February 2020

Development Matters

Monthly Development update from DHAN Collective

Feature

Financial Inclusion DHAN's Way

Development Matters

Monthly Development update from DHAN Collective

Vol. X Issue 2 February 2020

To mitigate the housing issues faced by the poor, DHAN Foundation has initiated HOPE (Housing and Habitat Development of Poor for Empowerment Confederation) in the year 2007. The housing initiative of HOPE primarily focuses on providing financial assistance to the members to realize their housing dreams.

Over the past 20 years, members of kalanjiams in 11 locations of Madurai Urban Region have availed 19,209 loans related to various housing needs to a tune of ₹ 77.92 crore. Apart from these, 612 members had availed a loan of ₹ 2.89 crore for the site purchases over the years.

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From the Editors' Desk

Dear Readers,

We are happy to bring you the February 2020 issue of Development matters focusing on Financial Inclusion. Indeed, DHAN Foundation's core values on Enabling and Collaboration have a greater convergence with the theme of Financial Inclusion wherein the community is enabled to handle financial capital by establishing linkages with the banks as core collaborators.

The lead article in this issue highlights the DHAN's way of financial inclusion in addressing poverty with a holistic approach. The perspectives on Centre for Financial Literacy, a noble initiative of RBI is covered in this issue along with its field practices. There are articles that speak about the DHAN's way of addressing poverty through financial and development products and its relevance with education. Various initiatives and interventions in addressing the housing needs of the urban poor through DHAN's HOPE is also featured in this issue.

We welcome your suggestions and feedback on the articles featured in the Development Matters. Please write to us at dhancdc@dhan.org

Happy Reading!

Contents

Financial Inclusion: DHAN's Way

Kalyanasundaram M and Umarani A *

1. Background

Globally, financial inclusion is recognised by governments as an important strategy to promote inclusive growth and development. Access to the financial services – not just credit but an entire spectrum (which includes savings, insurance, remittances and pension at affordable price) are the two pillars of the financial inclusion. Although there have been policy initiatives much earlier, beginning in 1970s in India towards achieving this objective without branding so, like bank nationalisation, directed lending under priority credit, lead bank scheme, focused approach with a sense of urgency to target the excluded from the banking system began with the formal launch of financial inclusion programme in the mid-2000s, drawing inspiration from the UN blue book on financial inclusion. India made a right choice in going for the Bank Centric model as they are already involved actively in one way or other in the financial inclusion process, thereby commercial banks, particularly nationalised banks, have been the "natural spearheads". The commercial banks are better placed to provide affordable financial services. Therefore, the utmost emphasis for connecting the excluded segments of population with banking system and this connection facilitates for seamless transfer of entitlement / benefits to the public at large from the Central / State Governments. There has, however, been an inadequate thrust as far as insurance coverage is concerned and unlike banks, insurance companies have not focused on linking the huge number of excluded poor for providing insurance services. That partly explains the low penetration of insurance services in India.

"DHAN's experience shows that social capital brings scale, security and solidarity to the financial operations"

It is common knowledge that, long before the agenda financial inclusion was formally launched in 2006, the SHG bank linkage has been serving this objective largely in rural areas by linking tens and thousands of poor women to the banking system. Last mile connectivity addressing the requirements of convenience, not just of place but time and safety / security of financial transactions, has been the major challenge to bring the excluded to the banks' fold. We are also now recognising financial literacy and digital literacy as another challenge to advance and sustain financial inclusion. Policy push by RBI in expanding the network, both real and virtual, technology applications including the mobile, has emerged as the key driver in this process. The launch of Jan Dhan Yojana is the culmination and consolidation of national efforts so far to hasten the advancement of financial inclusion as a national priority in the inclusive development process.

2. DHAN's Work in Financial Inclusion

Poverty reduction is the central objective of DHAN's development work with a holistic focus on social, financial, and economical inclusion. As a developmental institution, it is engaged in addressing poverty through thematic interventions - Kalanjiam (SHGs) community banking programme, and Tank-fed agricultural programme are the two flagship programmes. The coastal conservation and livelihood programmes, and rainfed agricultural development are two other noteworthy initiatives. The outreach of the programmes is currently at 1.8 million people spread over 14 states and the participating

"What is more significant is that savings of the women members of Kalanjiams (SHGs) within the group and with banks is of the order of Rs. 603 Crores"

* **Mr. Kalyanasundaram M,** CEO, INAFI INDIA & * **Mrs. Umarani A,** CEO, Kalanjiam Foundation

community including SHGs women members, agricultural labourers, small and marginal farmers, and disabled and destitute. The first thing we do is to build the social capital through organising the poor as self-help groups, livelihood groups and etc., and network them as federations at the block level to promote social cohesiveness and solidarity. Social capital is the bedrock on which the developmental initiatives are built.

2.1 Social capital as the prime mover of financial inclusion

DHAN's experience shows that social capital brings scale, security and solidarity to the financial operations. The mutuality factor among the members, either in the SHGs of women or farmers, create the sense of safety and security for the financial transactions. The transparent process of conducting financial transactions in the meetings, and being aware and conscious of the operations, builds trust and confidence. The robust system put in place, including member level data capture, enhances the confidence of being in a secure ambience. Being organised, scale advantages accrue for the viability of financial operations, as for instance, more than 213 federations with an average membership of 2500 to 3000 members (200 to 250 women SHGs and Farmers' Agriculture Finance Groups- AFGs) through their savings and credit operations are meeting their recurring cost. Social capital creates space for faster spread of awareness and dissemination of financial literacy on insurance and pension, financial products and pricing matters.

2.2 Access to financial services - Savings first, Credit next

In DHAN's context, financial inclusion starts with savings as the first approach within the group for the members and for the group with commercial banks. And now, in order to receive the entitlements and benefits from the governments, individual members' savings accounts with commercial banks have been opened. It is important to recognise that savings with groups is critically important to sustain the financial inclusion process in view of the need to build and strengthen the social capital for long term continuity. So is the process with credit which comes next; group lending to members from their savings and SHGs/AFGs access credit through bank linkage. Beyond financial transaction of savings and credit, the most significant collateral benefit is the increasing awareness of literacy and skill in conducting their own financial affairs as a micro bank.

Rising knowledge and skill in handling finances have brought about diversified products, both in savings and credit to address special / specific needs.

2.3 SHG – Bank linkage of Kalanjiam Experience:

Linking the Kalanjiams (SHGs) and the Kisan groups with the commercial banks is the cornerstone of our approach to our financial inclusion for savings, credit and other financial services like remittances. We are currently working with 54 banks and nearly 22,500 groups enjoying bank credit with loan portfolio of Rs.420 crores. What is more significant is that savings of the women members of Kalanjiams (SHGs) within the group and with banks is of the order of Rs. 603 crores.

2.4 Insurance is Must

Insurance, as they say, is the law of large numbers. The ecosystem of groups and federations networked brings the scale for the feasibility and viability of insurance – to begin with as a mutual insurance solution, building on the traditionally informal community based risk management practices. Given the magnitude of numbers in DHAN context, and the insurance as risk finance product being different from savings and credit, we have established a mutual entity encompassing all grassroots people institutions, namely People Mutuals, to enable the communities to access mutual and mainstream insurance products. What is more important is to set up system which mimic the mainstream in terms of premium, claim administration, investment. **More than a million people have taken insurance protection under life cover, health insurance, livestock and crop insurance.** Under Prime Minister's social security schemes – Prime Minister's Jeevan Jyoti Bima Yojana (PMJJBY), Prime Minister's Suraksha Bima Yojana (PMSBY) 2,50,210 SHG members and their spouses have taken life and accident cover. Bespoke weather indexed crop insurance product on mutuality basis has been designed for farmers growing pulses, oil seeds and millets. Growing numbers of small farmers are joining the Prime Minister Fasal Bima Yojana (PMFBY) and nearly 40,000 farmers have been enrolled in PMFBY.

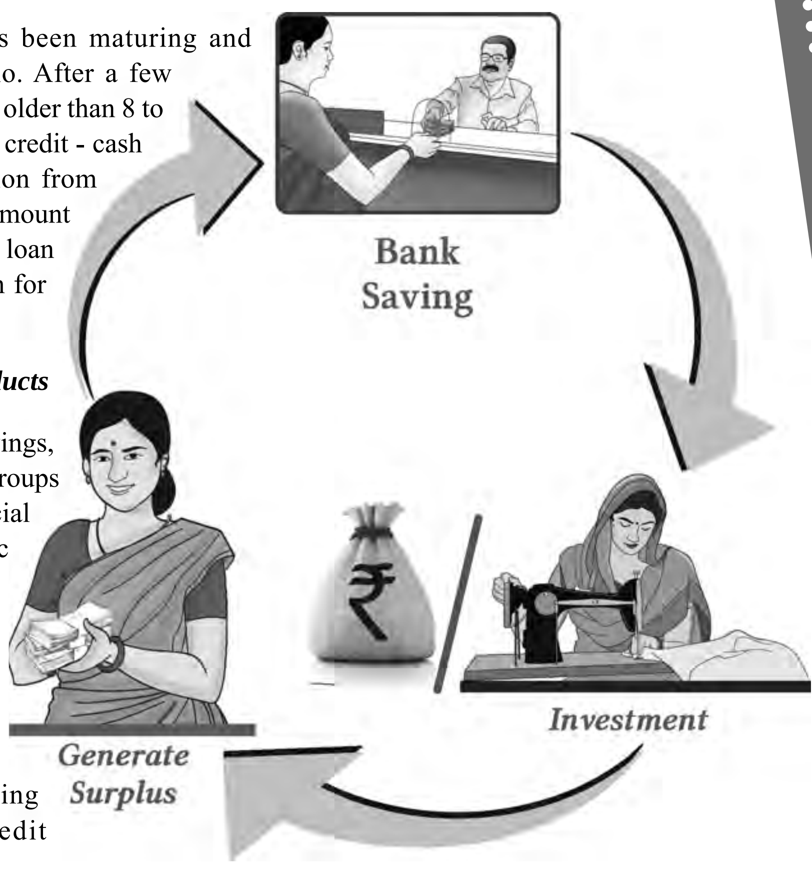
2.5 Pension being the Best

The ultimate product in financial inclusion is the pension, which provides a modicum of financial security with constant flow of income in the old age. Interestingly, the demand for pension came from community themselves due to rising awareness about the financial products more so after having access to insurance products. Subscribers to the Atal Pension Yojana (APY) from SHGs have been of the order of 26,500 and growing by leaps and bounds.

2.6 Deepening financial inclusion

2.6.1 Term loan to cash credit: moving up the credit value chain

SHG bank linkage process has been maturing and advancing in the credit portfolio. After a few repeated linkages, SHGs who are older than 8 to 10 years are moving to perpetual credit - cash credit as a measure of graduation from term loan which provides great amount of flexibility and convenience in loan recycle and benefit maximization for the group members.



2.6.2 Special purpose credit products

On the strength of their own savings, augmented by bank credit, the groups have been able to customize special credit products for the specific purpose like sanitation / toilet loans, electricity, housing etc. SHGs have channelized bank credit for constructing toilets as part of the sanitation, and so far nearly Rs. 300 crores have been utilized as loans for constructing toilets. Further, designer credit products for repairs and renewals of houses and other incremental housing needs coupled with loans for electricity connection have greater impact on the quality of life of SHG members. This specific development focused credit products provide substantial business to the banks.

2.6.3 Remittances in migration hot spots

Many unskilled migrant workers are at the mercy of hawala and messengers for transfer of money to their families in their home destinations. Leakage is considerable due to high charges, theft and delay. DHAN has already initiated the work of linking the migrants to the banks through the help desk in places like Thirupur for remittance facilities in a safe, secure and affordable way.

