

Impact of Kalanjiam Groups

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A Report prepared for Sir Ratan Tata Trust



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Impact of Kalanjiam Groups

A Study in Tamilnadu and Karnataka

M S Sriram¹

Executive Summary

At the request of Sir Ratan Tata Trust a study was undertaken to review the broad impacts of the groups promoted by Kalanjiam. While the study recognizes the difficulty in attributing causality because of non-availability of benchmark data, it was decided to look at what could be the overall differences in groups that were at different levels of maturity, while controlling for broad parameters of socio economic zones and agro-climatic conditions. In the process we collected data from new locations [less than 6 months old], young locations, mature locations, and locations where larger societal impacts were expected to be seen. The data was collected through a household survey randomly selected groups from each of these age zones as well as qualitative data through workshops and focus group discussions.

In all data was collected from 878 households. The findings are based on the data collected from these households. The broad findings are listed below:

- More people were “educated” where the groups had been working for a while. The difference was stark in regions when we looked at the age group below 21 – while in newer groups around 83% of the people under the age group had primary/secondary education, this number was 94% in groups that were in existence for a while.
- Lesser number of people reported that they were unemployed in older groups. The Number of people engaged in non-farm activities was higher in older groups, number of people directly dependent primarily on agriculture was lesser in older groups. The employment sources appeared to be adequately diversified.
- The cash-income per capita and per household were both higher in groups that existed longer
- The number of assets held by households were higher in mature locations. The average value of these assets were also higher in rupee terms. The mature locations seemed to have much more valuable assets, and in larger numbers.

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- The quality of housing [roof type, and size] and the facilities in the house [like electricity, water connection, gas, etc.,] were both higher in mature locations as against in households belonging to recently formed groups.
- The level of savings of the mature groups were higher in absolute terms. However, the preference of a place to save did not seem to differ across the age of the groups.
- The mature groups had a greater level of loans outstanding. The share of the groups in the overall level of indebtedness of a household was the highest in the mature groups. The share of moneylender was constant across ages, and the share of informal networks [friends, relatives] were lesser in mature groups.
- The interest rates paid to moneylenders was far lower in locations with mature groups than in new areas. Moneylender loans with collateral seemed to command a lesser interest rate than without collateral.
- The mature groups lend lesser amounts for survival based purposes; Most mature locations lend a fair portion towards working capital and asset purchase purposes. The early groups have a significant amount outstanding for “daily consumption”. All groups have borrowings for health related purposes.

In general we can see that locations where the groups are mature show significantly better indicators than locations that are relatively new. On the subjective aspects also the women are able to grapple with complex issues in mature locations. The positive aspect of the methodology adopted by KF shows that a gradual build up of capital through strengthening of the groups is much more desirable than a steep increase in loan size usually adopted by the Grameen type of methodology. While the role of the moneylender has not diminished in the overall borrowing pie, it is important to note that the households are now able to negotiate much better interest rates with these sources. It is unlikely that SHGs will ever become the sole provider of financial services, however the positive contribution of the groups is the sense of pride and the power of negotiation. Both these make bank finance accessible to individuals and help them to negotiate better terms with other sources.

I. Introduction

There is an increasing interest in the literature on impacts of microfinance programmes. Given that most of the microfinance programmes work with the poor, there have been debates on how the impact of these programmes should be measured and whether exclusive causality can be established with regard to the microfinance programmes. The question that is constantly debated is also whether such studies are aimed at “proving” that the impact has been there or at “improving” the services of institutions involved in offering financial services to the poor. The studies carried out with the assistance of United States Assistance for International Development [USAID] under the Assessment of Impacts of Microenterprises Services [AIMS]² and the studies carried out with the assistance of Ford Foundation which looked at Improving the Impact of Microfinance on Poverty [Imp-Act]³ were two major studies that looked at a cross section of programmes and also examined the methodologies in great detail. The research carried out by the Poverty Action Lab⁴ of Massachusetts Institute of Technology adopts a rigorous method of randomization to assess impacts. Goldberg [2005]⁵ has reviewed the main literature available on impact assessments.

Dhan Foundation is a professional development organization set up in 1997. The foundation has been working in the broad area of rural and urban development by working with a group of nested institutions each one of these institutions specializing in niche areas. Dhan collective thus includes several organizations with special niche skills that intervene and work towards improving the lives of the poor. Major initiatives of Dhan have been in the area of water management through their Vayalagam programme, management of financial resources through the Kalanjiam programme. In addition Dhan also works in other thematic areas including knowledge creation and dissemination through the Tata Dhan Academy.

Kalanjiam movement tries to reach community banking programme to a large number of rural and urban women. This is done not only through direct action but also by linking groups to the mainstream banking, government and NGOs. The purpose of this study was to assess the impact of the Kalanjiam movement through direct action, to examine the community banking programme and also evolve strategies for future growth.

2. Scope and Methodology:

The study was restricted to locations that received grant support from Sir Ratan Tata Trust [SRTT]. These locations were classified into four categories, based on the period of intervention. In order to control for extraneous variables, locations were broadly chosen in similar agro-climatic zones. However, this study does not claim causality. We are looking at locations with differing periods of intervention from Kalanjiam and making a situational assessment to see if the locations where Kalanjiam has been in existence for long seem to be significantly different from locations

² <http://www.microlinks.org/>

³ <http://www2.ids.ac.uk/impact/>

⁴ <http://www.povertyactionlab.com/>

⁵ Goldberg, Nathaneal (2005): *Measuring the Impact of Microfinance: Taking Stock of What we Know* Grameen Foundation Publication Series. Washington: GFUSA.

where Kalanjiam has just made an entry. This report restricts itself to the study of the rural locations where the study was conducted.

The four categories were divided on the following lines. We had four levels of ages of the groups. The details of the expectations from the study is listed in the Terms of Reference in Annexure I.

- L1 – were groups that could be considered as control groups where the intervention of Kalanjiam was less than six months and thus would have minimal impacts. The idea was that the data collected from these groups could be used as benchmark data for possible future studies.
- L2- were groups which were in existence for about three years where early impacts could be seen
- L3 – were groups that were in existence for more than three years where the programme would have fully stabilized, credit absorption capacity enhanced and asset ownership quality would have bettered;
- L4 – were groups where the groups would be fully mature and would have possibly made impacts beyond the actual role of community financial management and where the members would be participating in the larger civil society activities.

In order to gather data on the above parameters two approaches were adopted. Firstly a common questionnaire was administered across all the levels. This questionnaire [Annexure 2] listed the employment pattern, education levels, asset ownership pattern, current indebtedness and savings patterns of the families. The data was analysed to see if these patterns differed across the levels.

In order to gather data on “soft” aspects pertaining to leadership, two approaches were used. In locations that were mature we organized a workshop of the women and gave them a check list of impact indicators brought out by Kalanjiam in the terms of reference and asked them to make a presentation on what they felt their achievements were. These presentations were discussed in a workshop format to get an assessment of the ownership the women had about many of the outcome parameters. The entire proceedings were video-recorded and transcribed so that there was no loss of data. In case of younger groups where it was expected that women may not be in a position to make a structured presentation, we requested the group leaders and members to participate in a focus group discussion which was also recorded. These two inputs were used to assess the softer impacts of the programme.

Data was collected by a team of fieldworkers trained specifically, and it was independently supervised by a supervisor. This report discusses the data collected from the household survey. As we indicated earlier, the report provides a situational analysis of the households, rather than claim causality. Given that the differences are to be seen it would not be unfair to assume that the groups have had a role in the differing situations across the different age bins of the households.

3. Sampling Plan

The locations were selected purposively on the basis of their age. In order to have some level of comparability it was decided that the locations would be picked up from similar agro-climatic zones for the different age levels of the self-help groups. For each age level we randomly picked up ten groups, except for the new locations, which was to be treated as control or baseline groups

where only five groups were picked. Having picked the groups, it was our endeavour to interview all the members of the group. However, in some cases this was not possible due to reasons of logistics – particularly when the group members were not available. In the process we covered 878 households with the following break up.

	L1		L2		L3		L4		Total	
	Groups	HHs	Groups	HHs	Groups	HHs	Groups	HHs	Groups	HHs
Karnataka	5	79	10	153	8	107	8	112	31	451
Tamilnadu	5	69	9	117	10	117	8	124	32	427
Total	10	148	19	270	18	224	16	236	63	878

4. Demographics

The households covered represented 3,594 individuals. Each family had around four members, with around 15% of the households having six or more members in the family. The breakup of the age profile of the families studied is given in the Table 2 below. Surprisingly the households in Tamilnadu had more percentage of people in the age group of sixty plus. This is confirmed by the generally higher figures for Tamilnadu on life expectancy which was higher at 66.4 years as compared to the life expectancy in Karnataka which was at 63.6 years [Guruswamy, Abraham and Natarajan, 2006]⁶. The differences between the groups where SHG intervention was more recent and the areas having older groups were not significant for the family size. A larger percentage of people in the age group of 60 plus seemed to be with L1 group households when compared to L4 group households in Tamilnadu. We may not be able to read much into this data given that the groups do not make direct intervention that affect the life expectancy directly. This pattern is evident only in the Tamilnadu locations and not in Karnataka locations. However, Kalanjiam/Dhan Foundation might want to look at this data at a macro level and reflect if there is any intervention they would like to make from an overall developmental perspective and also try to understand the differences in the age profile across the four age band locations.

In addition to the people living in the village, we also collected data on people who were migrating in search of employment or education but remained very much a part of the family. These numbers were not significant, and most of the people who had migrated were in the employable age group. The instances of migration from Tamilnadu [across all levels of SHGs] were higher than in Karnataka. However it is interesting to note that the number of people migrating where SHG intervention was oldest [L4] was significantly lower than the rest of the locations even by the low base against which this was measured. In all 65 persons were found to be a part of this “extended” migrating group, of which only 5 belonged to the L4 groups.

⁶ Guruswamy, Mohan, Abraham, Ronald Joseph and Natarajan, Uma [2006]: *SocioEconomic Security of South India*. New Delhi: Centre for Policy Analysis (mimeo).

Table 2: Age wise Classification of the Members in Respondent Households

Age	No of HHs	No. < 6 years	6 to14 Years	15 to 60 Years	No. Above 60 years	Total	Ave No /family
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L1Karnataka	79	22	44	235	8	309	3.9
L1Tamilnadu	69	25	39	211	23	298	4.3
L1 Total	148	47	83	446	31	607	4.1
% of Population		7.74%	13.67%	73.48%	5.11%	100.00%	
L2 Karnataka	153	43	93	460	14	610	4.0
L2 Tamilnadu	117	39	41	377	34	491	4.2
L2 Total	270	82	134	837	48	1101	4.1
		7.45%	12.17%	76.02%	4.36%	100.00%	
L3 Karnataka	107	32	72	349	10	463	4.3
L3 Tamilnadu	117	37	61	343	24	465	4.0
L3 Total	224	69	133	692	34	928	4.1
		7.44%	14.33%	74.57%	3.66%	100.00%	
L4 Karnataka	112	21	78	357	17	473	4.2
L4 Tamilnadu	124	33	75	357	20	485	3.9
L4 Total	236	54	153	714	37	958	4.1
		5.64%	15.97%	74.53%	3.86%	100.00%	
Total Karnataka	451	118	287	1401	49	1855	4.1
Total Tamilnadu	427	134	216	1288	101	1739	4.1
Total	878	252	503	2689	150	3594	4.1
		7.01%	14.00%	74.82%	4.17%	100.00%	

5. Education

The education profile of the people of the households is given in Table 3 below. In looking at the education profile, we followed some rules of classification which needs to be elaborated. Any child which was below 6 years of age and not going to school was classified as Non School Going [NSG]. The others were classified according to their education in broad categories.

Education	NSG	Illiterate	Literate	Primary	Matric	Graduate	Post Graduate	Total
L1K	21	94	61	109	16	8	0	309
L1T	18	41	51	114	62	9	3	298
L1 Total	39	135	112	223	78	17	3	607
Percentages ⁷		24%	20%	39%	14%	3%	1%	100%
L2K	36	134	108	284	40	8	0	610
L2T	27	59	69	195	99	37	6	492
L2 Total	63	193	177	479	139	45	6	1102
Percentages		19%	17%	46%	13%	4%	1%	100%
L3K	29	104	74	224	28	4	0	463
L3T	20	104	76	174	70	21	0	465

⁷ The percentages have been calculated on the base excluding NSG.

L3 Total	49	208	150	398	98	25	0	928
Percentages		24%	17%	45%	11%	3%	0%	100%
L4K	16	102	94	223	32	5	1	473
L4T	22	75	60	179	126	19	4	485
L4 /Total	38	177	154	402	158	24	5	958
Percentages		19%	17%	44%	17%	3%	1%	100%
Total Karnataka	102	434	337	840	116	25	1	1855
Total Tamilnadu	87	279	256	662	357	86	13	1740
Total All Households	189	713	593	1502	473	111	14	3595
Percentages		21%	17%	44%	14%	3%	0%	100%

The data seems to indicate that there is no significant relation between the number of years of intervention of the groups and the level of literacy. When we look at the number of people that have passed matriculation and above, we find that L4 groups have proportionally more numbers than L1 groups. While this pattern is not clearly discernable from L1 through L4, it is clear that the differences are there to be seen at the extremes. In order to sharpen our understanding further we looked at the number of people above the NSG bracket and below 21 that might be having primary education and above. The statistics that we found are given in Table 4 below. Even here we can see the difference between school enrollment of areas where the intervention is recent versus the areas where the intervention has been for a long duration. We also examined if there was a difference between the four levels on how early the kids get enrolled in schools. However, the numbers of kids between the age group of 4 and 6 as a category was small and thus looking for differences between locations turned out to be meaningless.

