possibilities for the patta householders need to be considered and not demanding the whole house to be constructed from scratch. Financial counseling on budget and design need to be done to freeze the cost of construction and also facilitate finance for construction of houses. Time frame should be adhered for credit disbursement to avoid unnecessary delays in construction.

### 3.3. Slum Development Association

A Slum Development Association is to be promoted for each slum for collective action to resolve the issues in housing and other basic services provided for slums. A special purpose vehicle is to be launched especially for BSUP under JNNURM for smooth implementation. A helpline is to be created in Madurai Corporation to clear the doubts and resolve the problems among the beneficiaries when ever they arise. ■

# Child Labour and Education in Hyderabad slums

Sakuntala\*

**I**n the era of globalisation, we always claim that our societies are more civilised with great heritage and culture, but this implies for only some section of the people and not for the sections like women and children who are subject to the humiliation and deprivation since generations. The child labour issue has been raised in many platforms by various intellectuals and academicians and many laws and policies have been brought in India to eliminate this inhumane practice. In spite of all these laws and policies, we can still see many children working from early morning to late at night, at road side tea shops and petty business.

From the number of working men and women above 14 and below 20 who are working since last 5 - 7 years we could infer that the degree of child labour is high in Hyderabad slums. These adult labourers are working as mechanic sheds and learning car denting etc. Most of these children are based in home based occupations, where it is difficult to identify or document their labour. Even when the children are working in factories or Karkhanas the information is not forthcoming because it is generally known that child labour is illegal. There are people who always say that they are giving the employment and allowing them to go half day schools, but the physical stress forces that child to leave studies and settle as a labourer.



## Qualitative dimensions of the problem

### 1. Economic constraints

Poverty is one of the factors which contribute towards child labour but it is not the only factor. There are other factors like environment influence, supply - stream failure in delivering services, unawareness, and the trend of sending children for work. When one compares the financial contribution of children with their cost of living in the family, the cost of living is higher than their contribution but the sense of realisation has not happened here. The infrastructure regarding the services like health and education is also very poor in the capital city of Andhra Pradesh. Poor infrastructure in education has contributed for the high drop out rate and non enrolment in the schools.

It is a very common notion among the people that the poor cannot afford an education and hence they have no alternative except sending their children for work. However, poverty is not the only cause. There are other factors which are equally contributing to child labour. The Government thinks that the vernacular schools are enough to reach the poor children, but the parents are demanding for English medium schools where they can not afford the private school fee. Due to the unavailability of such schools, people are sending their children to the private schools, but after some time, they stop the child's education because of the inability to pay the fee. The inadequate infrastructure in government schools could not accommodate the growing demand. For instance, Z.P school of Malkajgiri

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very high in private schools and the number of girl child enrolment is high in government schools. The perception of parents is that, due to the high cost of education in private schools, whenever they have to decide who will join in the expensive education, the choice naturally goes to the male children. The cultural aspects and the patriarchal beliefs are so strong in the minds of the people that there is no concern about the quality of education for girls. Many feel that the capacity to manage domestic accounts and bring up children is enough for girls, considering that, what is the need for sending them to private schools which are expensive and burdensome?

primary section has 292 children and runs with a single teacher. It is a half day school where the parents are not willing to send their children to that school.

**2. Environment**

The poor social relationship in slums and the typical slum habits like drinking and smoking in early age made children think that schooling is a burden and an obstacle for the enjoyment of life.

**3. Half day schools**

Most of the schools are shift schools which keep children only half day in school, the leisure time makes parents think about engaging their children in some work.

**4. Single teacher schools**

The usual patterns of government single teacher schools are in thousands in Hyderabad city, where the teacher / student ratio is more than 55.

**5. Attitude of government teachers**

Some teachers are reluctant to give admission in the school due the fear that it will increase their burden.

