

# Development

January 2010

Monthly Development update from DHAN Collective

# Matters

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Feature

**Integrated approach of Kalanjiam Model**  
A commitment for the tribal community



We induced the culture of saving among tribal community. The integration approach of Kalanjiam is able to increased their average saving from Rs. 20/- to Rs. 50/-. Earlier there were lot of irregularities and low saving during festival season but the trend has been changed now.



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## From the Editors' Desk

### Dear Readers!

Greetings!

This January issue of Development Matters comes back to you after a short break. The article by Jeeban Jyoti Mohanthy shows light on the integrated approach of Kalanjiam Model which became a boon to the tribal community. Jens Götzenberger narrates the readers about the seminar on Decentralised Wastewater Management at Madurai Symposium. K. N. Rajkumar and Subburaj write about institutionalizing conservation. It speaks about how the post Tsunami experience turned on the focus of conservation of resources. DHAN Foundation has taken Migration issue as one of its theme this year to address the issues of migrants. S. Sivasomasundaram gives details of migration. Dr. Girija Prasad Borah speaks on the importance of linking microfinance and livelihood for tribal development. Narendran gives us the glimpse of 'National summit of SHG federations on microfinance and MDGs. Sivarani and Sridar gives a detailed perspective note on DHAN's experience and the potential of SHGs in achieving comprehensive financial inclusion.

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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# Integrated approach of Kalanjiam Model: A commitment for the tribal community

## A case study of Betnoti location, Mayurbhanj, North Odisha

Jeeban Jyoti Mohanty\*

**D**HAN Kalanjiam Community Banking Programme was initiated in Betnoti location of Mayurbhanj district of North Odisha in July 2007. Since its inception, the programme has expanded to around 220 Kalanjiams and encompasses over 3000 poor women from 110 villages. Apart from regular microcredit activity, the programme focuses upon various livelihood and income generating activities in the area of agriculture, livestock rearing and value addition of non-timber forest product (NTFP) through its unique integrated approach of SHG-Bank linkage model. DHAN has recently initiated rainfed agriculture and undertake promotion of farmers club by the support of NABARD to ensure the economic self-sufficiency and food security of tribal community without compromising global green practices. In addition to these activities the programme has been designed to address the issue of drop out and not enrolled in regular school through remedial school. Regular workshops, exposures and training programme have been conducted for leaders and members.



accessibility) and other facility like roaming facility, SMS (social security measures and subsidy). In this juncture the development definition is totally different for them and integrated approach of microcredit may be the best solution especially in tribal location of Odisha. Here I have made an attempt to identify some of the qualitative and quantitative changes among the tribal community after our intervention through integrated approach.

### Looking tdevelopment from the community perspective

Getting money from bank was a nightmare to tribal people living here, but it is not so now. The extension of outreach banking such as microfinance institutions (MFI), non-banking financial company (NBFC), chit funds and subsidy culture of government has made the people choose one among them. The below poverty line (BPL) card has been issued to all the well earned middle and high class people. The so-called poor people have different options to access the financial institutions who have considered the MFI, NGO and government programme as a sim-card in the mobile. While availing the services they are looking for different features of the institution like: Validity (sustainability of the institution or programme), talk of value (amount of credit), power plus (low rate of interest), coverage of tower (easy

Betnoti is one of the most backward tribal blocks in the district; 50% of the total population are from schedule tribes. The most prominent castes are Santali, Bhumija, Mohanta and Adibasi. The primary occupation of these people are sal-leaf collection and rope making. The block receives the least rainfall in the district, so the agriculture farmers are practicing single crop (paddy) in a year. Most of the tribal people are marginal farmers with an average of one half to one acre of land. Crop failure is frequent in drought years.

### Impact of Integration on microcredit

We have made the culture of saving among tribal community. The integration approach of Kalanjiam is able to increased their average saving from Rs. 20 to Rs. 50. Earlier there was a lot of irregularity and low saving during festival season but the trend has been changed now.

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On the other hand, credit in the first couple of years has been used for consumption purpose, but today priority has been given to livelihood activities. It indicates that quantum of money they required in the initial stages was concerned about the growth of the members in the group. Later the group members were concerned in utilizing the credit for different purposes like children education, asset creation, debt redemption etc.

As part of its initiatives to provide a secure life to our Kalanjiam members, the programme is facilitating insurance schemes to cover the life of the member through Birla Life Insurance (BLI) under Bima Kavach Yojana (BKY). This ensures that in the unfortunate event of death either by accident or naturally, the surviving member is assured of some money.

### **Building People Institution: Cluster meeting and Mahasabha**

Each cluster of the federation has conducted its Mahasabha in its own way and established its uniqueness with 100% participation of the leaders and members. The previous year's progress and coming year's plan were clearly declared in this meeting. All the members have taken Kalanjiam oath and promise to give their best to carry forward the Kalanjiam mission. Rallies, cultural programmes and grand feast are the focus of the cluster Mahasabha. bank officials, agriculture officers, veterinary officers and MLA participated in the Mahasabha and appreciated the efforts in improving the quality of life of the tribal community in Betnoti block. The cluster Mahasabha helped to a great extent in promotion of new Kalanjiams in the existing clusters as well as in the adjacent villages.



### **Livelihood Initiatives**

#### **1. Plate making on Sal leaf**

Leaf plate and cup (dona) making has become a major source of livelihood which is prepared by Sal leaves in Betnoti block. Leaves are plucked from the nearby forest by the women and children. It is sold directly to the local traders at a lower rate without adding any value to it. The big traders have a number of machines which they deploy to these poor tribal people for plate and cup making with lower wage rate. After several discussions with the community, the programme started its intervention by providing stitching machines to Kalanjiam members. Forty Kalanjiam members had provided the machines. As a result, the income of these Kalanjiam members has increased to Rs. 20 to Rs. 60 per day. It not only increased the income of the member but also helped to generate employment opportunity for the tribal people.

#### **2. Banraj poultry**

Livestock, especially poultry, is considered as indispensable part of tribal community. During festivals like Maker, daily hata and Kali Puja, the demand for cock is very high for cock fight. Majority of tribal people have chicken in their diet throughout the week; it is a part of the tribal culture. The bird is also considered as most liquid asset and most important coping mechanism for the tribal people. Having seen the ongoing demand of the chicken meat and its popularity, we have made an attempt to intervene in this activity by taking the help of veterinary department. This is one of the successful interventions on livestock rearing. Banraj chick is the mixed variety of county and boilers chick and the growth of the chick is just

like boliers and looks like country chick. It gives a good return within a short time. This activity is getting good response from the community and we are planning to undertake this in a large scale. Till date nearly 3000 birds have been supplied to Kalanjiam groups.

### 3. Fish rearing activity

The block is rich in inland water resources with a total area of 826.83 hectares (5 percent of the total water spread area and highest among the blocks in the district). Out of the total area of pond and tanks, 58.5 percent of the area was under intensive fish culture, where fish is reared consciously by feeding according to the number of fingerlings reared in the water bodies and the rest in extensive fish culture, where the fingerlings are grown without any careful feeding. There are 378 Panchayat ponds and more than 1600 private ponds available in Betnoti block. There are 110 Panchayat ponds in the geographical working area of KCBP in Betnoti. Through general observation, it was found that every village had two to three Gram Panchayat (GP) ponds and every two out of five house holds had small ponds in their surroundings for rearing fish. Despite rich water bodies and ample scope of fish rearing the block depends upon other district and block to meet the ongoing demand of the people. In this regard the programme has facilitated tank renovation and fish rearing activity among the Kalanjiam members by taking GP tank in lease for certain period with the support of DHAN Vayalagam (Tank) Foundation, Madurai.

Last year we had started this activity by taking four ponds and this year we have already identified another ten ponds for this activity. The first year result is quite reassuring and having seen the return, the other group has also started showing interest to undertake this activity in a large scale.

### 4. Project paddy crop

Agriculture is the primary occupation for the tribal people of Betnoti block. Paddy is the main crop which starts in the month of June and is harvested during the month of December or January. The block is receiving



least rainfall in the district for the last four decades. There are also no other alternative sources of irrigation in the block, and the ground water level is very low. All farmers have to depend on rainfall which is a gamble of monsoon. The credit requirement for the farmer is very high in this particular period. Taking this as an opportunity, all the moneylenders, big traders and land owners came forward to exploit the poor tribal farmer. The farmer has also no other alternative than to take the loan from these agencies at high rates of interest or face the distress of selling the crop after harvesting for a meager price. Keeping all the issues and concern in mind, the programme has designed a special loan product to rescue the members' family from the clutches of moneylenders. We have calculated the entire cost of production for one acre of land which is coming around Rs. 5000. Through this project 250 Kalanjiam members of 30 Kalanjiam had received Rs. 11 lakhs from KDFS in competitive interest rate with a facility of bullet payment after harvest of the crop.

### 5. Farmers club supported by NABARD

Another initiation has been undertaken by the programme to promote and nurture the farmers club supported by NABARD. The club will follow the guidelines of NABARD. The primary objective of the farmers club is to ensure the overall development of the village. This year, we have promoted two farmers club by taking the spouse of Kalanjiam members. Our clubs have undertaken activities like mass vaccination

of livestock such as goat, cattle and poultry; health camp; ensuring financial inclusion to all household by opening their SB account in nearby bank. The other micro enterprise or livelihood activities (fish rearing, poultry, mushroom cultivation, vegetable cultivation) were also started in a pilot phase. The farmers clubs are also ensuring the enrollment in primary school and the quality mid day meals in their respective village. Beside these activities, farmers clubs have planned to involve themselves in fertilizer distribution, PDS distribution and keeping good rapport with all the line departments (such as veterinary, agriculture, Gram Panchayat, primary health centre, bank and NGOs) to avail their facility.