6. Employment

Table 4: Number and Percentage of People having Education of Primary and Above, and Below Age Group of 21									
Education	Karnataka			Tamilnadu			Total		
	Primary and Above	< 21 years, not infant	percentage	Primary and Above	< 21 years, not infant	percentage	Primary and Above	< 21 years, not infant	percentage
L1	75	95	79%	73	84	87%	148	179	83%
L2	173	195	89%	127	132	96%	300	327	92%
L3	151	165	92%	127	135	94%	278	300	93%
L4	172	183	94%	156	165	95%	328	348	94%

The employment profile of the households were also examined. The employment was divided into two categories – primary employment which captured the basic work that keeps the person occupied for most of the time and secondary employment. This data was collected in terms of engagement of the person, rather than the perception. For instance if a person worked as a school teacher and also had a piece of land, given that teaching takes up much of the person's time, teaching [or service] was considered the primary employment and agriculture the secondary employment. Small children and very old people who were unable to work were categorized as

“not employable”. If women reported that they were earning income through some engagement and also reported that they were “housewife”, their engagement with the income earning activity was considered as primary employment. Thus those reported under housewife and student category were people who did not have any other engagement otherwise. Therefore in the secondary employment category we do not have classifications pertaining to the four heads – Not employable, unemployed, student and housewife.

Table 5: Primary Employment of Individuals

PRIMARY EMPLOYMENT	Not Employable	Unemployed	Student	Housewife	Agri	Agri Labour	Non Agri Enter	Ser Vice	Migr ation	Total
L1K	49	25	37	50	28	73	35	11	1	309
L1T	45	17	55	48	34	46	33	16	4	298
Total	94	42	92	98	62	119	68	27	5	607
Percentage ⁸	15%	8%	18%	19%	12%	23%	13%	5%	1%	100%
L2K	84	50	91	82	75	104	99	25	0	610
L2T	42	34	119	92	32	53	62	57	1	492
Total	126	84	210	174	107	157	161	82	1	1102
Percentage	11%	9%	22%	18%	11%	16%	16%	8%	0%	100%
L3K	62	27	87	44	52	66	112	13	0	463
L3T	37	37	118	70	19	102	40	42	0	465
Total	99	64	205	114	71	168	152	55	0	928
Percentage	11%	8%	25%	14%	9%	20%	18%	7%	0%	100%
L4K	45	25	104	53	82	74	78	12	0	473
L4T	41	24	125	98	9	27	71	90	0	485
Total	86	49	229	151	91	101	149	102	0	958
Percentage	9%	6%	26%	17%	10%	12%	17%	12%	0%	100%
TotalK	240	127	319	229	237	317	324	61	1	1855
TotalT	165	112	417	308	94	228	206	205	5	1740
Grand Total	405	239	736	537	331	545	530	266	6	3595
Percentage	11%	7%	23%	17%	10%	17%	17%	8%	0%	100%

The figures pertaining to primary employment does not show any dramatic difference in the pattern of employment across various levels of intervention. There are some differences that are visible, but possibly could not be attributed to the existence of groups. For instance, the percentage of people engaged in non-agricultural enterprise is higher in groups where the intervention has not been very recent, marginally higher percentage of people in service, lower in agricultural labour and marginally lower percentage of people migrating. One could possibly conclude that the intervention of the microfinance type of programme only adds to the diversification of the type of activities carried out, but does not fundamentally change the way in which people earn their livelihoods. The explanation for this could possibly be found in the pattern of secondary employment. The data on secondary employment given in Table 6 shows an interesting pattern.

⁸ The percentage for Not Employable is on the basis of total number of individuals. However the other percentages are based on the number of individuals who are categorized as employable.

Individuals in areas where the programme has been for a while are increasingly engaged as wage labourers in agriculture and in non-agricultural enterprises.

	Agriculture	Agri Labour	Non Agri Enter	Service	Migration	Total
L1K	14	16	17	0	0	47
L1T	6	8	8	2	1	25
Total	20	24	25	2	1	72
percentage	28%	33%	35%	3%	1%	100%
L2K	16	39	31	3	0	89
L2T	4	5	14	1	0	24
Total	20	44	45	4	0	113
percentage	18%	39%	40%	4%	0%	100%
L3K	1	23	9	2	0	35
L3T	6	11	8	1	0	26
Total	7	34	17	3	0	61
percentage	11%	56%	28%	5%	0%	100%
L4K	6	44	18	0	0	68
L4T	1	3	6	2	0	12
Total	7	47	24	2	0	80
percentage	9%	59%	30%	3%	0%	100%
TotalK	37	122	75	5	0	239
TotalT	17	27	36	6	1	87
Grand Total	54	149	111	11	1	326
Percentage	17%	46%	34%	3%	0%	100%

When we look at the figures of primary and secondary employment figures together, what emerges clearly is that the programme in general does not seem to be catering to the segment that has its primary occupation as cultivation. When we look at the consolidated figures, we find that only around 10% of the individuals indicate that they are actually engaged in cultivation [both primary and secondary], while a large number of households are earning their living either as agricultural wage labourers or by running nonfarm enterprises. Given the nature of the programme, and the fact that difference between areas having recent and longer intervention by the groups not significant, it might be appropriate to conclude that the programme in general tends to attract people who belong to this non-land owning category. So while there is clear dependence on agriculture, there is little dependence on cultivation as a source of livelihood.

The data clearly indicates that there is no incidence of child labour in the area. Around 19 children of the total number of 900 children claimed primary employment. However, most of these children were in the age of 14 or 15. Similarly we also looked for persons who were below the age of 16 and had reported "housewife" as an occupation and found only six such instances. It can also be concluded that the incidence of child marriage is also negligible. Similarly only 19 children below the age of 16 had indicated their occupation as "unemployed" which meant that they were

not in school, while being in the school going age bracket. Thus all in all around 4% of the kids below the age of 16 were not in school, and 2% of the kids were engaged in income earning activities. However, these were on the threshold of being considered as adults for the purpose of working.

7. Cash Inflows and Outflows within a year

From the respondent families we collected the details of cash income during the year. While it was possible to collect “incomes” we did not do so because from the perspective of groups, it was felt that liquidity was of greater importance and if there were cancelling barter type of transactions, that would not bring in much insight to a programme that involves financial intermediation. By getting data on inflows, we were also able to check out which of the activities contribute net cash to the family and which activities are net users of cash.

Table 7: Cash Inflow Patterns for households

Location	Inflows from individual engagement							Inflows from common activities		
	Inflow per HH	Inflow percapita	HHs with <10000p ^a	HHs with 10-25Kp ^a	HHs with 25-50Kp ^a	HHs with >50Kp ^a	Total HHs	Average inflows per HH	No of HHs	% inflows from common
LIK	28,834	7,372	4	28	42	5	79	11,829	42	22%
LIT	38,310	8,870	6	22	26	15	69	18,089	38	26%
Total income/hh	33,252	8,108	10	50	68	20	148	14,803	80	
			7%	34%	46%	14%	100%			
L2K	30,743	7,711	9	50	76	18	153	14,666	59	18%
L2T	42,731	10,162	7	21	50	39	117	18,038	59	21%
Total income/hh	35,938	8,805	16	71	126	57	270	16,352	118	
			6%	26%	47%	21%	100%			
L3K	36,085	8,339	5	28	52	22	107	16,629	46	20%
L3T	38,313	9,640	9	23	59	26	117	18,275	56	23%
Total income/hh	37,249	8,991	14	51	111	48	224	17,533	102	
			6%	23%	50%	21%	100%			
L4K	40,535	9,598	3	17	66	26	112	20,50	65	29%

								3		
L4T	48,398	12,374	4	15	61	44	124	19,671	21	7%
Total income/hh	44,667	11,003	7	32	127	70	236	20,300	86	
			3%	14%	54%	30%	100%			

From Table 7 it is clear that the inflows from individual engagement is a significant portion of the family income. This should not be surprising given that the employment figures discussed above indicated that most of the members of the groups were not involved in cultivation. In general we can see that around 20% of the inflows came from common earnings like agriculture, dairying, small livestock, small business and remittances. In general when we look at the inflows coming in from common activities, the households engaged in agriculture outnumber households reporting any other common inflows. While there is no clear pattern on how the common versus individual inflows pan out, we can see that the average inflows of L4 locations are significantly higher than the other locations with recent intervention of Kalanjiam groups. In addition we also see that the number and proportion of households reporting higher incomes is higher in L4 locations. While in the locations where the intervention is relatively recent we find that around 30% of the households report an inflow of more than Rs.50,000 per annum the comparable number for LI locations is only 14% of the households.

While causality cannot be attributed, it appears that the average levels of inflows in areas where the intervention has been around for longer seems to be significantly higher.

	LIK		LIT		L2K		L2T		L3K		L3T		L4K		L4T	
	HHs	Ave	HHs	Ave	HHs	Ave	HHs	Ave	HHs	Ave	HHs	Ave	HHs	Ave	HHs	Ave
Food	79	10071	69	10751	153	9798	116	13055	107	11557	117	11644	112	10760	124	15485
Cloth	79	2057	63	2298	153	2044	114	2770	106	2476	109	2632	112	2450	120	2535
Fuel	79	619	36	961	153	1047	69	1514	107	1447	58	753	111	924	102	1741
Feed	15	1285	18	4767	32	3774	38	6346	13	17446	44	2877	36	6289	71	5813
Medicine	76	1100	63	2652	147	1014	101	4940	106	1135	100	5381	110	1800	109	4587
Education	39	1941	41	3173	80	2428	68	6438	62	2677	67	4263	71	3028	71	4904
Alcohol	1	1000	19	2501	26	4205	34	3201	30	3272	44	3228	39	4467	50	3913
Repairs	51	1109	34	2328	73	812	44	7586	49	706	34	4379	66	1055	43	6553
Social	76	1955	62	2685	152	1906	101	7634	107	2178	106	6252	111	2502	107	5665
Litigation	2	425	0	0	5	760	4	5850	3	1533	9	1067	0	0	23	9600
Migration	2	350	9	4093	1	82	12	2850	0	0	9	10533	3	1567	23	8651
Conveyance	78	1643	56	1630	151	1210	92	2513	107	1133	94	2066	111	1519	88	3316
Bills [Elec, telephone]	59	1435	57	1975	129	1673	101	2784	97	1482	77	2241	102	2612	110	3186
Total (Annual)	79	20330	69	26638	153	21547	117	41848	107	26191	117	34768	112	28418	124	39131

The details of the outflow patterns are given in Table 8. It is evident from the table that the most significant part of the outflows for these families are for food. When we look at the progression on the outflows on food, we find that the outflows are somewhat flat in Karnataka, while they

increase in progression in Tamilnadu. However, what is interesting is that the total annual outflows in Karnataka increase as the age of the groups increases from around Rs.20,000 per annum to almost Rs.30,000 per annum. In case of Tamilnadu no such patterns seem to emerge. Apart from food medicines, education and conveyance seem to be taking away cash from the family. The table on outflow patterns does not tell us anything more on whether the patterns change with the progression of the time in intervention.

It is also clear from the above table that a majority of the households have outflows on account of food, clothing, fuel, medicines, social expenses and conveyance very few families had outflows on account of litigation and migration. Around 50% of the households had outflows on education. The above table however does not reveal, the relative percentages of the resources going out for each of the above requirements. We shall discuss that in Table 9 below.

	LIK	LIT	L2K	L2T	L3K	L3T	L4K	L4T
Food	51%	43%	45%	36%	46%	38%	38%	45%
Cloth	11%	8%	10%	7%	10%	8%	10%	7%
Fuel Expenditure	3%	4%	5%	4%	5%	3%	3%	4%
Feed Expenditure	6%	15%	16%	16%	16%	11%	19%	12%
Medicine Expenditure	5%	10%	5%	12%	5%	14%	6%	11%
Education	9%	11%	11%	15%	10%	10%	11%	11%
Alcohol Expenditure	5%	10%	16%	8%	10%	11%	14%	11%
Repairs	6%	8%	4%	14%	3%	16%	4%	15%
Social Expenses	10%	11%	9%	15%	9%	16%	10%	13%
Litigation	3%	0%	5%	12%	9%	7%	0%	30%
Migration	2%	12%	0%	6%	0%	13%	5%	12%
Conveyance	7%	6%	5%	6%	5%	7%	6%	7%
Monthly Bills [Elec, telephone]	6%	7%	8%	6%	6%	6%	8%	8%

From the Table 9 it is clear that a significant part of the expenses went for basic needs of food. Given that most of the families did not report agriculture as their primary source of engagement, it should not come as a surprise that amounts actually go out for purchase of food. The next most significant outflow is for feed, education and social expenses. However there seems to be no pattern that can be discerned from the data that indicates that the proportion of outflow on different heads undergoes a significant change. When we look at Table 8 and Table 9 together it is evident that while the absolute amount of outflows of the households in L4 are higher than L1, the overall proportionality is not significantly different.

8. Agricultural Land Holding

Around a third of the households surveyed had some agricultural land holding or the other. Families that had access to land usually owned the land with a very miniscule percentage of the households reporting leasing in. We did not find any significant differences in the land holding

⁹ The totals of the percentages do not add up to 100. This is because if for instance a household did not have outflow under a particular head, then the relative percentages of the households entire outflow would be allocated to only the heads in which they indeed had outflows ignoring zeros. This way we are able to get broad proportions of the total outflows that went to specific heads in the sample.

pattern – number households owning land and whether it was rainfed or irrigated. These differences seemed to be more to do with a particular location rather than to do with how long the groups existed. Therefore apart from reporting the data, we would have little to draw by way of conclusions on the relationship between being with the groups and holding or having access to land. We also report the proportion of households surveyed having access to land in Table 10.

Owned	LIK	LIT	L2K	L2T	L3K	L3T	L4K	L4T	Total
Irrigated	28%	41%	38%	27%	13%	32%	36%	11%	28%
Rainfed	37%	6%	9%	3%	25%	3%	31%	2%	14%
Leased									
Irrigated	0%	7%	3%	10%	2%	12%	2%	3%	5%
Rainfed	1%	0%	1%	0%	0%	3%	4%	5%	2%

In Table 11 we find the detail of the average holdings of those households that had access to land. Even in this case we are unable to draw any connections with the groups. In fact, if we look at both the figures in Table 10 and Table 11 together, we may be able to conclude that by and large groups do not tend to be very closely associated with agricultural activity. There might be reason for this. Typically microfinance products – both savings and loans are structured with a cash exchange periodicity ranging between a week and a month. While agriculture as an activity might have multiple cash outflows during the season, it has one or two significant cash inflow points at the time of harvest, when the season ends. Thus it is natural for us to expect that these two activities would be loosely correlated.