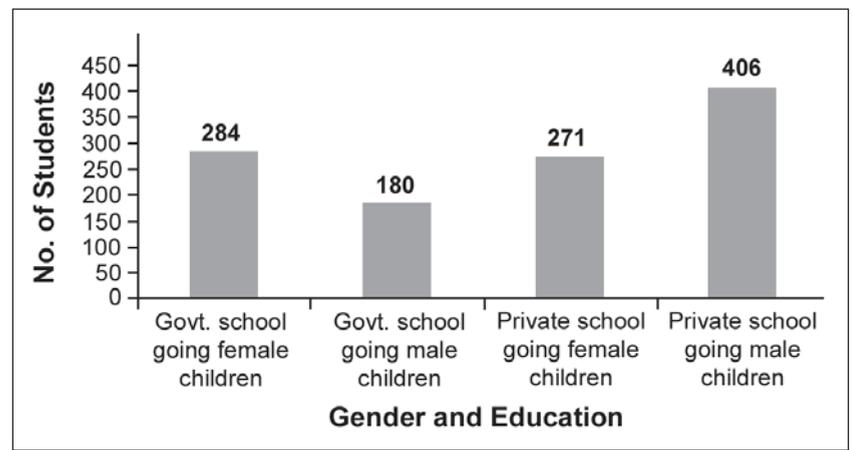
**6. Belief that schooling is a waste and does not contribute to the family's economy.**

In the perspectives of the parents who are sending their children for work, they are not doing it purposefully, but for the survival of the family, it becomes compulsory. Others also expressed that no parent want to see the suffering of the child, but in unavoidable conditions, nothing can be done.

The status of school - going children gender wise clearly shows that the male child enrolment is are

Out of 313 children in Malkajgiri slum, 5% are not enrolled in the school due to the absence of government primary schools in the slums and the distance to that school is high. Either they have to travel in bus or walk at least 3 to 4 kilometres. In the age of 5 or 6, they neither travel nor walk that far which stops them from accessing schooling and makes them cheap labour in the nearby shops or at their workplace. Some students

**Gender and Education**



**Source:** Primary data collected through survey in the slums of Malkajgiri municipality of Greater Hyderabad

drop out because of the school's operating system in government schools which includes overcrowded classrooms, poor quality of education and indiscipline among children as well as the bad habits because of the environment influence in and around their household. The environment impacts the children in the slum negatively due to poor social bondage and poor family bondage. The dropout rate in high school is very high due to the high cost of private schools and the low access to the government high schools the inadequate number of regional schools.

The reasons for this situation in slums is the absence of government schools and the family economic condition but there are some factors which are beyond the economic constraints such as sibling care when parents go for work and the parents' perception of the value of education. The demonstration effect (imitating the middle class in the usage of consumer durables) has a tremendous impact that increasing family expenditure and pressures families to send children to work.

The children who are working for domestic needs are taking care of siblings and going to work along with their mother who works as a maid in the apartments and other houses. The reasons for this kind of work are initially the children were kept for taking care of their siblings but after the sibling grown up these children have no option except going to work with their mother. This kind of work is primarily done by female children. The implication of this work is after some time these children will go alone to work in more house hold where the possibility of extreme physical and sexual abuse and exploitation is much.



The children who are working outside are mainly engaged in tea shops, hotels, shops and mechanic and welding sheds which needs long hours stay and standing continuously, which hinder the physical as well as psychological growth of child.

To address the severe child labour and enrollment problem after many discussions with our Kalanjiam members, we opted for an alternative education system or schooling which can address all these issues

### **DHAN Intervention**

Education intervention in the cluster R.T.C Colony of Malkajgiri, Hyderabad took place on 18<sup>th</sup> of June 2007. This cluster has a Muslim majority and the educational infrastructure in this area is inadequate. The absence of Government primary school has denied the access to school for many children. In this condition the community of R.T.C colony have no other option other than stopping the schooling of their children or not enrolling them in the schools. As we have Kalanjiam groups in this cluster, women members had conveyed their worries about the education of their children. After a brief study to find out the actual need of the children, we

found that there are many children in the age group of 4 to 8; to address the issue of these children's education, we designed a school.