2.6.4 Federations as business facilitators (BF) for sustainable financial inclusion

The locus of enabling process is shifting to federations with their enhanced capacity and knowledge levels from DHAN foundation. Federations as the registered bodies of SHGs in a block now assume the role of facilitation with the banks for savings, credit and other financial services doing all the paper / documentation work including compliance of KYC norms, assistance in disbursement of loans recovery etc.; in return, they are also rewarded for this facilitation by the banks though there is scope for enhancing the reward given the volume of work. **There are six Kalanjiam Federations in Visakhapatnam having a BF relationship with Bank of India.**

Federations have now become learning centre for financial literacy about the various products, process / procedure, pricing and the choice of institution for banking linkage.

2.6.5 Graduation to KCC (Kisan Credit Card) and credit lines to Farmers Producer Organisations (FPOs)

The small and marginal farmers in the tank-fed and rain-fed ecosystems have term loan facility through group mechanism with commercial banks. They are now seeking to enhance the relationship to KCC based on their track record with RuPay card facility. Farmers Producer Organisations (FPOs) of small farmers promoted with enabling support of DHAN Foundation offer greater potential for dispensation of agriculture credit in a more organised and orderly way with business perspective.

3. Looking ahead

Technology applications including mobile would be a great enabling tool driving financial inclusion; due to the greater convenience of access, reducing cost etc., the challenge being preparing the SHG members and farmers through **the process of digital literacy** to transact with the banks. The interface turning more virtual brings along many risks for these clients which need to be adequately addressed to retain the trust and confidence of the poor in the financial system. The increasing IT literacy, coupled with hassle free connectivity, will enable the federations to assume the role of business correspondents, which will deepen, broaden, and lead to a sustained financial inclusion.

The low level of penetration of insurance and pension services has been the major challenge for financial inclusion. One of the prerequisites is to create an enabling environment through building social capital, which brings the scale required for insurance and pension services. Building social capital requires public investment and CSR could be a complementary instrument for this purpose. What is more, there is a felt need for promoting and spreading insurance and pension literacy among the poor segments, and the role of Government Insurance companies and the NGO sector is important.

A Macro Perspective of Centre for Financial Literacy

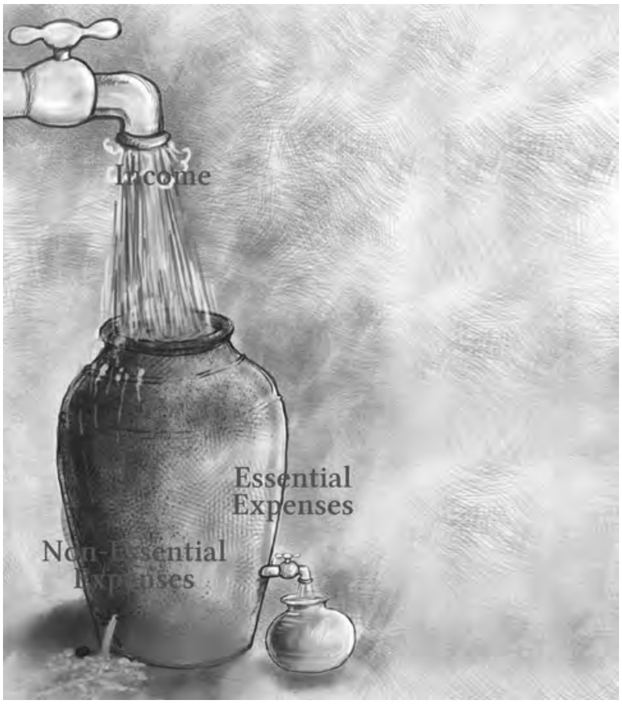
Kathiresan M *

The general public falling prey to fake deposit schemes has never come to an end. In the financial market; unscrupulous investment schemes like Saradha investments in Eastern Region, Pearl Agro in Northern Region, Goodwin Jewellery chain in Western Region, Emu farm in Southern Region and the like in all other parts of the country, wherein millions of small investors lost their hard-earned money running to mind-boggling sum of tens and thousands of billions of rupee are still roaming around. Unfortunately, the gullible victims who are lured by attractive returns without realizing its impracticability lose their investment miserably and such malicious episodes continue even now, probably due to ignorance of the investors. This is one side of the coin.

"DHAN Foundation has been given 10 CFLs in Karnataka- 5 each in Ballary and Chitradurga District and 10 CFLs in Odisha- 5 each in Bhadrak and Dhenkanal District"

On another side, we see many small traders and businessmen still in the grip of usurious loans, paying hefty interest and remaining perpetually indebted to Private Money Lenders. Recently, an Ex-Banker has reported a case of a vegetable vendor in Tambaram@ Chennai. The vendor takes a loan of Rs 5000/- from a Private Money Lender in the morning, pays up front Rs 500/- as interest and returns the loan of Rs 5000/- in the evening before he shuts down the store. When asked whether he knew the interest rate which he pays, he replied in negative. The Ex-Banker exhorted him to take a Bank loan under the Mudra scheme which is collateral-free up to Rs 10 lakhs. The vendor laughed at him and sarcastically said: "Sir, you talk in lakhs and crores but I need just Rs 5000/-. Do you know one thing, Sir, I have maintained and operated my bank account for more than 10 years. But no one in the branch has told me anything about Mudra. You are retired from the Bank and hence I cannot come to you for the bank loan. Probably, that may be the reason why you dare to explain me Mudra unlike my bankers sitting in the branches." The Ex-Banker was shell-shocked. The take away from this incident is: When a Metro customer having bank dealings for more than 10 years is unaware of bank schemes, what would be the status of a farmer / community in a rural sector? As per the Financial Literacy and Inclusion Survey (FLIS) - 2014 conducted by National Centre for Financial Education (NCFE), only 22% of our population is aware of bank credit schemes whereas just 1% of them have actually availed it. And this clearly reveals the poor credit penetration of our banking system over the years.

As regards to insurance, a recent report of Insurance Regulatory and Development Authority (IRDAI) for the year 2018 reveals that only 64% of the policies are renewed after one year, and it drastically comes down to 32% in the second year. This means that the policy holders may be taking the policies either without understanding the renewal obligations or out of some compulsion. Many a time, we have heard that the customers going to the Bank for a loan return with a loan plus insurance. This kind of mis-selling of policies also go unabated.



* **Mr. Kathiresan M,** Advisor, CFL Project

All the above three situations clearly bring to fore the critical need for Financial Literacy to drive Financial Inclusion in our country. This becomes more pertinent when the penetration of Financial Inclusion in our country is reported to be a very meagre 11% and still lower @ 6% in rural areas.

Centre for Financial Literacy

There are two streams of push- factor for advancing Financial Inclusions – the Supply stream comprises of development of suitable financial products (PMJDY, Mudra, PMJJBY, PMSBY, APY, Rupay card, etc) that suits different contexts and segments of society, and creating a wide network of Customer Service Points (Brick & Mortar branches, ATMs, Digital Banking, Business Correspondent, etc) and Demand stream comprises of creating awareness on Financial Literacy (FL) to the consumers. As for creating FL awareness is concerned, all financial regulators including RBI, Securities and Exchange Board of India (SEBI), IRDAI, Pension Fund Regulatory and Development Authority (PFRDA) have been taking a lot of development measures broadly conforming to the policy objectives spelt out in a National Strategy for Financial Education (2014 -19) document. With regard to Rural credit and improving its effectiveness, the Working Groups constituted by RBI under the chairmanship of Shri C. P. Swarnakar and also Shri S. S. Johl advocated the banks to establish Financial Literacy Counselling Centres (FLCCs). These FLCCs have been established at the district level. Apart from FLCCs, RBI have also been organizing various training programmes, workshops, Town Hall Meetings etc., to sensitise the general public on FL awareness and such programmes are financially supported out of Depositors Education Awareness Fund established by RBI in 2014.

"The main objective of CFL project is to bring FL awareness to the target community in the selected Intervention Villages in the Block within the project period which is three years for Phase 1 CFLs and two years for Phase 2 CFLs"

Given the huge population of the country and the abysmally low level of Financial Literacy which is reportedly @ 20% (16% in the rural sector), the FL awareness initiatives taken up may be inadequate, necessitating RBI to explore new avenues, more particularly for outreaching the excluded community living in remote and far flung areas. In this background, RBI has piloted " Centre for Financial Literacy " (CFL) by roping in selected NGOs and the respective Lead Bank for the District as Sponsor Bank. In the first phase, RBI has launched the project in October 2017 in 80 Blocks across the country in such a way that each District selected for the pilot project has 5 centres. DHAN Foundation has been given 10 CFLs in Karnataka- 5 each in Ballary and Chitradurga District and 10 CFLs in Odisha- 5 each in Bhadrak and Dhenkanal District.

In its second phase, commenced from July 2019, RBI has extended the project to 20 Tribal Blocks covering Central and Norther Region of the country wherein DHAN is assigned with 5 blocks in Banswara District of Rajasthan. In Karnataka, Canara Bank for Chitradurga District and Syndicate Bank for Ballary district remain as Sponsor Bank. In Odisha, it is UCO Bank for both the districts and Bank of Baroda for Banswara District in Rajasthan. DHAN Foundation has signed MOU with all these banks for implementing the CFL project as per the model and design given by the NGO and, of course, broadly conforming to the objectives specified by RBI. The main objective of CFL project is to bring FL awareness to the target community in the selected Intervention Villages in the Block within the project period which is three years for Phase 1 CFLs and two years for Phase 2 CFLs.

CFL - Approach

Being a pilot project, RBI themselves want to try different models, evaluate their efficiency and effectiveness at the end of the project, and probably select such of those models which deliver desired results for wider replication. And this being the broad approach for the pilot project, NGOs have been given freedom in designing their own models with reference to FL events, pedagogy, community participation etc. In fact, a MOU has been signed with Sponsor Banks, with reference to the proposal / model prepared by the NGO only. Probably, CFL Model being adopted by each NGO may be unique in its design and pedagogy, the details of different models are not shared by RBI with all implementing NGOs. This may be for the reason that each model should go in its own style without getting influenced by others. But still, based on the context and progress, the CFL model adopted by the NGOs is getting slightly skewed from the original design over the years mainly to meet the twin goals of the project – Outreach and Impact.

When we have originally designed our model focusing on different FL events /pedagogy to suit the different segments of excluded community like illiterates, women, etc., the coverage of FL events have to be enlarged to a greater extent as the expectation of RBI in terms of outreach has now undergone a change- " Saturation " in all intervention villages. It is because of this shift in the project demand, an outreach programme namely Financial Literacy Awareness Programme (FLAP) which takes FL to the door steps of the community, has been introduced in our CFLs and this FL event has now become the flagship event of our model. Similarly, Street Play with Folklore team is the USP (Unique Selling Proposition) of our model and it has received a lot of appreciations from RBI.

What makes CFL Unique

By its nomenclature, many bankers confuse CFL with FLCC. Though both are a platform created to bring FL

awareness to general public, CFL stands out from FLCC in many unique ways.

Outreach of Excluded Community: It is a challenge in any rural developmental initiative. When the bankers find it extremely difficult to get the target audience even in respect of Town Hall meetings, it may be beyond their reach to access excluded community, more particularly in remote and far flung areas. In this regard, NGOs by virtue of their long association with such target groups may outreach them with ease.

Pedagogy to suit local context: CFL gives a platform to try all innovations. The pedagogy ranges from Method Demonstration in Digital Banking for Student Community to a GURUKUL type of community meet under the shadow of a banyan tree. This flexibility of working in all extreme conditions is the secret of success for CFLs.

Community Participation: This is again a unique feature of CFL. The project is able to identify local volunteers in all Intervention Villages and groom them as CFL Mithras. These CFL Mithras function as an organic link between the CFL and the community in all matters relating to FL awareness activities organised by CFL or Bank. To a certain extent, they may provide sustainability to the functioning of CFLs.

Catch them Young: Nurturing Financial Literacy values from young age is an important strategy to reduce the literacy gap. In this direction, special FL campaign organised for the benefit of student community in our CFL model would give better drive towards inclusive growth.

FL to Women: There is a saying, "You Educate a Man - You Educate a Man. You Educate a Woman -You Educate a Generation." When a woman is given fair knowledge in Financial Planning & Budgeting, saving options etc., you can find the family to grow in prosperity. Most of the FL events in CFL are therefore centered around womenfolk, and this makes the project truly benefiting for the community.

