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MICRO MUSINGS

When it comes to poverty lending, the pendulum seems to swing to the extremes or so. How do we then take the discourse that providing access to microfinance services will do and leave the rest to the poor, the poor don't mind paying high price for the financial services. How fallacious it is? IRDP is still fresh in our memory to remind us the way the loans were sought to be delivered virtually as doles, which crippled the credit system. From a climate of virtual / defacto charity mode the microfinance for poor is being shifted to no holds barred commercial mode. The interest rate exceeding 30% is sought to be justified on the ground of sustainability, little realising that scarcely, there are economic opportunities for the poor clients to match that return.

This commercial attitude flies in the face of cardinal principle that microfinance is neither charity nor commercial but a benign business. The challenge, therefore, is to make microfinance affordable, which is equally important or more important than the access factor. While it is nobody's case that microfinance programmes shall be made sustainable by prop of grant, what is important to understand given the development perspective involved, microfinance needs to be in the realm of development finance. The development finance doesn't mean that the financial operations shall have to be subsidized. By the same token, it shall not brook unbridled commercialization. In other words, microfinance shall be run as a sustainable business covering the cost and risk at a reasonable price.

Sri. R. Balakrishnan, Executive Director of NABARD provides policy perspectives on affordable Microfinance. Mutual Insurance solutions rather than pure risk products seem to work in making insurance services affordable for the poor. We have featured conceptual notes on the mutual health insurance plus profile of our new members from Northern and Southern parts of the country.

- **M. Kalyanasundaram**, Chief Executive, INAFI-INDIA

1. Affordable Microfinance: Policy Perspectives

- R. Balakrishnan*

1. Introduction

1. Access to affordable microfinance has been the concern of policy makers since independence. As a result of various development efforts being made since independence, the incidence of poverty expressed as percentage of people below the poverty line has significantly declined in India during the past two decades. However, the absolute number of the poor in the country is still large in the range of 250 million due to the increasing trends in population. They do need improved access to financial service to become more useful contributors in the economic development process. To achieve this, financial services represented by the banking system have been evolved through concerted efforts. Today India's formal financial sector is vast and consists of Commercial Banks, Regional Rural Banks and Cooperative Banks. As many as 32,885 rural and semi-urban branches of commercial banks, 14,303 branches of RRBs and nearly over a lakh of rural outlets of cooperative banks are engaged in providing formal credit in rural India including Microfinance. The banking infrastructure has evolved over a period of time through various policy interventions. The main driving force behind these policy initiatives has been to create infrastructure to improve the credit flow, particularly to the poorer section of the society.
2. Despite such phenomenal expansion of the outreach of the formal banking structure, the All India Debt and Investment Survey (GOI), 1992, gave indications that the share of non-institutional agencies (informal sector) in the outstanding cash dues of the rural households was quite high at 36%. It was also seen that households in the lower asset groups were more dependant on the non-institutional credit agencies. The share of debt from the non-institutional credit agencies was as high as 58% in the case of the lowest asset group of less than Rs.5000 as against a low of 19% in the highest asset group of Rs.2.5 lakh and above.
3. The main hurdle faced by banks in financing the very poor seemed to be the comparatively high transaction cost in reaching out to a large number of borrowers who required very small doses of credit as frequent intervals. The same held true of the costs involved in providing savings facilities to the small, scattered savers in the rural areas. Feelings were mutual among the very small savers and borrowers in the rural areas as well, as they incurred high transaction cost in availing services as, on account of complex systems and procedures, they were required to make number of visits to the branch. Thus, both poor and bankers shied away from each other and the banks felt that banking with the very poor was not a 'bankable' proposition.
4. Studies conducted by NABARD indicated that most important and immediate banking needs of the poor households, in the order of their priority were:
 - Opportunities to keep safe their occasional small surpluses in the form of thrift
 - Access to consumption loans to meet emergent needs and
 - Hassle free access to financial services and products, including loans for micro enterprises

* Executive Director of NABARD, Mumbai.

Viewed against this demand, there were serious limitations on the supply side, as the existing products and services of the banking system were largely meant for different type of clients particularly for those who can offer collaterals. In cases where credit was made available to the poor through special programmes, absence of an integrated savings component and lack of collateral led to poor repayment performance. As a result, small borrowers became increasingly alienated from the traditional banking products. In the absence of institutional support, they continued to approach intermediaries in the informal credit markets like money lenders, traders, wholesalers etc. for meeting their consumption and production needs. Studies and action research indicated that the microfinance services could be provided to the poor, if they could be encouraged to form groups i.e. a form of intermediate structure that could be linked with banks either directly or through other community based organizations or NGOs at the grassroots level. This led to the emergence of SHG-Bank Linkage Programme.

2.0 Evolution of SHGs – Bank Linkage Programme

The SHG Bank Linkage Programme is the flagship microfinance intervention of India and the fastest growing microfinance programme of the world. The launching of its pilot phase of the SHG Bank Linkage Programme in February

1992 could be considered as a landmark development in the banking with the poor. The informal thrift and credit groups of poor came to be recognised as bank clients under the Pilot phase. The Pilot phase was followed by setting up of a Working Group on NGOs and SHGs by the Reserve Bank of India in 1994 which came out with wide ranging recommendations on internalization of the SHG concept as a potential intervention tool in the area of banking with the poor. The Reserve Bank of India accepted most of the major recommendations and advised the banks to

consider lending to the SHGs as part of their mainstream rural credit operations.

Starting with the NABARD led Pilot Project in 1992 that aimed at promoting and financing 500 SHGs across the country the SHG Bank Linkage strategy has come a long way. Nearly 2.23 million SHGs were provided bank credit of over Rs.1,13,975 million by March 2006. Almost 90% of groups are women groups. Over 35,290 bank branches of 48 commercial banks, 117 Regional Rural Banks (RRBs) and 329 cooperatives were involved in financing these groups. Repayments by members to SHGs have been exceedingly high and on time. Repayments have generally been above 95%.

The conceptual thinking behind the SHG philosophy and the Bank Linkage could be summarized as under:

- Self help supplemented with mutual help can be a powerful vehicle for the poor people's efforts to socio-economic upward transition
- Participative financial services' management is more efficient and responsive
- Poor can save and are bankable
- The mismatch between the expectations of the poor and capabilities of the formal banking system needs to be minimized
- Poor not only need credit support but also savings and other services
- Small affinity groups of the poor with initial outside support can effectively manage and supervise micro credit among their members
- Collective wisdom of the group and peer pressure are valuable collateral substitutes

3.0 Affordable Microfinance: Role of SHGs

3.1 Is SHG banking a commercial proposition for banks?

To ascertain whether SHG banking is profitable or not, NABARD commissioned a study in association with GTZ in 2002 in a few select

branches of commercial banks and RRBs. The study arrived at conclusion that SHG banking, with repayment rates of more than 90% was highly profitable for the banks compared to other financial products. In more detail, it was found that:

- Non-performing loans to SHGs reportedly were 0% testifying to the effectiveness of group lending to the very poor
- Returns on average assets of SHG banking ranged from 1.4% to 7.5%
- The operational self sufficiency of SHG banking ranged from 110% to 165%
- SHG banking was found to be a robust financial product performing well in healthy and in distress financial institutions
- It had direct commercial effects on banks in terms of improved overall vibrancy in banking activities
- Intangible social benefits were many: self confidence and empowerment of women in civic affairs and local politics, improved school enrolment and women literacy, better family planning and health, improved sanitation, reduction of drinking and smoking among men and a decline in adherence to local extremism

3.2 Is SHG banking a commercial proposition for SHG members?

To address this question, NABARD carried out a field study in Karnataka State in association with GTZ in February 2004. For the study, 78 SHGs linked to Regional Rural Banks and commercial banks and cooperative banks were selected. This study revealed that:

- 78 groups had loan repayment rates of 98 to 100% compared to overall bank repayment rates of 35 to 83%. It confirmed the paradox that the poor repay their bank loans
- The 64% of the internal resources of the groups were derived from regular savings and 36% from interest earned. Given a chance, even the poor can save. The

groups were borrowing at a rate of about 12% and lending at a rate of around 24%. The interest rate margins represented a major source of income to the groups.