Owned	LIK	LIT	L2K	L2T	L3K	L3T	L4K	L4T	Total
Irrigated	1.63	1.59	0.75	2.22	2.07	4.43	1.38	2.46	1.84
Rainfed	1.51	1.29	0.94	3.50	1.31	2.00	1.21	2.83	1.34
Leased									
Irrigated	0.00	6.70	1.00	1.63	0.75	9.05	0.25	2.56	4.43
Rainfed	0.50	0.00	0.50	0.00	0.00	1.00	1.25	2.42	0.67

Notwithstanding the point made above, we shall proceed to examine some data pertaining to the acquisition of the land that the families are currently owning, how they purchased this and if there was an occasion to sell the land, what led to the sale.

When we look the data, we find that more than 90% of the households reported that they inherited the land or had not purchased the land in the past 10 years. There were only a handful of instances of purchase of land – in the entire sample after the households got associated with the programme. Most of the land, even when purchased was largely financed from the own resources of the household. There were only 12 instances where the funding from SHG was used to purchase land. However what is important to note is that of the 12 instances of purchase of land, 6 instances belong to the L4 groups, which were with Kalanjiam for a long time. Though the numbers are too small to draw any meaningful conclusion, the number of instances of land purchase is zero in new groups, 2 in groups that have completed 3 years, 4 in the groups that are in the age groups of 3-6 and rest [6 instances] are from the older groups. However, it is important to note that these are extremely small numbers to draw any meaningful conclusion.

We also asked the households why they had bought agricultural land, was it as an investment that generated income, or a speculative investment that could be sold on appreciation of value or just as a symbol of status. The overwhelming answers given by the households that recollected having bought land was that this was an investment made to generate further income or for sustenance by using the output for the families. We are not reproducing the numbers here essentially because the instances of recall of purchase of land are small compared to the overall land holding families.

In all there were 38 instances of sale of land, with no particular pattern of sale – it was not that members of the younger groups were selling land while the households belonging to the older groups were holding on to the land. Even here the instances of sale were 11, 7, 14 and 6 respectively in L1, L2, L3 and L4 respondents. Most of the households [23 in number] had sold land for meeting lifecycle needs [birth, death, marriage and so on], 10 households had sold for their consumption needs and the rest were had sold land because of either a major health event, education, litigation and such needs.

The learning from looking at this pattern re-affirms the learning we have got elsewhere – that land is an important resource for the families that own it; they are extremely unwilling to be ‘trading’ in land – selling and buying it often. Most often than not, the households would like to hold on to the land for as long as possible and pass it on to the future generations. However, an important number to examine is that there were totally 17 instances of purchase of land in the last 10 years while there were 38 instances of sale of land in the same period. However, as discussed earlier, not much need to be read into these numbers as they are really insignificant compared to the overall number of households that we are dealing with. What might be a curious is that there are in general more instances of purchase and sale of land in Tamilnadu than in Karnataka, possibly something which could be explained on the basis of geography than anything else.

9. Livestock

The data pertaining to livestock is given in the Table 12 below. We do not find any significant difference in the proportion of households owning livestock across the maturity profile of groups. Usually livestock- particularly milch animals – are closely associated microfinance because livestock is one activity that the poor are familiar with and also an activity that gives a regular cash flow that is amenable to weekly/fortnightly savings. However in the case of our area of study we do not find that mature groups are more involved in livestock than the newer groups.

Livestock	L1	L2	L3	L4
Bullocks	7%	3%	7%	5%
Buffalos	2%	6%	2%	5%
Cows	28%	25%	12%	26%
Goats	14%	14%	5%	7%
Sheep	5%	6%	1%	2%
Poultry	5%	5%	5%	5%
Other	0%	1%	2%	0%
Total	61%	60%	34%	49%

Even in this data, there is a regional variation. Households in Karnataka have greater proportion of households having cows and buffaloes. This figure seems to vary widely, particularly in case of Tamilnadu where L3 and L4 households reporting very marginal numbers of cows and buffaloes. For instance in L3 villages in Tamilnadu there were no holding of buffaloes and in L4 villages, only 2% of the households had any buffloes with them. The holding of cows was also not significant in these villages. This is in sharp contrast to the data from Karnataka from groups with the same maturity, where they had 22% and 47% of the households owning cows, while the ownership of buffaloes were far lesser.

However, the important point is that while fewer households owned milch animals, those households that owned milch animals on an average owned more than one animal. The holding of other livestock – goat, sheep and poultry was marginal and does not merit a serious discussion.

When we look at the purchase pattern of livestock, we find that a major portion of the livestock purchases were made in the last three years. This number does not vary widely across locations. About two thirds of the stock was purchased in the last three years, while rest of them were either purchased earlier, or were there as a result of natural reproduction. It is also important to note that the reported average value of the herd held in mature locations was higher than recent locations, thereby indicating that they were possibly buying better breeds that gave greater productivity and income.

Mode of Finance	Own Funds	Bank	Co-op Loan	Money lender	SHG	MFI/ Company	Friends	Remittance	Total
L1	61%	4%	1%	9%	9%	1%	13%	3%	100%
L2	76%	3%	0%	7%	10%	1%	1%	2%	100%
L3	74%	4%	1%	9%	9%	1%	3%	1%	100%
L4	62%	5%	1%	10%	22%	0%	1%	0%	100%

When we look at how the livestock that were purchased was financed [Table 13] we find a pattern that is dominated by self financing. Except that in L4 22% of the instances of livestock purchase is purchased through SHG financing, we find no other significant difference between the different levels of association with the groups. It is also important to find that for the same set L4 – the instances of funding by moneylender has not changed, taking the source away from possibly “own funds”. In L1 we find that there is a significant source of funding was “Friends” which is not seen in other levels of association.

The sale of livestock was somewhat limited. While there were only four instances of sale each in L1 and L4 segments, it was a bit higher in the L2 and L3 segments. Overall the number of instances of sale is too small to draw conclusions on the effect of association with the groups. The pressure for sale of assets in these stray cases continue to be largely to meet household needs [managing liquidity] followed by lifecycle needs. The instances of sale due to other pressure points were insignificant. In general we see that these assets are fairly illiquid, and people would rather borrow money to meet their increasing requirements and try and repay the loan rather than resort to a sale of existing, income yielding assets.

10. Dwelling

The quality of dwelling and the facilities in the dwelling units were examined in detail. We not only asked question on the ownership of the dwelling unit, but also captured the quality of housing, the size and the facilities of the housing. From the data the first aspect that comes out is that a majority of the respondents stayed in their own houses. Only a small number stayed in rented accommodation, except for L4 in Tamilnadu where a large percentage of people seem to be occupying rented accommodation. The details are given in the Table 14 below.

Level	Karnataka	TN	Total
L1	0%	1%	1%
L2	7%	11%	9%
L3	6%	5%	5%
L4	4%	34%	20%

The interesting aspect though is that most of these people who had rented the accommodation out, were staying in pretty decent units, which had good quality of roofing. We cross checked this data with the data on how many households possibly own more than one dwelling unit – to check on whether there was surplus housing stock within the community itself. We found that in L4 around 8 families had multiple dwelling units, 6 of them from Tamilnadu – the largest number in all categories of the sample.

The quality of housing was divided into four categories, irrespective of whether they were rented or owned. While we do have the break of the quality of housing as per the ownership, we shall be discussing the overall findings here.

Type	RCC		Tiled		Pucca		Kuccha	
	No	%	No	%	No	%	No	%
L1	22	15%	84	57%	9	6%	32	22%
L2	38	14%	183	69%	13	5%	32	12%
L3	32	14%	123	55%	19	8%	50	22%
L4	70	30%	133	57%	14	6%	17	7%

From Table 15 it is fairly evident that as we move from L1 respondents to L4 respondents the quality of housing is indeed significantly better on an average. Only around 7% of the respondents who have been associated with the groups continue to live in Kuccha houses where as a good 87% live in houses that have good quality roofing. However L3 households seem to be having numbers that are not better than the L1 households. This aspect needs to be examined a bit more in detail. While the quality of the dwelling units did throw up some issues at the L3 level, when we examine the facilities that these houses have, we are bound to find that the data across the levels indicating that we could draw some significant conclusions on the association with the groups.

We also classified the dwelling units into three different size categories. This was done on a subjective basis, relative to the area. The broad numbers for the households that the data was collected are given in Table 16 below.

Size	L1		L2		L3		L4	
	No	%	No	%	No	%	No	%
Large	25	17%	31	12%	25	11%	23	19%
Medium	67	46%	147	55%	111	50%	50	41%
Small	55	37%	88	33%	88	39%	49	40%
	147	100%	266	100%	224	100%	122	100%

It is clear that the size of the dwelling does not drastically change over a period of time. One of the possible reasons for this is that people tend to stay on in the houses that they have built/bought but as their access to resources goes up, tend to either upgrade the quality of the dwelling unit [change the roof, better the flooring] or add facilities like a kitchen, cattleshed, toilet and so on. This aspect is evidenced when we examine the facilities that the households had – data which is laid out in Table 17 below.

	L1		L2		L3		L4	
	No	%	No	%	No	%	No	%
Kitchen	69	47%	129	48%	165	74%	194	82%
Toilet	16	11%	44	16%	54	24%	79	33%
Cattle Shed	18	12%	43	16%	44	20%	50	21%
Electricity	70	47%	130	48%	152	68%	188	80%
Kerosene Stove	35	24%	84	31%	65	29%	98	42%
Gas Stove	2	1%	26	10%	13	6%	50	21%
Kuccha Storage	11	7%	20	7%	29	13%	28	12%
Pucca Storage	9	6%	24	9%	25	11%	30	13%
Pumpset at Home	7	5%	6	2%	3	1%	11	5%
Average value of the dwelling unit	56,884		78,619		72,474		111,061	

From Table 17 we can clearly see that households belonging to groups at L4 level have many more facilities compared to the households at L1 level – most of them have a kitchen and electricity connection. The groups have been proactively working towards getting electricity connection to the households and the results seem to be showing. In addition a significant number of households have moved to using better fuel for cooking – kerosene or gas and about a third of the households have a toilet facility. This is a significant number, when compared with statistics elsewhere. These facilities also add up to the overall value of the dwelling unit, which is more than a lakh per unit in L4 households as against almost half of it in L1 households.

The area shaded in grey is to highlight that on some of the parameters L3 households seem to be bucking the general trend that has been otherwise found.

We also asked the households about the period for which they were staying in the same unit. This not only confirms the argument that we have given above that instead of moving to larger dwelling units the households continue to stay on in the existing dwelling units and upgrade them.

	<3 years	4to6	7to9	Inherited	%Inherited	Total
L1	10	6	1	130	88%	147
L2	16	14	7	226	86%	263
L3	17	16	10	181	81%	224
L4	34	24	2	169	74%	229
L4T-Rented	105	12	1	10		128

When we look at Table 18 it is clear that in more than 80% of the households cutting across categories of respondents, they had stayed in the same premises for more than 10 years. The exception to this number is coming in from L4 – in Tamilnadu where we saw a large number of households actually staying in rented accommodation. Clearly since the households are occupying rented accommodation the tendency to move might be higher than people in owned units. Thus in the last row of the table we can see the data for the rented accommodation in that location culled out and presented where a large number of households have occupied the unit in the last 3 years. But for this, it is safe to conclude that people tend to stay on in their own dwelling units. Therefore construction of “new” dwelling units is something that does not happen on a large scale. However, the improvements to the existing dwelling units is something that happens on a regular basis. We collected data on significant upgrades to the dwelling units in the past ten years and to see how much it cost and how it was financed.

During the survey we found that of the total households surveyed there were only four instances of sale of the dwelling unit. A large number of houses had resorted to some form of upgrade on their dwelling units. The details are discussed below.

Mode of Finance	L1		L2		L3		L4	
	No	%	No	%	No	%	No	%
Own Funds	39	58%	65	60%	41	57%	64	65%
Bank	3	4%	0	0%	2	3%	1	1%
Co-ops	1	1%	2	2%	1	1%	0	0%
Moneylender	9	13%	23	21%	10	14%	15	15%
SHG	8	12%	10	9%	12	17%	17	17%
MFI/Company	0	0%	2	2%	1	1%	0	0%
Friends	3	4%	3	3%	2	3%	2	2%
Remittance	4	6%	3	3%	3	4%	0	0%
Total	67	100%	108	100%	72	100%	99	100%
Ave amount spent	10,872		16,547		41,126		39,231	

From the Table 19 above it is clear that households associated with groups for a longer time seem to be spending higher amounts on the upgrade of dwelling units. When we break up the data, we find that on an average households in Karnataka have spent significantly greater amounts on upgrade than households in Tamilnadu. The table also gives detail of how the upgrade was funded. When we look at this data, we continue to find that a large proportion of the households depend on their own sources – savings – to upgrade the dwelling units. As the association with the groups goes up, the overall proportion of households using own sources also seems to go up. We also see that moneylender funding for upgrades is somewhat constant, except in case of L2 households.

The share of SHG financing in upgrade seems to be much higher in households associated with mature groups.

Overall when we look at the dwelling detail, it appears that households associated with the mature groups seem to be having qualitatively and significantly better housing facilities, they are able to add more facilities, spend more money on upgradation while continuing to invest their own and SHG funds into the process of upgradation. We see the continuance of the moneylender but the prominence of moneylender seems to be at a reduced scale where the association with SHGs have been long.

II. Other assets

Unlike land and livestock the details of other assets seem to be giving a better idea between the locations that have had groups more recently and the groups that have been in existence for a long time. We have reported in Table 20 the overall proportion of households possessing particular assets in the four age categories that we studied. It is clear from the Table that certain categories of assets are available in a higher proportion of households in areas where SHGs have been operating for a long time. These are particularly marked in shaded colour. It is also evident that the other assets are held by an equal proportion of households and do not show ownership in the opposite direction. We can see that more households in L4 had assets like a clock, radio, almirah, furniture, television, jewellery, utensils and mechanical implements. Indeed while L4 households had lesser number of bicycles, they were compensated by larger number of motorcycles. From the table we can also see that the proportion of households having these assets are significantly higher when L1 and L2 households are compared, while they remain somewhat flat between L2, L3 and L4.