### **Objectives of school**

- 1) To make easy access to the school for the children in slums.
- 2) To train children in language and arithmetic.
- 3) To decrease the dropouts and low enrollments.
- 4) To demonstrate the quality in instruction and teaching learning materials (TLM).
- 5) To contribute for the natural intellectual growth of the children by providing a free learning space.

**The aim** of education will be delivered by us can be expressed most satisfactorily in terms of social efficiency.

**Chief among these aims** are the following: (1) culture; (2) the harmonious development of the capacities or abilities of the individual; (3) preparing an individual to make a living; (4) the relevance of education to life.

**Model – The Nai Talim (Sevagram model – based on the Gandhian philosophy of education) and activity based learning (ABL) are both integrated and adopted to the needs of urban community**

#### **Present status of the school**

Now the school is running with 120 children, 6 teachers and 2 children care takers (Aaya). Among the 120 children 55 are girls and 65 are boys. 100 students are from the Muslim community. The school was named as **KALANJIA VIDYANIKETAN**. The curriculum is based on the national curriculum framework and the syllabus and textbooks are from **NCERT**

#### **Three distinct qualities of the school**

- 1) Teacher and students learn together.
- 2) Every child's birthday is celebrated in the presence of all children.

- 3) No punishment is administered to a child at the time they make mistakes, but that mistake will be intimated to all in the school.

#### **Quality checks in the school**

- 1) Punctuality (prayer starts at 9 am); every teacher and child must be present.
- 2) Teacher diary and lesson planning.
- 3) Prior information about staff leave.
- 4) No physical punishment in the school.
- 5) Teacher should work along with the child to solve problems, garden etc.
- 6) Weekly reviews.
- 7) Child wise report submission and analysis on that.
- 8) Cross learning among teachers.

#### **Observations**

- 1) Attitudinal change among the children.
- 2) Academic progress.
- 3) Physical and psychological development.
- 4) Free mingling compared to their hesitation at the time of joining.
- 5) The previous batch students in class 1<sup>st</sup> to 4<sup>th</sup> can read newspaper.

With the small experience and exposure, we are now trying to come out with a model school where we can address all the problems which hinder a child's development. The hope is that by reaching many and many children, the inhumane bonded child labour will be abolished, and the flourishing childhood would be available to every child despite of their economic conditions. ■

### **Grassroots action**

## **Characterization of families in “Sangaravinayagar Kalanjiam”**

**P. Dheivanai\***

**D**HAN Foundation has initiated Kalanjiam Community Banking Programme (KCBP) at Singampunari block on October, 2005. It comes under Madurai Rural Region. This is the first KCBP location at Sivagangai district. This district comes under one of the drought prone area in Tamil Nadu. The predominant activity of this place is agriculture. Other opportunities available for occupation are rope making, chamber, tree cutting, mill workers and masonry.

Singampunari is the main place for providing employment opportunities compared to other panchayats of this block, because of resource availability, marketing facilities and infrastructure facilities. There are eight banks in the block.

KCBP concentrates on promoting women Self Help Groups (SHGs) called “Kalanjiam” at primary level and cluster development association/ federation at secondary level. The

nested institution such as kalanjiam, cluster and federation gives ways and means for poverty alleviation through the poor communities. Presently, we have formed 169 SHGs called Kalanjiam with 2,384 members in 75 villages covering 26 panchayats.

#### **Categorization**

SHGs are self managed group of poor women primarily come into existence to mobilize financial resources through own savings and

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revolve the same to meet the credit needs of their members. The institution normally consists of 15 – 20 poor women living in the same area. The members of the SHG will should be amongst the poorest of the poor – as they would have the highest stake in its existence. Wealth ranking process helps in categorizing the families in the selected potential villages as poorest, poor, moderate and rich families – mainly to identify the potential households for SHG. The stabilization process is influenced by various factors which include age of the group, membership and awareness, cohesion, leadership, interaction among and other activities. Once the process of selecting the poor is completed, the concept of SHGs and need for savings and credit has to be introduced. After seeding concept the SHG was promoted. Once the groups are formed, preferably after 2 – 3 months meeting, the Quality Check (QC) is done to see the quality of groups and members

Later in the group, the categorization process is being done for giving specific focus to the different level of members for improving their standard of living. Member categorization is done by group members only. At first, the members are categorized in to three groups such as

1. Members in survival level (S1)
2. Members in subsistence level (S2) and
3. Members are in self employed level (S3)

On which **133** groups are quality checked with **1,911** members. Among the 1911 members, 638 members are coming under S1 category, 824 members are S2 category and 449 members are S3 category.