- Transaction cost of SHG and members including both real cost as well as opportunity cost of time spent on meetings were nominal.

4.0 Emergence of Microfinance Institutions (MFI):

1. Even with the expansion of the SHG Bank Linkage Programme, the financial needs of the poor could not be fully met as the banking network was limited in certain areas and also there was still a gap in terms of products and product delivery mechanisms that poor needed and what conventional financial institutions could offer. To fill the gap, there has been emergence of Microfinance Institutions (MFIs). MFIs are institutions other than banks that are engaged in provision of financial services to the poor. MFIs have the potential to make an important contribution to poverty reduction in India.
2. MFIs charge high rate of interest from their clients as compared to banks as they are required to cover their cost, which include market rate of funds plus transaction cost plus bad debt risk. Since MFIs can not mobilize deposits from the public, they raise funds at a higher cost. Also, MFIs have high transaction cost for delivering small loans. Recently some initiatives have been taken so that MFIs can provide microfinance at an affordable cost.
3. Government of India has set up a fund namely Micro Finance Development and Equity Fund (MFDEF) with a corpus of Rs.2000 million. The objective of this fund is to promote microfinance sector in the country including MFIs and their linkages with the banks. The fund is contributed by Reserve Bank of India, NABARD and the public sector commercial banks. The fund is being

managed by NABARD. It has been decided to provide equity support to MFIs from this fund so that they are able to access commercial loans from the banks. This would help in ensuring bulk funds to MFIs at an affordable cost.

4. The Advisory Board of MFDEF is also entrusted with the responsibility of suggesting a suitable legislative framework for MFIs. A legislative framework is being evolved with a view to bring in greater transparency in the system.
5. Recently, the relatively higher interest rate charged by the MFIs became a matter of public debate. The interest rate charged by

the MFIs from their poor clients has been perceived as exploitative in some quarters. It is argued that raising interest to those levels could undermine the social and economic impact of the initiative on poor clients. There is a strong case for MFIs to improve their operational efficiencies so that they can bring down the rate of interest they charge from their clients.

In the journey of microfinance, we have covered some distance but we have miles and miles to go. We need to deepen both SHG bank linkages and MFI Bank Linkages so that the microfinance services can be made available to the poor at an affordable cost.

2. Community based Mutual Health Insurance System - An Affordable Alternative

Introduction

The relevance of health insurance as part of the poverty reduction strategy can be easily understood from the health expenditure pattern of the poor. Many studies have brought to fore instances of people being pushed below the poverty line on account of health expenditure. One episode of hospitalisation is estimated to account for 58 per cent of per capita annual expenditures pushing 2.2 per cent of the populations below poverty line (World Bank 2002). There are many empirical evidences of people getting trapped in poverty due to spending on health care, which has a double whammy effect – loss of livelihood and income, assets, savings coupled with increased

expenditure resulting in deep indebtedness. It has, therefore, become clear that any poverty reduction strategy will not be effective without health insurance services.

Health care system and Health Insurance

In achieving the goal of health for all, our health care system shall have provision of health insurance services as a critical component, more so for the poor. In other words, effectiveness of health care insurance services hinges on the efficient functioning of health care system. They are mutually reinforcing. Lack of availability and access for the poor for tertiary medical care characterises the weakness of our health care system.

1. Access to health care services

1.1 Health for all requires accessibility to all the three levels of health care systems – primary, secondary and tertiary. While the availability of health care systems have expanded covering a population of 25000 per primary health centre, secondary public health care facilities are either dysfunctional or not accessible to the poor. Whereas poor remain excluded from the tertiary health care system either due to non-availability, non-accessibility or unaffordable.

1.2 In order to enhance the access to tertiary health

care services for the poor, suitable budget allocations shall be made from the existing poverty alleviation programmes. This critical component is a missing element in the present system of poverty alleviation programmes.

- 1.3 The tertiary health care system so created should provide hassle free services and to be made much more responsive in a tripartite arrangement involving the poor (insured), insurer and the health care provider (Government). The availing of services from such arrangement should be made exclusive to poor.
- 1.4 Public and private partnership for tertiary health care shall be encouraged with suitable incentives to complement the Government tertiary health care system.
- 1.5 As a measure of broadbasing the involvement of civil society organisations in enhancing the functioning of the primary and secondary health care initiatives (where many NGOs are already involved in the health programmes), NGOs / PRIs could become active partners in management / running of the primary and secondary health care structures.

2. Experimentation for health insurance

- 2.1 Health insurance involves outreach of large numbers of poor requiring community-based approach to keep the cost to the minimum and ensure people's participation. NGOs with core competency of social mobilisation would become the natural partners for this approach. The pilot programmes being run in the country have clearly demonstrated the need for such approach.
- 2.2 Mutual insurance solutions are acknowledged as an appropriate response to the health insurance requirements of the poor from the risk and scale perspectives. Successful experiments have already shown the way in some European countries. Organising the communities with insurance appreciation and literacy presupposes provision of health insurance services. This approach entails considerable investment / start up costs by NGOs which require support from Government, insurance companies and corporate sector including industries producing health hazardous products like cigarettes, liquor and polluting industries like Cement,

Spinning, Dyeing, Leather, etc.

- 2.3 As a part of corporate social responsibility, insurance companies and other corporate sector shall promote mutual health insurance solutions in partnership with community-based organisations.
- 2.4 Interestingly enough socially conscious insurance markets in the world including re-insurance and mutual insurance organisations have been evincing interest for building linkages with the insurance service providers to the poor. This brings more benefits and risk coverage at a lesser cost and needs encouragement and support.

3. Building reliable database:

Major lacunae in developing viable health insurance market including coverage for the poor is the absence of reliable morbidity database covering various segments of population. Concomitant with developing of health care system, there is an urgent need to develop morbidity database for a transparent and appropriate health insurance solutions. The vital role that could be played on the ground by the NGOs / CBOs in collecting the data and updating cannot be over emphasized.

3. Micro Health Insurance Project of BRAC

- **Shabbir Ahmed Chowdhury***

Background

BRAC, a development organization began its operation in Bangladesh as a small-scale relief and rehabilitation project in 1972 to help the country overcome the devastation and trauma of the liberation war and focused on resettling refugees returning from India. Today, BRAC has emerged as an independent, virtually self-financed paradigm in sustainable human development. It is one of the largest Southern development organizations employing over 70,000 people with 61% women and working with the twin objectives of poverty alleviation and empowerment of the poor. Diagnosing poverty in human terms and recognizing its multidimensional nature, BRAC approaches poverty alleviation with a holistic approach. BRAC's outreach in Bangladesh covers all 64 administrative districts and all sub-districts.