Percentage of HHs	L1	L2	L3	L4
Cycle	57%	62%	54%	40%
Clock/Watch	74%	85%	86%	81%
Radio	21%	22%	26%	46%
Almirah	27%	50%	56%	61%
Table/Chairs	26%	58%	55%	58%
Television	54%	56%	57%	67%
Refrigerator	7%	4%	5%	4%
Jewellery	56%	64%	60%	74%
Utensils	47%	55%	70%	75%
Motorbike	7%	16%	17%	12%
Tractor	0%	0%	0%	0%
Well	1%	1%	0%	2%
Dumpeet	5%	2%	2%	4%
Mech Implements	7%	10%	9%	22%
Other Assets	17%	20%	15%	15%

Unlike in the earlier studies that we carried out, we do not find that there is one particular asset that almost all the households own. For instance, in the study on Dungarpur district, we had found that almost every household owns a string cot *charpai*. From the data presented below, we can only surmise that a large number of households own clock/watch – possibly the first aspirational asset that they own followed by jewellery, utensils, television and so on. We can also see that the number of households owning televisions are much larger than the ones owning radios. The source of entertainment seems to be shifting towards televisions – possible a function of availability of power as well as cable and dish connections. We shall be looking at the power situation in a later section.

When we look at which of these assets were bought in the recent past and whether there were any category of assets that were generally inherited and held for a long time, we see a clear difference. The stock of assets like pumpsets, almirah, mechanical implements, jewellery, and utensils were held for a long time, with a small proportion being bought in the last three years. In case of assets like bicycle, motorcycle, refrigerator, clocks and furniture were acquired by more than 50% of the households in the past three years. While the distinction can be made in asset categories, we do not find differences in the type of assets acquired in the past three years by locations which had groups for a longer time. A few [but a larger proportion of] L4 households had acquired assets like motorcycles and refrigerators in the last three years. From the data one can surmise that the pattern of owning assets does not undergo a drastic change, but a larger and larger number of L4 households tend to have a larger portfolio of assets. If the finances are available, possibly the households diversify their asset basket but tend to invest in the regular assets that are needed and move towards aspirational assets only later, and that too in small numbers. From Table 20 it is clear that not many households own multiple units of the same asset, except for obvious assets such as utensils and jewellery. There are one case each of households having multiple motorcycles and television sets. Multiple bicycles are found in many households. There is no indication that the older groups indulge in purchase of multiple units of the same asset. Instead they seem to go in for other newer assets that were not there.

Asset Detail	L1		L2		L3		L4	
	No	HHs	No	HHs	No	HHs	No	HHs
Cycle	94	84	224	170	127	120	101	95
Clock/Watch	123	110	261	229	218	193	234	199
Radio	47	46	92	90	82	81	111	109
Almirah	52	48	149	134	134	126	178	143
Table/Chairs	117	54	293	157	255	124	264	136
Television	81	80	153	151	128	128	146	146
Refrigerator	3	3	12	12	12	12	10	10
Jewellery	298	83	546	172	558	154	856	175
Utensils	319	69	817	149	787	156	1172	178
Motorbike	10	10	43	42	27	26	32	31
Car	0	0	0	0	0	0	0	0
Tractor	0	0	0	0	0	0	3	3
Well	2	2	3	3	1	1	4	4
Pumpset	8	7	6	6	4	4	18	10
Mech Implements	14	10	61	27	44	21	130	53
Other Assets	31	18	107	54	67	34	75	36

Total	1199	624	2767	1396	2444	1180	3334	1328
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Asset Detail	L1		L2		L3		L4	
	HHs	Ave Val	HHs	Ave Val	HHs	Ave Val	HHs	Ave Val
Cycle	84	1102	170	1124	120	1220	95	1171
Clock/Watch	110	210	229	277	193	239	199	312
Radio	46	701	90	878	82	728	109	889
Almirah	48	2622	134	2551	126	2929	143	3013
Table/Chairs	54	1676	157	1620	123	1820	136	4343
Television	80	4439	151	4504	128	4687	146	5281
Refrigerator	3	1917	12	5500	13	6615	10	9500
Jewellery	83	21937	172	15138	153	18854	175	26901
Utensils	69	3121	149	3566	156	5130	178	5094
Motorbike	10	23600	42	20250	26	21173	31	32387
Tractor							3	166667
Well	2	45500	3	38333	1	25000	4	32500
Pumpset	7	36857	6	26333	4	25000	10	19900
Mech Implements	10	2500	27	4963	21	3817	53	3419
Other Assets	18	2622	54	3219	34	4774	36	5018
Total	144	23740	266	23677	214	28664	231	43147

When we examine the details of the average value of the assets held we find that the households of more mature groups tend to hold higher value of assets than the younger groups. The detail of the average value of asset held by households is given in Table 22. While the differences in assets like cycles could be in the numbers held, we can see a significant difference in assets that have a range of prices – clocks, radio, almirah, furniture, television, refrigerators and even motorbikes. This is an important piece of data – overall the households in the groups that are mature seem to be more affluent than the ones that are new on at least this dimension.

While we collected data on the stock of assets and the details of assets that were purchased in the last decade, another dimension on which we collected data turns out to be a bit revealing. We asked the households as to how they had financed the purchase of assets. While there are differences on how specific assets were financed – which we shall discuss shortly – the overall numbers can be examined first. If we examine Table 23, it is evident that most of the assets are bought out of own funds or savings. We can also see that the relative share of own funds moving up from households in L2, L3 and L4 groups when compared with households in L1 groups. The instances of purchase from own funds typically seem to replace borrowings from friends and remittances. The relative share of moneylender has moved down and is effectively replaced by SHGs. To this extent one could say that where there are mature groups the SHGs, very slowly seem to be occupying the space provided by moneylender.

	OwnFunds	Bank	Co-op	Money lender	SHG	MFI/ Company	Friends	Remittance	Total
L1	75%	1%	0%	4%	1%	2%	15%	2%	100%
L2	83%	0%	0%	3%	1%	1%	11%	1%	100%
L3	82%	0%	0%	3%	1%	0%	13%	0%	100%

L4	81%	1%	0%	2%	3%	1%	12%	0%	100%
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We think we need to understand the “own funds” source much better. Two aspects pertaining to own funds need to be considered. Firstly the fact that a range of assets are being bought out of own resources means that the households are saving in some form or the other and they are able to cobble these savings together at a time they need to buy assets. The question is – in what form are these savings available – are they stashed away in their respective households or is there an outlet that not only provides a safe place to keep those savings, but also helps them to avail the flexibility of withdrawal while giving a decent return for the savings. We shall examine this in greater detail in the next section. The second aspect that needs to be considered is whether the increased proportion of assets bought out of “own funds” by households attached to mature groups have been because of the existence of the groups and because of having had an outlet for savings. Both the above aspects will be examined when we discuss the section on indebtedness and savings later.

One more aspect that needs to be considered when we are examining the mode of finance is to see if there were certain purposes for which own savings was used more and certain purposes for which the households resorted to borrowing. When we analyse this data carefully we find the following features.

In L1 locations – where households have been associated with groups recently, we find households have borrowed from the moneylender for purchase of big ticket items like motorcycles, digging wells, installation of pumpsets and even for mechanical implements. To a small extent they have even borrowed for purchase of cycles and furniture as well.

In L2 locations, we find increasing instances of asset purchase from “own funds”. The funding from the groups continue to be marginal, and the moneylenders have come in to finance a fewer instances of big ticket items – a case each of refrigerators, and motorcycles. Households have borrowed informally from relatives for purchase of jewellery, utensils, almirahs and one refrigerator.

In L3 locations moneylenders continue to fund the purchases of all assets in some stray cases, while and the only asset for which the households have gone significantly to moneylenders appears to be purchase of mechanical implements [14% of the instances of purchases of mechanical implements having been funded by moneylenders]. We can see that the groups do not still occupy a major share in the funding business. The only big ticket item which the groups have funded in this location happens to be the purchase of a two-wheeler. Finances continue to flow to a significant extent from the informal route of friends and relatives.

In L4 locations we find that the bank has made an entry, for a big ticket tractor loan. Here the on the big ticket items the moneylenders have funded the purchase of a motorcycle as well as a tractor while continuing to fund the other assets on a smaller scale. The groups have funded the purchase of a well, pumpset and a tractor. Most of the other funding is coming in from savings or from informal borrowing from friends and relatives.

We had also asked the households to indicate if they had sold any of these assets. From the data it is clear that sale of these assets happened few and far between and was not common. Therefore there is no significant inference we can draw from the data – and there is no discernable pattern

between the mature group households and the households of recent vintage. To put the numbers in perspective, there were overall 19 instances of sale of assets, the highest of 9 instances from L1 groups and progressively going lower till L4 which had only 2 instances of sale of assets. The households sold assets to meet household, lifecycle, health and other needs. However there was no significant pattern to be seen in these small numbers.

12. Savings

While most of the data that we collected was historical in nature, two aspects on which we collected current data was about the current savings as well as the indebtedness levels of the households. In this section we will discuss the aspects pertaining to savings. The Table 24 below gives details of average savings balances parked at different locations classified by the maturity of the group.

Level of the Groups →	L1		L2		L3		L4	
	Ave Amt	No HHs	Ave Amt	No HHs	Ave Amt	No HHs	Ave Amt	No HHs
Banks	6,123	16	19,213	31	22,997	24	15,165	23
Co-operatives	2,000	2	1,000	2	800	2	200	1
Post Office	5,393	18	5,934	32	7,800	12	3,488	19
Company/MFI	6,929	15	6,906	71	12,467	57	9,785	77
Chit Funds	5,901	15	5,295	64	7,791	39	7,417	35
SHG	988	146	2,127	268	2,935	219	5,437	232
Informal deposits - traders	0	0	3,300	1	15,000	1	4,000	2
Informal deposits – relatives	2,195	19	2,527	90	2,628	76	2,316	67
Temporary Assets	3,308	3	6,667	6	30,000	4	21,120	5
Total	3,969	148	9,101	270	11,781	224	12,536	236

When we look at Table 24 two things stand out: Firstly the overall savings of households belonging to the mature groups are significantly higher than the newer groups. We can see that while the difference between L1 and L2 is steep, the difference between L2, L3 and L4 is not as steep, but the difference indicates larger savings balances with the more mature groups. Secondly we find that households are maintaining greater savings balances with the SHGs. While these two are positive trends, one surprising fact is that the number of households accessing formal institutions like banks, co-operatives and post offices directly does not show any significant difference. Which basically means that SHGs are possibly providing better solutions and growing with the members and therefore accessing the banks is irrelevant, or the banks are still inaccessible to these households due to their inherent transaction size? We also find that there is a decreasing reliance towards informal deposits stashed away with relatives. This possibly is because the households now have a legitimate place to park their savings.

If we look at the above data in different perspective, we might get a few more insights. Let us for instance look at the proportion of households using different institutional mechanisms for saving with the proportion of the overall savings accessed by these sources. The details are given in Table 25 below.

Level →	L1		L2		L3		L4	
	HHs	Amt	HHs	Amt	HHs	Amt	HHs	Amt
Savings								
Banks	11%	17%	11%	24%	11%	21%	10%	12%
Co-operatives	1%	1%	1%	0%	1%	0%	0%	0%
Post Office	12%	17%	12%	8%	5%	4%	8%	2%
Company/MFI	10%	18%	26%	20%	25%	27%	33%	25%
Chit Funds	10%	15%	24%	14%	17%	12%	15%	9%
SHG	99%	25%	99%	23%	98%	24%	98%	43%
Informal deposits - traders	0%	0%	0%	0%	0%	1%	1%	0%
Informal deposits - relatives	13%	7%	33%	9%	34%	8%	28%	5%
Temporary Assets	2%	2%	2%	2%	2%	5%	2%	4%
Total	100%	100%	100%	100%	100%	100%	100%	100%

Clearly almost all the households are saving with SHGs and this is obvious – because the sample selected is only from members of the SHGs. Therefore not much needs to be read into the data. However what is important is that SHGs are able to capture only around 25% of the savings of the members till about L3. It is only when it comes to L4 that we find that SHGs have access to 43% of all the savings that the members have. This possibly has to do with the operating methodology of groups. It is likely that during the early days the groups are more structured in collecting savings without much scope for volatile voluntary savings. As the groups mature they would have the range and the capacity to possibly offer savings products with different features. Given that the returns on SHG savings directly might not be great, there might be a need to look at how the members savings can be captured by the groups fairly early.

When we look at the data carefully we find that as the SHGs get more deposits, the amount parked with the banks in proportion is reducing, while the proportion of households saving with the banks remain somewhat constant. The question then is – are SHGs performing the role of disintermediation by first capturing the local savings and meeting the credit requirements and getting the banks only for residual requirements? This is an interesting trend and might warrant a larger study to look at what is happening with the mature groups. This story repeats itself with the post offices, though the number of households as well as the amounts involved with the post offices is lesser.

What is also interesting is the trend to look at two other sources where the proportion of households as well as the proportion of savings is going up. These two sources are chit funds and companies. This is quite intriguing given that the SHG should ideally perform the function that these sources are performing. The fact that the trend indicates that they are moving away from informal sources like friends and relatives to somewhat of formal sources is evident. The second trend that seems to be happening is that the households are also testing out institutions in the neighbourhood – such as chit funds that institutions which have a national pedigree such as banks and post offices. There could be two reasons for this – that with the increased financial literacy of dealing with the groups and understanding the time value of money measured by interest – the households might be testing out the alternative promise of high returns. Two they might find the products and services offered by these sources more suitable to the local needs, unlike the banks. In any case these two aspects need to be examined in a greater detail to understand this phenomenon.

What is important to note from the above data – that irrespective of the maturity of the group around 90% of the savings reported is parked in sources that we can call formal. If we were to break the formal sources into semi-formal-neighbourhood institutions versus national institutions, then we see that the tendency is to lean towards semi-formal institutions rather than the national institutions.

In addition to the above we asked the households to report the current periodicity of savings. The overwhelming response was that most of the households save on a monthly basis. While there were relatively more families saving on a monthly basis in L4, the weekly periodicity was much lesser at this level. The way the groups are organized and the savings periodicity of the groups largely seem to dictate the periodicity with which the households save.