## Civic initiatives

### 1. Filling the gap: remedial school

In 2008, the location level baseline survey was completed and it has been found that there remained a high proportion of tribal children who were not enrolled in school or had dropped out of formal education. Female literacy is almost nil in some parts of the panchayat. Some villages of Saitpur and Santara cluster have no school facilities. The children have to go far away to attain the school education and in the rainy season the condition is more miserable. During the new leaf collection period, parents go along with their children for collecting the sal-leaf in the forest or elder daughter and son have to take care of their siblings. Many people are not able to count their money, so they are highly exploited by the outsiders, middleman or traders.

In seeking a solution to this, the programme has initiated two remedial schools in two remote villages with 30 students each. After two years of initiation of DHAN Foundation activities, children and their parents have been motivated to pursue this education. Now are another 20 schools have started and nearly 700 students are directly getting benefited out of it. The federation has established a tracking cell comprising Kalanjiam leaders to monitor the attendance of these children and found 90% of them were retained in regular school.

### 2. Health awareness campaign

Another key issue in the block is inadequate health services which is a matter of concern for the block as well as district administration due to wide spread vector borne disease like malaria. The percentage of deaths

due to malaria is comparatively high in this block. Pre and ante-natal care is totally missing in almost all the villages of this tribal pocket. The villages of the block are remote and scattered; this leads to poor access to the existing healthcare infrastructure. The predominant geographic areas are highly remote and have very low access to health services. The issues like anemia, nutrition deficiencies and malnutrition observed in almost all of our Kalanjiam families. Among 2500 insured Kalanjiam members, there were seven deaths last year, of which four lost their lives due to malaria, two died due to delivery complication (tribal people have the practice of home delivery) and one died in an accident. The claim amounts were given to the family members. To address these issues, the programme has started a health awareness campaign in remote villages through street plays. Health camps have also been organised in remote village.

## Looking ahead

One major upcoming development will be the formal registration of the federation in 2010-11. This existing development is a step towards ensuring the 3000 poor households into a strong and sustainable people institution becoming an entirely community run and managed federation. In the coming year onwards the federation would try to do all the livelihood activities in a scale by sensitizing more community participation and cost sharing. DHAN Foundation is looking forward to find innovative means and counting its existing projects and activity to affect positive social change among tribal community.

We cannot help ourselves without helping others.

We cannot enrich our lives without enriching others.

We cannot prosper without bringing prosperity to others.

- Janette Cole, Spellman College



# Workshop on “Decentralised Wastewater Management” at Madurai Symposium

Jens Götzenberger\*

On 15 September 2009, DHAN Foundation's Centre for Urban Water Resources (CURE) organised an awareness-building workshop on “Decentralised Wastewater Management” at Thamakkum Grounds, Madurai. The workshop was organised within the scope of the Madurai Symposium 2009, which thematically focused on “Advancing development towards Millennium Development Goals (MDGs)” and was sponsored by the Bangalore-based “Consortium for DEWATS Dissemination (CDD) Society”.

## About the Madurai Symposium

The Madurai Symposium is a development platform where development stakeholders - community institutions, civil societies, the Government, non-government organisations (NGOs), financial institutions and academia - converge at Madurai for conventions, conferences and a development carnival. Three biennial symposiums were organized in Madurai in 2003, 2005 and 2007. Each Symposium was attended by over 15,000 participants. At the 2009 Symposium, people conventions, conferences and workshops were organized on themes such as poverty, women and children, environment and global partnership. The Symposium again was an opportunity for all the stakeholders of development to consolidate their experiences and field practices, share what they have learned, and establish an agenda for realizing the MDGs. DHAN CURE organised a one-day workshop in collaboration with Consortium for DEWATS Dissemination (CDD) Society on the second day of the Symposium in order to create awareness on

Knowledge Building workshop on  
**“Decentralised Wastewater Management”**  
 Madurai, 15 September 2009

Advancing Development towards MDGs  
**Madurai Symposium 2009**  
 14-18 September 2009

Organised by  
 DHAN Vayalagam (Tank)  
 Foundation - CURE

Sponsored by  
 Consortium for DEWATS  
 Dissemination (CDD) Society

- 1 ERADICATE EXTREME POVERTY AND HUNGER
- 2 ACHIEVE UNIVERSAL PRIMARY EDUCATION
- 3 PROMOTE GENDER EQUALITY AND EMPOWER WOMEN
- 4 REDUCE CHILD MORTALITY
- 5 IMPROVE MATERNAL HEALTH
- 6 COMBAT HIV/AIDS, MALARIA, TUBERCULOSIS AND OTHER DISEASES
- 7 ENSURE ENVIRONMENTAL SUSTAINABILITY
- 8 GLOBAL PARTNERSHIP FOR DEVELOPMENT

alternative sanitation management strategies which can complement the conventional treatment paradigms.

## Objective of the workshop on “Decentralised Wastewater Treatment”

During the workshop, the importance of sanitation in achieving MDG 7 – environmental sustainability – and the other goals was discussed. The participants discussed about technical solutions and approaches for decentralised wastewater treatment as well as about the different fields of application and benefits of such technologies. In an open discussion, the lead questions of the workshop were discussed, which included the scope for centralised and decentralised technologies,

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advantages and disadvantages of decentralised management approaches, as well as the role of different stakeholders in promoting decentralised sanitation solutions and by this working towards achieving the sanitation and the other goals of the MDG

### Participants

In total, approximately 50 participants attended the workshop over the entire day. An additional number of floating participants attended the workshop partly in order to have the possibility of also participating in the other parallel ongoing seminars and workshops.

Participants included delegates from local bodies such as engineers from Madurai Municipal Corporation, Public works department (PWD), Tamil Nadu water supply and sewerage board (TWAD) and the district administration; as well as participants from other Municipalities and Panchayats. Additionally professors, research staff, lecturers and students from surrounding universities and technical colleges attended the seven-hour programme. Other participants came from NGOs, the private sector, and Tamil Nadu urban infrastructure financial services. Besides external participants also staff of DHAN

Foundation attended the workshop like research staff and postgraduate students from Tata-Dhan Academy as well as executing staff from the different DHAN programmes and locations.

### Release of CURE publication

At the beginning of the programme, CURE's latest publication was released by Mr. Gopalram, TWAD Board and handed over to Mr. Stanzin Tsephel, CDD Society. The book named "Alternatives in Sanitation Management" was written by

Mr. Götzenberger, CURE, and published in collaboration with CDD Society and BORDA. The book describes and discusses current and planned wastewater management practices in India - in general and based on a case study on Madurai City – and gives recommendations for improved sanitation management by integrating decentralised approaches into the conventional sanitation management (hybrid solution).

### Presentations

The workshop was inaugurated by Mrs.J. Kanagavalli (Programme Leader, DHAN Foundation, Madurai) by welcoming the participants and introducing the resource persons. Following the introduction, Mr. Jens Götzenberger (Programme Officer, DHAN





Foundation and CIM Integrated Expert) presented about the “Relation between Water and Sanitation and Achieving MDG 7 and the other seven MDGs” to show the relation between the workshop and the overall motto of the Symposium. Subsequently Mr. Joseph Ravikumar (Senior water and sanitation specialist at water and sanitation programme (WSP) World Bank, New Delhi) and Mr. Pravin More (urban sanitation consultant WSP) presented about GoI’s national urban sanitation policy and WSP’s decision support tool for city sanitation plans followed by a WSP film on urban sanitation. After a round of discussion, Mr. Stanzin Tsephel (Executive Coordinator CDD Society, Bangalore, representing BORDA) and Mr. Rajesh Pai (Coordinator CDD Society, Bangalore) presented about decentralised sanitation solutions and approaches and principles of DEWATS. A discussion focusing on technical features of DEWATS and areas of applicability was followed by the film “DEWATS at Aravind Eye Hospital” produced by CSR Auroville in order to showcase the DEWATS technology working in praxis. Before lunch break, Mr. V.C. Sudhakar (President of Musiri Selection Grade Town Panchayat) and Mr. Vijay Anand (Project Coordinator EXNORA International, Chennai) presented a case study of a community based sanitation (CBS) project combined with DEWATS, which is successfully implemented in Musiri, Trichy, as well as about the CBS-DEWATS approach in general, including social and technical aspects and benefits.

The afternoon programme started with the handover of a memento from Mr. Tsephel to Mr. Sudhakar,

followed by the screening of IYW’s film “Evidence for Hope” to focus attention on social aspects of CBS-DEWATS and to showcase another successful implementation. Subsequently Ms. Sowmya Haran (Director of Alchemy Urban Systems Pvt. Ltd., Bangalore) presented about city wide sanitation planning using decentralised approaches followed by a discussion round including the drawbacks of DEWATS, applicability of DEWATS for industrial use and in hilly areas. Ms. Haran’s presentation was followed by a presentation of Mr. S.T.

Gopalram (Deputy Chief Engineer Tamil Nadu water supply and sewerage board (TWAD), Chennai) about sewerage systems in urban and coastal areas – an integrated approach in Tamil Nadu. The following discussion focused on restrictions of the implementation of sewerage treatment plants, TWAD board’s future approach regarding decentralisation and potential reuse options for effluents of wastewater treatment systems.

### Open discussion and way forward

Following the presentations, the three lead questions of the workshop were discussed in a panel, including the eight key speakers, and the audience.

The first question focused on the areas of applicability of decentralised systems. The elaborated answers included settlements in the periphery of cities (peri-urban areas) where the population density is low and the provision of an underground sewer system is economically not viable, locations where the effluent can be directly reused, institutions like schools or hospitals, slum areas, as well as areas where the topography would require excessive pumping of sewage.

In the second question advantages and disadvantages of decentralised systems were elaborated. Simplicity, low running cost due to energy savings, minimal O&M needs, high local reuse potential of effluents, easy and efficient user involvement and participation, applicability on household, cluster and



community level, as well as easy stormwater separation and therefore reduced treatment capacity needs were some of the mentioned benefits. A higher total number of necessary treatment units, higher total land requirements and higher total costs compared to centralised systems were the named disadvantages of decentralised wastewater treatment.