From the time of its modest inception in 1972, BRAC recognized women as the caregivers who would ensure the education of their children and the subsequent inter-generational sustainability of their families and households and has thereby been committed to the empowerment of women and education and health of children. Its comprehensive approach combines Micro-finance under BRAC's Economic Development Program with Health, Education and other Social Development programs, linking all the programs strategically to counter poverty through livelihood generation and protection.

Recognizing BRAC's goodwill and impressed with its results in Bangladesh, the government of Afghanistan invited BRAC to begin mobilizing Afghan communities and providing development services in May 2002. BRAC Afghanistan now provides services in micro-finance, health, education, income generation and small enterprise development. BRAC, given its experience of post conflict natural disaster relief and rehabilitation activities in Bangladesh and Afghanistan responded to the need for undertaking rehabilitation activities and livelihood projects in tsunami affected areas of Sri Lanka on February 2005.

Various support programs some of which include Training Division, Research & Evaluation Division, Advocacy & Human Rights Unit, Public Affairs and Communications, Administration and Special

Projects, Internal Audit and Monitoring, Finance and Accounting, Publications and Human Resources provide continuous support that is essential to the success and smooth functioning of BRAC's core programs.

BRAC has also invested in a number of commercial enterprises such as Aarong (retail handicraft chain stores that link rural producers, artisans), dairy and food project, poultry hatcheries and feed mills, a printers, cold storage, tissue culture lab, sericulture process centres, fish and prawn hatcheries, iodized salt factory, a bull station to improve cattle breeds through artificial insemination. BRAC also has a Vegetable Export program that links poor farmers with international markets.

In recent years BRAC has also launched its two major initiatives – BRAC University and BRAC Bank with a view to carrying out its development agenda through spill-over effects.

Economic Development Program and Micro-finance

BRAC Economic Development Program has so far organized 5.1 million poor and landless

* Director, Micro Insurance, BRAC, Bangladesh

people, mostly women into 157,590 Village Organizations (VOs). These VOs serve as forums where the poor can collectively address the principal structural impediments to their development, receive credit and open savings accounts and build on their social capital. In a country, which ranks as one of the poorest and most densely populated in the world with 49.8% living below the "upper poverty line", BRAC's credit program has so far distributed Taka 133.21 billion (US\$ 2.59 billion) with a 98.7% recovery rate where no collateral is required. Members have saved up to Taka 8,572 million (US\$ 142.86 million) with BRAC. BRAC's strategy also includes human rights and legal education courses, provision of legal aid clinics, use of popular theatre to raise awareness and offer solutions to social problems and household visits by volunteer health workers. Training is provided for gender equity and awareness building that helps create an enabling environment in which the poor can participate in their own development.

With a view to reaching the bottom 25% of the absolute poorest, composed of mostly women-headed families, in January 2002, BRAC introduced its 'Challenging the Frontiers for Poverty Reduction – Targeting the Ultra Poor (CFPR-TUP) program. Using a specific set of criteria

to identify these families in the margins of society who are too poor to take advantage of standard micro-finance options, BRAC designed a subsidization scheme that included income generating assets, training and health care services, tailor made to create opportunity ladders for the ultra poor to help them transition onto the mainstream micro-finance programs.

BRAC Health Program

BRAC's Health, Nutrition and Population Programs take a broad approach to the health needs of the poor by providing basic curative and preventive services to more than 97 million people. Trained health workers and volunteers work to raise awareness among the rural poor of health issues that directly impact their lives and families. Services are offered to control infectious diseases like tuberculosis, acute respiratory infections, diarrhea, malaria etc. BRAC has collaborated with the government to immunize children and pregnant women. Under the Essential Health Care program, with the help of Health Volunteers and Health Workers immunization coverage of the population today is 80%. The reproductive health needs of the community in general; with particular focus on BRAC members are addressed through education on family life, contraception, STD/RTI control and awareness of HIV/AIDS.

Micro Health Insurance and Death Benefit Schemes of BRAC

In 1997, BRAC introduced community based micro health insurance scheme at Sulla in Sylhet, where BRAC was born. "Bare footed" doctors were created with some basic training enabling them to treat ordinary and frequently occurring illnesses in the community. Premium was collected in kinds like paddy seeds during harvesting sessions. However, it was observed that the elites and affluent were benefiting more and the poor did not get enough benefit of the scheme. Moreover, there were other services that were demanded by the community, but could not be provided.

BRAC has been trying to develop a micro health insurance for its VO members. Presently, it has two types of schemes- a. Micro Health Insurance Scheme, and b. Death benefit.

A. Micro Health Insurance Scheme- a Pilot

In July 2001, BRAC introduced a micro health insurance scheme in Narsingdi upazila holding strong potentials for linking rural villagers with accessible and affordable healthcare so that their risk of income losses from health problems are minimized. In November 2001, with funding from the international Labor Organization (ILO), BRAC extended this project to Phulbari upazilas in Dinajpur district.

The **goal** of the project is to increase healthcare access to poor women and their families for affordable and quality healthcare.

The **objectives** of the project is to increase health awareness of preventive health care including HIV/AIDS, empower and improve the well-being of poor rural women and their families

Implementation

Under this project three packages are offered targeting general population (General Health Package), pregnant mothers (Pre-paid Pregnancy Package), and the hardcore poor (Equity Package). Utilizing the community-based Essential Health-care network of Shastho Sehbika (Health Volunteer) and Shastho Kormi (Health Worker), the micro health insurance program provided its clients with accessible and affordable healthcare at both the community level as well as at BRAC's health facilities called Shushasthos (BRAC Health Centers).

General Health Package

The package includes subsidized essential services such as pathology and medicines for cardholders. For Village Organization (an association of poor, landless people who come together with the help of BRAC to improve their socio-economic position) members, the premium ranges from Taka 100 to 200 depending on the family size. For non-VO members, the premium ranges from Taka 250 to 350.

Pre-paid Pregnancy Related Care Package

In January 2002, an additional Pre-paid pregnancy related package was introduced into the insurance scheme. This package was also initiated to include services that were previously minimally addressed such as pre-delivery complications including abortions and miscarriages, as well as post-delivery complications such as Post-partum Hemorrhage and neonatal care. The premium for this package for VO members is Tk 50, and Tk 70 for non-VO members.

Equity Package for Ultra poor

BRAC has a special program for the poor at the bottom rung of the poverty ladder. This subsidization scheme includes assistance for income generating activities, training and health care services, tailor made to create opportunities for the ultra poor and help them transition onto the mainstream micro-finance program of BRAC. To address the health needs for these ultra poor, BRAC has developed a package for the ultra poor. Under this package, free enrollment, free consultation, free routine

pathological tests are being offered. They are enjoying 80% discount for essential medicine and costly investigations at the Shushastho, special post consultation follow up home visit and free transportation arrangements by BRAC health center to the selected referral hospital.

Achievements

A total of 11,872 families were enrolled in the Micro Health Insurance Scheme (119% of the total target) as of June 2005. Of them 7816 families are under 'General Health Package', 4056 families are 'Prepaid Pregnancy Related Care' and 333 under 'Equity Package' were enrolled in Narshingdi and Phulbari upazilas (sub districts).