Steering Committee to sort out local issues: Round Table Conference with the participation of CFL Mithras and other community leaders and local bankers provide an opportunity to take stock of the progress and also to sort out the operational issues in the community accessing the banks for financial products and services.

Challenges

1. **Ownership:** CFL is a pilot project conceived by RBI, which handed it over to NGOs for grooming with Sponsor Bank remaining as a care-taker with financial stake of 40% OPEX (Operating Expenditure) to be met out of their CSR funds. But unfortunately, setting

aside the role of a care-taker, they have assumed the role of a controller, to be precise. Financial Controller by keeping only a copy of the MOU on the processing desk and not keeping any track of the project with reference to changes that are happening in the approach, strategy etc. With sponsor banks reckoning CFL as the baby of RBI, the ownership to the project from the sponsor bank seems to be totally lost.

2. **Budget Constraints:** To match the expectation of RBI in terms of saturating all Intervention Villages and in tune with the development and progress of the project, the CFL model is evolving. And this evolutionary process demands more number of FL events than what was originally envisaged in the proposal / MOU which means additional OPEX for the project. Though RBI / Bankers may not be comfortable to increase the budget at this stage of the project, at least if the project is permitted to meet the expenses within the overall budget approved for 3 years and inter adjustment of expenses under various heads is permitted, the project may run without budgetary constraints. This is also not happening.
3. **Absence of SOP:** In the absence of Standardised Operating Procedure specified for Phase 1 CFLs, each bank is adopting its own process methods and procedures which result in undue delay in reimbursing the OPEX claims submitted to the bank by the NGO. When the OPEX claims are kept pending for months together running to 40 to 50 lakhs, cash flow of the NGO gets chocked, thus affecting release of funds for the FL events.
4. **Staff Mobility:** When the project advances and reaches the final year, the project demands more field visits not only to the current year villages but also the previous year villages, both for the purpose of maximum outreach and also impact creation. That apart, in tribal blocks of Banswara, the villages are sparse and there are no proper public transport facilities, too. If there is a mobile van for each district, the problem being faced by the CFL team for their mobility can be solved to a greater extent.
5. **Sustainability of CFLs:** This is a great challenge particularly when the project moves closer to the end period. Having created a special outfit for bringing FL awareness in backward districts and the task set before the NGO probably not being completed, there is an imperative need to continue CFLs beyond the project period. But the question remains as to who would fund the project, albeit, it is a meagre sum of Rs 7 lakhs per CFL per annum.

Way Forward

1. **CFL Mithras as FL Volunteers:** CFLs have identified a minimum of two to three volunteers in each intervention village and recognised them as CFL Mithras. These Mithras are expected to remain as a link between the community and CFL in such a way that they become the local resource persons for disseminating FL knowledge to the local community and by this process, they also develop many more FL resource persons locally through multiplier effect. When this mechanism works in its real spirit, it would help to sustain the project. And probably CFL team have to work with focused attention on this sustainability element.
2. **Panchayat Level FI Policy:** To ensure that Financial Literacy and thereby Financial Inclusion becomes part of Panchayat Development Initiatives, it is essential that suitable Panchayat Level FI policy be adopted in all intervention villages and its implementation also monitored periodically at Panchayat Level. This would help CFL to become an integral part of Panchayat and thus for its long term sustainability, too.
3. **CFL as Business Facilitator:** CFLs organising special camps with the support of local banks for opening of deposit accounts, enrollment in Social Security Schemes like PMJJBY, PMSBY, APY etc. have become a routine affair. But such services are not presently compensated, probably due to the reason that their operating cost itself is partly met by the bank now under the CFL project. Given the size of business which CFLs are mobilising for the banks, this may become a potential source of revenue sometime later, if not now and thus make CFL operations viable and self- sustaining. But this may require a statutory framework in which CFLs can enter MOC with banks. The enabling NGOs may keep this in mind and work from now on.❑

Miracle of Compound Interest

Shanmugam M *

Savings Vs Compound Interest

"DHAN Kalanjiam programme has been designed in such a way that it provides all the three opportunities of the savings to the members – savings up (regular savings), savings down (credit), and savings through (special savings)"

The conventional mode of savings implies setting aside a certain portion of income as a future security and as a safeguard against unforeseen expenditures. Undeniably, savings is a financial life support, but savings alone will never suffice for future financial endeavors. This is because, over the period of time there is a sustained increase in the price level of goods and services which consequently reflects as a reduction in the purchasing power per unit of the currency – 'inflation.' Despite the physical value of the savings remaining the same, over the period of time due to inflation, the saved amount loses its purchasing power and inevitably its real value declines with every year corresponding to the inflation rate. Comprehending the inflation, savings needs to be more oriented toward sufficing the future financial endeavors, wherein the miracle of compound interest plays a major role.

Compound Interest (CI) is defined as the addition of interest to the principal amount and over the period of time, the interest would be on principal amount plus previously accumulated interest.

"If a member is having a savings amount of Rs. 5000/- that the member can invest today, and if the member is willing to invest a monthly regular savings of Rs. 1000/-, for a period of 25 years, for a 9% interest rate, for monthly compound interval, the principal amount would be Rs. 305,000/- and the interest earned would be Rs. 871,572/-[1]"

Thus, over the period of the time, this systematic investment of small savings with interest rate will build-on without losing much of its physical value subjecting to the inflation rate. This is the miracle of compound interest. The development sectors working in microfinance must ensure to project this concept into the individuals so that the people's paradigms towards savings will be changed altogether. Thereby, changing the individual perspective on savings serves as not just keeping aside some percentage of the salary, but as an investment in itself and for the future, to achieve the desired goals.

DHAN's way

Financial planning and management are preliminary criteria for a good investment. It includes four stages: wealth creation, wealth protection, wealth growth and wealth maintenance. DHAN Foundation, which has been working with the women through its KCBP, ensures to enrich the women with the financial knowledge by developing tools. The developed tools are simplified and more oriented toward the different categories existing in the society. The development tools and the savings amount will vary from one individual to another, based on their poverty categorization – S1(poor of the poorest), S2 (poorer), S3 (Self-employed but poor), as well as their family categorization of F1(Family with newly married couple), F2 (Family with new born child & school going children), F3 (Family with grown up children but in college/unmarried), F4 (Family with earning sons and daughters), F5 (Family with only the aged couples (Husband& Wife)). The community, being always diversified, will employ a number of different mechanisms by different people for savings, depending on their capacities and understanding.

* **Mr. Shanmugam M,** Team Leader, DHAN Kalanjiam Foundation

DHAN's Experience

> "The cumulative savings of the 12 members who participated in the special meeting increased from around Rs. 3500/- to nearly Rs. 13,000/- per month"

Often, if the savings is not rightly oriented, it has the power to lose in different forms without the individual's knowledge. Savings are majorly directed toward fulfilling the life cycle needs and for regular celebrations and unforeseen needs. The basic life cycle needs cover child birth, clothing, shelter, education, marriage, and death. The other expenditure is during the celebration of regular festivals. Over the course of time, the celebrations become indicative of exhibiting one's pride among the peer groups. This attitudinal change made the individual directionless and go beyond his financial capacities and to approach money lenders. Life cycle needs and regular festival expenses fall under anticipatory needs. Despite the actual dates will be unknown, yet everyone will be aware of their happenings, and thus can be planned and managed well in advance. Contrary to this, the emergency needs call for unprepared expenditure. Illness, sudden unemployment, theft, death of the breadwinner – all these demand for emergency expenditure, where the individual will be unaware of its coming and will be totally unprepared. Some of the anticipated needs and most of the emergency needs require people to sell their assets, to opt for mortgage or to go to a pawn shop. The prime factor associated with these needs is the complete loss of exercising the deciding price as well as the bargain power. These situations facilitate for exploitation of the individual.

To meet the unforeseen expenditure, the individual employs himself into savings in the various modes available to his capacity. The conventional way and the most predominant way of savings is to save a fixed amount of money on regular intervals. Here the individual savings will be built-on over a period of time, which can be termed as, **'savings up'**. The other mode of savings is to take loans. Here the members put aside a fixed amount to repay the loan amount and hence it is termed as, **'savings down'**. The other way of savings will be continuous stream of savings which will be converted into a lump sum at some intermediate point of time, termed as, **'savings through'**. We can witness this example in some of the insurance schemes. In rural context, a group of 10 to 15 people jointly agree to a fixed amount of money on every month, and during every month's auction the needy member will quote the best possible price and will be availed.

DHAN Kalanjiam programme has been designed in such a way that it provides all the three opportunities of the savings to the members – savings up **(regular savings)**, savings down **(credit)**, and savings through **(special savings)**.

DHAN's Financial Planning

DHAN Foundation is a pioneer in financial planning through its Kalanjiam community banking programme. DHAN has been practicing the planning every year through its member level planning. Assimilating more than two and half decades' experience of working with community, more specifically with women, have provided a lot of insights. These insights have led to bridge the various gaps among the different categories of people by developing category oriented financial planning tools. This also varies among the different socio-economic categorizations – S1, S2, and S3, and also among the various family categorizations – F1, F2, F3, F4, and F5. Each categorization is unique in its own way in terms of savings, expenditure, and credit.

The advent of internet and current existing global networks has facilitated easy access to all the financial tools that are already existing and being practiced across the world by different agencies. DHAN's expertise in the community banking with an orientation of benefiting the community has led to identify and pick up/develop the financial tools which befit the community. For example, the various future needs of a family include children education, daughter's marriage, purchase of household assets, land and gold purchase. Calculating the investment period and maturity amount for a given rate of interest, we can develop a savings calendar with different monetary monthly value. This provides the needed perceptive to the member and based on the future need the member decides on the value of monthly savings. Similarly, different methodologies can be formulated to the different categories of savings in the Kalanjiam community banking programme.

For example, by using the Systematic Investment Plan Calculator, the member's maturity amount corresponding to the interest rate and number of years can be given live demonstration to the member. If a member is saving Rs. 100/-, then the member maturity amount will be as follows with respect to two variables2.

Annual Interest	Amount (Rs.)				
	5 years	10 years	15 years	20 years	25 years
3%	6,481	14,009	22,754	32,912	44,712
6%	7,012	16,470	29,227	46,435	69,646
9%	7,599	19,497	38,124	67,290	1,12,953

This paves the way for the member to envision the future, and based on their future endeavors the member respectively to start saving to reap the final maturity amounts. A similar process can be adopted to all the various varieties of special savings a member can be subjected to – education savings, marriage savings, house savings, insurance savings, retirement savings etc. For each category, a separate savings calendar can be prepared by using a savings calculator and keeping the other variables fixed. This facilitates the member to exercise his choice and voluntarily aim for higher goals. The other factor that predominantly signifies the importance of compound interest is 'Age factor.'

The power of starting early[2]

Sl.No.	Particulars	Early Starter	Late Starter
1	Age	25	30
2	Saved for years	5	20
3	Amount Saved per year	Rs. 12,000	Rs. 12,000
4	Total Savings	Rs. 60,000	Rs. 2.4 lakhs
5	Maturity amount @ 60 age	Rs. 61.6 lakhs	Rs. 57.2 lakhs

Assumption: 15% rate of interest per year

Inference

A little bit of exaggeration involved in assuming the interest rate in the above table, nevertheless, can be used for the benefit of providing better insights on the miracle of compounding to the community. The above table clears and depicts the maturity amount of two persons at the age of 60, one started saving at 25 age (early starter) and another at the age of 30 (late starter). The former saved for 5 years which amounted to Rs. 60,000 whereas the latter saved for 20 years amounting to Rs. 2.4 lakhs. When the two persons reach the age of 60, the maturity amount of the early starter will be Rs. 61.6 lakhs, whereas the late starter will be having Rs. 57.2 lakhs.

The above said practical example can be demonstrated at the grassroots to make the community realize the importance of compound interest and also the significance of starting early. This must be included in all the financial literacy programs as well as must be signified during financial counseling to all the different categorizes of the families, so that this will be a driving as well as a motivating factor for all the women, especially the F1 & F2 categories.