The third discussed question focused on the role of different stakeholders in the promotion of decentralised systems. Education of the public, provision of funding and training of technical staff were some of the points defined for government institutions. NGO's role was defined for awareness building, community mobilization and education, formation of a sanitation network, sanitation promotion - especially in rural areas - as well as provision of skills and knowledge. Academic institutions can promote decentralised technologies by integrating these techniques into their curricula, by implementing showcase units and through research. The corporate sector's role was defined for implementation, provision of technical skills and incorporation of the promotion of decentralised technologies into their corporate social responsibility.

### Recapitulation and closing

Mr. Vasimalai (Managing Director, DHAN Foundation) highlighted the need for decentralised systems which need to complement the conventional centralised approach - particularly in rural areas – the necessity for good demonstration units and resource

mobilisation. In order to thank the key speakers for their contribution in the workshop Mr. Vasimalai handed over mementos to the resource persons. The programme was closed with words of thanks by Mrs. Kanagavalli and congratulations by Mr. Stanzin Tsephel before the workshop successfully finished with the National Anthem.

### Exhibition

Accompanying to the workshop's programme, a small exhibition provided an overview about the technical features of DEWATS, areas of application and showcase units. EXNORA International showcased models to demonstrate how DEWATS units can be structurally integrated, and displayed different info material in form of brochures, fact sheets and posters. CDD Society provided info materials in form of fact sheets and brochures and showcased info boards about different application areas of DEWATS (CBS, SME) and the different components of the DEWATS programme, including capacity development and technical aspects. DHAN CURE presented a 1:10 scale DEWATS model to demonstrate the functioning of the treatment modules; and WSP distributed booklets and brochures about technology options for urban sanitation, public toilets and GoI's National Urban Sanitation Policy.

For further information about the workshop or other enquiries please contact:

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# Institutionalizing conservation

K. N. Rajkumar & P. Subburaj\*

## Introduction:

**G**ulf of Mannar is known for its marine biodiversity of global significance, located in the southern eastern tip of India in the state of Tamil Nadu. The Gulf's estimated 3600 plant and animal species make it one of the richest coastal regions in India. To conserve the biodiversity, the project "Conservation and Sustainable-use of the Gulf of Mannar Biosphere Reserve's Biodiversity" was launched with the support of Global Environment Facility (GEF), which provides grants for projects related to six focal areas: biodiversity, climate change, international waters, land degradation, the ozone layer, and persistent organic pollutants. DHAN Foundation partnered this initiative by organising community into institutions and promoted alternative livelihoods.

## DHAN's approach:

DHAN Foundation considers the poor and vulnerable people as potential partners of development intervention rather than beneficiaries. It follows 'enabling' and 'institution building' approaches which lay emphasis on self-help, mutuality, community ownership and control over resources and benefits, thereby the interventions, either conservation or microfinance are just taken as means and not the ends. It builds peoples' institutions using these inputs as vehicle of change and enables them to sustain the efforts and results for long time, even beyond generations.

## Institutions for conservation:

Development is not just a one way process; rather it is a two way, which involves the development actors and local communities. To promote and accelerate community actions, the poor and vulnerable communities in the most backward villages of Kadaladi block in Ramanathapuram district, were organised as SHGs and associations. Further these people institutions were networked to promote three block level federations. The federations promoted were registered



in the names of *Neithal Vattara Kalanjiam*, *Kadaladi Vattara Kanmoi Vivasaya Sangamgalin Kootamaippu* and *Valampuri Vattara Meenavar Kalanjiam*. They stand for women empowerment, conservation of marine resources and water bodies and livelihood promotion. Two out of three federations are a decade old. All these institutions are supporting 11200 families in 105 villages for their economic and livelihood needs. These institutions are self-sustainable, and have supported the coastal communities under several circumstances like drought and tsunami.

To seed and promote community led development, the federations organised several training events on leadership, governance, mutuality, livelihood, conservation etc. These events capacitated the community to vision their own development. As on date, more than 1400 women and men leaders are leading their institutions (SHGs and federations) and responsible for overall development in the context.

Access to credit was a very big challenge for the coastal communities, prior to the entry of SHG concept. The coastal communities in Kadaladi block depended upon the money lenders, who charged usurious interest rate (above 5% per month). To address this issue, the federations encouraged the microfinance activities among SHG members. As on September 2009, the

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cumulative savings of 410 SHGs in Kadaladi block is Rs. 11.88 millions and the savings mobilized are being utilized to address the credit needs of the members. The SHGs address the diversified needs of poor like health, education, livelihood. As an impact of SHGs, money lending activities at usurious interest rate have declined.

Apart from credit access within group, the SHGs were linked with mainstream financial service providers like banks. Such linkage is a process of recognition, which means the existence and activities of the SHGs are recognized by the banks. As on September 2009, the SHGs have mobilized Rs. 42.50 million from banks.

#### **Livelihood / alternative livelihood intervention:**

Migration for survival is a common issue in the agrarian villages of Ramanathapuram district. Farming families were shifting their livelihoods from agriculture to fishery due to frequent crop failures. In order to reduce the rising pressure on marine resources, the people institutions promoted in the coastal area, supported the farming communities by training them on cropping methods and provided timely credit support. In addition, they promoted combination of livelihoods like livestock and agriculture to reduce the impact of shock on poor families due to crop failures. The fisher folks were supported to promote small and petty trade activities. So far more than 6800 poor families were supported for their livelihood activities.

#### **Community conservation:**

The twin strategy of people institutions includes conserving the coastal eco-system and reducing the raising pressure on marine resources. The poor households organised into SHGs were oriented on various ecosystem, biodiversity, endangered species, banned method of fishing and eco friendly method of fishing. The SHGs encourage the families to promote eco friendly activities through addressing their credit needs. Apart from conservation of marine ecosystem the coastal water bodies – which are the only source of fresh water, were renovated through the farmer's associations. So far more than 55 water bodies were renovated in Kadaladi block and they are supporting 4500 poor families by addressing their drinking / irrigation needs. The traditional fisher folks were also organised as associations, to encourage eco friendly method of fishing by facilitating collective marketing, for amplifying their livelihood income. So far seven associations have been promoted and they have marketed over Rs. 17 million worth of fish. Further these associations are involved in evolving a code of conduct to conserve the marine resources. The services rendered by the people institutions for the last one decade are significant.

#### **Restoration of livelihoods – post Tsunami interventions:**

Post Tsunami, the SHG federations swiftly responded to the needs of the affected victims. The

existence of people institution with proper system enabled the community to act on their own. The poor fisher folks, poor and marginal farming families, fish labourers and agriculture labourers were supported to revive / strengthen the livelihoods. More than 3000 families were supported for restoring their livelihoods. Apart from restoration, the federations have equipped the communities towards disaster preparedness.

### Way forward:

Organising the community into institutions creates multiple opportunities for the poor to work towards development. The people institutions will be serving as a change agent and will continue to function as a catalyst between the community and mainstream institutions. The institutions will be collaborating with research institutes to facilitate transfer of technology and knowledge. These decade old federations will continue to function for generations and will attempt to fabricate conservation with the local culture.



# Migration

S. Sivasomasundaram\*

**M**igration, a process of shifting residence, came into existence since humans started walking. Wikipedia says “migration refers to directed, regular, or systematic movement of a group of objects, organisms, or people”. Man was constantly changing his stay place according to the availability of fertile lands for shifting cultivation. This resulted in what we call now ‘civilization’ along the river. Indus valley civilization in India, which were along Indus and Saraswati river valleys of India and Pakistan were the home to the ancient civilization of Mohenjo-Daro and Harappa; similarly along Nile in Egypt, and so on. Since then, people migrate according to the availability of resources and livelihood activities. Now-a-days, International Organization of Migrants (IOM) of United Nations quantifies 214 millions are migrant workers, which is 3.1% of world population about 20 – 30 % people are undocumented migrant workers.

## Types of migration:

International Organization of Migrants (IOM) of United Nations classifies migrants as the following -

**Internal migration:** Moving to a new home within a state, country, or continent.

**External migration:** Moving to a new home in a different state, country, or continent.

**Emigration:** Leaving one country to move to another.

**Immigration:** Moving into a new country.

**Population transfer:** When a government forces a large group of people out of a region, usually based on ethnicity or religion. This is also known as an involuntary or forced migration.

**Impelled migration (also called “reluctant” or “imposed” migration):** Individuals are not forced out of their country, but leave because of unfavorable situations such as warfare, political problems, or religious persecution.

**Step migration:** A series of shorter, less extreme migrations from a person’s place of origin to final

destination; as moving from a farm, to a village, to a town, and finally to a city.

**Chain migration:** A series of migrations which happen within a family or defined group of people. A chain migration often begins with one family member who sends money to bring other family members to the new location. Chain migration results in migration fields — the clustering of people from a specific region into certain neighborhoods or small towns.

**Return migration:** The voluntary movements of immigrants back to their place of origin. This is also known as circular migration.

**Seasonal migration:** The process of moving for a period of time in response to labor or climate conditions (e.g., farm workers following crop harvests or working in cities off-season; “snowbirds” moving to the southern and southwestern United States during winter).

Again in migration, there are different types of people

**Emigrant:** A person who is leaving a country to reside in another.

**Immigrant:** A person who is entering a country from another to take up new residence.

**Refugee:** A person who is residing outside the country of his or her origin due to fear of persecution for reasons of race, religion, nationality, membership in a particular social group, or political opinion.

**Internally displaced person (IDP):** A person who is forced to leave his or her home region because of unfavorable conditions (political, social, environmental, etc.) but does not cross any boundaries.