B. Death Benefit- an Integral part of BRAC Micro-finance Program:

BRAC Micro Finance Program works for the disadvantaged and poor people of Bangladesh, especially women. The Program is being implemented in all the 64 districts of Bangladesh, and has a wide range of interventions including institution building, micro finance, employment and income generation programme (EIG), social development, and health intervention. Credit and savings for self-employment activities are the major components of BRAC micro-

finance program. These micro-finance interventions cover the destitute, poor women as well as small entrepreneurs who are in need of financial capital for expanding their micro enterprises. Loans up to Tk 30,000 are disbursed to female borrowers through formation of small groups namely Village Organizations (VO). Upon admitting into these small groups, the nominees of these members are entitled for 'death benefit' scheme for which they do not have to pay any premium. According to this provision, in case of death of any existing member, BRAC would pay the deceased member's family TK. 5,000. This money helps the family members of the deceased person to overcome the financial shock due to her death.

During member admission, the member must select a nominee for this death benefit. Some characteristics of this policy are:

- All members are entitled to this benefit
- Service provides TK. 5,000 to the dependants of the deceased
- No premium is charged to the members
- Members having no loans with BRAC are equally eligible for the insurance service
- Membership must be renewed every year

The following table depicts the death benefit payment to the nominees of the deceased members over the last five years:

Year	Number of VO Members (Outstanding as at December)	Death Benefit Claims	
		Number	Amount (Taka)
2000	3.74 million	6,051	30.26 million
2001	4.14 million	6,203	31.02 million
2002	3.53 million	5,880	29.40 million
2003	4.10 million	5,287	26.44 million
2004	4.86 million	5,885	29.43 million
2005	5.10 million (August)	3,712	18.56 million

Lessons Learned from Micro Health Insurance Schemes

- Consultation with different stakeholders is a prerequisite of initiating a new concept such as Micro Health Insurance.
- Health insurance can be effectively introduced in the presence of a capable, quality and responsive health infrastructure
- A strong social network is necessary for initiation and continuation of a health insurance scheme.
- MHIS (Micro Health Insurance Scheme) can create an environment for the poor to access the health services.

Challenges

- Ensure accessible, affordable and quality of health-care for MHI participants
- Addressing the problems of the poor, especially the 'ultra-poor' families
- Demand for instrumental/ sophisticated medical interventions as per expectation of the beneficiaries (e.g. ultra-sonography, ECG, X-rays etc.)
- Strengthening referral network with government and private health care providers
- Health care financing and sustainability in a cost-effective manner
- Ensuring client satisfaction through desirable service delivery

BRAC is currently working on designing several insurance schemes for its VO members to address different forms of risks and

uncertainties faced by them. BRAC is yet to come across a well defined, structured health insurance scheme, affordable by its poor VO members. We have been trying and experimenting some pilots, but we need to learn more from the successful experience of others so that millions of poor women can be benefited from a well designed health insurance scheme. We are

looking forward to learning more from the experiences of the distinguished participants of this workshop.

4. Asian Knowledge Centre for Mutual Insurance (ASKMI)

Introduction

Micro insurance is gaining prominence as an important financial instrument to address the risk and vulnerabilities of the poor. The insurance services strengthen coping capacities of the poor and complement the role of savings, credit with synergy effect. They provide greater economic and psychological security. Nevertheless the existing micro insurance services offered by commercial stream do not specifically fit in with the needs of the poor. To fill the gap, the community based mutual insurance solutions are being developed by NGOs, MFIs and mutual insurance companies.

Asian Knowledge Centre

Against this backdrop and emerging promise of mutual insurance experiments in the country pioneered by the members of the network like DHAN Foundation, South Indian Federation of Fishermen Societies (SIFFS) etc. Asian Knowledge Centre for Mutual Insurance has been established in Tata-Dhan

Academy, a development education institute promoted by DHAN Foundation. Asian Knowledge Centre is supported by the Netherlands based Oxfam Novib, Rabobank Foundation, ZLM (a Dutch mutual insurance company) and Micro Insurance Association of the Netherlands (MIAN). Asian Knowledge Centre at Tata-Dhan Academy would endeavour to foster the process of advancing the practice of micro insurance through appropriate knowledge management systems and processes that include research, documentation, publication, training, education, policy advocacy.

Programmes

The core activities of ASKMI would include research & development, capacity building through training and education, policy advocacy and networking among practitioners. The centre would focus on the context of Asia.

Knowledge building &

Dissemination: ASKMI would

undertake various studies and action research to understand and build knowledge from present practices and to explore areas for advancement of practices that would contribute to the growth and development of micro insurance sector in Asia. The centre would promote collaborative research with academic and research institutions and international development organizations.

Capacity building: The Centre would focus on identification of needs, design and development of appropriate training programmes for different stakeholders of the micro insurance sector - demand stream comprising people organizations, development organization and communities, supply stream comprising NGOs, MFIs, commercial insurers, and enabling stream comprising the governments, regulators and policy makers. Both generic as well as customized programmes would be developed and offered by the Centre to meet the varying needs of the sector.

Policy Advocacy: The Centre would play a critical role in policy advocacy to promote insurance for the poor with a particular focus on mutual insurance in various countries in Asia. As part of this effort, it would organize policy

seminars, workshops, capacity building events; undertake research, document field experiences, and publish through appropriate media.

Contact

ASKMI

Tata-Dhan Academy
Boys Town Campus
Pulloothu, Madurai - 625 016
Tamil Nadu, INDIA.
Tel.: +91-452-2475219, 2475318
Email: info@askmi.in

5. Mitigating Impact of Tsunami through Microfinance

- A Study

Introduction

Tsunami has brought untold miseries and distress. The scale of damage and destruction is quite unprecedented leaving the affected communities and the world in a state of shock and awe. The challenges are quite formidable and many in terms of relief and rehabilitation. Yet, the State Government and the local communities responded in an exemplary way in the affected areas with well complemented efforts by the Civil Societies /NGOs.

Three of the INAFI INDIA network members – South Indian Federation of Fishermen Societies, Kerala, DHAN Foundation, Tamilnadu and People’s Rural Education Movement, Orissa, who plunged into relief work immediately after tsunami have committed themselves and involved in long term engagement for restoration of livelihoods and beyond. As a network of practitioner NGOs, INAFI INDIA has seen the need and importance of study in post tsunami scenario and looked at the ways and means of employing microfinance for rebuilding the lives and livelihoods. We asked how and when the various instruments of microfinance could be used for this purpose.

With this in view, INAFI INDIA has launched a study titled Mitigating Tsunami Impact through Microfinance to find out the role and need for microfinance. The study has brought out interesting expectations of the communities and the modalities of utilizing the various

components of the microfinance - grant, savings, credit and insurance. The salient features of the study are featured here:

1.0 Tsunami – the ‘killer waves’

On the morning of December 26, 2004 a new word entered the vocabulary of most Indians. It was a word that would suggest that the sea has suddenly gone mad, that the ocean could no longer be trusted, that the water had cannibalized the land. Tamil Nadu virtually bore the brunt of the tsunami. An extremely high death-toll has occurred in the space of a few minutes. Nagapattinam district is the worst affected. Kanyakumari and Cuddalore districts have also been severely affected. Tamil Nadu State accounted for 8009 deaths and damages estimated at Rs.45,287 millions.