We also collected data on withdrawal patterns on a current basis. This data is captured in Table 26 below. It is important to note that this data is the aggregated data for withdrawal of savings from all sources and is not exclusive to the withdrawal of savings from SHGs.

	HHs that withdrew	Daily consumption	Social Consumption	Health	Asset Purchase	Working Cap	Education	Litigation	Others
L1	30%	24%	9%	7%	36%	13%	7%	0%	4%
L2	29%	12%	31%	12%	21%	10%	4%	0%	10%
L3	22%	12%	35%	31%	14%	0%	6%	0%	2%
L4	17%	18%	15%	0%	21%	26%	8%	0%	13%

From the Table 26 it is clear that while 30% of the L1 households withdrew savings in this year, the corresponding figure was 17% households for the L4 category. It is also important to note that while L1 households predominantly withdrew savings for asset purchase and consumption, in case of L4 the withdrawal was more tilted towards working capital and asset purchase – indicating a tilt towards putting the withdrawal to more productive purposes. We can also see that education as a purpose for withdrawing saving has prominence in L4 groups with the social consumption being the most prominent purpose for withdrawal of savings in L2 and L3 households. From the data we also find that the largest instances of withdrawal [irrespective of the purpose for which it was withdrawn] was from the SHG in all categories of households. This broadly indicates that the group system has been flexible and responsive to the varying needs of the members. We were not able to associate any source of savings to any specific purpose of withdrawal with the available data. This essentially meant that none of the service providers who provided savings seemed to have a specific feature that encouraged people to save with an intention of withdrawing for something specific – like education or marriage.

In addition to the specific data on savings balances and why they withdrew the savings, we also asked the households to rank the savings products on the attributes that they thought was important. These attributes were sought to be ranked across the maturity levels L1-L4 against each institution that the households had encountered. We shall discuss the results on each attribute below.

The first attribute on which they were asked to indicate the importance was termed as **Easy Access**. We had defined Easy Access as “to find out whether it is important for them that the agency is easily approachable. The sub attributes here are that the transport facility is good, the timings are good enough for the respondents to go and transact the business and the hurdles in getting their own money are minimal. Easy access means that whenever they want to withdraw some amounts and are eligible to withdraw, they get it without hassles. This does not include the savings product attribute itself – for instance the design of the instrument in which they park has a lock in period. This aspect is captured in a later attribute – Liquidity.”

The households indicated that this attribute was very important to all of them, irrespective of where they were saving. Across maturity levels and across institutional sources, more than 90% of the respondents ranked this as very important while the rest ranked this as important.

The next attribute that we asked them to respond was about **Return**. This was defined as “to find out whether they consider it important to have a good rate of return if they deal with a particular agency. It is quite possible that somebody is quite happy dealing with a bank because for them the attribute of “safety” is paramount and therefore they do not rate the attribute of return very highly”

The households’ response on the importance of ‘return’ as an attribute was somewhat mixed. In general the households ranked this attribute between very important [54%] important [23%]. However there were substantial number of people who also said that it was quite unimportant. This response largely was related to the groups. When it came to the groups – cutting across age categories the response was mixed. Around 20% of the households who respondents indicated that return was not important as far as savings with SHGs were concerned and another 2% of the respondents were indifferent to this attribute. This clearly indicates that for a small number households SHG seems to be something that is more than just a source for carrying out financial transactions.

The next attribute that we sought data on was **Security**. This was defined as “to find out whether it is important for them that savings are parked in a particular agency because they just are looking for safety of the money.”

The response we got about security was also overwhelmingly endorsing that this attribute was very important and valuable to the families. However, here again a very small minority of 3% of the people saving with SHGs seemed to indicate that they were not saving with the SHGs just because of “security” – this was not an attribute they were looking for. These minor trends are symptomatic of how important the groups would eventually be in their lives. At least a small minority – as we have seen from the data – are not looking for the traditional attributes associated with safe keeping of savings outside of the household.

The last attribute that we sought data on was **Liquidity**. Liquidity was defined as “to find out whether it is important that the agency has savings products that gives them the flexibility to withdraw at short notice.”

On liquidity, in general nobody said that it was not important at all. However, while for most of the sources the respondents overwhelmingly indicated that they would value liquidity very much,

when it came to two sources SHGs and investment in companies, the households has a much spaced out response. While more than 50% of the respondents still maintained that liquidity was very important for them, around 12% indicated that they were either indifferent or were not very concerned about liquidity.

Given that on SHGs, cutting across age categories the responses are not one extreme as compared to the other sources of savings it is important to read the sub text and it would be safe to conclude that there is something important happening just with the association with the groups and the group methodology. However, it is also important to note that these responses are coming from a smaller number of people and is not changing according to the maturity profile of the group. Most likely these responses are coming from people who had held leadership positions in the group at some stage or the other. This of course has to be verified.

13. Indebtedness

We collected data pertaining to the current indebtedness of the households. The details of the average amounts that are outstanding classified into source of loan as well as the association with the maturity levels of the groups is given in Table 27.

Level of the Groups →	L1		L2		L3		L4	
Source →	Amount	HHs	Amount	HHs	Amount	HHs	Amount	HHs
Banks	29,615	13	9,250	14	27,105	19	20,889	27
Coops	24,200	5	13,091	11	25,409	11	13,871	7
Chit Funds	7,000	4	6,160	5	3,857	7	1,500	2
SHG	2,934	119	5,938	210	9,058	168	13,094	210
MFI/Company	6,833	3	25,778	9	26,000	3	70,000	3
Moneylenders [with collateral]	8,547	37	15,257	36	12,729	38	22,000	32
Moneylenders [without collateral]	13,640	43	16,461	77	32,655	58	31,101	79
Family/Friends with interest	15,042	24	19,972	29	18,745	31	30,435	31
Family/Friends without interest	13,313	8	25,000	14	21,667	9	20,750	8
Contractors/Traders	1,000	1	1,667	3		0	2,000	1
Loans in Kind	2,000	1						
Other	1,250	2	3,000	1	40,000	4	50,000	1
Total	16,281	140	18,520	245	29,112	197	35,475	224

From the above Table 27 we can see that the overall amounts outstanding are highest with households belonging to the L4 group. This is more than double the outstanding of the households in L1. It is also interesting to note that the maximum number of households are indeed indebted to the groups. While the average amount outstanding with money lenders [both with and without collateral] is higher than the SHG, we also find that the number of households that are resorting to funding from moneylenders is far lower than SHGs. However we do not find the overall proportion of households borrowing from moneylenders being lesser in case of L4 households. This essentially means that the groups have provided a viable alternative to all the members, but might not be good enough to eliminate one or the other channel. This might be because certain sources may be more amenable to fund certain purposes for which they want a loan.

We can look at this data with a slightly different perspective. We calculated the overall proportion of borrowings [amounts] from each of the sources and compared them with the proportion of households actually seeking funding. These details are given in Table 28.

Level of Groups →	L1		L2		L3		L4	
Source	HHs seeking	% of total Amt	HHs seeking	% of total Amt	HHs seeking	% of total Amt	HHs seeking	% of total Amt
Banks	9%	17%	6%	3%	10%	9%	12%	7%
Coops	4%	5%	4%	3%	6%	5%	3%	1%
Chit Funds	3%	1%	2%	1%	4%	0%	1%	0%
SHG	85%	15%	86%	27%	85%	27%	94%	35%
MFI/Company	2%	1%	4%	5%	2%	1%	1%	3%
Moneylenders [with collateral]	26%	14%	15%	12%	19%	8%	14%	9%
Moneylenders [without collateral]	31%	26%	31%	28%	29%	33%	35%	31%
Family/Friends [with interest]	17%	16%	12%	13%	16%	10%	14%	12%
Family/Friends [without interest]	6%	5%	6%	8%	5%	3%	4%	2%
Contractors/Traders	1%	0%	1%	0%	0%	0%	0%	0%
Loans in Kind	1%	0%	0%	0%	0%	0%	0%	0%
Other	1%	0%	0%	0%	2%	3%	0%	1%
Total	100%	100%	100%	100%	100%	100%	100%	100%

From the table above, it is clear that even though a smaller proportion of the families borrow from moneylenders, they still have a predominant share as far as the amounts are concerned. We can also see that the relative share of the moneylender in terms of amounts has been range bound across all locations. The fact that the proportion of households seeking finance from different sources add up to more than 100 is an indication that the families borrow from more than one source. However what is interesting is that even in locations where groups have been existing for a long time, we find that both in terms of the proportion of families approaching the moneylenders and the proportion of amounts borrowed to the overall borrowing remains almost stable.

So, if the SHGs are indeed gaining share – both the proportion of households borrowing from SHGs and the proportional amounts borrowed are significantly higher with L4 households than L1 households – we need to decipher where this gain is coming from. In order to remove the clutter and get in more clarity, we decided to club the above sources into three broad categories – access to finance from formal sources [banks, co-operatives, MFIs, Companies, hitfunds]; Groups; informal sources [Moneylenders, contractors and traders] and networks [family and friends]. This detail is given in Table 29.

Loans from	L1	L2	L3	L4
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Formal Sources	24%	12%	16%	11%
SHG	15%	27%	27%	35%
Informal Sources	40%	40%	41%	40%
Networks	21%	21%	16%	15%

We can see from the above table that the informal sources of moneylender and contractors continue to have around 40% of the outstandings under their fold. The proportion of the formal sources at L4 is higher, and this is compensated by a lower proportion from the Networks. In the pecking order, a strong SHG seems to replace the informal and inexpensive networks of friends and relatives as well as formal sources like banking first, before affecting the moneylender. Indeed it appears that the moneylender continues to be an important source of funding, though the quality and nature of engagement with the moneylender might have undergone a fundamental change.

While it is interesting to know where the groups are sharing their market share, it is also important to see if there are certain sources of funding that are preferred for certain types of borrowing and if they differ with households affiliated over the maturity profile of the groups. The data in Table 30 tries to map the purpose with the loan sources. We have to remember that in this case we are discussing only the number of instances of borrowing and not the amounts. The mapping with the loan amounts has been done in Table 28. If we examine this data carefully, we find that when we take the overall picture – all sources together, we find that the top purpose for which the LI households borrow appears for daily consumption [23%] followed by social consumption and health. It is also important to note that when we look at the overall data, the borrowing for social consumption as a proportion of the total loans contracted remains stable, while the sources seem to move.

When it comes to the L2 households, the most important purpose is for health reasons [22%] followed by other unspecified purposes and social consumption. In case of L3 households, they seem to borrow a similar pattern as L2 and in case of L4 households, overall they seem to borrow for unspecified purposes [23%] followed by asset purchase and social consumption.

However when we break up this data into four parts – formal sources including banks, co-operatives, companies and chitfunds; groups; informal sources including money lenders and traders and networks which include family and friends – a different and interesting picture seems to emerge.

Purpose →	Daily consumption	Social Consumption	Health	Asset Purchase	Working Cap	Education	Litigation	Others
Formal								
L1	9%	9%	17%	26%	17%	9%	0%	13%
L2	3%	26%	5%	28%	10%	10%	3%	15%
L3	0%	0%	5%	14%	68%	0%	0%	14%
L4	10%	10%	5%	29%	21%	0%	0%	26%
SHG								
L1	32%	17%	17%	4%	5%	8%	0%	17%

L2	9%	16%	23%	14%	10%	9%	0%	19%
L3	1%	13%	28%	7%	21%	2%	0%	28%
L4	6%	17%	12%	20%	15%	5%	0%	25%
Informal								
L1	19%	19%	20%	14%	7%	4%	0%	18%
L2	11%	16%	25%	11%	7%	7%	0%	24%
L3	1%	30%	23%	10%	15%	3%	0%	18%
L4	6%	25%	16%	16%	14%	6%	0%	17%
Networks								
L1	13%	30%	10%	7%	3%	7%	3%	27%
L2	15%	17%	12%	20%	5%	12%	0%	20%
L3	0%	23%	32%	14%	9%	0%	0%	23%
L4	9%	23%	23%	16%	2%	5%	0%	21%
Total								
L1	23%	18%	17%	9%	7%	7%	0%	18%
L2	9%	17%	21%	15%	8%	9%	0%	20%
L3	1%	19%	25%	9%	21%	2%	0%	23%
L4	6%	19%	14%	19%	14%	5%	0%	22%

The top purpose for which they borrow from the formal sources across all levels of the households seems to be for asset purchase, except in case of L3, where the top purpose is shown as working capital. However we have to remember that the number of loans under this purpose is ranging between 11% of the loans in L4 and 24% of the loans in L1 [See Table 29].

When we move to SHGs, we have to remember that the largest instances of loans are made under this category and therefore the data has to be seen carefully. If we examine Table 29 it is clear that SHG make around 15% loans to the L1 households and around 35% loans to the L4 households. Here the difference between the maturity levels of the group can be seen – the top purpose for L1 households is daily consumption [32%] followed by social consumption, health and other unspecified purposes. When it comes to L2 households, the top purpose moves to health [23%] followed by other unspecified purposes and social consumption. But we also see that asset purchase and working capital [together, 24%] are assuming significance. In L3 households, the top purpose continues for health [28%], sharing the same significance with other unspecified purposes and asset purchase and working capital. In L4 groups, while the most significant purpose of borrowing is unspecified, the next most important appears to be asset purchase with working capital. Thus we can see that as far as the groups are concerned, as we move from new to mature locations the groups are lending more and more for income augmenting productive purposes.

In case of informal sources, we see that a major purpose they seem to serve is health and consumption related loans. This clearly indicates the need for the groups to make an intervention in the emergency loan purposes, since that seems to be one area where the moneylenders and informal sources seem to continue to operate. Similarly as we move towards the mature groups, we see that loans are being sought from the moneylenders for social consumption purposes. We can see that the need for daily consumption loans really reduces as the maturity profile of the group moves up.

When we examine networks we find that the networks again largely contribute to social consumption and health purposes, with a little thrown in for asset purchase and other unspecified purposes.

While we argued earlier that the relative share of the moneylender in the overall number of loans contracted has not changed much, we had indicated that the terms of engagement with the money lender may have changed. When we look at Table 3I, it is clear that the modal interest rate of all loans contracted is at 24%. However what is even more interesting that when we look at “costly loans” – loans contracted at upwards of 36% we find that these loans form 22% of the loans contracted in LI households while they are at around 16% in the households at other levels of maturity of groups.