**Migration stream:** A group migration from a particular country, region, or city to a certain destination.

**Migration – past and present:** There are two distinct types of migrations observed.

## First Type:

When the British ruled India, they brought British to India and placed them for administration and execution jobs like railways, justice, revenue and

\* Mr. S. Sivasomasundaram, Programme Manager, DHAN Foundation, Madurai.

governance. Similar thing occurred wherever there was colonization. Such migrants were enjoying the comforts provided by the government. Fully furnished residence, sufficient salary, and a good quality education of their children are the few to mention. In later days, in India itself experts of one part of the country were brought and provided settlement in other parts, Marathis (people from Maharashtra) to Tanjore and Sourashtras (People from Sourashtra) to Madurai.

## Second Type:

The British took a mass of colonized people as slaves for extension activities. The British took South African slaves to America and many Tamilians were taken as slaves to South East Asian countries. Burma, Thailand, Indonesia, Malaysia, Singapore, Sri Lanka, Mauritius, Andaman were brought into Britain's fold because of the endeavors of many Tamil slaves.

The slaves were engaged in forest clearance, establishing infrastructure facilities for the rulers to set the offices, residence, doing agricultural works for the British. During this process of making the place livable, the slaves had to face the opposing native tribes of the location. The colonies enjoyed the luxury at the cost of fight between the slaves and native tribes.

Indian history says, that more than 10,000 people from the Indian mainland were taken to Andaman Islands for colony establishments. There are records of around 2400 people who lost their lives in the battle among the Indian main-lander slaves and Andaman tribal people. Similar battles could successfully reduced the human diversity of tribal people from 70,000 to mere 2000. There is evidence of taking 70 heirs of 'Maruthu brothers' as slaves to Malaysia who did the development works of Penang during 1817. There are historic evidences of Malaysia being a district of Chola dynasty before 1000 years.

The earlier migrations were movement of the entire family but now the migration is an individual moving out in search of livelihood and join the family after a brief period of time, it may be a few months or years. It constitutes approximately 70% men and 30% women.

There is no accurate method to identify and measure the extent of migration. International Organization of Migration (IOM) ([www.iom.int](http://www.iom.int)) and Overseas Manpower Corporation (OMC) ([www.omcmanpower.com](http://www.omcmanpower.com)) have more details about migrations and the figure may not reflect the reality.

The prime reason for such migrants is, people get tourist visa and in their sojourn they identify a suitable job opening and settle there. Such migrants are not a rare phenomenon. International airports maintain the details of passengers who travel after passing through the formal procedures. Each country has to identify the real situation. Malaysia declares 40% of their population is migrants from various countries. There may be more than one crore migrants from Bangladesh settled in West Bengal and North Eastern India like Tripura. The exact number of Sri Lankan refugees is not available in Tamil Nadu.

## DHAN's way of addressing migration issues:

DHAN Foundation included migration as one of its thematic programmes to find ways and means to address issues related to migration. DHAN established its secretariat in Malaysia to identify and solve the problems in Indian migrants who are exploited and treated brutally. Some of the migrants were brought out of the country. A press meet was organized and interaction was facilitated among the rescued Indian migrants from Malaysia and press people and once "Life of migrants in Malaysia" was the topic of discussion in 'Journalism for Development' and an issue of 'Palagai' showed insights of the Indian migrants in Malaysia. An analysis is made to dissect migration. The outcome is as below.

### Why migration?

- 1. Unemployment:** People face unemployment in their native place and in some occasions they are less paid. On the other hand, they hear promising employment opportunities with desirable salary. Migration from rural to urban areas, or from one country to another results due to this.
- 2. Drought:** Vagaries of monsoon and gamble of nature make agriculture a nonviable livelihood option. As a result many agricultural labourers are left in desperate situations due to bankruptcy by nature. They have no other option but to migrate to other places where agriculture is possible, to earn livelihood for themselves and for their family.
- 3. Income:** People get lower wages in their native place due to abundant availability of manpower, whereas, in some part of the country and abroad there is great demand of employment with higher salary.
- 4. Social avoidance:** Rulers or dominant section of population suppress the minority or marginalized

section of people. The people with lesser voice are forced to migrate to protect their dignity.

- 5. Escaping Criminals:** Some anti-social elements flee from the place when they are caught or when they are afraid of being caught. A few people migrate to escape from the feuds erupted in the family or society.

### **Why are migrants preferred for jobs?**

1. Lack of manpower in the place.
2. The salary need to pay native people is high compared to a migrant.
3. As a migrant stays away from the family, he can extend his working hours and contribute more to the payment made to him when compared to a local employee.
4. Migrants are just individuals employed in a distant land; they may not form unions to raise voice against the management.
5. Lack of skilled labour or semi-skilled labour in that place, hence they have to depend on migrants for the skilled job.
6. The employing management can disengage a migrant as soon as they do not want his service. There would be no one to question this to them.
7. Sometimes migrants are employed by paying a small amount and get the contract signed. This makes the migrant more or less like a bonded labour or slave.

The problems of migrants are of different types and due to varied reasons. They can be classified as -

### **Problems due to migrants themselves:**

1. Poverty forces people to go to any place in search of livelihood without much ground works, they reach fake agents. These agents give fake promises and migrants end up in under-employment and frustrations as his expectations are not met.
2. Contracts are signed without much scrutiny and as a result they are paid less and exploited.
3. Migrants, due to frustrations due to low payment and underemployment, perform inefficiently.
4. Problems of a migrant are more including change of food habit, climate and health problems.
5. Migrants happen to land in a situation, where they lack formal papers.
6. Migrants work without getting work visa or work permit when they are still a tourist in legal terms.

### **Problems due to employers:**

1. Spend huge sum to get labourers from various places.
2. Engage migrants without mentioning the salary details through agents.
3. Over exploit the migrants by extending their working hours to even 12 to 15 hours.
4. Employees are not even provided with minimum needs like stay place, food, medical facilities.
5. Step-motherly treatment to migrant labourers.
6. Contracts and signatures are made in empty stamp papers, which on later date are filled to create problems to the migrants.
7. Taking advantage of the support of police department and government officials, employers use muscle power to torture the migrants.
8. Employers take the migrants' passport and other formal papers and do not pay the fees to government.

### **Problems due to agents:**

1. Labour trafficking is common among agents.
2. Agents get money from both employers and employees.
3. Agents give fake promises at both ends and raising the expectations.
4. Taking migrants using fake papers to other countries and return to own country leaving the migrants there without proper guidance.
5. Agents who get migrants through some sub-standard agents suffer a lot, as they are trapped in unexpected situations.

### **Common problems faced by migrants:**

- ✗ Language
- ✗ Affected local labourers
- ✗ No proper procedures
- ✗ Migrants lack education and awareness.

### **Way forward:**

- ✗ Rescuing migrants
- ✗ Bringing the migrants issue into forefront
- ✗ Documentation of the real situation of migrant labourers.
- ✗ Network or association of migrants should be formed.
- ✗ Migrants' problems should be shared with the government.

# Potential of SHGs in Achieving Comprehensive Financial Inclusion

## The Experience of DHAN Foundation

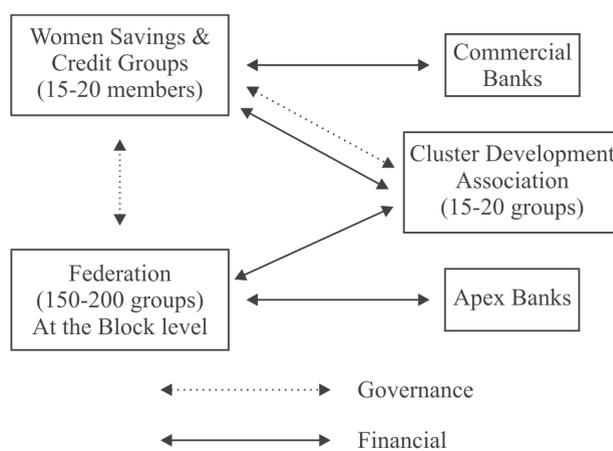
B. Sivarani<sup>1</sup> and K. Sridhar<sup>2</sup>

### Microfinance experience of DHAN Foundation

**D**HAN Foundation has over two decades of experience in microfinance through its Kalanjiam Community Banking Programme (KCBP). DHAN's model of microfinance emphasises on empowerment of the women and addressing poverty by going beyond 'microfinance'. The model has been demonstrated in diverse contexts viz. rural, urban, peri urban and tribal spread over 36 districts in the country. As on March 2009 KCBP has reached out to 4,34,419 poor families in 11 states. The activities are spread in 164 locations covering 7,615 villages/slums of the country. The Programme has promoted 26,049 primary groups, 1,143 cluster development associations (CDAs) and 99 autonomous federations, which are owned and controlled by poor women. In addition to mobilising savings of Rs. 13,684 lakh by members, the Programme has mobilised credit of Rs.35,211 lakh from 194 branches of various commercial and rural banks. As many as 25 Kalanjiam federations are involved in linkage with apex financing institutions and mobilised loan of Rs.2,406 lakh and on lent to the member groups.

DHAN Kalanjiam Foundation (DKF) has been created as a subsidiary of DHAN Foundation to upscale the KCBP to reach a million poor women over the next decade. The KCBP is not involved in delivering microfinance services; instead it facilitates promotion of independent community development institutions (groups, cluster development associations and federations). The products are innovated and developed based on the clients by these institutions. The model is based on values of stronger community organisations for a better performance and therefore each of these organisations are left independent and autonomous and at the same time interdependent.

The model is based on values of stronger community organisations for a better performance and therefore each of these organisations are left independent and



autonomous and at the same time interdependent. The structure of the nested institutions is as presented below.

**Note:** Primary groups, CDAs and federations are independent with distinct identities. Each is interrelated to the other and they work together for sustainability. As far as financial transactions are concerned, only primary groups handle the savings and loans for individual members. Groups mobilise loans from CDAs and CDAs mobilise loans from federations.