The State Government led from the front in rushing the relief to the affected people. It has organized effectively stay and food arrangements during the relief phase for the affected people. A disaster response team with senior officials has coordinated well the relief work. A centralized system has been set up by the Government in the affected area for collection of relief materials particularly food items like rice and clothes etc. from various parts of the country for smoothening the distribution. Immediate relief package to each of the affected family was given and financial compensation was sanctioned at the rate of

Rs.2 lakhs per person dead in the calamity, to their respondents of the family. People who lost their houses have been accommodated in relief camps for sometime and shifted after construction of temporary accommodation.

More than 400 non governmental organisation and other service and voluntary organisations from various parts of the county and abroad swung into action and played an important role in the rescue and relief operations and thereafter planning and implementation of rehabilitation.

2.0 The Study

It is creditable that massive and timely relief efforts have been mounted by the State Government supported and complemented by NGOs, civil societies and corporate houses, etc. Now the stage is set for moving beyond relief and a comprehensive plan is being chalked out by all the actors for rebuilding the lives through rehabilitation / restoration livelihoods and habitations. It is also well recognized that given the scale of damage and the vulnerability of the people affected substantial financial support would be in the form of grants, both in non-returnable form and Revolving Fund form, for the long term rehabilitation work. Nevertheless, the challenge is to workout innovative financial package with a realistic blend of grants and loans, in order that the affected communities will gradually move away from dependency towards self-reliance. In this scenario, there is a need to understand clearly debt status of the affected communities and also to know and find out from them how and when the microfinance could be used effectively for restoring livelihoods and habitations. In view of this, INAFI INDIA commissioned a study with the following objectives:

- To study the debt profile of the affected families in pre and post tsunami situation
- To study and estimate the losses of assets created out of the debt

- To find out the community's views and approaches about the measures to be taken for lessening the debt burden
- To recommend suitable arrangements for microfinance to overcome the debt burden and livelihood restoration.

The study was restricted to 3 districts of Tamil Nadu, namely, Nagapattinam, Cuddalore and Kanyakumari. Of these districts, 200 respondents were selected for personal interview using a structured interview schedule.

Out of 200 samples, majority of the samples are from the fishermen as they are predominant and badly affected by Tsunami. Respondents from farmers and fringe community are also included in the interview schedule. In the case of fishermen, loss of income generating assets, household articles and other valuables were reported in these areas. In the case of farmers, crop area affected, loss of livestock are the important items in addition to damage to their houses. The respondents from fringe communities have shared that their present livelihoods are affected very much though they lost little assets in the Tsunami.

3.0 Findings of the study

The following are the findings from the study undertaken in the areas affected by Tsunami:

3.1 Debt profile of the affected family: 22% out of 200 respondents have formal sources of credit from banks and microfinance institutions. Respondents in Kanyakumari and Nagai II (Nagapattinam), were able to mobilize credit from banks by convincing them and fulfilling the terms of sanction. The amount of loan ranges between Rs.10,000 to Rs. 1 lac. The loans are for the purpose of purchasing of fishing nets and for repairing their boats. The rate of interest varies between 12% per annum to 18% per annum. 25% Respondents in Nagai II, have availed loans from banking institutions only. They are not part of any Self Help Groups or Micro Finance institution before Tsunami.

Loan amounts not exceeding Rs.25,000 are availed by them and utilised for consumption, health, livestock purchase, housing improvement, agricultural and business operations. 4 respondents out of 42 samples in Nagai I, have availed loan from formal sources like banks. The loan is availed for housing purposes by 3 respondents and for agriculture purposes by the fourth respondent. In Cuddalore, no one have availed loan from formal sources of credit.

11% respondents have only formal sources of credit and do not have any informal sources of credit. The total amount of loan from the formal sources is Rs.14.92 lacs. Another 11% respondents have both formal and informal sources of credit.

Loans from moneylenders, pawn brokers, friends and relatives with interest are considered as informal sources of credit. 74% respondents have informal sources of credit and amount of loan ranges from Rs.1000 to Rs.4 lacs. The rate of interest varies between 24% per annum and 120% per annum. Majority of the loans have been availed for investing in income generating assets such as Fishing net, boat, kattumaram, leasing of lands, agricultural inputs etc. 5% respondents have borrowed for marriage, social obligation and meeting the emergency needs. 1% of the respondents have borrowed for sending their sons / relatives to abroad for better opportunities. The total informal sources of credit of respondents accounts for Rs.76.40 lacs which is about 4 times greater than the formal sources of credit of Rs.14.92 lacs. 15% respondents do not have either loan from formal sources or from informal sources.

3.2 Loss of assets in Tsunami, created out of loan funds: Significant amount of assets created out of loan funds is lost by the respondents from both fishermen and farmers community. 35% respondents who had invested loan funds in fishing activities have lost

their assets in Tsunami and the amount of loss is of the order of Rs.40.28 lacs. The lost items include fishing nets, boats, kattumarams, engines, 12% respondents who had invested in agricultural operations have lost their assets in Tsunami and the amount of loss comes to Rs.3.02 lacs. Standing crops, fertilizers are the items of assets lost in Tsunami. 7% respondents who had invested in housing have lost their loan assets and the amount of loss accounts for Rs.4.70 lacs. Respondents who had invested in Iral farm and setting up of business units also lost their assets and the amount of loss accounts to Rs.1.50 lacs. 2% respondents are in this category. Total value of assets lost which are created out of loan funds are Rs.49.85 lacs.

3.3 Increase in debt burden after Tsunami: The respondents were able to access credit only from self help groups after Tsunami. 12% respondents have availed loan from self help groups after tsunami but the quantum of loan mobilized is very less. The total amount of loan availed by these respondents are Rs.3.12 lacs and availed for various purposes including consumption, health, servicing of older debts, petty businesses and purchase of fishnet. They were able to mobilize loan from informal sources without much difficulty though the purposes of loan differ from person to person. 42% respondents have gone for loan from friends, relatives and money lenders. The total amount of loans mobilized is Rs.24.59 lacs

The purposes include purchase of engine, fishnet, and boat. 5% respondents have availed the loan for conducting marriages of their family members and for meeting expenses on account of social obligations. 7% respondents have gone for informal sources of credit for meeting their health needs. 17% respondents have availed the loan for varied purposes, such as, petty shop, education, house repairing, debt redemption and consumption purposes. The interest rate varies between 24% to 60% according to the purpose and urgency of the loan amount.

The banking institutions are giving priority and encouraging those persons who really want loan for investment in productive assets. 73% loans are used for creating income generating assets to the respondents. In the case of informal sources, majority of the loan is utilised for non-productive assets. The rate of interest is fairly high in informal sources of credit compared to that of the formal sources.

4.0 Expectation of respondents – for restoring livelihood and relief from debt burden

The respondents strongly believe that self reliance mode would help them much faster in restoring than depending on government and other agencies. They expressed clearly that providing of following items would help them in coming out quickly from the Tsunami impact:

4.1 The communities and their requirements in specific: The respondents from fishermen, farmers and fringe community expressed their own preference for restoring and re-building their livelihoods:

- In the case of fishermen community, fishing nets, houses, and boats are the most important items to be provided immediately.
- In the case of farmers' community, reclamation of land, houses and hot cash are the most important aspects, as they think that, they don't have any expertise in doing other activities other than agricultural work.
- In the case of fringe community, they require financial support for reviving their livelihoods and some alternative employment opportunity with seed capital.