## Impact Study

The purpose of the study is to find out the impact of the Kalanjiam i.e. saving and credit operation on Kalanjiam members and the graduation/ demotion of the members from one category to another. Toward this purpose, Sangaravinayagar kalanjiam is selected to assess the impact. Sangaravinayagar Kalanjiam is formed on February 15, 2006 in Piranmalai. Piranmalai is one of the revenue villages in Singampunari block. King Pari Vallal had capital in this place and ruled the kingdom. This panchayat has eight hamlet villages with the population of 4,029. Total house holds are 1001; among these house holds 452 households are eligible to form groups. We are having eight Kalanjiam groups in this panchayat. The major occupation in this block is agriculture providing seasonal employment and many are involved in selling the flowers.

## Graduation of Members

In the beginning, there were 15 members and now they are 12 members due to migration. Members categorized their category in group quality check process. For e.g. if we want to know the category for Mrs.Renga, other members will categorize her based on the proximity, saving, credit and socio economic condition. If she is S2 means the reasons for categorization specific to the member will be given by the members. Group members categorize themselves not by seeing income of the family, in addition to that their family status in society, movable and immovable assets etc. The reasons as explained by them at different periods of time i.e. 2006 and 2008 for the categorization is given below:

## Process followed for Categorization

### Step 1: Introduction

The process starts with prayer. The team members introduces themselves start with the group members. Then the members will introduce themselves one by one. Members will share their family and group details, there by breaking the shyness and hesitation in sharing.

### Step 2: Briefing

After tile introduction, the members would say about the purpose of the meeting and the information the have hearted about the meeting. This was done to enable them to talk freely and to motivate them to share their views and suggestions without any hesitation. Then the members were briefed about the purpose and objective of this meeting and the process to be done.

### Step 3: Evolution of Categorization of poor

Lots of questions were thrown to the group members such as who is poor? How is the poor families' daily life? What kind of work they are doing? What is their family income poor families' daily life? What kind of work they are doing? What is their family income source? What are all the assets they are having? What kind of issues and problems are there in their family? etc. Both direct questions and follow – up questions were thrown to the members after seeing the response the member. In the process all the members were made to involve or share their views and suggestion equally. After making them to understand fully about the poverty situations, they were asked to categorize the poor families into different groups. They told in their own language like this

**“i. Paravayillai” “ii. Konjiam Paravayillai” and iii. Romba**

Kastam”, which means, i. Poor. ii. Very Poor iii. Poorest of the poor. Then they were asked to share why they have categorized tile poor into three and the reason for each category. All answers given by the members were noted in views and suggestions. These were evolved during the randomly about the clarity on the above said categorization.

**Step 4: Self realization**

The members were asked to share their family situation in detail to place themselves in anyone of the above said categorization. Also they were asked to share why they are putting them in that category. They member seems to be best in sharing was asked to share first with the intention of starting this process with good start.

Each and every member was asked to share their family situation in details. Information came out of the sharing was cross checking by involving all the members to share their views about the member. It took 5–10 minutes for each and every member. If the member is hiding or sharing false information other members have raised questions to the person. After sharing their family situations each and every member was asked to place herself in any one of the evolved category and the reason for placing herself in that category. Then it was confirmed with the other members.

It was really an emotional sharing process it took two and half hours for completing this process. It took two and half hours for completing this process to avoid and conflicts and also making the process. In a humorous way, most of the members got relief from their internal blocks and worries.