### DHAN Foundation's role in policy initiatives of financial inclusion

Promotion of SHG concept in India was spearheaded by NABARD dating back to the early 1990. DHAN Foundation along with other NGOs (Myrada and Pradan) worked closely with NABARD in evolving concepts and strategies and in piloting. DHAN Foundation's projects in Madurai East block of Tamil Nadu and Tirupati urban slums of Andhra Pradesh were

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two of the few earlier pilot ventures on SHG-Bank linkages in India. Over the years, DHAN Foundation joined hands with many other stakeholders to promote SHG-bank linkage programme. It has demonstrated large-scale linkages of the primary groups with local commercial and rural banks and federations with apex banks address multiple needs of the poor and ensure sustainability of these organisations. DHAN Foundation conducted several training programmes and exposure visits to the bankers in order to educate them on SHG-bank linkage. More than 2,500 bank officials have participated in these events over the last ten years. The Programme organised a number of national level workshops and seminars on SHG-bank linkage as part of policy advocacy initiatives to create a favourable environment for linking the SHGs with mainstream banks. Recently, DHAN Foundation actively took part in the development of business correspondence (BC) and business facilitator (BF) concepts of banking. DHAN Foundation has undertaken pilots on BC and BF models in partnership with State Bank of India and Indian Bank.

### **DHAN's perspectives on financial inclusion**

The Kalanjiam Community Banking Programme endeavours to provide linkages for the poor women members with commercial banks through the SHG-bank linkage programmes. DHAN's approach of organizing the unorganized poor in institutional frame work of SHGs and its federations provides the necessary and facilitation for the process of financial inclusion. The members of the Kalanjiam are availing savings and credit facilities from the Kalanjiam, which in turn have linkage with the banks. It is important to recognize that the individual members having accounts with SHGs and operating them effectively is but an important part of financial inclusion. The existence of the group and group transactions in fact reflect the active participation and the availing of financial services.

Even though the individual members may not have direct account with the bank, the groups have account with the bank and thereby the linkage is established with the banking system for a greater financial inclusion over a period of time. Imagine a situation where the groups do not exist and one can realize how distant the goal of financial inclusion is. The SHG-bank linkage

programme therefore needs to be taken as a part of the financial inclusion process because it brings to the formal banking fold the excluded category of poor segments of societies who are not able to access banking services individually.

The Kalanjiam Programme adopts the following strategies to ensure the reach of formal financial services to the poor in a sustained way.

- a) Focusing only on the poorest women from rural, urban, coastal and tribal contexts.
- b) Providing a combination of savings, credit and insurance products to the member households
- c) Promoting community financial institutions namely groups, cluster development associations and federations in order achieve sustainability
- d) Promoting financial products suiting to the local developmental issues and needs
- e) Branch-based intensive linkages to ensure business feasibility for the bank branches out of lending to SHGs
- f) Providing bridge credit support services to the SHGs through Kalanjiam Development Financial Services, a section 25 company in places where local commercial banks are not positive to lend to the groups
- g) Giving major thrust on financial literacy and financial counseling
- h) Educating the bank officials through policy advocacy efforts and training programmes
- i) Keeping simple and transparent systems

### **Achieving comprehensive financial inclusion through SHG federations - Experience of DHAN Foundation in Salem District, Tamil Nadu**

#### **Salem district overview**

Salem district has nine taluks and 20 blocks. As per the census of 2001 Salem had a population of 30,16,346. Around 54% of the total area of Salem district is rural. The district has a literacy rate of 65.72%, one of the lowest in the state. Kalanjiam community banking programme was initiated in Salem district in the year 1999. Initially only one block at Ayodhyapattinam been

selected for KCBP implementation. As on March 2009, 10 locations have been covered under KCBP. There are five locations for rural and five locations for the urban context. We have formed some 3,074 groups in all these years in Salem district.

### **Reaching the unreached**

The Kalanjiam Program concentrates mainly on the poorest of the poor. In rural areas these poorest of the poor constitutes landless agricultural labourers, agri coolies, low income farmers, industrial labourers, peasants. In urban areas, industrial labourers, daily wage labourers, poor artisans, street vendors, service sector labourers constitute this poorest of the poor sector.

Selection of location for implementing KCBP involves lot of screening activities. As a first step we will screen the blocks and choose the most backward block in the district. Again there will be a screening of the most backward villages in the particular block. The intention of KCBP is very clear that the most backward locations should first get the support of KCBP.

Existence of strong quality check mechanisms such as participatory wealth ranking helps to block the entry of rich people in our program. Currently we have 353 villages and 237 urban slums where our Kalanjiam program works in Salem district. Out of 2100 groups, 1155 groups were in rural context in nine locations. Other groups were in the urban slum category.

### **Financial services offered**

The Kalanjiam Program offers three types of financial services for its members - savings, credit and insurance.

#### **a) Savings**

Our products start from savings. The habit of savings as a discipline is critical for the success of any microfinance program. This has been the core value of Kalanjiam program hence all the members get loans proportionate to their savings. The average savings per member per month is on an increasing trend every year in Salem region. As on March 2009 savings outstanding is Rs.12.62 Crores. Importance of savings has been discussed in several forums such as cluster EC, cluster GBM, federation GBM, cluster function and federation functions. Apart from the savings, members also pool together common fund savings to the federation. So

far common fund has been mobilized to the amount of Rs.177.65 lakhs in the year 2007-08. Average savings per member in the region amounts to Rs.137.

#### **b) Credit**

Credit is a crucial component for the sustenance of the program. The member savings are pooled together and the needy members get small loans out of it. New groups charge around 24% as interest and after a year of graduation they will lend to the members at the rate of 15%. Increased interest rate for the new groups was envisaged for the purpose of cash flow and more profit for the sustenance of the group. As on March 2009, internal lending amounts to Rs. 3,426 lakhs.

#### **c) Insurance**

Ensuring social security to all members is the key to risk prevention in rural areas. Kalanjiam Program offers two types of insurance; one is for cattle, and one is for life. Insurance is vital in providing this security to the people. Initially it was very tough for us to convince the people. There were lot of apprehensions about the insurance among the people. We needed to sensitize them about importance of insurance without affecting their social sentiments. Several programs were organized to sensitize the people. It is important for the Kalanjiam program to achieve this since the poor have vulnerable income flow and if something happens to the income earning members the family gets derailed in the society.

After our prolonged efforts we could achieve 90% of the members and their spouse covered in the insurance as on date. Spouses have also been covered since most of the families of the members of Kalanjiam Program depend on their income earning spouse. Initial years of experience in insurance went along with LIC and then to ICICI and now currently we are working with Birla Sunlife Insurance.

Livestock insurance is another important social security envisaged for cattle. For several rural households cattle rearing is the livelihood source. Hence preserving these precious assets are crucial for these livelihood consumptions. Livestock insurance was initiated from the year 2005-06 onwards in 4 rural locations. Livestock insurance was done through National Insurance and New India Assurance Companies. As on March 2009, seven claims were made

and received amount of Rs.85000 for our member families.

### **Kalanjiam-bank linkages: Volume and growth - bank wise and branch wise**

While initiating this program in Salem region the banks were hesitant to support SHG-bank linkage. We have conducted several sensitisation and training programs to bankers to convince them that the SHG-bank linkage is profitable and sustainable. After linkages due to our repayment rate the bankers were convinced that the SHG loans are profitable.

As on March 2009 Salem region groups were linking with Indian Bank and Bank of India. Indian Bank linkage started in the year 2002 with only one branch and right now it is spread across some 8 branches of Indian Bank. Total no of loans were 5454 and the linkage done amounts to Rs. 5,210.66.

Our repayment to groups to banks is 100% in Salem district. This we could achieve only through rigorous monitoring system. Applications are scrutinized by the Kalanjiam Executive Council (EC) and the cluster EC does a quality check to cross check the facts. Finally the federation EC along with DHAN professional does a quality check with the available data about the group from the software. This multilevel monitoring system helps us to sustain the quality of the linkages done at the kalanjiam level.

Apart from Indian Bank, Salem region also has linkages with Bank of India. Linkage process started in the year 2006-07 at Bank of India as on March 2009 stands at Rs.332 lakhs disbursing some 343 loans.

Single bank linkage / federation is envisaged at Salem and it has scale advantages such as

- ✘ Sizeable business for the bank
- ✘ Good deposit base for the bank
- ✘ Good for the federation to negotiate on the interest rate/service charges for loans

ICICI has given bulk loans to Salem Vattaara Kalanjiam and Salem Kottai Vattara Kalanjiam. Some Rs.103.55 lakhs were received as bulk loans in the year 2005 and presently all the loans were closed.

### ***Regulated online credit (ROC)***

ROC linkage has been encouraged to facilitate the credit demand rising from time to time. There is no need for waiting until the other members complete the loan. In the normal SHG linkage all the members tend to request loan (without any credit demand) since the next loan availability will be only after particular period. To avoid such attitude among the SHGs this concept of ROC linkage has been envisaged. As per this concept members who have credit demand can apply for a loan under ROC with the local banks. This actually gives scale advantage in reduction of documentation and administration costs. This further improves the relationship among the members and also leverages the banking relationship. However this loan can only be given to the best functioning Kalanjiams. To obtain the ROC loans Kalanjiam should have obtained loans from the bank at least twice and the repayment rate should be 100% and the age of the Kalanjiam should be minimum of two years completed. Kalanjiam should be well functioning. Under this linkage the cheque books of the group can only be operated by the federation. Application should be generated in the group meeting and should be forwarded with the minutes to the federation. Loan sanctioning will be jointly done by the cluster EC and federation EC. Five percent of the total ROC loan should be given as a deposit to the federation which in turn will keep the amount in the bank as a fixed deposit. This amount is refundable to the group. Repayment should be a minimum of 5% of the total loan outstanding. Currently Salem district has some 123 groups with an outstanding of Rs.1.36 crores under ROC loan.

Even for this loan product bankers were not convinced about the product however after witnessing security measures we are employing for this loan they were convinced to go for this product.