The above perceptions and expectations of the community might have changed to some extent as the respondents were interviewed during August to December 2005.

4.2 Financial intermediation and Terms of Finance:

25% respondents expressed that they are in need of interest free loan by the government and banking institutions. They need to be given a holiday period of minimum of 7 years and flexible repayment policy need to be worked in consultation with the beneficiaries. 50% respondents are expecting at lower or nil rate of interest till they rebuild their houses and household items.

Another 25% respondents are expecting Non Returnable Grants from the government as they are already having higher amount of debt and any additional debt would deprive them further and increase the burden. 3% of respondents have expressed that they are interested in alternative employment than what they are doing at present. Buy back of loans by the banking institutions, at lower rate of interest, from informal sources would lessen the debt burden. They are of the desire to repay the loan after a holiday period of 7 years.

5.0 Awareness about the role of Self Help Groups and Insurance Programme

164 respondents out of 200 surveyed are the members of self help groups. The percentage works out to 82%. The awareness about the SHG is 98% and many of the non-members of SHGs expressed their desire to join in the SHG as they feel it gives lot of privileges to the SHG members. Only 2% respondents do not have any idea about the SHG. All the respondents interviewed in Kanyakumari District, are the existing members of SHGs.

97% respondents have shared that they are aware of insurance programmes but all of them have not enrolled their names with insurance companies. 30% respondents have enrolled their names and their assets but they were unable to pay insurance premiums on regular basis. 13% respondents have secured only their life in the insurance companies, but not insured their income generating assets.

Only 4% respondents have benefited marginally by way of claim settlements from the insurance company after tsunami.

6.0 Recommendations

Eaching individual affected families and fulfilling their expectations would require intensive process orientation with stringent control mechanisms. The available structure of Self help groups of tsunami victims can be used very well to help them as they are well organized and regular in meeting. The following components need to be ensured through the Self Help Groups of Tsunami victims:

6.1 Non returnable Grant and Revolving Fund:

The community expects there shall be a mix of non returnable grant and revolving fund and the purposes for utilization of those funds as following:

6.1.1. Non returnable grants: The Capital expenditures on account of infrastructure development and providing of income generating assets to affected family for rehabilitation shall be met out from the grant funds. Also, the grant funds shall be utilised for creating assets for the families who have lost their assets and having outside debts in the Tsunami. Providing of additional loans to families who were having assets prior to Tsunami but created out of debt will increase their debt burden. They will not be in a position to repay the loan or servicing the debt.

6.1.2. Revolving Fund grants: Revolving Fund grants shall be given to the respondents who did not own any assets prior to Tsunami but wish to create now for improving their livelihoods. Also, respondents who wish to invest as 'Working Capital' shall be given the revolving fund. The amount thus given as 'Revolving Fund' grant shall be at lower or interest free. The respondents of Self Help Groups could be given the role of monitoring utilisation of grant amount for creating of

income generating assets like fishing boat, net, agricultural equipments, investment in petty shops etc. Repairing of the houses damaged, reconstructions of the houses are also very important in order to revive their livelihoods.

It will not be an easy task to assess the total amount of funds immediately required and to be given in the form 'revolving fund' but at the same time it would not be too small. A self help group consisting of not more than 20 respondents would require Rs.20 lacs to Rs.30 lacs in order to rebuild their livelihood opportunities.

6.2 Savings: The poor in these areas never had the experience of savings their money in the formal institutions like bank, post offices. They used to depend on the moneylenders and other informal sources to meet their emergency needs. Many of the respondents expressed that the habit of saving started only after they formally joined as a respondent in the Self Help Groups. They see savings as a good source of support in vulnerable situation though it will be in limited way. They believe that higher amount of savings would fetch larger loans in the future as it has impact on increasing their creditworthiness and build up the discipline amongst the community. Savings products such as Marriage, Education, Festival, etc., have been introduced in consultation with the respondents in addition to their regular savings. They also believe that need based savings would help them in the needy time without depending on the moneylenders and outsiders.

6.3.1 Credit: Lack of access to credit from formal financial institutions is the main concern of the poor in these areas. 78% respondents do not have the experience of mobilizing credit from formal institutions to meet their emergency needs. They are depending largely on money lenders for meeting most of their financial needs at higher amount of interest. The interest rate varies depending upon the purpose and the urgency of the fund. It is

normally 36% per annum and it goes up to 120% per annum. Poor who availed financial assistance from the moneylenders are able to service the debt but unable to repay their loan as many of the moneylenders expect them to repay in full and not in part. The formation of self help group would address many of the issues and the respondents have acknowledged the following benefits by being a member of the self help group:

- Timely credit,
- Low rate of interest,
- Flexible repayment / repayment according to the purpose
- Access to credit from banks and
- A place for savings.

6.3.2 Loan for Debt Swap: 'Revolving fund' for buy back of older debts, with higher rate of interest, of poor is also very important and would relieve them from the burden of servicing the debt as significant part of the income drained is on account interest outgo. The terms of finance shall be designed including the holiday period, repayment modalities etc in consultation with the respective community. In the case of fishermen community, the holiday period need not be long, as their income will be recouped once they start fishing activities. But in the case of farmers, they fear that the income level will depend upon the yield which may highly fluctuate in the initial years because of the saline soil condition.

6.3.3. Interest free or low rate of interest: Respondents from fishermen community who do not have access to credit before Tsunami are interested in credit if they have been provided with interest free or atleast lower rate

of interest for the purposes of creating income generating assets.

6.4 Insurance: The poor in these areas are well aware of the objective and need of the insurance programmes. They are not unwilling to pay the subscription for the insurance programme, but they are unable to pay. Most of the respondents have discontinued their insurance policy both for life and non-life because of the seasonal occupation and fluctuation of their income.

The respondents expect that, they shall be given free insurance, from all risks, for a minimum period of 5 years. Each person shall be protected and assured Life cover of Rs.1 lacs besides insuring their assets. The premium amount during the five years shall be a grant, as a part of relief and rehabilitation programme. Further, need based insurance products are to be developed in consultation with the Tsunami affected families with the flexibility for payment of premium distinguishing Income generating activities, house hold articles, standing crops, agricultural inputs etc.

6.5 Conclusion: Either the 'grant' nor 'credit' alone would not be adequate and may not be facilitating factor for a comprehensive revival and restoration of livelihoods. This message is clearly coming out of the study. What is required is a blend of instruments – Grant, Savings, Credit and Insurance to address multiple needs, risks and vulnerabilities. In the post tsunami scenario of restoration and rehabilitation, self help groups have proved their usefulness and effectiveness in handling the microfinance services based on mutuality, reliability and transparency. What is important is proper designing with requisite system and timeliness of services.

6. MEMBER PROFILE

MODERN ARCHITECTS FOR RURAL INDIA (MARI)

Modern Architects for Rural India (MARI) is a grassroots NGO started in the year 1988 by a team of young professional social workers. MARI has been intensively engaged in grassroots action pursuing with the aim of addressing the age old problems of development for the past 16 years. Since inception MARI has been actively working in Warangal District, the most under privileged area which is heart of Telangana region in Andhra Pradesh, South India. MARI is directly working in about 200 villages where the primary focus is on improving the living conditions of dalits, tribals and other marginalized sections. Particularly the issues of women and children are of utmost importance to MARI. MARI has been implementing a very wide range of development projects in this district based on the felt needs of the communities. Education, Health, Agriculture, Natural resources, and Governance are the prominent sectors through which MARI tries to ensure an egalitarian society with justice, peace, equality and safe environment. .