Table 3I Proportion of loans contracted at different interest rates								
Rate of Interest→	9%	12%	18%	24%	36%	48%	60%	Greater than 36%
All loans [including moneylender loans]								
L1	3%	5%	3%	51%	16%	5%	17%	22%
L2	2%	4%	1%	59%	17%	6%	11%	17%
L3	2%	11%	5%	53%	15%	2%	13%	15%
L4	2%	11%	22%	34%	15%	5%	11%	16%
All Moneylender loans								
L1	5%	3%	4%	4%	31%	14%	39%	53%
L2	0%	2%	0%	8%	45%	15%	30%	45%
L3	2%	8%	1%	17%	40%	4%	27%	31%
L4	2%	6%	0%	9%	39%	14%	30%	44%
Moneylenders with collateral								
L1	11%	6%	8%	6%	44%	6%	19%	25%
L2	0%	5%	0%	5%	66%	5%	18%	23%
L3	5%	18%	3%	33%	30%	3%	10%	13%
L4	7%	17%	0%	28%	38%	3%	7%	10%
Moneylenders without collateral								
L1	0%	0%	0%	2%	20%	22%	56%	78%
L2	0%	0%	0%	10%	34%	20%	37%	57%
L3	0%	2%	0%	5%	47%	5%	40%	45%
L4	0%	1%	0%	1%	40%	19%	39%	58%

What is even more important in the Table 3I is about the type of engagement with moneylenders. We can see that the modal interest rates charged by the moneylenders shifting from around 60% per annum in LI to 36% per annum at the other levels. There is a clear reduction in higher interest loans on a subset where the borrowers have provided collateral – the proportion of costly loans going down from 25% in LI to around 10% in L2. In case of loans from moneylenders without collateral we could see that the modal interest rate is moving towards 36% per annum. Thus we could possibly conclude that as the alternatives go up, the households may be able to engage with the moneylenders on better terms. Therefore, the fact that the overall proportion of loans given by moneylenders is not going down need not be a major cause for concern, if the money lenders are bettering their terms of engagement with the households.

Level	Weekly	Monthly	Quarterly	Other	Total
L1	13%	61%	7%	19%	100%
L2	6%	76%	2%	16%	100%
L3	7%	68%	4%	20%	100%
L4	3%	80%	0%	17%	100%

We also collected data on the repayment frequency of loans contracted which is reported in Table 32. It is clear that as the exposure to groups increase, there is more congruence of repayment frequency moving towards a monthly installment. This is desirable as, it gives enough scope for planning and introduces a fair amount of predictability to the households.

We also collected data on the major events in the past ten years that needed significant finance and we can see that L4 groups seemed to indicate that the events that needed finance were more in the nature of purchase of assets/livestock and house construction. Though there were significant instances of marriage and health related events, they were relatively speaking lesser than the other Levels. The details are given in Table 33.

Events	L1	L2	L3	L4
Marriage	36	59	64	54
Health	49	90	80	44
House Construction	18	34	16	38
Purchase of Agricultural Land	9	9	10	3
Upgradation of Assets	14	14	15	10
Purchase of Livestock	14	26	26	33
Purchase other assets	26	29	24	47
Funeral	27	18	9	17
Other	32	39	60	49
Total	225	318	304	295

In addition to the specific data on loans we also collected data on loan attributes that the borrowers looked for from each source that they borrowed from.

The first attribute was Easy Access which was defined to include “the distance between the borrower and the source of the loan, ease at which the transactions are done, and the confidence that a borrower has in approaching a particular lending source.”

In general borrowers across levels appeared to be happy with most of the sources from which they borrowed. However, it appears that as we move from L1 to L4 the general feel of happiness increases. The small level of dissatisfaction was targeted at moneylenders and informal sources. It is to be noted that even this disappointment or being ill at ease was the response of a very few borrowers. The rest of them seemed to be quite happy with even the ease with which they could access the moneylenders.

The second attribute on which we sought opinions of the borrowers was on Cost. The attribute was described as “*Low cost* – includes both nominal interest rates and the transaction related costs. Part of the hassle factors are covered in the first attribute, but this attribute covers all out-of-pocket expenses such as cost of documentation, establishing the identity and processing costs.”

Again when we look at the responses of the borrowers on the issue of cost, we find that most of the respondents have indicated that costs are not an issue. While the responses are somewhat muted compared to the other parameters where the most respondents gave a high five, in this case, respondents largely ranged between being satisfied and extremely happy with a few people being indifferent. The number of unhappy borrowers on cost was really miniscule, indeed even lesser than people who were not satisfied with access. Even the money lenders do not get a bad score on costs, essentially indicating that the relationship with most of the entities is in the nature of engagement, rather than being exploitative.

The third attribute we examined was on repayment terms. The attribute was defined as “*Friendly repayment terms* – includes flexibility in payments, sympathetic response in case of a genuine difficulty in servicing the loan, design of repayments that suit the cash flow of the borrower and minimal coercion.”

When we look at the repayment terms, the responses of the borrowers are quite interesting. In general they are satisfied with the repayment terms. However the dissatisfaction amongst a few borrowers is quite pronounced. Infact the dissatisfaction level, though is relatively small is the highest on this attribute amongst all the attributes. In addition to this, it is also important to note that the dissatisfaction on the repayment terms is generally about groups and moneylenders. This might be possibly related to the discipline imposed by the groups on the borrowers. Interestingly LI borrowers do not seem to be too bothered about the repayment terms. However the households belonging to L2, L3 and L4 are expressing their dissatisfaction somewhat explicitly. This is an aspect which the groups may like to pay attention to.

The last attribute that we looked at was Adequacy. This was defined as “*Adequacy* – whether the loan approved and disbursed meets the significant need for which it is borrowed.”

The numbers on adequacy are much better than the numbers on repayment terms. However when the borrowers are dissatisfied, they are equally dissatisfied with both moneylenders and SHGs. While the absolute number of dissatisfied customers appear to be equal between SHGs and moneylenders, when we take the proportionality then the SHG borrowers are proportionally lower, because the number of borrowers from SHGs are significantly higher than the borrowers from the moneylender. However this is another aspect that needs attention. This particularly is true if groups want to capture market share from other sources. Unless the households get adequate loans, they would tend to turn to alternate sources to meet their requirements.

The study has given various insights not only on how the households respond to a such a programme, but also on the type of impacts they may have created. In the next section we make some concluding remarks and also try to see if the study helps us in examining whether the specific intents of the programme were met.

14. Overall Conslusions

The data and the interaction with the members of the groups indicate that on the whole the programme has largely achieved its objectives. Given that impacts on the overall quality of life is difficult to achieve only through financial services, and much more support needs to be given – the results achieved by the Kalanjiam programme seem to be impressive to say the least.

It is important for organizations to understand the implications of the work and the commitments that they would make on behalf of the members and potential members of the group. While there was a great deal of pride and satisfaction amongst the members about being associated with this programme, the members would like to know the commitments that have been made by the organization on their behalf. For instance, if the programme objectives indicate that there would be a greater civic involvement at the end of the programme grant period, then this aspect needs to be communicated in some form. Some members indicated that such an impact might happen incidentally, but if it were to be a deliverable to be measured at a later stage, then such a deliverable needs to be conveyed to the group.

In many locations where the groups have matured, they show a great amount of pride in their programme, the results achieved through the programme and the level of confidence that the women have gained in the process. For our repeated questions on the relevance of “Dhan” or “Kalanjiam” support, it was clear that they do see the need for continuing support. This support would be of a different nature in mature groups – while the groups have learnt to manage the affairs all on their own, they would still need support on information, larger strategic issues and on methodological issues. They see that the common bonding of being a part of the Kalanjiam movement as important. While many groups now actually pay the CEO of the cluster federations from their own resources, the larger perception is that these people represent Kalanjiam. The sense of ownership of the organization will have to be instilled in the groups right from the inception if the larger Dhan institutions are to be seen as resources to be accessed rather than a resource seen as an entitlement.

The most striking evidence is the presence of moneylenders in areas where the programme has been in existence for a longer time. This should not really be seen as a red-flag. Instead this should be seen as a positive sign. It is important to realize that any financial services programme that is formally run will have its limitations on the amount of resources available, the systems and procedures to be followed and the hierarchy of purposes that are deemed desirable for lending. Therefore there are bound to be un-met needs of the households that may be covered by informal arrangements including that of the money lender. The programme should be deemed successful if it has succeeded in providing a credible alternative to the households. The proof of such an phenomenon is seen by the way the alternative channels behave. In general we have found that the moneylenders tend to reduce their interest rates and turn out to be a bit more flexible where the microfinance activities are strong, and we find this even in the current study. Therefore it is important for any ideologically driven organization to recognize the complexity of the service needs and accept, but affect the institution of the moneylender.

Overall, the interactions and the data clearly support the fact that these programmes have had a significant positive impact on the lives of the members and efforts such as that of Kalanjiam should be supported in the future as well.

Annexure I

Findings from FGDs and answers to specific questions in the TOR

The Expected impact due to the Kalanjiam Programme's intervention were listed as follows and we try to examine if we have the data and information to confirm each one of these

a. Impact at member/household level

In groups of 2-3 years old

1. Perceiving the group as an alternative source of credit against the informal credit sources

It appears that this objective to a large extent would have been met. In LI households we have found that the overall share of loans by amounts is around 15%. This is a fair achievement at the early level of the programme. We also found that 85% of the households that were interviewed had availed of credit facility from the groups. In terms of numbers, there was no other source where there were as many households accessing a single source. Around 43 out of the 140 households that had borrowed [31%] had exclusively borrowed from the groups and no other source.

2. Increased exposure to outside world

There are clear indications from the focus group discussions that the women feel that they have a greater exposure to the outside world. The fact that they can recognize the bank manager, they know who the manager is, the fact that they can intervene in larger problems and the fact that they can be a process of local initiatives like schools and anganwadis and talk about things other than the groups very confidently is an indication of increased exposure to the outside world.

From the discussions it was clear that the members are able to distinguish the overall changes in their own confidence levels. They are in a position to discuss the relative costs and advantages of associating themselves with the groups as against the other microfinance initiatives. They are able to deal with bank managers - "Bank managers are doing well. For avoiding wastage of time and tension, they themselves come to Kalanjiam office and scrutinize the loan applications" and articulate confidently that "all we are going to bank without fear but we may not be talking to the manager"

As a result some members even claimed that "the fear over banks has disappeared now. We approach the banks and not companies for jewel loans.

3. Increased level of confidence to visit other places

The discussions did indicate that there is not only an increased confidence to visit government offices, federation and cluster level offices as well as banks, but usually the women do so at their own expense, even if it is for work pertaining to the groups. There is a sense of responsibility that the funds of the groups have to be guarded carefully and not squandered. However, while there is a sense of confidence in visiting places, the skills of negotiating with external institutions does not appear to be very pervasive. The Tamil

Nadu groups did indicate the fact that some of the groups operating outside of the Kalanjiam fold got some state subsidies, and some did indicate that they would also be happy to receive such benefits of the government, provided somebody from the cluster, federation or Kalanjiam itself negotiated these. Clearly there is a significant difference between being able to visit different places and negotiate with unfamiliar faces. We can clearly say that there is confidence in visiting places and also negotiating with familiar institutions and individuals.

4. Improved skills: Conducting meetings, loan processing, problem solving, etc.

The focus group discussion gave us enough evidence to indicate that the SHG members do have acquired skills at conducting meetings. The discussion that happened in the FGD with newer groups in Tamilnadu is reproduced below:

“Kalanjiam staff helps us to conduct the meetings; they also explain any new schemes in the meetings; meetings start with a prayer; members distribute biscuits or sweets on a rotation basis;

“In our group lot will be conducted in to choose the host of the meeting. We are usually ready much before the meeting time where we discuss about the previous meeting; the savings and loan transactions happen on the spot, and all members are encouraged to clear any doubts then and there; we may use a lot to figure out who should get a loan on a given day;”

“In the meeting we discuss accounts and we also discuss other issues of importance for us; we allot adequate time for discussing matters other than finances and freely talk about these things.”

“Most members understand the books of accounts. We get the assistance of field associates for clarifications. Most members are involved in banking transactions. Even illiterate members are helped by others. For opening of bank accounts or withdrawal only, the office bearers of the Kalanjiam – President, Secretary and Treasurer go to bank. For depositing or other activities, more members visit the bank.”

Similarly the response from the FGD conducted in Karnataka also indicates that the members have acquired the skills in the process of their association with Kalanjiam.

“We conduct meetings fortnightly; One day will be exclusively for collecting the savings, another is for collecting loan repayments. This is easy for our members in payments; we have special savings and special loans in our group. We conduct the group meetings for one to two hours. Writing of accounts, vouchers and resolutions – all these activities require more time. First, we concentrate on collecting savings and loan repayment. Then we discuss other things.”

“Besides savings and lending, we discuss on bank issues. As we visit banks, we hear about the issues related with bank linkage and repayment; we also discuss some family issues of our members in order to guide them and help them to solve the issues.”

5. Perceiving the Kalanjams as a space outside the family for sharing and discussing about happiness and issues

The FGDs indicated that this objective has been largely met. Some comments are as follows:

Comments from Tamil Nadu

“It has promoted cooperation and unity among members. We came to know the family affairs of 20 members and it has created good will.”

“It has reduced fights amongst the women for the same people would be sitting across the next day in the group meeting.”

“We have warned the alcoholic husbands through Kalanjiam. When group meetings were disturbed by a drunkard, the group members approached our cluster level for help. We warned him and he repented. Later two women from his family become members.”

“We are respectfully called for inspecting noon meal centers.”

“The Health Department has appointed as volunteers for TB control programme.”

Comments from Karnataka

“We are respected in all village meetings; we are invited to school functions. We are enrolled as members in Anganwadi monitoring committees and panchayat committees.”

“The sharing among various groups and clusters provide us information and knowledge. We are able to know the names of the bankers and government officials by enquiring with other leaders. We are able to develop cordial relationship with officials – through meetings.”