**Average monthly income of member in the year 2006 and 2008**

S. No.	2008	2006	After	Before	% increase
1	5,000	3,500	S3	S3	42
2	3,500	2,000	S3	S2	75
3	5,000	3,000	S2	S1	66
4	5,000	3,000	S2	S2	66
5	5,000	3,000	S2	S2	66
6	3,000	2,000	S2	S1	50
7	3,500	2,500	S3	S2	40
8	4,500	1,500	S2	S1	200
9	3,500	2,000	S2	S2	75
10	3,500	2,000	S2	S2	75
<b>Total</b>	<b>49,000</b>	<b>20,500</b>			
<b>Average</b>	<b>4,083</b>	<b>1,708</b>			<b>72</b>

It was also like a group counseling process.

**Step 5: Consolidation and Showing**

The collected information were consolidated immediately and it was shared to the members. Facts and figures of the shared information was chalked out and explained as follows:

- Number of poor, very poor and poorest of the poor members in that group
- Reasons for placing them in that category
- Urgent need of the members in the three categories.
- What should the group do for fulfilling their need and development?
- What should be group policies and bye laws to be different categories of members?

**Step 6: Conclusion**

The members were asked to give feed back for the team also for the peer

group regarding the process. Finally all the members prayed for the welfare of all members and took oath in front of the god and set their goal for next one year.

**Category wise classification of members**

Year	S1	S2	S3
2006	4	7	1
2008	0	9	3

All the four members have graduated into S2 category and two members are graduated from S2 are graduated into S 3 Category. In the year 2006, the S1 categorization is based on presence of children in particular female, irregular income and the low earnings, whereas S3 categorization is based on regular income and S2 categorization is based on less expenditure and relative source of income. In the year 2008, under S2 categorization member’s expansion of building the earning

### Categorisation of members of SankaraVinayagar Kalanjiam

In the year February 2006 during Quality Check Process		
S1 ( Survival)	S2 ( Subsistence)	S3( Self Employed)
2 female child + income not in regular	Children are school going, income less	Monthly income
2 female child + income not in regular	Compared to other members her status is low	
Income is very low	Expenditure is less, no child	
Income is very low + 3 children	No child, They can manage their life	
	Income from one source only	
	Income from one source only	
In the year April 2008		
S1 ( Survival)	S2 ( Subsistence)	S3( Self Employed)
	Due to hybrid milch animal income increased	Monthly income + Son also working
	By using kalanjiam loan mess expanded	Income is more + Own land + RCC house (old)
	By using kalanjiam loan she expanded her business	
	By using kalanjiam loan she expanded her business	
	She expanded her business + no child + Less exp.	
	Husband & Wife earning, 1 male child only	
	No child, They can manage their life	
	Husband & Wife earning, 2 male child only	
	Husband & Wife earning, 2 female child only	
	By using kalanjiam loan she expanded her business	

assets and increase in income whereas S3 category shows additional employment and purchase of land.

#### Enhancement of Income and the Categorization.

The range of increase of income is from 42 percentages to 200

percentages. On an average 72 %percentage is seen to be increased from that of 2006. Ranking is not based on the increment in income as we see inconsistency in the enhancement of income alone. Many factors play significant role in ranking. The fact remains that in all the cases

the increment was there. In short, the average monthly income is increased from Rs.1,708 to Rs.4,083 i.e. by 39 %.

#### Enhancement of Savings:

Saving as a habit is inculcated in the lives of members and the total

### Enhancement of Savings and Total Loan of Kalanjiam members

Savings (Rs.) As on 2008	Total Loan from formal Source (Rs.) (As on 2008)
2,040	16,000
2,170	16,000
1,983	16,565
2,120	15,800
1,983	21,300
2,040	13,412
2,040	17,400
2,011	16,536
2,145	16,538
2,040	16,248
2,200	16,198
1,487	11,350
24,259	1,93,347

savings of members is Rs.24,259.00. On an average, member save Rs.100 per month. The total loan outstanding with member is Rs.1,07,300 and the total loan taken so far is Rs.1,93,347. On an average Rs.2,021 per member is seen as saving and Rs.16,100 as seen as loan outstanding. We could observe that the group is leveraging resources to four times from mainstream institutions and the group has gone for third linkage.