Vision

Empowerment of vulnerable sections of the society to fight against poverty, injustice and the environmental degradation towards safe livelihoods. The core strategies are Self reliance, participation, gender and equity, sustainability, accountability and transparency.

Sustainable Micro Finance services for the poor

In partnership with CARE-CASHE programme MARI organized 20,000 women from 141 villages (Parvathagiri, Rayaparthy, Wardhannapet, Govindaraopet, Tadwai mandals) to establish a 3-tier structure of Micro Finance organization comprising of 1366 Self Help Groups (SHGs), 14 Cluster level Mutually Aided Cooperatives Societies (MACS) and a District level Federation Society called 'Sanghatitha' – meaning "Solidarity". This is an outstanding model of truly community owned, controlled and managed MFI. These organizations have been able to achieve substantial growth in terms of accessing loan funds up to Rs.45 million from different lending institutions at very cheap interest rate with fair terms and conditions. These women are now moving forward to address the important issues of gender and social equity. The commendable results generated by MARI through this project were recognized by different agencies and MARI won Micro Finance Project Excellency Award from Planet Finance and ABN-AMRO.

MARI s microfinance intervention include different credit products such as Consumption, Income Generating Program , housing medical and social purposes. Further 1000 members have been totally covered under the life insurance scheme

Credit Operations As On 31st March 2006

Total loan amt. Availed / : USD 556818 / Rs.245 Lakhs

mobilized from commercial banks/FI for the year 2005-06

Loan amount outstanding as on 31.03.2006 : USD 2011364 / Rs.885 Lakhs

Average loan size per member	:	USD 268 / Rs.11,785/-
Average loan size per group	:	USD 3520 / Rs.1,54,862/-
Service charges/ Interest rate	:	24%
Recovery rate	:	98%

IV. Financial Resources (As on 31st March 2006)

Savings	:	USD 1145429 / Rs.5,03,98,879/-
Corpus	:	USD 2072727 / Rs.912 lakhs
Bank linkage	:	With peoples' organisation-USD 1102273 / Rs.485 lakhs
Donors	:	USD 213636 / Rs.94 lakhs
<i>Borrowings</i>	:	<i>USD 731818 / Rs.322 lakhs from UTI, ICICI, CARE</i>

Other development interventions

MARI is rigorously working on various social empowerment projects in warrangal district which is making desirable impact in the area of HIV/ AIDS, education of the children, Strengthening of democratic institutions etc. **The Frontiers Prevention Project (FPP)** with the assistance of Alliance India works directly with Female Sex Workers (FSWs), Men having sex with Men (MSM) and Transgender (TG) communities with the aim to prevent them from HIV/AIDS. Propagating safe sex practices, HIV/AIDS awareness, medical treatment to people suffering from STDs and promoting the CBOs of the above three communities to fight for their rights are the main objectives of this project.

The Integrated Nutrition & Health Development project envisages awareness and motivation campaign for adopting best practices of Nutrition & health, strategies of developing women as Change Agents, Community capacity building in monitoring Nutrition & Health services, etc.

The programme for **Education Development of the Children** promotes accessibility & quality of education, developing the school infrastructure, rehabilitation of child labour, youth career and counseling etc.

The concept of environmental up gradation is yet another important area of intervention. The objective is to ensure sustainable impact with the support and participation of the community. This includes a broad range of projects such as livelihoods promotion through sustainable agricultural development, watershed development, community led natural resource management, renovation of tanks, drinking water, health, hygiene & sanitation programmes etc. These programs enable people to develop a sense of ownership towards the existing natural resources which in turn make people to safeguard the environment on a safe and sustainable basis.

Promoting Local Governance and grass root democracy:

MARI believes that the real empowerment of Panchayat Raj institutions can play a pivotal role in development and therefore strengthening of grass root level institutions are necessary. Center for World Solidarity is supporting MARI in developing the constituency, and to build capacities of elected leaders particularly from the marginalized communities. Developing village level micro-plans, promoting convergence of development programmes at village Panchayat level, organizing the village Panchayat leaders to lobby for devolution of powers by the State, developing model village panchayats etc. are the activities being implemented.

Gender Sensitization Program

MARI insists that human society needs to be sensitized and prepared to build gender just and violence free society. AP Women's Network is supporting MARI in promoting gender awareness in its operational area. MARI organized interventions such as trainings and meetings for youth, cultural campaigns, celebration of events such as International Women's Day & Human Rights Day, Signature campaigns, Padayatras, Cycle rallies, Photo & Poster Exhibitions, Press meetings, etc. MARI is also actively participating in campaigns titled 'we can end – all violence against women' in South Asian Countries. MARI and APWN aim at preparing 5 million youth to act as Change Makers by the end of 2011. The network is also collaborating with police to deal with cases of violence on women and is also running a counseling center in Hyderabad.

PRAGATI SEWA SAMITI

Pragati Sewa Samiti was initiated in the year 1991 with an aim to enable the poor and the deprived sections of the society towards developing their capacities for a better living condition. Pragati has a vision of creating conditions for a self sustaining and egalitarian society by inculcating the concept of 'Self Help'. Pragati is now operating in Warangal District of Andrapradesh, India,-one of the drought prone districts with high scheduled caste and scheduled tribe populations. Issues of women, children, Dalits, tribal, differently abled persons are of central concern for Pragati .In addition, Pragati is also making significant contributions towards education, health, Sustainable agriculture and natural resource management etc. All these areas of interventions are based on the three special values- integrity, transparency and sustainability.

Poverty Reduction through microfinance

Pragati realizes that poverty quite often leave women and children in a vulnerable situation that makes them oppressed in the social category. In this context Pragati has started its microfinance initiatives in order to make a strong impact on poverty thereby improving the life standard of women.

In the initial stages attempt was primarily to inculcate the attitude of savings at individual level in order to address their immediate imperative needs. The idea of formation in to Self Help Groups (SHGs) was later adopted to address their needs towards development and empowerment.

Mutually Aided Cooperative Societies

In order to address the increasing demands of women ' Pragati Women's Mutually Aided Co operative Society' was formed in the year 1998-99 with 195 members from 13 SHGs .There was a gradual increase in the number of MACS and in 2004,Pragati Micro Finance Institution was formed by bringing together all MACS under the purview of one umbrella.

Microfinance – the current status

No of groups	: 2700	Average loan size	: 5800
No of Groups incorporated as MACS	: 1200	Present active borrowers	: 4615
Total No of loans disbursed	: 10554	Current repayment rate	: 99%
Total Value of loans disbursed	: 61345230		

Entrepreneurship Development and Vocational training

Most of the women at the MFIs hail from scheduled caste/ scheduled tribe and backward communities who are the poorest of poor in most occasions. By realizing their poor socio economic condition, it was increasingly felt that asset creation and income generation is highly necessary at this stage. Skill development training on livestock management, tailoring, typewriting, candle and soap making etc are given to the SHG women in order to initiate income generation activities. They also get support from NABARD/ DRDA etc. to address the capacity and skill development requirements of the women.