Meeting out a variety of financial needs of the members (analysis of credit utility)

Savings and external loans mobilized from banks were given to members for various purposes. Following table depicts the purpose wise loan utility as on March 2009.

Purpose	%
Debt redemption	35
Consumption	17
Medical	8
Education	8
Housing	8
Agriculture	8
Business	7
Social obligation	5
Others	3
Asset creation	1

Debt redemption tops the list with total 35% of utility and asset creation gets the lowest.

On exploring several banks initiatives on financial inclusion we understand that all the banks aim to concentrate only on 'No frill' SB account to the rural populace. All the other products have not been designed to suit the rural populace. Banks argument would be this kind of product loans would land them in higher risks. Without having innovative products suiting the rural and urban poor it would be meaningless to pursue financial inclusion initiatives. And all the initiatives which

### Case-1: More bigger the loan is more risk, more smaller the loan is less risk.

Mr.Venugopal, Branch Manager, Indian Bank, Fort Branch, Salem has been interviewed to understand the banker's perspective on financial inclusion.

He is quite positive about the Kalanjiam model of SHG finance. He further commented that Kalanjiam model enables the bankers to identify the real beneficiaries. He also commented that the uniqueness of the Kalanjiam model is that it does not handle the people's money instead they enable the people to handle their own money. This does not happen in other models which creates operational hassles.

When asked about the financial inclusion and SHGs he said SHGs are the biggest tools to achieve financial inclusion. He argues that individual operations by the poor results in inoperative accounts instead operational group accounts are far safer than these individual accounts. He further argues that the loan given to the individuals or any other companies are riskier than the SHG loans. Since the risk is spread across the group members SHG loans are safer for the banks rather than the other loans. Apart from that these loan accounts are highly profitable in the sense that the repayment is good and assured. The bigger the loan is the bigger the risk; in the same way, the smaller the loan is, the smaller the risk.

As far as Indian Bank is concerned there are no operational product loans that are designed to suit the grassroot populace except this SHG loans.

ignore this fact will land up in failure. However in the case of SHGs, several products have been evolved suiting the requirements of the SHG members.

### House leasing

House leasing product is an innovative product helps rural poor for the creation of asset. An analysis among the rural poor household of Kalanjiam teaches us that 30-40% of the total income of a rural poor goes to the house rent. To prevent rural poor from this burden and

to create a good amount of savings this product is envisaged in the Kalanjiam Program.

Member who is living in a rented house can find the same pattern of house for leasing and apply for a loan with Kalanjiam. Instead of paying the rent they will pay the amount to Kalanjiam. After the completion of leasing period the leased amount will come directly to the member. Member has utilized the house; lease amount is coming as a big savings. This product is a big hit among the urban locations and in some rural locations.

**Product features are**

- ✘ Identification of house to be leased for the same rent in which the member resides
- ✘ Agreement to be executed to Kalanjiam ensuring the payment
- ✘ Rent will be given as repayment

**Product innovations**

This target group at rural areas have specific needs and demands both in terms of savings and as well as credit. And this cannot be pure commercial retail banking. The existing rural banks have served more of the rich farmers/marginal farmers rather than the lower strata of the rural areas. This is due to the risk factors existing in rural areas. Hence there is a need to design innovative products that suits the requirements of the rural mass and it should cater to the needs of both the end (banks and the rural mass).

Innovation can start only out of experience and Kalanjiam Program does not hesitate to experiment the products in the field. Product development has several stages. Our federation team and our DHAN professional identify the problem and according to the nature of the problem a suitable product would be evolved and designing of the product will happen suiting the local populace. Before a global launch the product would be pilot tested and on the basis of successful feedback/ results the product will go for global launch. Some of the formally declared product loans available at Salem district have been discussed below.

**Educational loan**

Educational loans in commercial banks aims to fund only for UG/PG/engineering/ medical courses. Among the rural populace there can be a need for paying school fees of Rs.500. Because of the non-availability of funds either they go for speed finance where the interest would be exorbitant or they will stop their children’s education. To cater this needs of the poor Kalanjiam program has devised a educational loan product where in the Kalanjiam members can obtain a loan from Rs.500 to Rs.5000 depending upon the different educational levels of their siblings. This product is of immediate nature and seasonal. Out of this product 1880 members were benefited to the tune of Rs.48.63 lakhs.

Started in the year 2006 as “Arivu Chudar”, the product moves in a faster pace along with savings component. Product features are:

- ✘ Member saves as special savings in the scheme
- ✘ In the month of June they can get a loan of three times the savings outstanding 1:3 ratio

**Electricity loans**

This is a unique product for lighting the lives of poor. There are several areas still without an electricity connection. If a group of kalanjiam members does not have electricity connection in particular vicinity this product is envisaged. Under this product the expenses and the deposit (to be paid as deposit to EB) required to get electricity connection is given as a loan. The maximum loan limit for this product is Rs.5000 member.

**Agricultural loans**

Salem district consists of rainfed farmers and other lower strata farming activities dependant only on rain. Due to global warming we are witnessing seasonal changes everywhere. Experts where not in a position to tell when the rain is going to come. When the rain comes these farmers require loans for the purchase of seeds, sowing, use of fertilizers, urea etc. This should be immediately available for them and the among ranges from Rs.1000 to Rs.10,000. To cater to the needs of the rain fed and other farmers in Salem district, Kalanjiam has devised agriculture loans to the farming women folks. This is seasonal on emergency request based on the performance of the group and the members this can be availed.

**Business loans**

From consumption to business loans is the key focus given to advanced locations (more than 5 years). We need to go for livelihood promotional activities to ensure sustainable living for the poor. Hence this product is envisaged. Since this product involves capital investment viability of the project needs to be justified by the cluster and federation EC before the amount is sanctioned. This has transformed several lives. Last year we have witnessed the second largest utility in the salem region for this type of loan.

## Case 2: Building assets for the future

Ms.Sumathy is a housewife residing at Thathakapatty. Her husband Mr. Maariswaran is an auto driver and they have one daughter Ms.Kavithanjali, 13 years old studying VII th standard. Her husband earns around Rs.4000/month. She is residing in a rented house of Rs.900/month with an advance payment of Rs.5000 to the house owner(refundable on vacating the house). Her outside debt started with this advance payment and for other consumable expenses she borrowed from outside people ranging from 60% to 90% interest. This amount put together had accumulated to Rs. 30000 before joining our kalanjiam. Apart from this she also had Rs.10000 as jewel loan in a Cooperative Bank. Most of her family income dwelled towards interest payment and rent. For consumption purposes again she has been repeatedly going for loans. Six years before she has joined Tamilan Kalanjiam. During the course of period she has obtained five loans ranging from Rs.500 to Rs.40000/- as follows

Linkage Sequence	Amount(Rs.)	Purpose
I	500	Consumption
II	2,000	Hospital
III	3,000	Consumption and school fees
IV	10,000	Auto repair expenses
V	40,000	House leasing
<b>Total</b>	<b>55,500</b>	

22% of her total income pooled towards rent. Some of her Kalanjiam members suggested of going for bogiyam (house leasing) so that she can use the rent payment for repaying Kalanjiam and simultaneously she can built a stable asset of Bogiyam amount (Lease amount) within three years. Last April 2009 she has obtained the loan and went for bogiyam with the house owner. She has been repaying the amount of rent with Kalanjiam. She is very much amused when she says "she is not only saving with Kalanjiam she is also building asset for the future". These words have in-depth meaning and learnings for other Kalanjiam members too. Even though this has not been followed as a product this is in the evolving stage of product development.

### Affordability of financial services

Any financial services should aim for the benefit of the end user as such affordability of financial services is very much need of the hour.

- ✗ 350-500 groups from 2-3 locations linked with a single branch of Indian Bank
- ✗ Rs. 2-3 crore of loan outstanding
- ✗ Rs. 10-12 crore of loan disbursed per branch in 4 years

All these factors enabled excellent relationship with Indian Bank and this has made Indian bank to waive 50% of their processing charges only for kalanjiam. This offers scale advantages.

### Awareness and capacity building

In our Kalanjiam during each and every bank linkage an orientation on linkage will be given to the Kalanjiam members, wherein we give orientation about the utility of the loan, purpose of the loan, need for strict repayment, repayment terms and about the loan discipline to be maintained at the bank. In every Kalanjiam meeting, all the group members were given orientation on any of the topics on book keeping, bank linkage, meeting management, accounting, money management practices and so on. Thus we give financial literacy to each and every SHG members every month through our cluster associates. These cluster associates are trained at the federation level to impart such trainings

**Case 3: From nothing to something. educational and business loans**

Ms. S.Jeeva is a member of Kodimalar Kalanjiam for the past 4 years. Her husband Mr.Sampath is a van driver earning Rs.2500/month and she supports her family with her tailoring skills and earns around Rs.1500 approx/month. She had an outside debt of Rs.38000/- paying approximately Rs.1140/month as interest. Apart from that her son was studying in Polytechnic College and her daughter was studying 10<sup>th</sup> standard at that time. Her family expenses exceeded her family Income. There is a need to increase her family income as well as to clear the outside debt apart from catering her children’s educational needs. At this crucial juncture she has joined Kodimalar kalanjiam in Thathakka Patti cluster , hearing about the Arivu chuddar product she joined under the scheme and started saving under the scheme. Within a period of four years she has obtained four credit linkages of which two linkages were for Arivu chuddar.

Linkage Sequence	Amount(Rs.)	Purpose
I	2,500	Consumption
II	7,000	School fees & polytechnic fees payment (under arivu Chudar)
III	20,000	Polytechnic fees (under Arivu Chudar)
IV	40,000	Polytechnic fees and saree material purchase.

She is emotional when she talks about the Kalanjiam Intervention in her life says that “Without the support of Kalanjiam She could not even imagined about giving education to her children. With the support of kalanjiam she is doing saree sales business along with her regular tailoring business in her household.” With the Diwali season in fold she is brimming with confidence about increasing her income level and to pay School fees without the educational loan atleast the next year

to the SHG members. DHAN professionals of federations are trained in Training Resource Centre for SHGs. Such an idea was mooted in one such meeting.