Field Demonstration

The above concept of compounding interest has been demonstrated to the Kalanjiam members of the Kudur region as well as the Madurai urban region in the year 2019. Sri Annai Kalanjiam group in Madurai Vattara Kalanjiam details are given below:

Kalanjiam Savings Projection @ 500 per month, interest rate (9%) compounded annually									
Madurai Vattara Kalanjiam Members Details					Projected Savings with Maturity (Provided no savings withdrawal)				
Sl. No.	Member Name	Age as on 2018	Savings as on March'18	Saving per month (current 2019) (Rs.)	5th Year (2023) (Rs.)	10th Year (2028)(Rs.)	15th Year (2033) (Rs.)	20th Year (2038)(Rs.)	25th Year (2043)(Rs.)
1	Selvapandi P	33	16,868	500	41,610	1,28,891	2,34,739	3,96,679	6,44,439
2	Padmavathi A	61	14,716	500	56,718	1,24,317	2,27,740	3,85,972	6,28,057
3	Chellam	46	15,755	500	58,307	1,26,752	2,31,465	3,91,671	6,36,777
4	Amirthavalli S	46	18,196	500	62,660	1,33,409	2,41,651	4,07,255	6,60,619
5	Selvi K	39	16,876	500	59,720	1,28,910	2,34,767	3,96,723	6,44,506
6	Banumathi S	56	13,929	500	55,818	1,22,942	2,25,636	3,82,752	6,23,131
7	Shanmugavalli K	36	14,604	500	56,240	1,23,586	2,26,622	3,84,261	6,25,439
8	Vanieswari T	31	11,056	500	50,729	1,15,155	2,13,722	3,64,525	5,95,245
9	Vasanthi S	36	25,291	750	89,626	1,93,437	3,52,261	5,95,252	9,67,015
10	Indhira I	36	17,389	500	60,505	1,30,112	2,36,607	3,99,537	6,48,811
11	Mageshwari M	42	19,952	600	71,391	1,54,275	2,81,084	4,75,092	7,71,915
12	Rajeswari K	58	15,335	500	57,972	1,26,236	2,30,677	3,90,465	6,34,931
13	Jeyakumari	32	28,555	500	77,608	1,56,278	2,76,639	4,60,785	7,42,516
14	Ponrajathi S	28	6,531	500	43,874	1,04,668	1,97,678	3,39,979	5,57,690
15	Priya AV	29	6,399	500	43,672	1,04,359	1,97,205	3,39,255	5,56,583
16	Sanguthai S	35	7,538	500	45,417	1,07,028	2,01,289	3,45,502	5,66,141
	Total		2,48,990	8,350	9,31,867	20,80,355	38,09,782	64,55,705	105,03,815

The Sri Annai Kalanjiam group (16 women) in Madurai Vattara Kalanjiam has been notified as regarding a special group meeting. Diversified age group members are there in the group, age 28 to 61. To the assembled Kalanjiam members (12 members attended the group), the idea of compound interest was conceptualized as an empowering financial aid for the women. Towards the conclusion of the session, three women came forward to increase their monthly regular savings to Rs. 2200/-, Rs. 2000/- and Rs. 1500/- respectively. The cumulative savings of the 12 members who participated in the special meeting increased from around Rs. 3500/- to nearly Rs. 13,000/- per month. The change has begun. If one meeting with debriefing about the women's future financial needs has made three women to change their perception on savings, what will happen with continuous follow-ups? Regular follow-ups with persistent striving to elucidate the concept of compound interest to the women's groups will produce a greater change in their maturity amount. Staff at all level in any development institution must ensure to take the concept deep into the community for benefiting the people.

Reference:

1. https://www.moneycontrol.com/personal-finance/tools/crorepati-calculator.html
2. https://sipcalculator.in/

Centre for Financial Literacy in Chitradurga

Raghavendra K T *

> **"The programme content of CFL will encompass 3Ps of financial literacy viz., Products (Savings, Credit, Insurance, Payment services and Pension); Processes (KYC, budgeting, planning); and Protection (mis–selling, unauthorized schemes, over indebtedness)"**

Centre for Financial Literacy (CFL) Project in Chitradurga district, Karnataka is a Joint Initiative of Reserve Bank of India, Canara Bank, NABARD and DHAN Foundation. The Government of India / Reserve Bank of India attach great importance to the financial inclusion of all citizens as an inseparable part of an inclusive developmental agenda. Jan Dhan Yojana, launched by Central Government, has been promoting financial inclusion and many measures/ initiatives have also been put in place – to mention, simplifying the KYC norms for opening accounts and recognizing the opening of savings account under the ombudsman scheme of RBI. Financial literacy has been recognised as an integral component and imperative of the financial inclusion process as it enables the people to make informed choices with regard to financial services - savings, credit, insurance, payment services and pension. What is more, Commercial Banks / Regional Rural Banks / Small Finance Banks are designated as hub of financial inclusion whereby people will have access to all financial services through the banking system.

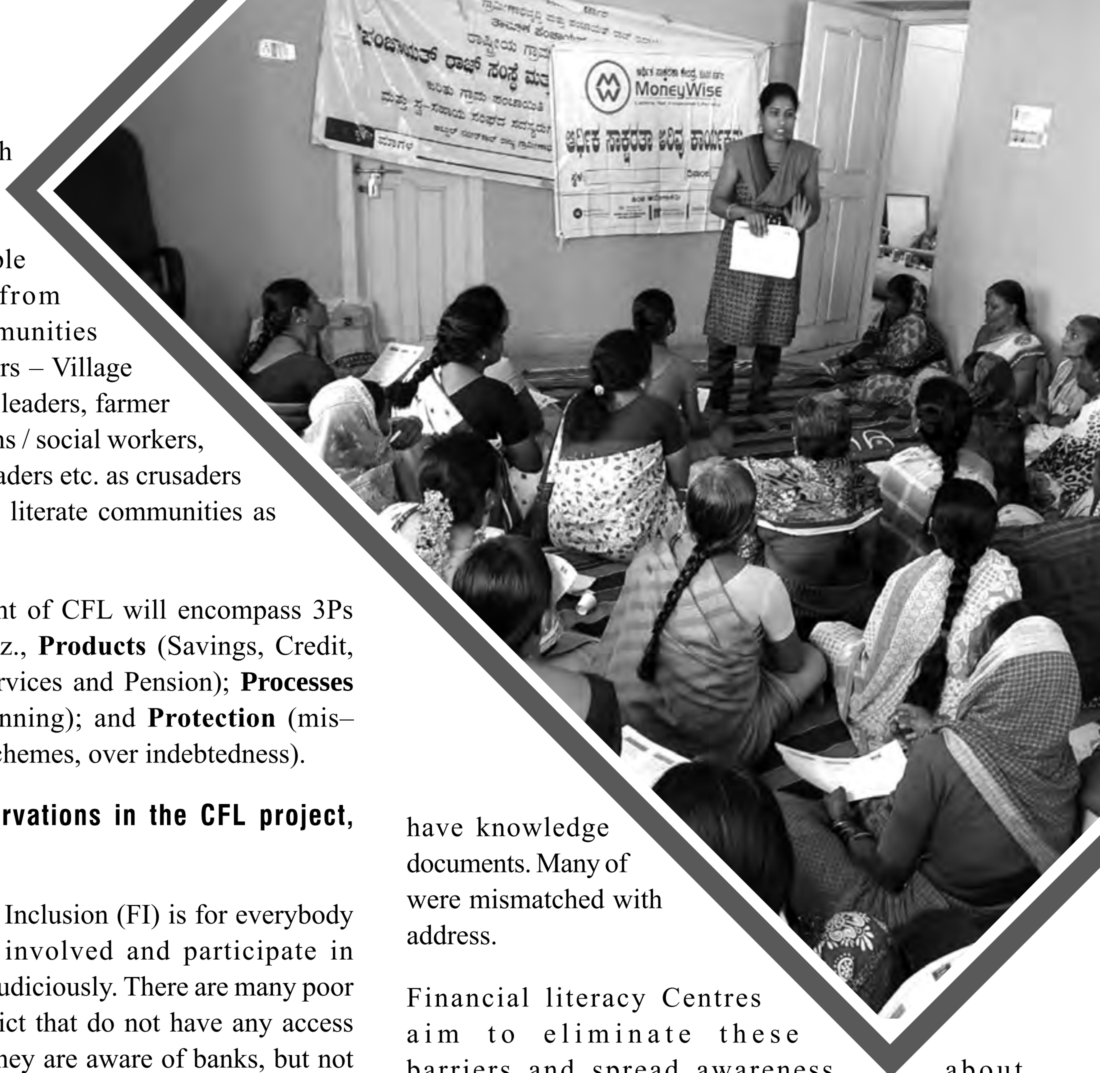
In spreading the financial literacy across the country, RBI has recognised the challenge of reaching out to all segments of the population, particularly the unorganised sector, and has felt the need for adopting a multi stakeholder approach in spreading the financial literacy. In view of this situation, it was decided by RBI to engage with development NGOs / civil society organisations and other resourceful academic institutions and Foundations to run block level Centres for Financial Literacy (CFL) on a pilot basis in selected backward districts, with five blocks in each district. Conceived as a collaborative initiative between the Lead Bank and the resource institutions, RBI has selected Chitradurga district in Karnataka state for the Pilot CFL project in association with Canara Bank and DHAN Foundation. The CFL initiative is being launched in Chitradurga district across five blocks namely Challakere, Molakalmuru, Hiriyuru, Holalkere, Hosadurga.

The broader objectives of the CFL project are to inculcate the habit of making household budgets and recording financial transactions, to encourage transactions in savings account and to encourage active savings by depositing in banks through fixed deposit or recurring deposits, to ensure the people to borrow from formal finance institutions wherever required, to create awareness about grievance redress mechanism in banks and banking ombudsmen, to encourage transactions through electronic means i.e., NEFT, RTGS, IMPS, internet banking, mobile banking, UPI (unified payment interface) etc., to encourage people to get Life insurance and pension products after they understood the features of the products and to provide financial counselling for a group with a common problem/issues and individual needs.

DHAN Foundation adopts a bifocal approach in the CFL project – spreading literacy with attitudinal and behavioural change and connecting with the banking system for holistic financial inclusion so that the disadvantaged communities seek to avoid informal, exploitative / predatory financial services and practices. Community-based Peer learning and Participatory Learning Method (PALM) are among the key components of pedagogy for the CFL.

> **"The ultimate objective of the CFL would be enabling people towards financial well-being through comprehensive, lucid financial literacy"**

* **Mr. Raghavendra K T,** Project Executive, DHAN Foundation



Although the outreach would be all inclusive, special attention to the the population – people who are excluded from system, student communities teachers, opinion makers – Village presidents, community leaders, farmer leaders, good Samaritans / social workers, farmer leaders, SHG leaders etc. as crusaders / advocates and retired literate communities as crusaders / advocates.

The programme content of CFL will encompass 3Ps of financial literacy viz., **Products** (Savings, Credit, Insurance, Payment services and Pension); **Processes** (KYC, budgeting, planning); and **Protection** (mis–selling, unauthorized schemes, over indebtedness).

Experience and observations in the CFL project, Chitradurga

The intent of Financial Inclusion (FI) is for everybody in the society to be involved and participate in financial management judiciously. There are many poor households in the district that do not have any access to financial services. They are aware of banks, but not their functions. Even if they are aware of banks, many of the poor people don't have the access to get services from banks.

They may not meet minimum eligibility criteria laid by banks and hence, they will not be able to secure a bank's services. Banks have requirements such as minimum income, minimum credit score, age criteria, and minimum years of work experience. A bank will provide a deposit or a loan to an applicant only if he or she meets these criteria. Many of the poor people may be unemployed without any previous employment record due to lack of education, lack of resources, lack of money, etc.

Many people in the villages may also not have proper documents to provide to the banks for verification of identity or income. Every bank has certain mandatory documents that need to be furnished during a bank account opening process. Most of these people do not have knowledge documents. Many of were mismatched with address.