6. Positive change in the level of understanding by the family members about the group

Larger number of women spoke about how their relationship and status had changed for the better after associating themselves with the groups. They have been able to create a system of trust in a manner that their families actually encourage them to be a part of the groups. Some of the comments are reproduced below.

Comments from Tamil Nadu:

“My husband used to consider me worthless. But now his respect for me has gone up because I was able to raise loan from Kalanjiam for my son’s education.”

“Before Kalanjiam, we did not know about the amounts borrowed by our husbands. It would be known only when the lenders came home for repayment. Now, we arrange the loan through Kalanjiam and warn the money lenders not to lend any more to our husbands without our knowledge. If any money lenders lend to them without our knowledge, they will be at risk!”

Comments from Karnataka

“Before joining the groups and attending such meetings, we were considered lower – fit only for cooking and remaining as housekeepers. Now we have learnt many things and increased our knowledge.”

“Now I am respected by my husband because of this group. He insists me to attend the meeting first and then cook. Before joining the group, I was listening to him, but now he

consults me. Both husband and other family members have understood that they are getting benefits from group. Hence they support our involvement in group activities.”

7. Regularity in frequency of savings and increase in quantum of savings in groups

The hard data indicates that households on an average had around Rs.1,000 saved with the groups. This represented a total of 25% of the savings that households at this level had. About 99% of the households indicated that they saved with the groups. Around 82 of 138 households that reported savings exclusively with the groups.

In addition, there were ample indications from the comments in the FGDs that the regularity and frequency are maintained within the groups. Though the amounts seem to vary across the groups, the fact that regularity was seen as non negotiable came across very clearly.

Some comments:

“Our group started with Rs.200; There is variable savings rate. Hence savings are different to each member. Some save Rs.50 and some others Rs.100.”

“The amount of savings is based on the earning level of the family members so it varies from Rs.50 to Rs.300.”

“We have changed savings from Rs.50 to Rs.100”

“We review the regular savings on an annual basis.”

In groups of greater than 3 years old

8. Enhanced credit absorption

The households which are in the mature groups – L3 and L4 have greater outstandings than the newer groups. The average outstanding of these groups were Rs.18500 and 29000 respectively as against the average outstandings of LI groups which was 16280. The amounts outstanding with SHG for LI was around Rs.3,000 while for L3 and L4 these amounts were Rs.9,000 and Rs.13,000 respectively. Not only has the credit absorption capacity greater, the share of SHGs in the overall borrowing pie is also greater.

In addition to the above, we also have some comments from the qualitative discussions with women. Some comments are reproduced:

Women from Tamil Nadu:

“We have benefited much from Kalanjiam over a period of 5 years. Before that we have been borrowing from money lenders at 60% to 120% interest. We get credit from Kalanjiam at 24 % interest .We have loans for productive purposes also and enhanced our livelihood. For urgent or immediate needs, we will approach the cluster if there is no money in Kalanjiam. .If the member is genuine; she will be supported by the cluster fund for any such immediate needs like shelter damage or sickness. I too have got a special loan from cluster fund when my house was fell down last year.”

9. Reduction dependence on informal credit sources to a considerable extent

We are unable to confirm this aspect from the hard data collected. While the dependence on informal networks has is lesser in L4 groups, the dependence on moneylenders is proportionally the same. The data indicates that as the pie grows, the needs also grow and typically the SHGs might not be in a position to catch up. Not only are SHGs trying to get the share from the informal sources, they are also taking on the onerous responsibility of filling in for the abdication of responsibility of the banking system. Thus when we say that the reduction of dependence cannot be confirmed, it need not be taken in a negative sense.

However the softer data from the discussions does seem to indicate a positive impact of the groups. For instance in a discussion pertaining to how the groups stand up to emergency needs, there were several anecdotes that were narrated. "It is told that the urgent needs of the members will be met out by the cluster fund. But when an urgent requirement arises for a member, other members of that Kalanjiam themselves collect a local fund immediately and meet the need at least partly. Then the cluster leaders and the field staff will be approached to arrange for assistance from cluster fund. For example when a house of a member burnt in Fire, she lost her house and livestock (she has no money to lose). The Kalanjiam members approached the local noon meal organizer, got key of the centre, and arranged for the temporary stay of the family. Food and clothes were supplied for 2 days out of the Kalanjiam cash balance. Then the cluster level leaders were approached for loan for shelter and for further loan for livestock such as cows and goats. Now they are well."

There are many more such anecdotes, which broadly indicate that the groups have over a period of time learnt to be agile and fund diverse purposes. However, the hard data shows that while the funding from SHG grows [and thus we would have such anecdotes], the overall borrowing pie of the members also grow and therefore they would continue to get finances from informal sources, possibly at better terms.

10. Perceiving Kalanjiams as a dependable source for meeting emergency credit needs

If we understand borrowing for health related aspects as emergency credit needs, this aspect can be confirmed. There is a marked difference in the number of times that the households approach the groups for an emergency loan. Across the group maturity profiles, around 50% of the households that need assistance for health purposes seem to be approaching the groups, which is a positive and encouraging sign. However a matter of concern is that this percentage does not appear to be markedly higher in older groups.

In the discussions there was clear that emergency loans do come in from the groups through cluster federations. However, we also found that when there was no time to organize these, the women said that they would take "Jewel loans or borrow from money lenders. But it will be a short term loan and at a lower interest rate such as 50% or 60%. It will be repaid in the next month by getting a loan from Kalanjiam or cluster loan."

The women further indicated the importance of social networks. “For immediate needs, neither the moneylender nor Kalanjiam can help. People themselves collect small amounts and the help the needy member on humanitarian grounds. It is paid without interest. After that it is repaid by getting loan from Kalanjiam.”

I1. Creation of income generating and household assets

There is ample evidence in the case that the older groups had significantly higher assets. Not only did each household have greater numbers of the asset pool, but the value of the assets owned by them were also higher, indicating that even when they bought the same category of asset, the investments in that asset was significantly higher – possibly indicating higher value and higher quality.

I2. Improved housing condition (electricity, flooring, roofing, walling, house leasing, new house construction)

The quality of houses was significantly better with older groups. They had more facilities [larger number of houses had kitchen, cattleshed, electricity and storage space] and were better in terms of quality of construction with permanent roofs, better walls and floors. We also see a greater amount of upgradation/construction in households belonging to older groups.

I3. Initiation/upgrading small enterprise activity

There have been new activities as revealed by the FGD. For instance the women recognized that new businesses that were started included “One Rupee coin Telephone; idly shop, fuel business, ironing”. However, the women were also quick to recognize that “only individual enterprises have developed and not collective enterprises because the main problem was in marketing.”

I4. Improvement in the supplementary income generating activity

We have no direct evidence on supplementary income generating activity from the household data. However, it is clear from the data that lesser proportion of households in the older groups report their employment status as either “unemployed” or as “housewife” indicating a greater engagement in economic activity and thus diversifying income sources. This coupled with higher levels of income should corroborate the point stated above.

I5. Increase in family income

The average income of the family is significantly higher in older groups. This broadly indicates that if all other things are constant, the households who have exposure to the groups for a longer time will have the ability to earn a greater income.

I6. Cover under social security

There is sporadic evidence from the discussions that the groups are aware of any social security schemes for which they might have contributed. However, there are some interesting practices within the groups which give a nice safety net at the base level. The

women are fully aware of the amounts to be paid, the compensation and how the internal social security schemes are managed. Infact, they are proud that these schemes work with their own money and little overheads and that they are not dependant on an outside insurance agency. The groups indicated the following practices, which are informal in nature, but still have a 'look and feel' of social security:

- The "Mutual Fund" scheme has helped our members. When a member gets sick, we pay Rs.75 as sick allowance per day. If she is not a member in the scheme, mere loan will be given.
- "We have a hundi, and this practice is good because it is opened only for such urgent purpose. The people are also grateful to Kalanjiam since it serves as life saver.
- When a person dies in Kalanjiam member's family, Kalanjiam will provide a garland and Rs.3000 as assistance. This creates respect for groups.

17. Improved space for decision making at family level

There is no direct evidence of improved decision making at family level. What is clear is that women seem to have a greater amount of respect and are able to negotiate the relationship much better. This is evident in how the women deal with alcoholic husbands, having money power and interacting with men outside and reduction in domestic violence. All these were positively indicated by women. However whether there is a greater scope for their participation in decision making and whether these decisions are strategic or routine in nature is something that we are unable to comment at this time.

18. Increased mobility to places other than their own native place

The women talk about moving out of their respective villages to other places in order to enforce their entitlements. They say that they have been "participating in federation meetings and cluster meetings and involved in outside works; the movement leaders participate in meetings and undertake all welfare activities;"

19. Enhanced level of confidence: relate with outsiders, approaching officials/local government,

From the discussions, there is ample anecdotal evidence that the women relate better with outsiders, have a greater confidence. This has not only been reported by women, but has been corroborated by bankers and others. The women think that they have broken the barriers with the banks – "Our members receive warm welcome in the banks; they are supported to fill the forms if it is in English and the banks are supplying challan in Tamil as well. All members are confident of going to the bank."

In addition to the increased level of confidence in dealing with the banks there are other activities in which the members of the groups are involved. A former municipal consellor had this to say: "When Kalanjiam started its activities, there were only one or two groups in our areas; now we have 23. These groups help the people in many ways: By supplying rice to physically challenged persons; free notebooks to poor children; assisting the sick to hospital. We have arranged for sanitation complex for 460 women in our area; this complex is managed by the women. The women also visit various government offices to get their work done. The women also help in getting old age pensions. They even applied

for a library and the library building has been built. It will be used for library and as a meeting place for Kalanjiam.”

20. Improved personal skills: problem solving, public speech, loan processing, monitoring etc.

The confidence with which the members carry themselves is evident. The members of the groups have involved themselves in activities that is much beyond what could be learnt in groups. In the discussions they indicated that not only do they negotiate for welfare schemes that is due from the State, but also negotiate the internal management fairly well. Women indicated that they had “improved their speaking ability” had “acquired skills in speaking through phones”, and “actively participate in meetings.”

There is a high level of awareness of the programmes and clearly the value of money is being appreciated. On a complex product like social security the women were able to articulate the following issue “In the beginning we too have been paying government under one year LIC plan. But people asked us why should pay money outside and waste money. Then we started Mutual Fund Scheme and now the money does not go outside. But it will be with in ourselves”.

They are aware of the issues around loan processing and monitoring. Infact unlike the grameen type of microfinance institutions which have no tolerance for default the women indicated that they would view default with compassion in case there was a difficulty. Obviously the monitoring work is not restricted to mechanically checking off whether the loans are recovered or not, but going one step further to understand the pressures and pro-actively attend to it.

21. Increased number of women attaining leadership status at group, cluster, federation and other levels

The sense we get from the discussions is that this is indeed happening as the movement is growing. However, the discussions we had with the groups were generally represented by women who were more articulate and in leadership roles and therefore there could be a selection bias. This number is to be objectively verified by looking at the numbers, but given that as the groups grow, there will be more clusters and as clusters grow there would be federation, this conclusion is obvious. What we need to objectively look at is whether women who have already assumed leadership roles continue in those roles or make way for the others. While there is no clear evidence to indicate a rotation of leadership at the upper levels, at the group level the interaction with the bank personnel seemed to indicate that at the group level there is a larger involvement of the group in the interactions with the banks.

22. Increased number of days contributed for institutional and common purposes

The women indicated that they spend around 3 additional days over and above the group meeting days to attend to cluster and federation level work, understanding accounts and attending meetings that would give them an exposure. This is the additional time that the leaders are contributing. In addition the women also have been taking up common causes

for which additional time is invested. However, there seems to be no regret in investing such time. A conversation in the group discussion went like this:

“There was no bus facility in our village. We announced a public strike in the main road. The police arrived and meetings were conducted. After negotiating with the government officials for 2 hours we achieved our demand. We got the bus facility for our village”.

“Do you have time for all of these?”

“Yes, we have to sacrifice some of our personal time for these public issues”.

b. Impact at Institutional level

In groups of 2-3 years old

23. Concept clarity on group approach and bank linkage

The group approach is clear to most of the members of the group that we met. Even in the new groups the concepts have got internalized fairly well. To illustrate we reproduce the conversation we had with the group as a part of the discussions. This fact can of course, be corroborated by actual evidence. But clearly the processes including exceptions are being articulated by the women who are thinking and responding on the spot:

Q: How do you decide on Savings?

A1: It is minimum of Rs.50. There are members saving Rs.100; Special savings may be Rs. 10.

A2: The amount of savings is based on the earning level of the family, so it varies from Rs. 50 to Rs.300.

Q: Have you changed the minimum savings level?

A1: Yes we have changed from Rs.50 to Rs.100

A2: We change it on annual basis.

A3: The size of loan is becoming big. Hence the savings are raised.

A4: One who pays more savings will receive more loans. The size of loan is fixed by savings.

Q: Is there regular payment of savings and loan?

A1: Savings are regularly paid. One or two members may default in loan repayment; we regulate this within a month.

A2: Within a month the default will be set right. We can't remove such members from Kalanjiam. But we do not provide further loan. We provide long installments. For example 25 installments for Rs.10000.

A3: One of our member received dairy loan with 10 installments. Now she asked for 20 installments. We do not provide further loan. Hence she is leaving the group. If someone defaults all 20 members will go to the house of the defaulting member and persuade her for repayment.

While there is no direct evidence that the concept of bank linkage – and how it pans out is clear to all the members, it certainly is clear that the groups see the benefit of the bank linkage. Throughout the women have indicated that the groups have provided them what they could not individually achieve: have an identity. The following conversation is an indication of what the perceive as the benefit of dealing with the bank:

Q: What is the benefit of bank loan?

A1: We receive it at 12% from bank and issue to members at 24%. Hence Kalanjiam also gets 12% interest. The bank issues these loans without any security.

A2: It is low rate of interest and sufficient loan for dairy (Rs.15000). It is not possible with external loan. A higher interest will force us to sell the cow.

A3: We can't get loan at lower rate except from bank. Secondly the other sources of finance do not help us to repay in installments, they insist on a lumpsum payment.

A4: The cluster loans are very useful. It can be used for any urgent needs such as medical expenses.