#### Findings:

#### What is survival?

This category of members are severely affected by higher interest rate where in the loan was received for the basic family needs such as consumptions, medical, education marriage and social obligation.

Survival category people are having a debt burden of maximum of Rs.5,000/- only. So Kalanjiam should give focus for arresting the leakages through higher interest rate and bad habits as well as day to day money required for consumption, medical, educational, marriage and social obligations.

#### Characterization of Survival families:

- Destitute.
- High Indebtedness
- Getting loan for higher interest rate for the basic needs such as education, medical and social obligation.
- Family income leakage because of bad habits of their husbandry. Widow having the responsibility of looking after 2-3 children. Women left by their husbands, with indebtedness.
- Women left by their husbands, having the responsibility of taking care of their children and aged parents.
- Family having more number of children in the age group of 1 to 12.
- Illness of husband which result in – arrest of husband income source and leakage of money for medical expenses.
- Joint family of having high responsibility. i.e. Only son taking the full responsibility of his sisters marriage after their parents death.

#### Subsistence

These categories of people are also having the problem of indebtedness

or income leakage through high interest rate but they are managing this either by both husbands and wife income source or by having assets like goat etc. They are having own house i.e. Colony house given by the government. So, Kalanjiam should focus on debt redemption and motivating them to absorb savings products.

#### Characterization of Subsistence families:

- Aged earning persons not having children
- Husband and wife not having children but husband is the only earning member.
- The family has one or two children, where the husband is earning person.
- Both husband and wife are going for work but having debt problem or more number of children.
- They have assets like own house, goats or jewels but having debt problem, where in loan was received for housing or marriage of social obligation and loan amount ranging from Rs.5,000/- to Rs.15,000/-

#### What is self employed?

These categories of people are going to whatever work they are getting in their village and fulfilling the basic family needs. So Kalanjiam should give focus on creating and increasing the income of this category of people through IGA.

#### Characterization of self – employed

- Both husband and wife are going for work without having debt burden. Family responsibility with both female and male heads.

Small size of family having one or two children. Very low outside debt which is temporary only.

- Having own assets such as house, goats, jewels / No leakage of money through bad habits or high interest rate.

### Purpose wise Loan Utilization

The first loan amount is used primarily for consumption purposes and for education. The range of I loan amount is Rs.787 to Rs.2,765. In the case of second loan it ranges from Rs.2,625 to Rs.8,000 where the purpose was basically for asset creation like purchase of milch cow (6 no's) and income generating activities and subsequent third loan is used for strengthening the livelihood activity taken up by the member. The concern is that all of them have divided the loan equitable and not based on needs resulting in lack of peer pressure. We could observe on an average in the last two years the loan obtained is Rs.16,112.25.

Another observation is irrespective of the loan amount the repayment period is ten months which shows the group dynamics. Since this group has no informal debt, the amount sought as loan is used for livelihood activities.

### Learning's

- Since the groups are having different pursuits it is difficult to see the pattern in earning income.
- Increment of income varies from 42 % to 200 %; it is difficult to see the pattern of returns on loan.
- Social impact on Kalanjiam i.e. decision making in the household and change in behavioral habits need to be documented.
- Purpose wise loan utilization needs to account for the opportunity costs and also the employment generated if any.
- Repayment capacity is found to be increasing for the members who are reflected in equal installments for I, II and III linkage.

- Considering the repayment capacity of the household, the saving rate can be increased.
- Sample selected could be representative of the whole cluster rather than exception.

**Conclusion:** The challenge is to set the mechanism and processes for doing this exercise for all the groups as part of the annual general body meeting of groups, cluster and federation. Few more groups in cluster will give us more space for analyzing the occupation wise growth and possible interventions for their growth. This can be combined with the analysis of financial statements of receipts and payment account, income and expenditure account and balance sheet of the group. Consolidation at cluster level and federation will give us more insights about the block.