Financial literacy Centres aim to eliminate these barriers and spread awareness about proper KYC, financial services and financial management among people of the society.

Several exclusive schemes for the purpose of financial inclusion introduced by the Government of India are: Pradhan Mantri Jan Dhan Yojana (PMJDY), Atal Pension Yojana (APY), Pradhan Mantri Vaya Vandana Yojana, Stand Up India Scheme, Pradhan Mantri Mudra Yojana, Pradhan Mantri Suraksha Bima Yojana (PMSBY), Pradhan mantri Jeevan Jyothi Bima Yojana (PMJJBY), Sukanya Samriddhi Yojana, Jeevan Suraksha Bandhan Yojana, Varishtha Pension Bima Yojana (VPBY), Kissan Credit Cards (KCC).

FI for Women Empowerment

Financial inclusion is very particular about including women in financial management activities of a household. Financial inclusion believes that women are more capable of handling finances efficiently when compared

to men of a house. Hence, financial inclusion activities target women by helping them get started engaging in financial management. There are many houses where women are not permitted to be involved in managing money. Instead, it is controlled by the men. Many people in villages believe that women are not capable of handling money. Financial inclusion is encouraging women to take up more employment opportunities and be financially independent. It also explains that women will not have to rely on men for money.

Financial inclusion intends to empower women belonging to low-income groups by increasing financial awareness among them. Women are also taught in simple ways to save their money for future purposes. They are provided with exposure to multiple affordable savings instruments. They are also taught about the various forms of credit available in the market. These forms of credit will help them start up a new small business venture or take up a training course to apply for a new occupation. This will also increase their monthly income.

Financial inclusion is also making many women get mobile phones for their own usage. Women have started using mobile phones for business purposes, and also for financial requirements. Many of them have started to utilise digital modes of payment and other financial operations with the help of mobile phones.

One idea of financial inclusion is encouraging banks and other financial institutions to assist the unbanked sections of the society. Many of these institutions are also focussing on making women financially independent by providing special rates and exclusive discounts or other benefits. Many banks charge subsidised or discounted interest rates to women for their loan products. For savings accounts offered by certain banks and non-banking financial corporations, women depositors gain more interest on their deposits when compared to men.

If we educate both men and women in rural areas through financial literacy, then the whole family will be prosperous. The ultimate objective of the CFL would be enabling people towards financial well-being through comprehensive, lucid financial literacy.

Results

Particulars	Challakere		Hiriyuru		Molakalmuru		Holalkere		Hosadurga		Total	
No of villages	37		48		42		38		45		210	
Name of the event	NOE	NOP	NOE	NOP	NOE	NOP	NOE	NOP	NOE	NOP	NOE	NOP
FLAP	71	1,029	96	1,470	84	1,443	76	1,211	90	1,783	417	6,936
Community workshop	10	560	10	572	10	562	10	550	10	498	50	2,742
RTC	8	120	8	145	8	122	8	110	8	145	40	642
College campaign	12	822	12	1,054	12	945	12	854	12	940	60	4,615
Street plays	21	1,080	30	1,900	22	930	22	828	27	1,020	122	5,785
Total	122	3,611	156	5,141	136	4,002	128	3,553	147	4,386	689	20,720

- FLAP: Financial Literacy Awareness Programme,
- RTC: Round Table Conference,
- NOE: No of Events NOP: No of participants

Assessment Data

Name of CFL	PARAMETER						
	No. of New SB accounts opened	No. of Inoperative accounts activated	No. of New Rupay cards issued	No. of persons trained in Digital Banking	No. of persons enrolled in PMJJBY	No. of persons enrolled in PMSBY	No. of person enrolled in APY
Challakere	100	182	100	802	595	775	18
Hiriryur	15	212	15	1,034	871	1,106	65
Molakalmuru	98	138	98	582	883	916	36
Holalkere	80	188	93	895	707	789	28
Hosadurga	58	215	58	942	588	858	65
Grand Total	351	935	364	4,255	3,644	4,444	212

Access to Housing Through Financial Inclusion

Naguveer Prakash V *

Abstract: The poor can have access to housing products and services in a responsible and sustainable way when they are organized. This is an account of the opportunities made available for the poor through Kalanjiam to graduate themselves in a systematic and methodical way to access the financial services for fulfilling the shelter needs.

"Over the past 20 years, 11 locations in Madurai Urban Region have had access to 19,209 loans related to various housing needs to a tune of Rs.77.92 crores"

India's urban centres are projected to witness some of the fastest growth rates in the world. India will have seven mega-cities of more than 10 million people by 2030 (United Nations Human Settlements Programme, 2016). The urban population is also expanding rapidly. Of the 1,210 million people in India, not less than 31% lived in urban areas in 2011 and this number is only expected to grow (Ministry of Environment, Forest and Climate Change, Government of India, 2015). The massive influx of people into urban centres for better growth opportunities – while beneficial for the overall economic growth of the country – presents massive challenges for the strained urban infrastructure and the ecology.

A natural consequence of this has been that low-income groups which are unable to afford homes in cities are forced to live in settlements over which they have no ownership rights, or which are illegal, due to which slum settlements proliferate. Urban slums have witnessed a decadal growth of 34% between 2001 and 2011 (Ministry of Housing and Urban Affairs, 2017)[1] .

The shelter is one of the basic requirements of the human being. Housing is a challenge for the poor in the cities. Rapid and unplanned urban growth threatens sustainable development when the necessary infrastructure is not developed. The in-affordability of housing results in the rapid expansion of slums. When managing their routine life with limited economic well-being itself is a tough call, the poor's access to housing is a distant dream.

Housing and Urbanization - Madurai

Most of the urban poor are migrants from the neighbouring districts who got settled in the town for livelihood, and end up doing unskilled work. They are engaged in the unorganized sector with irregular wage earnings. The rural-urban migration and concentration of industry clusters around the peripheries of urban zones have led to increasing housing shortages – particularly for informal sector workers and households in the economically weaker sections.

DHAN Madurai Urban Region was initiated in 1998 with the objective of addressing the poverty of urban poor through its Kalanjiam programme. The poor, when they become part of Kalanjiam, were inculcated with the habit of savings and credits from savings initially and through the leverage of funds from banks. Their initial credits were directed towards meeting their consumption needs and other basic needs.

Housing Challenges of Poor

The problem of the poor in a rented house is that, when they are struggling with low income cycle which is inadequate to meet their consumption needs, they face the daunting task of paying the rent on time. The average rent of a poor household comes close to 20-25% of their monthly wage income. As the wage income is also based on their livelihoods, the proposition of accumulating the income to pay the rent is a challenge for the poor.

The poverty scenario leaves them helpless to get small loans to pay their rent. The neighborhood, who also have similar situations, could not come to the rescue as they also have a tough task meeting their ends. The very low-income cycles differ from family to family due to multiple reasons, like fluctuations in wage income, employment opportunities, health expenditure incurred

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by the family members, and other priority expenditures towards education.

Due to their fluctuating income, the house owners often don't prefer renting their homes for daily wage earners. The largest section of the population in the urban fabric is poor. The rental advance for a house is five-months' rent. This itself is a high amount for the poor to mobilize. Once they occupy a house and later not able to pay the rent on time, the house owners force them to vacate their house on adjusting the advance. The fluctuation in their wage income is not in their control, and identifying a suitable house close to their livelihood access is a daunting task. The majority of the poor undergo this experience either with one owner or other. Few house owners exhibit their supremacy to treat the tenant submissive, and those who couldn't tolerate their behaviour prefer to change their house on their own. It is a total surrender of self-esteem for a tenant at the hands of the house owners.

It is here that the Kalanjiam self-help group comes to the rescue. Savings being pooled from their member households is available for loan, and those in need raise their demand in the group and take the required funds to pay their rents. As and when the member has graduated in their loan size the sequential preference of loan goes to have a house lease loan from the Kalanjiam.

A housing lease gives peace of mind for individuals as they need not bother about the fluctuating income cycle they encounter to pay their rents. Meanwhile, in the process of repaying the lease loan in the Kalanjiam, they find it easy enclosing their loan gradually. Most of the members have gone for subsequent higher loans for lease; in the process they shift to better houses in the same locality. In another way, they have been increasing their lease deposit amount gradually that, in turn, becomes their primary liquid asset source. It is found to be a regular practice among many urban poor Kalanjiam members that they go with 3-4 consecutive lease loans before going for a house purchase, a land purchase on their own.

They make use of the accumulated lease deposit amount as a major share of their investment in land or house. This way, those who find it difficult to pay rent for a month, find a way to accumulate the much-needed wealth to purchase a house, a dream of their life. There is always the helping hand of Kalanjiam which meet their demands when they prefer to go for the purchase of a house or construction of a new house.

House Leasing as a Loan Product

- House leasing is one of the loan products offered through Kalanjiam that is very popular among women members and mentioned often because in Madurai slums housing insecurity is a big problem.
- Rent takes a very large percentage of income (average 30%), people often struggle to pay and eviction is common in disputes with landlords.
- To address the problem, a workshop was held in which members conceived the program and by 2005 leasing as a loan product got launched.
- The DHAN leasing program makes a loan of up to Rs. 1 lakh which can be used by a member to take a house in procession for two years. There is an agreement with the landlord that the tenant cannot be evicted during this time, without advance notice mutually acceptable. Instead of paying rent each month, the member repays the loan to the group and at the end of two years of successful repayment she can take out a larger loan to move into a much larger place or extend the lease agreement paying an additional top up amount to match the prevailing market scenario if desired.
- Considering the larger demand to meet the housing needs of the poor and the need for having an exclusive financial avenue for meeting such housing needs, HOPE (Dhan Housing and Habitat Development of Poor for Empowerment Confederation) a separate unlisted company was incorporated on 2017. This institution caters the financial needs of the members to fulfil their housing dreams.

The federation through its SHGs has been offering loans to lease homes. House leasing is not that affordable to the poor when they raise funds at an exorbitant rate of interest. Through SHGs, the interest rate of house leasing loan is 18% and is within their means. The SHGs offer 10-15% of their regular loans to the housing needs of its members.

Housing for All: Ensuring Entitlements

Housing for all is a Government of India's ambitious new initiative. It envisages having all Indian families own a house. The 1st phase is planned from 2017 and probably ends by the year 2022. The scheme proposes to have government contribution in the form of outright subsidy or interest discounts for the beneficiaries. The scheme's execution model is taking shape, where it is expected to access long term housing loans from formal banks.

Madurai city is chosen in the 1st leg of the scheme to ensure housing for all in the corporation limit. The mutual working association with Madurai City Corporation aided for the communities' benefit. DHAN Foundation was asked to generate filled-in applications from the needy. The work is assigned to be done in a short span of one week. The cluster associates and the health associates took this task and got 1158 applications forms filled in and submitted to the Corporation. The applicants were from the common pool, inclusive of non-members.

The Housing Data

A total of 1158 applications were generated and submitted to the Madurai Corporation Office, out of which 820 applications were analyzed before submission. Remaining 338 applications that were generated, submitted without classification and analysis due to the very short span provided by the Madurai City Corporation. The classification of the application.

Table 1. Housing Requirement Classification

Housing Requirement Classification (out of 820 applicants)	
New House application	724
Upgradation / Addition application	96
Total	**820**
Member with Disabilities (out of 820 applicants)	16

The classification of the above data shows that of 724 applications out of the 820 applications generated and classified are opting for a new house, 96 applicants have own land and house and prefer an upgradation / addition of room in their existing homes. 16 out of the 820 applicants have a member with disabilities in their families.