This meeting is a platform to make the bankers aware of the larger business given to the bank, to negotiate concessions in processing fees, branch bankers to get aware that there is a forum available to alleviate any issues done by the bank branch and finally to share the larger business plan for the regions.

Apart from this meeting at each location, a monthly branch coordination committee meeting is conducted wherein our bank branch manager, locations staffs and federations ECs together plan for the next month and review the current month’s performance.

**Operational systems for managing the portfolio-book keeping, MIS, monitoring**

We have a strong multi-level monitoring system. We invoke rigorous people involvement in all our monitoring systems so that people themselves take responsibility. When a loan is applied for by a member, their regular

savings, regular attendance in monthly and other cluster level and federation level meetings, previous loan utility, repayment pattern and purpose of the loan will be reviewed. The same information will be reviewed at the group level for group loans apart from the examination of book keeping and accounts.

We have strong software support in the form of DHANAM for group level and cluster level accounting and FAST for federation level accounting system. The reports generated with these software’s also helps in MIS generation and monitoring.

Salem district has developed optimal performance indicators comprising the above said components for effective monitoring.

**Initiatives on business facilitator**

Three federations of Ponnampet, Mullai federation and Veerapandi federation have executed an agreement with Indian Bank as the business facilitator. As on March 2009, the federations have earned Rs.9.37 lakhs

#### Case 4: Lighting the Lives

Ms.Madheswari is a resident of Keela perumal Karadu. She is married to Mr.Murugan and blessed with three children. She lives jointly along with her father and mother, in the house. Until her arrival there was no electricity connection. Both the husband and wife are employed as daily labourers for lifting and keeping iron metals in a near by iron metal processing company. Put together the family has an income of around Rs.5000. This income is not enough to cover the expenses of this big family. Her father and mother are very old and the medical expenses incurred for them alone will come close to 25% of the income.

Linkage sequence	Amount (Rs.)	Purpose
I	2,500	Consumption
II	5,000	Consumption & outside debt clearing
III	15,000	Consumption & medical expenses
IV	35,000	House repairing
V	5,000	Electricity supply, special product loan

Getting electricity is a distant dream for this family. They have been using the hurricane kerosene lamp for lighting purposes. Madheswari has been a member of Samayapurathal Kalanjiam for the past four years. She has obtained loans for consumption and medical purposes. When she approached Kalanjiam for electricity many of her Kalanjiam members who do not have electricity connection also expressed their needs. Kalanjiam has given this as a product loan for these people apart from the regular loan they obtain.

Accordingly, Ms.Madheswari also obtained a loan for this purpose. Right now her house has been electrified. Out of savings they have also bought a television set. Now their children are happy sitting in front of the television and watching the TV. These electronically excluded people have been included by the efforts of our Kalanjiams.

Taking banking to the door step does not only require technology; it also requires products that suit the local needs. This product loan suits the local needs and has, in fact, taken us further in financial inclusion.

as commission. This commission has been earned for our activities opening of SB accounts, deposit accounts, RD accounts, SHG term and SGSY loan application processing and sanction. Apart from the existing SHG loans they have also identified potential individuals from our Kalanjiams for educational and other business loan to the tune of Rs.7 lakhs and potential is still enlarging.

This has covered a portion of our promotional cost for SHGs. This has demonstrated to us that we are moving from traditional bank linkage to financial partnership with banks.

#### Key lessons from the experience

a) Intensification of branch-based linkages offer several advantages

- b) Institutionalising partnerships with banks ensure continuous and timely credit support (steering committees)
- c) People institutions offer ownership to all the members
- d) Product packaging suiting to local context is a prerequisite for poverty reduction
- e) Timely credit is achieved through regulated online credit
- f) Federations as a legal structure can leverage with apex finance institutions for special purpose credit
- g) Business facilitator model is highly appropriate for federations
- h) SHGs as a movement has high potential to achieve financial inclusion

### Case 5: From consumption to business establishment

Ms.Vimala Jayarani resides at Nethimedu of Pasumalai Cluster. Her husband, Francis, is a lorry mechanic and he gets a salary of Rs.4000. She has two children. She has been a member of Eswari Kalanjiam for the past two and half years. The following loans have been taken by her.

Linkage sequence	Amount(Rs.)	Purpose
I	2,500	Consumption
II	5,000	Consumption & outside debt clearing
III	15,000	Consumption
IV	30,000	Establishment of fancy stores (business loan)

To improve her family income she thought of starting a fancy store in the area. She is fond of presenting herself beautiful by however for purchasing fancy items she needs to travel long way. This prompted her to start this business in her vicinity.

After careful planning she obtained a loan from Kalanjiam to the amount of Rs.30000 for starting this business. She obtained a shop from one of her close relative for a lower rent of Rs.750. The varieties displayed in the shop attracted lots of customers. Now the shop fetches Rs.9000 turn over per month. She could take at least Rs.2000 from the profit. She is highly exuberant when expressing the support extended by Kalanjiam. She is in the process of closing the existing loans. She has plans to upgrade her shop. She has already clubbed her tailoring shop along with this fancy store which has resulted in accumulated business and attracted many ladies to this shop. Support from the Kalanjiam members to this shop has been astounding.

### Perspective

## Importance of linking microfinance with livelihood promotion for tribal development

Dr. Girija Prasad Borah\*

Microfinance has emerged as a major intervention aimed at poverty reduction. Access to financial services-savings, credit, insurance, money transfer-is one element of human development. Microfinance as a developmental concept provides such access to the so far unserved strata of the population-those who earn low incomes, own few assets and are constrained in voicing out their interests. As per the statement of the India's Finance Minister, Chidambaram expressed concern about traditional eludation of the poor from financial inclusion and access to institutional credit facilities.

Microfinance provided the opportunity for the unreached segment of the mass to realize their own capabilities in terms of building their resource base what so ever be the volume which in tern capable of attracting institutional support for their livelihood enhancement. It should also be taken into consideration that microfinance specially the credit can not promote the poorest families out of poverty and this is more prominent for those socially vulnerable segment specially the primitives and tribals. That is why microfinance itself is considered inappropriate by some

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stalk holders which prefer the term "development finance" or "alternative finance" which can be said to aim at "assisting communities of economically excluded to achieve greater levels of asset creation and income security at the household and community level". "Development finance" attempts to achieve this through a range of financial services that go beyond credit and savings. It can include enterprise development, opportunity for education, skill development, marketing strategies, community based investments and financial management schemes. It is also important to mention that poverty lending is characterized by objectives that give higher priority to social outreach than financial sustainability. But the most significant challenge is to ensure sustainability of all such developments. It is also very true that resources available is very scarce to continuously support such endeavors and target group is also voluminous which constantly need assistance. That is why it is equally important to achieve a scale of self reliance within the community in assistance. Here the need of a suitably designed enabling approach of development is more useful than to have continuous dependency for external assistance which will be more sustainable. So the integrated approach of microfinance can be capable of solving most of such difficulties which can ensure systemic strategy to ensure livelihood security of the poor in a gradual sequence. Livelihood activities undertaken by people are shaped by their knowledge, inherent capabilities, and assets. These activities are enhanced by five basic assets with linkages to each other: natural, social, human, physical and financial capital. Few of the strategies that can strengthen the linkage of microfinance for livelihood enhancement are.

- 1 Microfinance as the entry point to realize the internal capability of the poor to build on resources and collectiveness with appropriate grooming, orientation and hand holding support.
- 2 Freeing poor from the exploitative vicious trap of informal money lending practice to ensure safety of their asset holdings.
- 3 Designing of appropriate microfinance delivery methodology to suit the need and expectation of the

community based on contextuality, seasonality and other concurrent factors which deem fit for the situation prevailing.

- 4 Appropriate microfinance product development based on need assessment and realization of purpose. Adequate emphasis should be ensured to cater the minimum basic needs to maintain poor in productive condition. So while designing microfinance product, attention should be given to provide consumption and health expenditure need of the poor. It is important that in case of poor consumption need and investment need can not be well distinguish as poor need consumption support to remain productive for the next day to earn their bread.
- 5 In order to sharpen and bring focus on its interventions on microfinance livelihoods linkage it was important to start with a mapping of livelihood profile of clients of microfinance. This would provide critical understanding on the situation at the ground in the context of the critical interface between access to resources and activities of poor households for sustaining their livelihoods. This will result on following understandings.
  - To generate client level data on livelihood activities and loans availed.
  - Exploration of the need/usage and hypotheses regarding graduation of the clients as well as MFIs/SHGs to offer differential products and services.
6. Skill augmentation of the microfinance clients based on existing potential and comfort ability.
7. Evolving skill based financial service delivery system (SBFDS)
8. Provisioning of suitable support services.
9. Developing institutions, alliances and networks to advance economic interests.

These are few of the strategies which need more intensive attention to effectively build on the perspective of microfinance approach of livelihood intervention for the disadvantage segment of the population.

# National summit of SHG federations on microfinance and MDGs

T. Narendran\*

## Background

Microfinance is globally recognised as an effective instrument to reduce poverty and improve women empowerment. Microfinance is not a mere financial instrument but a powerful tool for development to address multiple dimensions of poverty by addressing the issue of health, education, gender and environment. The experience across India and other countries has shown a robust potential of microfinance to integrate with the development issues thereby significantly impacting the lives of poor.



The Millennium Development Goals (MDGs) are globally-adopted targets for reducing extreme poverty by 2015. They address income poverty, hunger, and disease; lack of education, infrastructure and shelter; and gender exclusion and environmental degradation. The unique framework in which microfinance drives specific development outcomes creates a remarkable opportunity for the achievement of the MDGs. There exists always a natural interconnection between microfinance and the MDGs as microfinance fosters the achievement of many MDGs and plays a key role in many strategies.