Women Rights Forum

The Women Rights Forum of Pragati addresses issues of domestic violence, female infanticide, child marriages etc at Mandal and District level. The Forum is also keen to promote gender justice and equality by making the community consciously aware of gender values, principles and appropriate gender relations.

Leadership among women has also been influenced to a great extent and in fact, some of the women have taken over positions of ward member, Village Sarpanch , and heads of different societies in the village.

SHRAMIK BHARTI

Shramik Bharti is a non profit organization registered under society's registration act of 1860. The organization is based at Kanpur and its main activities are poverty eradication with particular focus on empowering women. Shramik Bharti believes in a true democratic society where people are free from all means of exploitation.

Committed to human development approach, Shramik Bharti assists people developing their capacities. It also facilitates the poor people to have better control over their lives.

Mission

Working for the empowerment of poor and under privileged with special focus on women and children, Shramik Bharti fosters people's democratic institutions. . Shramik Bharati concentrates specially on organizing the vulnerable rural communities, and building the capacities of community based institutions including financial institutions for the better quality of life.

Shramik Bharti seeks to enable the vulnerable community in

- Increasing community participation in the political process at grass root level with balanced gender representation.
- Initiating a participatory, transparent and accountable development planning process at panchayat level
- Improving service delivery with a focus on health, education, PDS etc.

The four main thematic interventions are:

- Microfinance
- Community health
- Livelihood promotion
- Grassroots democracy

In each of these thematic areas Shramik Bharti is involved in

- Capacity building
- Advocacy & networking
- Field Implementation

Microfinance: Key statistics

The microfinance initiatives of Shramik Bharti is based on improving the economies of scale of the poor and enhancing their bargaining power. The microfinance operations are geared up towards channelizing the development initiatives to the large scale mass.

(As on 31st March 2006)

Total No. of groups of which	:	648	No. of mixed groups	:	76
No. of women's groups	:	560	Total No. of Federations	:	2
No. of men groups	:	12			

For the year 2005-06, these groups have availed Rs.299.65 lakhs for the commercial banks and other financial institutions. There are totally 560 women groups and 12 men groups which altogether come around 648 groups. The total community savings amounts to Rs.286.06 lakhs. The life insurance cover promoted by Shramik Bharti has gained a greater momentum by assisting them at time of financial crisis. The credit products are designed for various purposes such as consumption, income generation programme, housing and medical advancements.

Capacity Building / Training Programs

The SHG leaders are given training on operational management courses on leadership qualities, governance. The SHG members also undergo periodical refresher courses on areas such as Record and Accounts Keeping, Documentation etc.

NAV BHARAT JAGRITI KENDRA (NBJK)

Nav Bharat Jagriti Kendra was established in 1971 with the aim for bringing equality in the society by eliminating hunger, poverty and unemployment and discrimination. NBJK works directly in 29 blocks of 6 districts in Jharkhand and Bihar namely Hazaribag, Ranchi, Koderma and Pakur in Jharkhand and Gaya and Patna in Bihar., NBJK have implemented various projects in 1694 villages. Further 35000 households have been covered in slums and altogether NBJK has covered around 1 lakh beneficiaries. In addition, they work in close partnership with a network of over 300 voluntary organizations and social activists spread throughout the two states and in this way NBJK's reach covers the whole of Jharkhand and Bihar.

The core mission of NBJK is to educate, organize and empower the rural poor to promote development as a liberating force. It acts a viable instrument to ensure social justice, economic growth and self reliance.

It deals with a holistic range of development programs such as health & sanitation, Socio economic interventions, advocacy and governance etc.. However the socio economic programs have had a deepening effect in the income pattern and raising the life standard of the people.

Socio Economic programs

- Micro Credit & Credit Plus Operations
- Rural Industries Programme
- Community mobilization and advocacy for the elderly
- Integrated Tribal Development Programme (ITDP)
- Poorest Area Civil Society (PACS) Programme
- Socio Economic Development of Women & Children In Slum
- Community Based Retail Enterprise (CBRE)
- Integrated Watershed Development Programme
- Community Development Programme

Micro credit intervention

The premise of the micro credit's strategy of NBJK rests with empowering poor communities to generate wealth and sustainable incomes. NBJK mainly work with women self-help groups (SHGs) but also with mixed-gender joint liability groups (JLGs). This program provides loans, entrepreneurial training, bank linkages and market access to a total of over 28088 beneficiaries in 1821SHGs and 301JLGs.

One of the marked achievements of the micro-credit program is the increased incomes and economic improvement that results from the entrepreneurial activities of the women SHGs. It has also made desirable impacts in increased decision making power of the women there by making greater social and psychological empowerment.

The credit plus approach

The credit plus approach enables women of SHG's to learn professional as well as various life skills through skill based training. Goat rearing, poultry, vermicompost, establishment of farm ponds are the prominent areas where women undergo training. Video shows on Importance of Planned Parenthood, confidence to speak in the public has also been part of the capacity building activities promoted by NBJK.

Other special projects

Manav Jodo

NBJK have also involved in other communal harmony programs and Manav Jodo is one which has created good impact in the community. Based on the belief that all human beings are equal and there is only one god , this program aim at breaking religious and caste barriers to the marriage system. As part of this Communal Harmony program, NBJK has organized more than 30 Inter-Caste Inter-Religion marriage ceremonies in both Bihar and Jharkhand in which over 750 couples have married.

Clean Jharkhand Project (CJP)

The community based Solid Waste Management Program of NBJK has also contributed towards the environmental protection to a great extent. This project seeks to improve the scenario of solid waste management in State of Jharkhand though Policy Advocacy and Field Demonstration.

Events and Activities

Events	When and Where	Synopsis
Workshop on Self Regulation	July 25-26, 2006 Ahamadabad	The concept of 'Self Regulation' has gained greater momentum among INAFI India's member organizations ever since its inception. The workshop organized in July 2006 at Ahamadabad has enabled the members to learn and adopt self regulatory practices in order to empower the people owned institutions. Concepts such as democracy in decision making/ ensuring equality and justice/building ownership and internal capacity were discussed and shared in detail.
MP3- Principles, practices and perspectives in Microfinance. , Mysore	July26-28,2006	The primer program for small NGO's –MP3 was organized as part of capacity building of grass root level NGO's. A total number of15 grass root level organizations have participated. The participants have found interesting and quite useful learning about various models, practices , Systems and procedures at SHG's , MIS etc. The one day field visit in MP3 program was also enabled the members to practically see all the concepts discussed in this basic course on microfinance.
Microfinance Road Show	September 18-23, 2006	This was a southern road show organized for the member organizations of INAFI INDIA in order to expose them to various microfinance models /practices in South India. There were 23 members representing from many parts of India and it was a great learning phase specially for microfinance professionals from North, and west. Apart from credit, they were able to see and analyze different insurance/saving products in comparison with their own model in their institution.

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INAFI India Info Newsletter

New No.65, 1st Floor, 3rd Street
Harvey Nagar
Madurai - 625 016. Tamil Nadu, INDIA
TeL.: + 91 - 452 - 2300490
Telefax: + 91 - 452 - 4358490
Email: indiainafi@airtelbroadband.in
Website: <http://www.inafiindia.com>

To