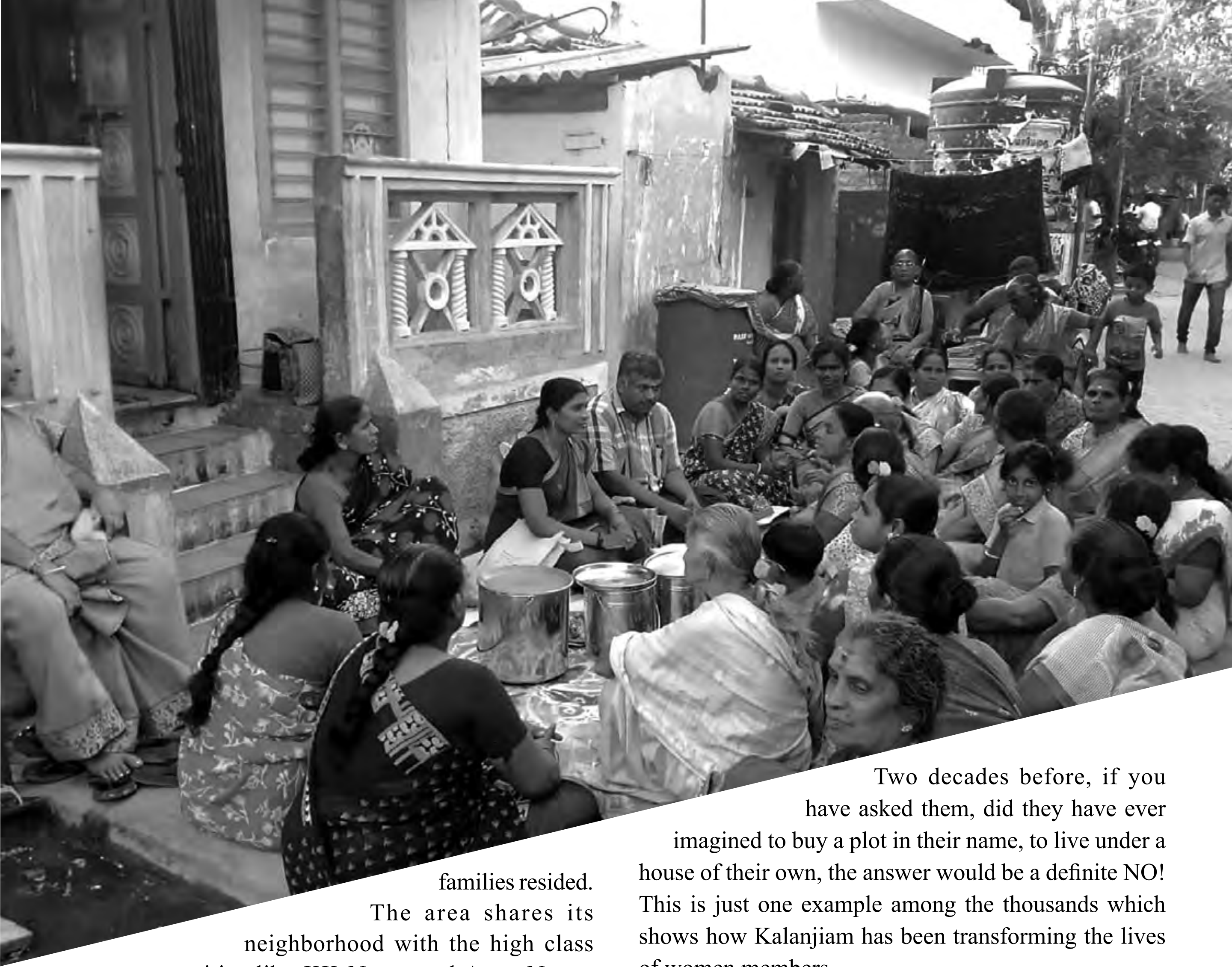
The housing scheme has four classifications. Type 01, having a loan ceiling of Rs.3 lakhs with a subsidy of Rs.1.5 lakhs. Type 02, having a loan ceiling of Rs.6 lakhs with an interest subsidy of 6.5%. Type 03, is rebuilding of a house as redevelopment for the occupant in non-objectionable encroachment area (Land under the government ownership and don't have any crucial establishments or water catchments/drainages). Type 04, is the relocation of the landless and the house owners having a house in objectionable encroachment (house constructed in water bodies & waterways, near railway lines, highways or other objectionable).

JnNURM Experience

Earlier, DHAN has been a member of City Technical Advisory Group (CTAG), in the JnNURM (Jawaharlal Nehru National Urban Renewal Mission) implementation in Madurai. Then, under the guidance of DHAN, the Madurai Urban Region facilitated ensuring access to house for its members under the Basic Service for Urban Poor (BSUP). Of the total 3522 houses for which work order has been issued, as many as 350 odd houses were allotted to the Kalanjiam members. The scrutinisation had been tough, ensuring no illegal construction allotments were approved. The financial support for the construction was Rs. 64,400/- along with Rs. 20,000/- bank loan. Yet the cost of construction for 270 sq.ft. ranged from Rs. 2.0 lakh to Rs. 2.5 lakh. Also, Kalanjiam financial services were of great help for the poor to get the house construction completed without holding back due to money shortage.

Transforming Lives – A Kalanjiam's Experience

The Thamari Kalanjiam is one among hundreds of Women Kalanjiams of Karumbalai Vattara Kalanjiam, a Federation of Women Self Help Groups in Madurai Urban Region. Thamari Kalanjiam of Kizhakku theru cluster, was promoted in 2002 in an area where 15 poor



families resided. The area shares its neighborhood with the high class communities like KK Nagar and Anna Nagar. All these 15 families were ultra-poor, where the men in the family worked as wage labours and women worked as domestic workers in the adjacent high class neighborhood KK Nagar and Anna Nagar.

Every family has their own unique miserable poverty stories that they have shared while they joined in Kalanjiam. But today i.e., after 18 years, their persistent hard work and the timely financial services availed through Kalanjiam has reaped the benefits. Now, four families are having their own individual houses. Fifteen had collectively purchased individual plots near Kamaraj Engineering College, Vellakulam in the outskirts of Madurai. They availed one of their bank loans for purchasing the plots and they purchased collectively so that the plot price can be negotiable. Few members who are in a position to afford additional plots, had purchased two to three plots additionally.

Two decades before, if you have asked them, did they have ever imagined to buy a plot in their name, to live under a house of their own, the answer would be a definite NO! This is just one example among the thousands which shows how Kalanjiam has been transforming the lives of women members.

On 15th February, Thamari Kalanjiam celebrated its 18th Kalanjiam birthday by promoting a new Kalanjiam with new younger generation members. When the new women went with the plate containing vermilion and the sacred ash to the existing Kalanjiam members, one of the elderly women satirically said, ‘Are you going to seek our blessing?’ The instantaneous reply from the new member was, ‘it is worth seeking the blessings of the Kalanjiam members.’

Cluster Housing Experiences of MVK

Madurai Vattara Kalanjiam (MVK) was promoted in March 2001. As of June 2005, the federation has reached to 4,030 members through 226 Kalanjiam groups. NMRS puram and Nehruji puram are two colonies among the slums located in the eastern part of Madurai.

There were around 1000 families residing in these slums, out of which, 400 are part of the Kalanjiams.

As a part of a reclamation project of the river Vaigai, the Madurai Municipality Corporation was all set to evict the settlements on the river bank. It was very difficult for the dwellers to find alternatives within a short period. Since they were dependent on the city for employment opportunities, they were hesitant to move out of the city.

The Intervention: The Kalanjiam women from the slums approached the federation. The federation leaders and staff met the officials of the revenue and public works departments. It was known that the government will make arrangements for alternative settlements, but not immediately. The federation leaders and the Kalanjiam members from the slums discussed the issue and took a bold decision to construct an exclusive settlement with all the basic amenities through their own efforts, instead of depending on freebies, or grants or subsidies from other organisations or government.

Constructing Brick by Brick: The federation managed to get Rs. 1.68 crore as a loan from the Housing Development Finance Corporation (HDFC). The arrangement was such that the federation would on-lend this credit to the needy members through the Kalanjiams. The federation formed a committee involving the women leaders of the federation for taking up the initiative. A site of 10.1 acres was purchased for Rs. 37 lakhs, situated 8 km from Madurai and having good access to the city. As many as 374 evicted households came forward to join the project as members.

Each applicant was allotted a plot of 220 sq. ft. area, of which 180 sq. ft. was used for the construction of the house, and the remaining space was shared with others for common purposes like street, electricity posts, drinking water connection etc. A lottery method was used in order to allot the plots. Total cost of the project was Rs. 2.36 crores which includes the land cost, construction of 373 houses and providing of amenities such as streets, drinking water connection, electricity connection, and drainage.

Of the total project cost, Rs.1.68 crores was mobilized from HDFC as loan, and the remaining Rs. 68 lakhs were mobilized from people as down payments. The total cost

Sl.No	Housing Needs	No. of Loans	Amount in crores (Rs.)
1	House leasing	4,496	25.16
2	House renovation / Repair including toilet/bathroom	4,470	17.41
3	New House construction	2,878	20.92
4	Miscellaneous House related other expenditures (electricity, fencing, flooring, roofing, water connection, white wash)	7,365	14.41
	Total	**19,209**	**77.92**

per unit was Rs. 63,000/-. Joint ownership of the site and the building by the husband and wife was made as a compulsory eligibility criterion for availing the loan.

The slum dwellers of the two colonies who had never owned a house, now having their own. Earlier the people were living in an environment which grossly lacked basic facilities particularly sanitation, drinking water, ventilation and drainage. All the families continue the same activities in which they were involved before eviction mainly because of the accessibility of the new settlement. The experience of Kalanjiam Nagar has demonstrated the power and unity of the women who are organized to resist and overcome the difficult situations.

Financing Housing Needs

The Kalanjiam self-help groups have been catering the financial needs of its members by providing timely credits through the SHGs. Though they provide loans from day one from the member's savings the availability of funds is meagre, and hence have been used for meeting the smaller needs of its members. At this point of time, the group were able to assist the members' rental needs though smaller credits. As the groups get older and start having regular access to graduated linkage, the higher-order financial needs are met from the groups. It's here the members' needs for leasing a house, loans for the purchase of land, house construction and renovation are met.

Over the past 20 years, 11 locations in Madurai Urban Region have had access to 19,209 loans related to various housing needs to a tune of Rs. 77.92 crores. Apart from these, 612 members had availed a loan of Rs.2.89 crores for the purchase of site over the years. The purpose-wise housing loan utilization of Madurai Urban Region is as follows.

The above table shows the high demand for the house leasing loan, considering the initial lease amount being in the range of Rs. 20,000/- to Rs. 30,000/-. The volume of loans increases, and its overall amount disbursement shows that around one third of the housing related loan amount has been for the house leasing purposes, followed by new house construction. Apart from this, large number of loans have been issued for miscellaneous house-related other expenditures to meet minor housing renovation works.

During the last financial year, the locations have issued 854 loans for Rs. 5.51 crore. This is 10.6 % of the total loans issued and 27.25 % of the total funds issued as loans by the locations. This shows that a good portion of the Kalanjiam members were gradually upgrading from being a rented household, to that of leased house tenants and finally to homeowners.

Ensuring shelter for the poor may be a distant target to achieve as the urbanization process continues and the number of slums increases over years. The government continues to come out with new schemes of ensuring housing to all. In this backdrop, the impact of the Kalanjiam's in creating access to housing for its members through its financial products have not only provided safe shelters for the ultra-poor, it also enabled them to dream for the impossible.

Reference:

1. https://www.teriin.org/article/resettling-indias-urban-poor-sustainably

Education Development through Financial Inclusion

Ahila Devi S *

Education is very much fundamental to development and growth. The higher the level of education in a society, achievement of that society in development scale is proportionately higher. This, in turn, leads to economic prosperity and better-civilized living. Education results in transforming a society into an informative society having higher earnings and social awareness.

Access to education is a fundamental right bestowed through the Constitution of India. However, most of the poor parents in India are below primary school level. Hence access to education for their children is vital for the advancement of the family's welfare. The poor dreams to make their children obtain schooling and get them educated. Given the increasing trend of the private players, the poor's access to education is getting reduced. Education credit could make a huge impact in ensuring continuity in education as well as the graduation of the education levels of the poor families. It helps arrest dropouts in studies. The positive trend is the increase in the enrollment for higher education.