**For getting the full details of the study feel free to contact me. ■**

## Advanced Reflective education and Training (ART) on Micro Insurance (Theme 2)

The course includes modules designed to enable the participants to learn from the successful experiences in micro insurance from across the world. The specific objectives of the course include,

- Providing enlarged perspectives, intensive conceptual and practical (both analytical and policy) skills in designing and evaluating strategies, policies and project / programme interventions to address the issues of reducing risks and vulnerabilities by providing social security cover for the poor, especially micro insurance as an instrument.
- Enhancing the institutional capacity of all the stakeholders involved in the promotion and provision of micro insurance, including those in research and action orientation.
- Providing opportunities to learn from some of the 'best practices' already existing through exposure field visits and direct interaction with the clients and potential clients and cross learning among the participants and institutions.

*Those who are interested to take part can contact*

Tata-Dhan Academy, Tel. +91-452-2475219, 2475318, Email: tatadhanacademy@gmail.com.

# Financial Analysis

C. Joseph Raj\*

## Introduction

Finance is regarded as the life blood of a business enterprise. It has rightly been said that business needs money to make more money. It is also true that money begets more money, only when it is properly managed. In general, finance may be defined as provision of money at the time it is wanted. Efficient management of every business enterprise is closely linked with efficient management of its finances. Hence, finance management is very important.

## Financial Management

As a management function, it has a special meaning. It is defined as the procurement of funds and their effective utilization. So, it mainly involves rising of funds and their effective utilization. This requires great caution and wisdom of the management. Hence, financial management means the entire gamut of managerial efforts devoted to the management of finance – both its

resources and uses – of the enterprise – proper management of funds.

Financial Analysis is a part of financial management. Financial Analysis is the process of analyzing and interpreting the financial statements since the financial statements are the indicators of two significant factors, viz. profitability and financial soundness. It refers to such a treatment of the information contained in the Income Statement and the Balance Sheet so as to afford full diagnosis of the profitability and financial soundness of the business.

A distinction can be made between the two terms – “Analysis” and “Interpretation”. The term “Analysis” means methodical classification of the data given in the financial statements. The figures given in the financial statements will not help one unless they are put in the simplified form. For example, all items of “Current Assets” are put at one place while all items relating to “Current Liabilities” are put at another place.

But, the term “Interpretation” means explaining the meaning and significance of the data so simplified.

Both “Analysis” and “Interpretation” are complementary to each other. Interpretation requires analysis while analysis is useless without interpretation. Mostly, the term “Analysis” is used to cover the meanings of both analysis and interpretation, since analysis involves interpretation. Hence, financial analysis is largely a study of the relationship among the various financial factors in a business as disclosed by a single set of statement and a study of the trend of these factors as shown in a series of statements.

## The analysis of the financial statements requires

- i) Methodical classification of the data given in the financial statements
- ii) Comparison of various interconnected figures with each other by different “Tools or Methods of Financial Analysis”.