24. Initiating contribution towards cost coverage

The groups are aware that they cover the costs of their MD and other operating costs from the group funds. They are happy doing this. They indicated that while they are able to financially support themselves and cover costs, they would still need the support of Kalanjiam/Dhan for the purposes of exposure to the outer world. They do not seem to have any problems in having cost coverage, indeed, over and above cost coverage they seem to be doing fair amount of contribution towards relief activities and donations towards causes that they think are worth supporting – this could be in the form of getting a place of worship spruced up, helping the school kids with books or even thinking of supporting other groups affected by natural calamities.

In addition the following quote from Tamilnadu illustrates the cost consciousness:

“We won't spend from our general fund. Hence we maintain profit account. For example to repay the bank loan, the bus travel will be Rs.15 per month. This is borne by all members and not spent through Kalanjiam money. Hence no loss in Kalanjiam”.

“For issue of free pencils erasers to children, we collected money (Rs.5) from each members. For a garland, we collect 50 paise from each person. For celebrating Pongal we collected money separately. We will avoid waste expenses of going to bank by many members.”

25. Attainment of leadership position at group, cluster and federation levels by a considerable number of members

As the group discussion was with self-selected leaders it appears that there are a large number of people capable of this. However, we need to check this objectively. Our data did not cover history of leadership positions held.

26. Regularizing meetings across three levels for cross learning

Need MIS Data

27. Enhanced ability to leverage with banks (as the number of linkages increases)

The conversation indicated that there is a great degree of comfort with the bank and the officials of the bank. When we look at the overall figures from the primary data it is evident that the groups seem to have made no impact on womens' direct access to bank. The number of families accessing bank directly and the amount indebted remains almost constant across group ages. However, the overall indebtedness to groups as well as the number of families accessing groups for loans is significantly higher in L4 groups. While savings overall at L4 represents around 5.5 times the savings of LI groups the loans represent a multiple of 3.5. When we compare these figures with banks, we find that L4

savings are 2.5 times the LI figure, the average borrowings at L4 slightly less than LI. Therefore it safe to presume that members are borrowing more and more from the groups while compared to a flat amount of savings. However the overall amount of leveraging seems to remain constant across the age of groups, while it reduces in case of direct access to banks. Probably the groups therefore have a greater degree of comfort dealing with the bank, but not necessarily getting more money as a multiple of the member savings.

Need MIS data to objectively substantiate this one way or the other.

28. Evolution and practice of norms and bye-laws by the groups

There is indication that the norms evolve as the groups grow. For instance, it is clear that the norm on the amount to be saved is revised constantly and it is revised upwards as the capability of the members to save, goes up. While there is ample evidence that the practices keep getting revised, we did not find any evidence of the bye-laws formally being changed. The members attend the meetings regularly and as the maturity of the group goes up, they seem to evolve norms that aid them in smooth functioning. The basic commitment that the group should remain vibrant was seen in all the interactions and thus, all necessary changes in the norms seem to naturally happen.

29. Implementation of capacity based repayment scheduling in groups

No data

30. Compliance to statutory audit by the groups, clusters and federations

Audit seems to be happening regularly and members are subjecting their groups to audit. However it is not evident that the members appreciate the significance of audit. For instance this was the conversation we had with the groups in Tamilnadu:

Q: Who is auditing your accounts?

A1: They will come from Thanjavur. One sir will come. We don't know who he is.

A2: We handover our books at Kalanjiam office. The auditor will come and do his business.

A3: Our staff will explain about the auditor's report – about loss or profit.

Q: Have you received any report from auditor?

A1: Yes. Staff will read about the loss and profit accounts.

In groups of greater than 3 years old

31. Accumulation of own funds (savings and common fund) to a sizeable extent by the groups

Need MIS data

32. Availing repeat and higher amounts of linkage support from banks

Need MIS data

33. Increased share of people's contribution towards cost coverage

Need MIS data

34. Creation of identity for the Kalanjiam institutions: constructing own office buildings, conducting health camps, taking part and supporting government schemes (eg. Polio vaccination campaign)

The identity is clearly created – as much in the minds of the people as in the physical infrastructure. Clearly the 'brand' created in the minds seems to far exceed the physical infrastructure. The municipal counselors, bankers and others we interacted with showed a great deal of respect for the Kalanjiam association. The bankers indicated that they would be more comfortable dealing with the Kalanjiam groups as against any other self-help groups, clearly showing that the name had made an impact. In addition to what we have said above, the anecdotal evidence from the group discussions also indicate that the identity is created in more ways that one can imagine: "When we conduct cluster meetings, we will invite the local president (with invitation, sweets and mangala articles). They will come and know about Kalanjiam. We are in uniforms. It creates enthusiasm among other villagers. We will use public address systems. The police will also be invited while conducting Cluster meetings. The president will also voluntarily provide assistance to our group. Thus the popularity of Kalanjiam spread on".

c. Village/meta level

In groups of 2-3 years old

35. Recognition by the public
36. Development of positive attitude among bankers

There is ample evidence from the bankers side that they have a positive view of the groups and within the larger SHG movement, they look at Kalanjiam groups with both hope and respect. It is clear from the interaction with the bankers that while the women are the customers and they are the ones that deal with the banks, the comfort level comes not from individual women, but the comfort level comes from the fact that they are a collective. In addition, the bankers derive comfort level from the fact that these groups are nurtured and promoted by Kalanjiam. Therefore the positive attitude amongst bankers is evident, but it might not stand if the Kalanjiam brand is withdrawn nor would the bankers be willing to look at these women as individual clients.

In groups of greater than 3 years old

37. Reduction in presence of local moneylenders' activity

There is no evidence of reduction in the presence of moneylenders' activities. Even in groups that are mature, we find that around 40% of the loans contracted are from moneylenders. What is clear is that the overall average in terms of borrowing is much higher and this indicates a higher level of economic activity.

38. Reduction in interest rates and change in other terms by the local moneylenders

From the hard data there is evidence that the modal interest rates charged by moneylenders is much lower in areas where the groups are mature. We also found fair amount of

comments in the discussions that women were able to release moneylender loans and when they did contract moneylender loans, the members usually got a better deal. There are several instances that the members narrate as to how their relationship with the money lender has changed. At the first level, from the informal discussions it is evident that the moneylenders get the message that the women now have a credible alternative. It clearly increases their holding and negotiating power, and thus it is clear that the interest rates and other terms are more favourable to the women. However, as discussed earlier, eliminating the moneylender looks a bit difficult given that groups operate under certain constraints and would like to encourage certain types of investments and expenditure. Therefore it would be safe to say that the groups have been very effective market intervention instruments, rather than instruments that have eliminated certain types of players. In Tamilnadu the women went so far as to say “The moneylenders are now afraid of us..”

39. Interaction and collective action by women irrespective of caste, religion and classes

We did not find evidence that women do take collective action and work as groups and clusters. However, whether the groups themselves are heterogeneous is something we are not able to confirm at this time. We neither collected caste data, nor broached this topic in the discussions. However, given that groups generally are formed keeping cohesion in mind, it would be appropriate to assume that there is collective action on common causes, the caste religion and class happens to be incidental.

40. Increased visibility and recognition for women group at village level

The visibility for the women in the village level comes through clearly in the discussions. Our interactions with the bankers in Kanakapura and municipal counselors in Tanjavur did bring out this issue clearly. For instance, the municipal Counselor of 31st ward had this to say: “Mrs. Jeya Mary belongs to our area. She is doing many social welfare activities – like providing free not books to poor children. She has organized SHGs also in our area. The Kalanjiam is started by Chinnapillai amma at first. Even former Prime Minister Shri.Vajpayee also knelt down and received her blessings. She started the Kalanjiam with the aim of abolishing money lenders exorbitant interest rate.” The same feelings were expressed by the bankers in Kanakapura. The manager said that “we are proud of participating in the programme like this as our banking business is also directly related with SHG movement. Due to the fast growth of SHG movement, our lending to SHGs has also increased and our business has improved a lot... I have also observed that our rural women have got self-confidence only due to this SHG movement. They have improved their communication skills and become capable to communicate with bank and the government officials”.

41. Increased recognition at bank branch level

Our interactions with the bank officials did indicate a very positive impression that the managers had about the groups. A manager said “We are ready to lend the poor people as per their increased demand.” However this identity seems to be created for the group as a whole and not for individual members. For instance he said “...but we can lend them as a group and not as an individual”. The bankers are also able to see the difference between Kalanjiam groups and other groups. In a way the bad experience that the bankers have had

with individual loans seems to indicate that the identity that is created by the groups may not extend to individual bankability in the near future. For instance, a banker said that “Every time we see new faces for a particular group. So, we observe that groups function very actively”. This broadly indicates that the group has an unique identity of its own, and the identity of the leader is only associated with the group and does not translate to individual identity.

42. Increased participation of women in local government for a and their ability to demand

We found positive evidence of women taking active part in issues much beyond the group activities. There were instances of individual members also taking active part in outside politics by holding positions like a ward counselor. Of the various initiatives that the women claimed to have taken to get their demands met, the following are worthy of mention:

- “Applied to the District Collector about the maintenance of the muddy streets. We took photos to support our claims. The orders came in ordered immediately and the roads were repaired”.
- “Many of our members are residing in Poromboke land. We applied for free pattas; they are arranging for it”.
- “We had a drainage problem. We approached the panchayat president. He immediately arranged for the underground sewage system. He arranged for the household drinking water facility also.”
- “We have got the courage to talk to officers. I was illiterate. Since I become the group leader, I practiced to sign and now able to talk with bank officials, police, etc.”
- “When a young woman was tortured by her mother in law, we tried to talk with that woman. But she was unyielding. Hence we complained to the police.
- In our village, a bar was set up near the bus stop. When we complained it to the president, he guided us to police. By making a complaint with police, we shopped the bar.

43. Collective action by the groups on local issues like drinking water connection, street light connection, transportation facilities etc.

The fact that there has been significant collective action by the members of the groups came repeatedly in the discussions. The action was not only to prevent abuse to other members, ensure that alcoholic husbands behave, but also in actively participating in constructive programmes. For instance a member said: “The municipality involves Kalanjiam people in all activities – for example for cleaning drainage, for polio campaign preparing list of disabled, enrolment of BPL, etc. We have helped the government assistance for mentally retarded and physically handicapped. We have collected rice (under handful rice system) from members and helped the disabled and poor people”.

Code Sheet

1.1.1 Leadership Codes	1.1.3 Education Codes	1.1.4 & 1.1.6 Employment codes
0 No Star	1. Illiterate	1.Unemployed
1 One Star	2.Literate	2. Student
2 Two Stars	3.Primary	3.Housewife
	4 Matric	4. Agri (cultivation)
	5 Graduate	5 Labour (Agriculture)
	6 Post Graduate	6 Non agri enterprise
		7 Service (govt/pvt)
		8 Migration

4.5, 5.5, 6.8, 9.5 Mode of finance	4.6, 5.6, Purpose of Purchase	4.9, 5.9, 6.11 Reason for Sale
1.Own Funds	1.Own Use/Consumption	1.HH needs
2.Bank	2. Income Generation	2.Lifecycle needs
3.Co-op Loan	3. Need based sale	3.Health
4.Moneylender Loan	4. Status Symbol	4.Education
5.SHG	5. Other	5.Litigation
6. MFI/Company Loan		6.Other
7.Friend/Relative loan		
8.Remittance		
9.Other/Inheritance/Gift		

6.2 Dwelling Type	6.3 Dwelling Size	6.6 Type of Upgradation/ 6.9 Facilities
1.Own RCC roof	1.Large	1.Kitchen
2.Own Tiled	2. Medium	2.Toilet
3. Own Pucca	3. Small	3.Cattle Shed
4. Own Kuccha		4.Electricity
5. Rented RCC roof		5.Flooring [pucca]
6. Rented Tiled		6.Gas Stove
7. Rented Pucca		7.Kuccha storage
8. Rented Kuccha		8.Pucca Storage
		9.Pumpset at home

Codes		
7.3, 8.3 Repayment Periodicity	7.5, 8.5 Purpose	7.6, 7.7, 7.8, 7.9 8.6, 8.7, 8.8, 8.9 Ranking of attributes
1 Weekly	1 Daily Consumption	1 Very Important
2 Monthly	2 Social Consumption	2 Important
3 Quarterly	3 Health Related	3 Not so important
4 Other (specify)	4 Asset Purchase	4 Low importance
	5 Working Capital	5 Irrelevant
	6 Education	
	7 Litigation	
	8 Other (specify)	

9.1 Event Code
1 Marriage of children
2 Health Problems
3 House Construction
4 Purchase of Ag land
5 Upgradation of assets (well deepening / house expansion)
6 Purchase of livestock
7 Purchase of other assets
8 Funeral
9 Other

Savings Ranking Definition

- *Easy Access* - to find out whether it is important for them that the agency is easily approachable. The sub attributes here are that the transport facility is good, the timings are good enough for the respondents to go and transact the business and the hurdles in getting their own money are minimal. Easy access means that whenever they want to withdraw some amounts and are eligible to withdraw, they get it without hassles. This does not include the savings product attribute itself - for instance the design of the instrument in which they park has a lock in period. This aspect is captured in a later attribute - Liquidity.
- *Return* - to find out whether they consider it important to have a good rate of return if they deal with a particular agency. It is quite possible that somebody is quite happy dealing with a bank because for them the attribute of "safety" is paramount and therefore they do not rate the attribute of return very highly.
- *Security* - to find out whether it is important for them that savings are parked in a particular agency because they just are looking for safety of the money.
- *Liquidity* - to find out whether it is important that the agency has savings products that gives them the flexibility to withdraw at short notice.

Loan Ranking Definition

- *Easy Access* - includes the distance between the borrower and the source of the loan, ease at which the transactions are done, and the confidence that a borrower has in approaching a particular lending source.
- *Low cost* - includes both nominal interest rates and the transaction related costs. Part of the hassle factors are covered in the first attribute, but this attribute covers all out-of-pocket expenses such as cost of documentation, establishing the identity and processing costs.
- *Friendly repayment terms* - includes flexibility in payments, sympathetic response in case of a genuine difficulty in servicing the loan, design of repayments that suit the cash flow of the borrower and minimal coercion.
- *Adequacy* - whether the loan approved and disbursed meets the significant need for which it is borrowed.