Financial Inclusion Vs Education Development

The advent of financial inclusion has made considerable efforts to include the excluded in the process of development. Financial inclusions initiatives through the Self Help Groups (SHGs) not only help organize the poor, it also facilitated the access to formal financial institutions to fulfil their financial needs. Though in the initial phase the members of the SHG's used the access to the funds towards their consumption needs and to arrest income leakages by repaying high-interest loans. This effort itself could have made them save considerably by increasing the family inflow. The effective utilization of subsequent financial linkages towards livelihood enhancement aids them to prosper. Livelihood enhancement leads to economic development, giving hope for them to think of ensuring the children's education. Yet the elusive cost of higher education act as a hindrance for the poor to chase their dream.

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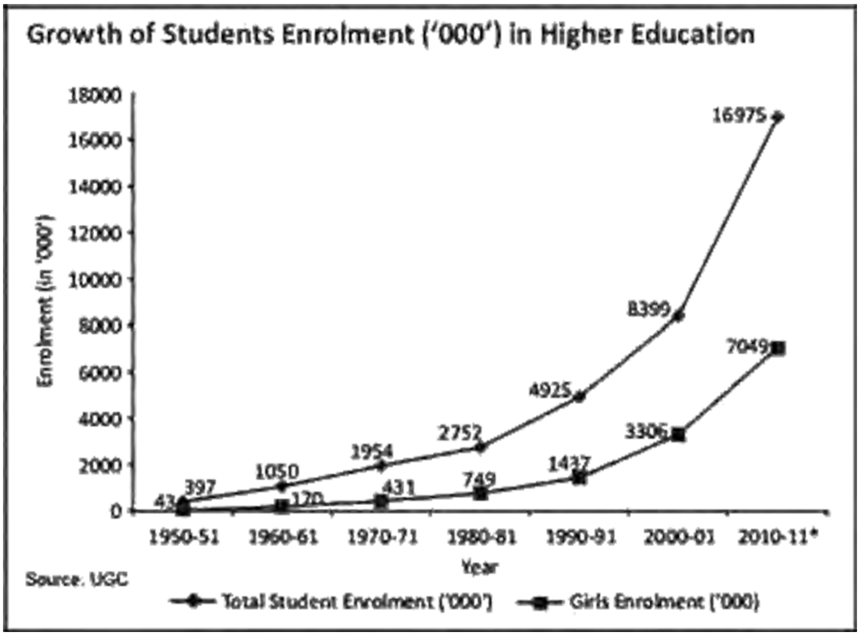
Education Intervention in SHGs

DHAN believes education as a tool for addressing poverty reduction. Education of the children acts as a catalyst to propel the family graduate out of poverty in short span. Education of the children empowers the generation next to seek skilled/professional employment. They earn more once they get employed considering their parents who are mostly daily wagers, labours, farmers, domestic maids, etc., their contribution to the family.



Microfinance can contribute targeted intervention for ensuring educational attainments of the children from poor households in many ways. While the poor households avail loans from their SHGs for their children's educational needs, in the beginning, loans from SHG's, would be sufficient to meet the needs of primary and secondary schooling of their children. They look for higher amounts of loans when their children go for a college education or higher education. They also need support for availing education loans from commercial banks if their children get admitted in professional courses.

SHG's has acted as a pathway for the downtrodden to achieve their education dreams. Many poor were enrolling their kids in private schools. When they are enrolling they have to pay the school fees as being demanded in the schools. Nowadays few schools have the option of monthly fees, most private schools collect an annual fee or else in term payments. It is when the poor members of SHG find it difficult to raise the needed resources from external sources. Since the school fees may not be that big, external lenders don't give importance for such lending. With little or no option members seek the SHG to aid them in their distress. Thus members of Kalanjiams were able to avail loans for their children's education at a high priority. Credit for education is a long-term development proposition for the alleviation of poverty among the poor.

The SHGs promoted by DHAN facilitate its members to give priority to ensure the education of their children. Hence the members seek access to credits to meet their fund requirements. Totally 3.29 lakh loans had got issued to the tune of Rs.636.28 Crores in the past 15 years through the SHG lending. Many members have made use of the credits from the SHG to build their children's education possible. Here the quantum of the amount and its timely availability is that gives the members the liberty to get credit to meet their needs.

Aiding Education

The federations have been enrolling its members in the government-sponsored life insurance product Aam Aadmi Bima Yojana (AABY). This Life Insurance Corporation managed insurance product provides scholarships to the 9-12 or ITI studying wards of the insured members. LIC provides the scholarships of Rs. 1,200 for each of the eligible student from Shiksha Sahayog Yojana (SSY) scheme of the government. Every year the DHAN promoted federations enrol the members for providing life insurance cover. Last year 6,87,545 members have got insured in AABY and the federations ensure that eligible members enrolled in AABY get the benefit of the SSY scholarship. Total of Rs.12.38 crore was received as student scholarships for 1,03,132 students. This scholarship support aids the poor members in a small way to keep their students in schools. Once they complete the higher secondary education and the prospect of taking up higher education. This attempt also increases the chances of a higher ratio of girls taking up higher studies.

Remedial Education

Many members of the Kalanjiam are mostly illiterate. Hence as parents, their dream of giving quality education needs multiple reinforcement mechanisms. Credit alone could not bridge their needs. In the cases where the parents are illiterates, their direct engagement with their children towards education is limited. Hence remedial education centres were instituted to address the educational needs of the members' children. These tuition centres promoted by the federations at cluster level based on the local needs take care of assisting the educational needs of the children in slums and villages. The tuition centres were accessed as a node for facilitating education among the children of illiterate parents who could least contribute to their kid's education.

In the Kalanjiam programme, there were 40 tuition centres being run in 10 regions. Through the tuition centres, as many as 1,000 students were getting benefited. The remedial education centres are promoted at the cluster level to meet the needs of the community. It is run by identifying suitable local human resources to manage the centre. The federation meets the cost of running the centre. They facilitate organizing children in the evening and teach them the lessons. Individual focus on children in their weak subjects assists them to improve their academic performances.

Formal Collaborations

Banks were issuing education loans significantly for higher education. It is part of their social development initiative and falls in priority sector lending. It facilitates aspiring youth access the educational loan products being offered by the banks. The lending by the banks has encouraged the downtrodden to access the bank loans to chase their dreams. This opportunity has given space to the emergence of many first time graduates. Though it is seen as an entitlement prospect, poor lack the negotiating power to get the work done on their own. Their illiteracy act as a mental block for them to approach the bankers with confidence. The professionals working at the block level assist the member in need to access the bankers. They help the members understand the documents required and guide them to get the documents in order. They facilitate the members to get the education loan from the banks.

Career Guidance

Education gets shape when one identifies his/her choice of career and chose the higher education accordingly. A child from a well of the family may have the required exposure and knowledge to make a choice of his interest. But a child from a poor family of illiterate parents has less exposure to decide his/her choice. They could end up in a dilemma to make informed choices. It is here the federations and regions make interventions like organizing career guidance events to aid the students getting into higher studies. This event was anchored by academicians and professionals from the sector. They facilitate the students with the available opportunities for them to decide their choice of course. For many of the participants, the career guidance events are of eye-openers and they aided by the expert guidance make their choice of higher education.

Way forward

Education is a distant dream for the poor. Microfinance which focuses on economic empowerment should have to address the education needs of the poor. It should be a multidimensional approach that meets the needs of the poor. SHG with its widespread access has the ability to address the gaps in education access through its financial leverages. When given the trust and focus SHGs could help to bring about the change in reach of education among the poor. Widening the reach of education through financial inclusion is the key to deliver success

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Kokila a member of Karthigai Kalanjiam of Sellur Federation, Madurai is similar to many illiterate mothers. She had two daughters and wished to ensure higher education for them. She had done schooling only up to 4th standard. However, her husband, a carpenter, made arrangements for his daughters' marriage when they completed their high school. Kokila stood by her wish. The stand made the father to disown the daughters' education. Being an entrepreneur, she preferred taking up the onus on her shoulders.

She had the opportunity of obtaining the SSY scholarship for her daughters. Then, she enrolled her daughters in a polytechnic college. The academic fees were paid from the Kalanjiam fund and earnings from her beautician and tailoring activities. Her daughters completed the course meritoriously that getting into engineering college was not a big deal. However, annual fees was close to Rs.40,000 and she could not source it from the local funds. The interest on a loan would put undue pressure on her and secondly, she had to start repaying the principal on immediate receipt of the loan.

When she approached the Kalanjiam for a loan, the coordinator suggested her to apply for an educational loan. She along with the federation coordinator made an effort to obtain the loan from Indian Overseas Bank, Chokkikulam Branch. The Branch Manager informed them about the procedure. With support from the federation, she could avail a loan of Rs.1,50,000 for each of her daughters, in a span of three years.

Now, both have completed their engineering course and are employed, supporting the family with their source of income

Financial Inclusion through Community Managed Mutual Insurance

Ahila Devi S & Kalyanasundaram M*

1. Introduction

"The insurance penetration as percentage of premium to GDP is 3.69% and insurance density is about Rs.4500 per person in the financial year 2018. This is an indicator that growth potential for the insurance sector especially micro insurance is immense in India"

Access to insurance products as an instrument of risk financing is a basic and fundamental component of financial inclusion. Together with savings, credit, payment/ remittance services and pension, insurance constitutes five essential financial services. Though there have been positive changes in the financial landscape of the country with the advent of Jan Dhan and Prime Minister's social security schemes, vast population – nearly 80% continues to be excluded from insurance. In other words, insurance penetration in India is grossly inadequate leaving the poor and low income families vulnerable to risks. The insurance penetration as percentage of premium to GDP is 3.69% and insurance density is about Rs.4500 per person in the financial year 2018. This is an indicator that growth potential for the insurance sector especially micro insurance is immense in India.

Except the PM's social security schemes, the poor and the low income families have not been able to have choice of appropriate products to match the risk profiles nor affordable. The mainstream insurance companies have been offering insurance products to satisfy the regulatory mandate and they have not been proactive in offering multiple diverse products to suit the demographic profile in various contexts in the country. Recognizing this gap and also building on the foundation of the mutuality as expressed by the Self Help Groups (SHGs) and their Federations, DHAN Foundation has enabled women members, Kalanjiams and small farmers in tank-fed/ rain-fed eco systems to access mutual insurance services covering life and health risks. The mutual insurance programme is rooted in the mutual insurance federations and is community owned and community managed. This article details the mutual insurance programme of the DHAN Foundation and its important role in promoting financial inclusion.

2. Community Risk Management and Community Insurance Initiatives

DHAN Foundation's fundamental philosophy for development is organizing the unorganized poor and marginalized and build their social capital. This gives rise to the community institutions for different purposes – Self Help Groups and their Federations, farmers and fishermen associations, etc. Furthermore, community owned support institutions to provide/offer specific services also got established for larger reach across demographics and geographies. All these micro, supra and meso level institutions put together constitutes the DHAN collective. One such specialized institution promoted by the community of SHGs, farmers, fishermen is the People Mutuals which support Federation level exclusive mutual insurance institutions called Federation Mutuals.

"During the course of more than two decades of experience, DHAN has come up with the community based framework for mutual risk coverage operations at the Federation level."