**Advanced Reflective education and Training (ART) on Micro Finance for Business Development (Theme 3)**

The course aims at enabling the participants

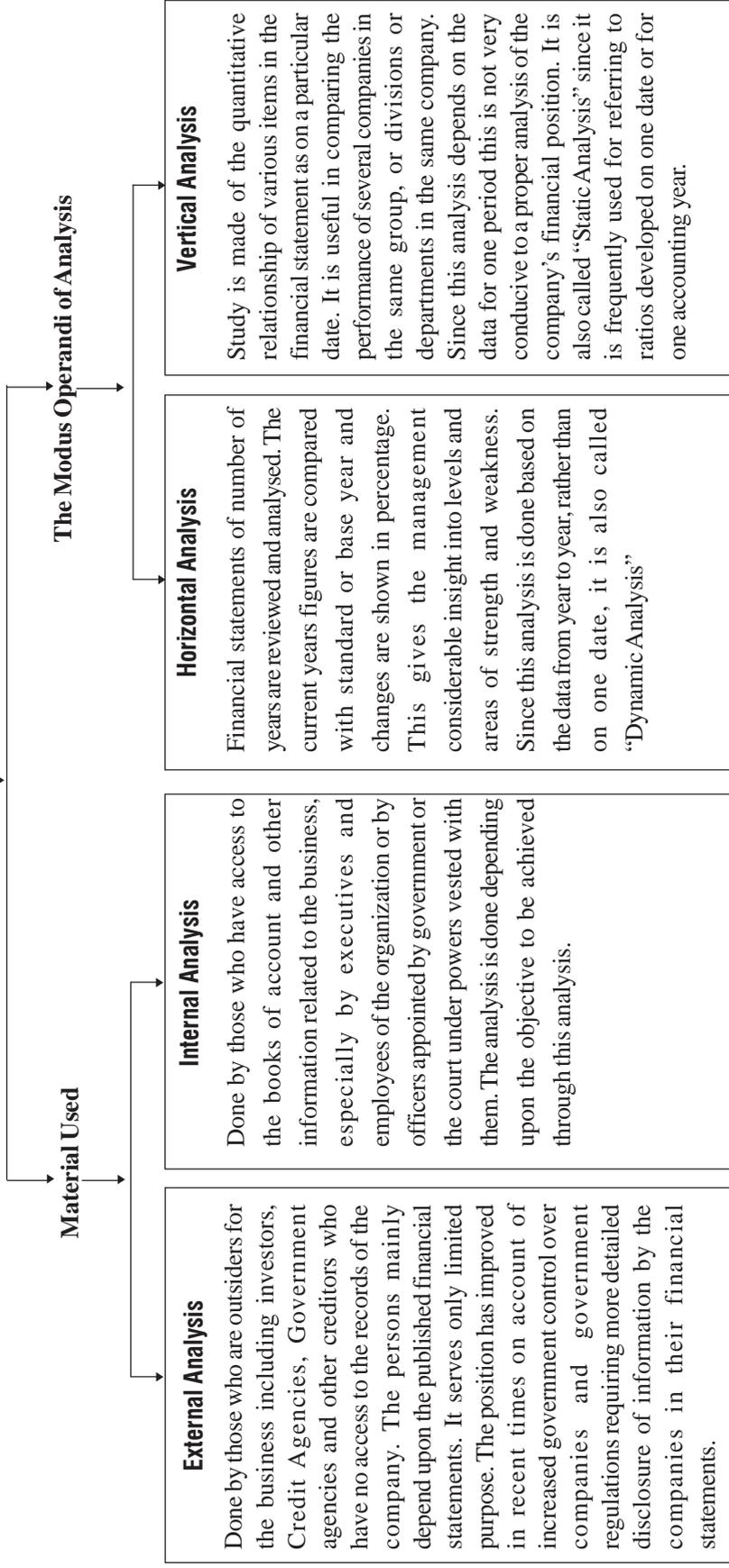
- To learn from the field practice of integrating microfinance and business development.
- To develop knowledge on strategic skills and operational tools needed to design and manage the process of livelihoods and business promotion for poor.
- To discuss the challenges and prospective in diversifying the microfinance for community based livelihoods and enterprise development.

*Those who are interested to take part can contact*  
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## Methods/Types of Financial Analysis

Classified into different Categories depending upon



# Building on Heritage of Rainfed Farming

## Sustaining livelihoods with native wisdom

The rainfed farmers of India have a rich heritage of agricultural wisdom on crop and livestock husbandry. They have a deep knowledge of their own varieties of crops, their environmental and nutritional requirements, properties and peculiarities. This enabled farmers to sustain their livelihoods even under the most severe stress situation. Rainfed Farming in India is complex, diverse and risk prone is characterized by low levels of productivity. Despite such a constraining environment, there are signs of hope. DHAN Foundation has taken up rainfed farming as a theme for intervention. The belief is that rainfed farms can be made viable provided a package of practices, a combination of land and allied activities and systematically managing risks related to it are available to the farmers.



*Diversity is the key to sustainability. In rainfed farming, farmers are adopting location specific agronomic practices and judiciously designed mixed cropping system to cope up with vagaries of monsoon.*

### Centre for Development Communication

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