## National summit of SHG federations on microfinance and MDGs

Indian Network of Federations of Microfinance self-help groups (INFOS) (a national network of microfinance SHG Federations) and International Network of Alternative Financial Institutions (INAFI-India), took the initiative to bring together the women leaders of various SHGs and Federations from across the country and other development stakeholders in “National Summit of SHG Federations” scheduled during September 16-18, 2009. The national summit of SHG

is designed with the focus on microfinance and Millennium Development Goals in view of its paramount importance in the priorities of the development sector.

Organising conventions/summit has proved to be an effective platform for sharing lessons and dissemination of knowledge and good practices.

## Objectives

- ✘ To sensitise, provide orientation and make participants aware of the Millennium Development Goals
- ✘ To facilitate sharing of experience and contributions of the self-help group federations and promoting NGOs in achieving MDGs through microfinance interventions that would facilitate cross-learning among the participants
- ✘ To take stock of the experience of the SHGs, federations and NGOs in achieving MDGs through microfinance interventions and to disseminate the best practices for wider sharing
- ✘ To evolve plans and strategies to enhance the effectiveness of microfinance programme in achieving MDGs

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DHAN Foundation and Mr. M. Kalyanasundaram, CEO, INAFI-India.

Women leaders of SHGs and federations on millennium development goals and how microfinance can help achieve MDGs. She also shared that participants will have ample time to discuss and deliberate on various aspects of microfinance with regard to achieving MDGs.

When sharing about INFOS, she said that it is the first of its kind in India and

Five themes were covered: ‘microfinance and poverty reduction’, ‘microfinance and health’, ‘microfinance and education’, ‘microfinance and gender development’ and ‘microfinance and environment’.

Participants included more than 450 community leaders from SHGs and federations and about 50 senior level executives and professionals from promoting NGOs involved in microfinance and SHGs from across India.

Supporters and sponsors were the National Bank for Agriculture and Rural Development (NABARD), Mumbai; Sir Ratan Tata Trust, Mumbai; Ford Foundation, New Delhi; HIVOS, Bangalore and Small Industries Development Bank of India (SIDBI), Chennai.

The summit started with prayers in regional languages followed by welcome and purpose of the summit sharing by Mrs. N. Shanthi Maduresan, CEO, INFOS. In her welcome address and purpose sharing she mentioned that more than 450 leaders from about 110 federations from across India and around 50 NGO professionals have come for this summit and its indeed a great pleasure for her to welcome each and everyone. She also welcomed Mr. B. B. Mohanty, CGM, MCID, NABARD, Mumbai and other senior managers of NABARD from different states and she extended her welcome to Mr. M. P. Vasimalai, Executive Director,

INFOS is a national network of SHG federations with the overall mission of enabling and equipping SHG federations in India through networking. INFOS presently has 42 federations as members and plans are afoot to enrol 100 federations before next summit in 2011. This summit with the focus on MDGs and microfinance will be the initial step of INFOS in enabling its members and other stakeholders to keep in view of MDGs and integrate MDGs in all the development programmes they implement for effective poverty reduction.

After lighting of lamp by the guest of honours, Mr. M. P. Vasimalai addressed the participants. In his address, he said that we have to localise MDGs as per our context. He said that financial inclusion for the poor is very important to reach out to meet the targets of MDGs and this summit will provide a great environment and opportunity for not only discussing the issues but also to learn from each other. The various good practices and the declarations we make here should reach all the SHGs and other stakeholders for speeding up the process of achieving MDGs through microfinance programmes.

Emphasising on the need of collaboration between banks and SHGs, Mr. B.B. Mohanty, CGM, MCID, NABARD, Mumbai stated “There should be a commitment from SHG members to sustain the SHG movement in India. Also there should be a commitment to financial inclusion and this will help us to achieve the



MDGs through microfinance.” He also shared some information of the status of SHGs and federations in India saying that 61 lakhs SHGs have been linked with banks and the total savings of the SHGs come to around Rs.5,500 crores; the bank loan outstanding is around Rs.24,000 crores. He also said tht there are about 1,00,000 SHG federations in the country and more than 75% of the total federations are in South India. He also shared that the SHG-Bank linkage programme is one of the largest microfinance programmes in the world and it is very successful and sustainable in India. He also shared a few concerns and challenges affecting the growth and sustainability of the SHG movement in India which are regional imbalance, SHGs and MFI issues and credit plus for financial inclusion. He asked all the SHG members to commit to the SHG movement and this will help us to achieve MDGs through microfinance.

Themes covered on the first day were introduction to MDGs, microfinance and poverty reduction and microfinance and education.

After the tea break, the participants were divided into subgroups and discussions and deliberations were on the first two goals of the MDGs: Poverty reduction and education. The subgroup discussion started with awareness and knowledge building of the participants on MDGs-its need, evolution, goals, targets and indicators in detail and its relevance to the SHGs and federations for poverty reduction.

There were subgroup discussions and at the end of the day, presentations by the sub groups were given in Tamil, Hindi, Oriya, Telugu and Kannada. The topics like enrolment of NREGA, marketing, PDS distribution, mid-day meals, scholarships, quality education, and child labour were common in the sub group discussions. The discussion pointed out the need of effective utilization of SHGs and federations for solving problems of education and poverty. The day then closed with cultural programmes.

The second day of the summit started with cultural programmes of Tamil Nadu, Andhra Pradesh, Orissa, and Maharashtra. Mrs. Shanthi Maduresan summarised the proceedings of the first day’s discussions and assigned the remaining discussion points. Themes covered on the second day were microfinance and health, microfinance and gender development, microfinance and environment.

The summit emphasised the preparation of a database of SHG members to know about their financial, social, education, livelihood, and health related problems. The summit decided that food security should be the main agenda for SHGs and federations. The participants suggested compulsory health insurance products for all SHG members by federations and also consideration for facilities related to health care for women and children. The summit gave importance to policies and programmes by federations with National Rural Health Mission to bring effective changes in rural health. Declarations were taken to introduce special loan facilities with low interest rates. For women’s empowerment, their participation in Panchayat Raj Institutions and in other government schemes was considered. For environment sustainability, use of environment-friendly materials for daily needs was suggested. The summit concluded that federations and SHGs could effectively utilise microfinance as a tool

for achieving MDGs related to poverty, education, women empowerment, health, and environment sustainability. The second day is synthesis was presented in Tamil, English, Hindi, Telugu and Oriya.

Day 3, the last day of the Summit, started with a prayer and sharing of the summit declarations in regional languages by Mrs. N.Shanthi Maduresan followed by sharing of feedback by the participants. The summit was then declared closed with the vote of thanks and National Anthem.

Some feedback received from the participants at the end of the summit are summarized below.

**Smt.Vimala Devi, federation leader, Dhambola Federation, Mada, Rajasthan**

- ✘ Language was not felt as a limitation, in fact that is the importance having this kind of convention/ summit
- ✘ Meeting leaders of various federations from different parts of the country was really a good opportunity provided by INFOS and it should organize these kinds of conventions regularly in different places across India
- ✘ It is important for all the participants to go back to our federations and practice and implement the knowledge and experience we gained out of this summit
- ✘ Poverty is a multidimensional issue and as discussed and declared by us, addressing poverty through education, health, and livelihood shall be introduced in our own federation.

**Smt.Prameela, Sri Padmavathy Mahila Abuduya Sangam (SPMS) federation, Tirupati, Andhra Pradesh**

- ✘ Savings, credit and insurance alone will not address poverty. This summit was an eye opener for me as I have learned from other participants that microfinance needs to be integrated with education, health, housing and livelihoods programmes for effective poverty reduction
- ✘ I understood the importance of education during our sub group discussion and I will involve actively in creating awareness to our SHG members once I get back to my place

- ✘ I also learnt that federations can collaborate with local PHCs and hospitals and can organize free medical camps regularly to understand the health status of our members
- ✘ This summit was really an eye opener for me and I have learnt many new good practices in microfinance and also I got good knowledge about MDGs and its importance.

**Smt.Vijaya, federation leader, Warangal Mandal, Andhra Pradesh**

- ✘ We should have targets for our SHGs and federations for all the 8 goals of MDGs and we should be actively involved in implementing new programmes for addressing the same for poverty reduction in our place
- ✘ The declarations we made in the summit should be taken back to all our SHGs and federations and we should start working to make poverty history
- ✘ I have learnt many things about MDGs and I will be sure to teach others in my villages
- ✘ The methodology used by INFOS for the summit was appreciable and such things should happen across India regularly

**Mr.Nazir, UNFP, Bangladesh**

- ✘ He described it as a huge umbrella event for developmental workers, NGOs and community institutions from across the globe
- ✘ He said that the knowledge gained from the summit was immense and it will be helpful to implement the acquired knowledge and experience in Bangladesh for connecting microfinance and MDGs

**INFOS declares to**

- ✘ Reach out to 150 federations as network members before 2011
- ✘ Evolve and disseminate minimum poverty reduction indicators
- ✘ Build the capacity of federations through organizing workshops and trainings
- ✘ Enable member federations to localize MDGs by providing needed tools and techniques.

## Building Social Capital for Promoting Grassroots Democracy



Over 750,000 poor families, who have been organised into 30,000 self-managed primary groups in 10,000 villages across 12 Indian States, are involved in poverty reduction initiatives in addition to promoting a culture of democracy at the grassroots.



**D**HAN believes that social capital that provides basis for grassroots democracy is generated by organising the unorganised poor and marginalised communities into Peoples' Organisations. It creates new social and economic safety nets by enhancing peoples' trust and ability to work together, on the basis of which co-operation for the public good and democratic participation become possible. The Peoples' Organisations play an important role in promoting democratic decision making, empowering poor men and women to govern and manage their institutions, and linking them with mainstream institutions to claim their entitlements.

*Deepening Grassroots Democracy*

*DHAN's Way*



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