The functions of People Mutuals include, promotion of Federation Mutuals, capacity building of the team at each federation mutual on mutual risk coverage concepts and administration, contextualized modeling of

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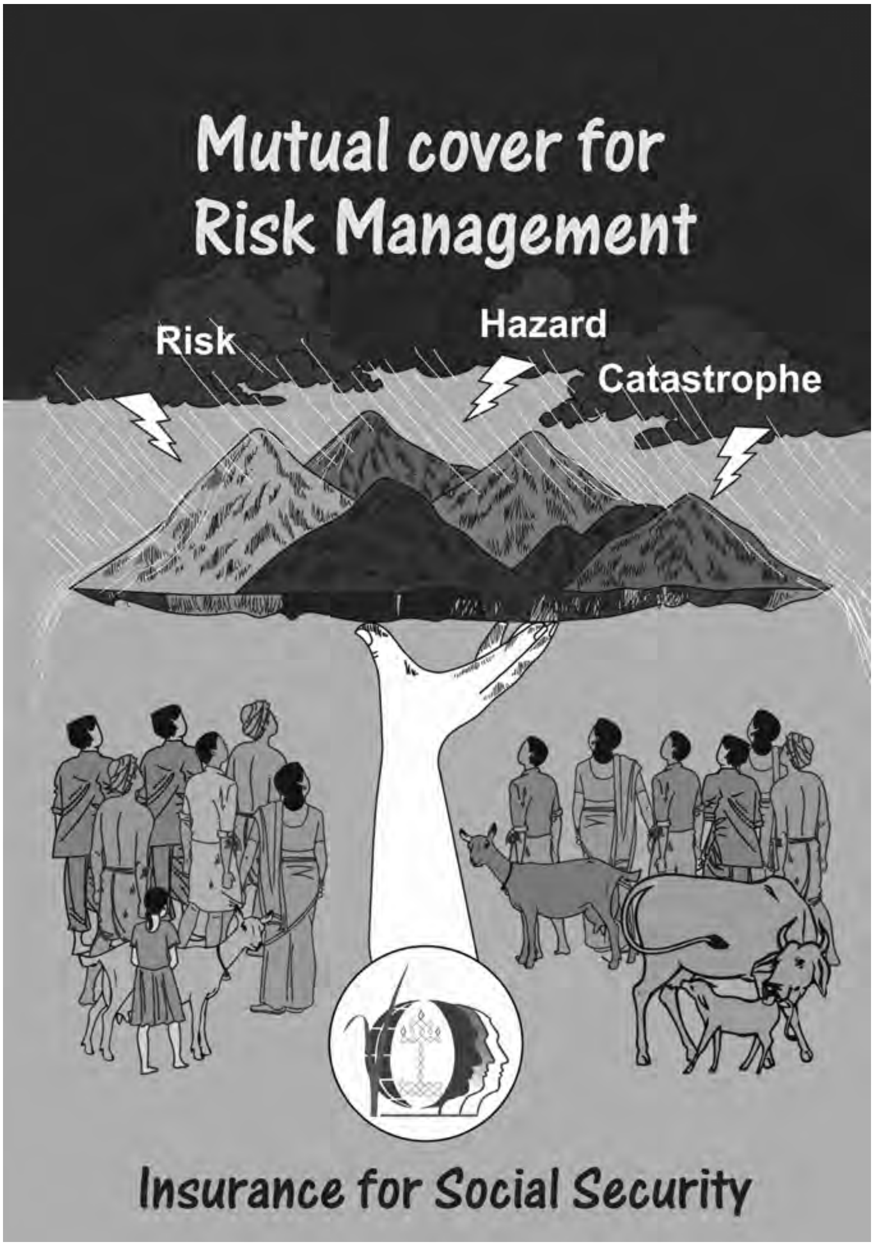


mutual risk coverage products, negotiations with the commercial insurers for pro poor products and processes and knowledge management through research and pilots, advocacy and networking.

The poor and marginal communities who are part of Kalanjiam and Vayalagam communities in rural, urban and coastal contexts are faced with multiple risks. Due to the lack of sufficient reserves to fall back, these households become more vulnerable when faced with such risks. Based on the degree of uncertainty of the households, the community organizations offer various financial solutions and facilitate to access them from different sources. To start with, those needs that are relatively certain in nature such as education of children, housing, purchase of assets, etc., which have low degree of uncertainty are focused. Facilitating access to planned savings and credit services through self-help groups offers a good solution to such needs with high certainty. However, for those needs with higher uncertainty such as hospitalization expenses, savings and credit were found to be ineffective. Hence, during early 90s, a few federations with the guidance of DHAN, initiated a programme that involved financial contribution by each member to a common pool from which compensations were given to the households on the event of death.

Thus evolved, the mutual risk coverage programmes in the federations promoted by DHAN Foundation. During the course of more than two decades of experience, DHAN has come up with the community based framework for mutual risk coverage operations at the Federation level.

3. Community Mutual Insurance Model

The community organizations introduce insurance to their members after savings and credit. This would be preceded by a large scale risk mapping exercise done with the members at local level. The exercise would focus on identifying various financial needs of the members, associated uncertainties and the current coping up mechanisms. This is followed by discussions on various solutions to deal with such uncertain and unexpected losses. The insurance needs and their solutions are matched. The Community Mutual model of DHAN involves three pillars of insurance namely Mutual insurance, Collaboration with commercial insurers and Social welfare / benefit schemes as entitlement provided from fiscal resources. Federation Mutuals at the grassroots decide upon the risks to be covered based on the assessment of the risks and insurance needs with the facilitation of People Mutuals. On the basis of this assessment, the risk coverage products are designed by People Mutuals and approved by the governing body of the Federation Mutuals. While doing so, the Federation Mutuals decide the quantum and nature of risks to be retained and the quantum of risk to be transferred under reinsurance mechanism. There are three types of risk transfer mechanism in the form of reinsurance. First one is reinsurance with commercial insurance companies, the second is reinsurance arrangement with People Mutuals, a community based organisation which is the apex body of mutual risk coverage entities in DHAN collective system and the third is a risk sharing agreement with Achmea Reinsurance in The Netherlands. The reinsurance arrangement with commercial entities are through group insurance programmes for the population below poverty line and also through tailor made insurance programmes whereby the insurance product and administration processes are designed and implemented in consultation with and approval from the mutual organizations.

"As such, there are three typical typologies of insurance – pure mutual insurance, a hybrid product and purely external mainstream product - be it PMJJBY, PMSBY or from mainstream commercial players"

Given the risk financing arrangements made by the Federation Mutuals and People Mutuals, it is important to appreciate that the mutual framework not only provides/ offer mutual insurance products underwritten by the Federation Mutuals and partly ceded to People Mutuals, but also leverages the mutual structures to facilitate access to some appropriate mainstream insurance products in concert with or on standalone basis. As such, there are three typical typologies of insurance – pure mutual insurance, a hybrid product and purely external mainstream product - be it PMJJBY, PMSBY or from mainstream commercial players.

4. Community Mutual Insurance in Conjunction with Risk Reduction

Type of risk cover	Risk reduction measures
1. Mutual life insurance Basically addresses the insurability of people over 50 years largely ignored by mainstream. Protection for all aged above 18 years, so even after 50 or 59 years of age. Approximately 30% of the DHAN members are over 50	Alcohol de-addiction camps and counseling; Community health awareness programme for safe water, sanitation & hygiene, anaemia control programme, nutrition security programmes, health camps for diagnosis and treatment
2. Mutual Health insurance Covers hospitalization care expenses of member families who are not covered under any social insurance programmes	Health care advisory for taking up secondary and tertiary care treatments in identified hospitals;
3. Mutual crop insurance Solves the basis risk, create financial stability, enhance the trust to invest in better quality inputs and enlarge the Agricultural knowledge of the farmers. Indemnification of input loss due to comprehensive risks measured by the deviation in the farm yield to the standard yield of the particular locality; Mutual committee ensures the quality of measurement of yield data and the issue of moral hazard is managed	Advisory related to weather, pest and diseases; supply of quality seeds and other inputs at nominal price; facilitation for digging farm pond/ village tanks for supplementary irrigation; training on improved agronomic practices
4. Mutual livestock insurance To protect indigenous cattle and small farm animals. To enhance trust to invest in the growth of the herds. To improve the health situation of the animals and cattle management practices of the farmers. Cattle (exotic and local breeds) owned by the members of community institutions promoted by DHAN; administration through mutual committee minimizes the transaction cost	Veterinary camp for vaccination, training and orientation on hygienic practices in cattle rearing

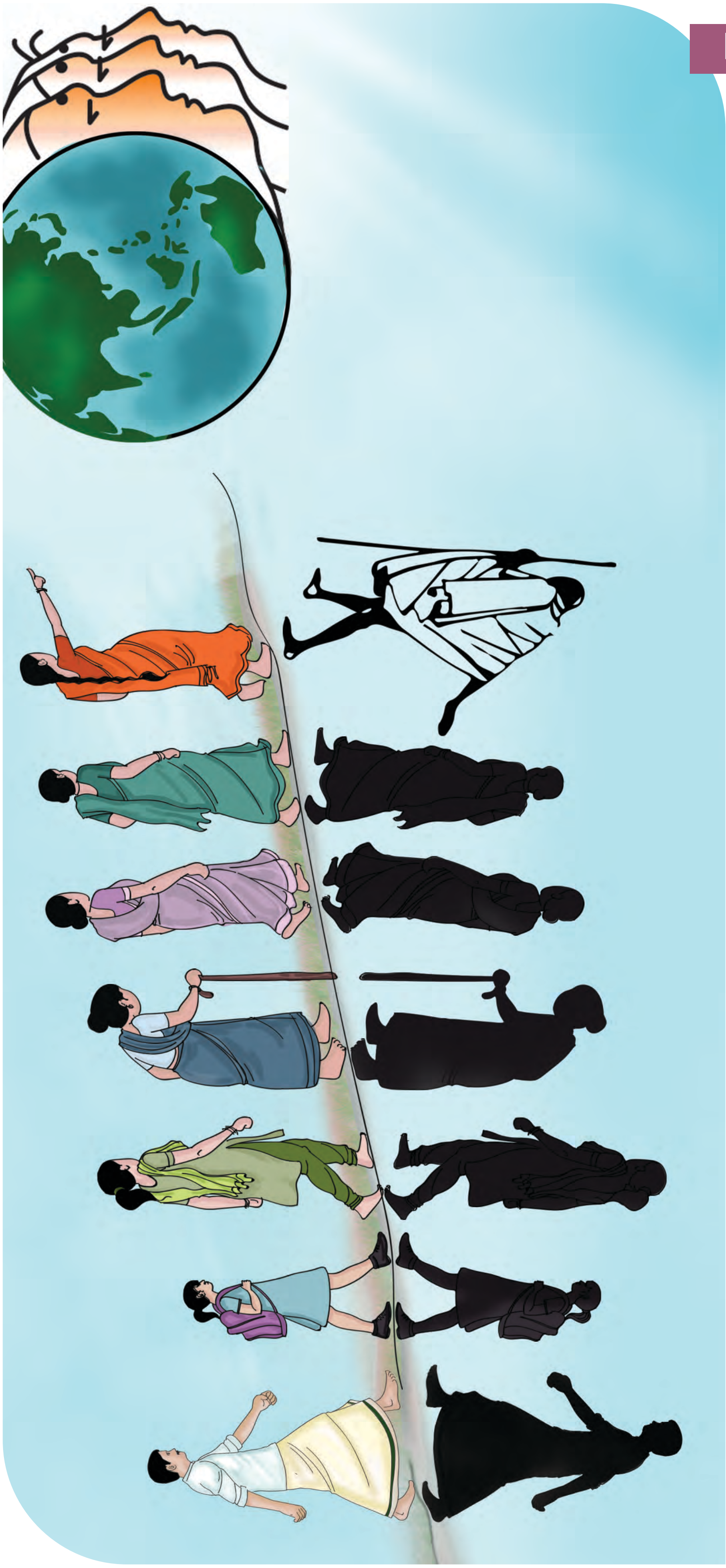
5. Collaboration with ICMIF On Scaling Up Mutual Insurance Initiatives

The 5-5-5 initiatives of DHAN and ICMIF** have scaled up mutual Insurance among most of the people institutions along with greater clarity and system related processes. Around half a million poor families in 103 federations covered in mutual insurance solutions through triple five initiatives. Enrollment of women in mutual insurance has got primacy to promote gender equity as a mainstay in the empowerment process. With ICMIF and also with the support of other donor agencies, 7.5 million lives will be covered through mutual insurance products by 2021.

** Note: ICMIF (International Cooperative and Mutual Insurance Federation) is the promoter of 5-5-5 initiative for mutual insurance in five countries in five continents for covering five million people.

Development Cartoon

Financial inclusion fosters a new world for women



Five Elements of Financial Inclusion

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