

*Participatory and participation are common words used by most of the projects and schemes. Real participation of the poor is only possible when project or schemes deal with improvement in their existing livelihoods. They need delivery support on payment for getting the treatment, support for organising their social customs, access over land, support for getting agriculture input, support for becoming owner rarer from share rarer etc rather than mere an imposed income generation activities or a single imposed component of livelihoods.*

## 1. The organisation:

**Centre for Promoting Sustainable Livelihood (CPSL):** CPSL is a society registered under Society Registration act 1860 in year 2003. The organisation has emerged out of DFID, UK project implemented by ICAR-RCER, WALMI complex, Patna Rothemsted Research, UK & Cirrus Management Services Pvt. Ltd. The project aims at sustainable and scalable institutional arrangements at the community level that facilitate livelihoods improvement. The project is being implemented in Nobatpur, Bikram, Bihita & Dulhin Bazar block of Patna in Bihar & Partawal Blocks of Maharajganj district in Eastern Uttar Pradesh (U.P.). The project also aims at forming ten self-help groups (SHGs) in Bihar and ten in U.P. The project has succeeded in forming more than 500 groups. The impact of Nobatpur and Bikram has been so appealing that the project team of Cirrus not only got a wide recognition but also played an important role in improving the livelihoods of the project team. But when the project ended in 2003, the project team decided to set up an organisation named CPSL.

Today CPSL is being recognised by several government and non-government organisations with a mission to promote livelihoods by promoting the vision of the poor rather than imposing its own agenda on the poor.

## 2. Context:

SHG and Micro-finance initiatives are at least two decades old in India. During the last two decades, substantial work has been done in developing and experimenting with different concepts and approaches to reach financial services to the poor, thanks mainly to the initiatives of the NGOs in various parts of the country (NABARD, 1999). The relevance of the micro-finance programme was greatly enhanced for all the partners through the core strategy of SHG-Bank linkage programme promoted by NABARD. A modest pilot project of linking around 500 SHGs with half a dozen banks across the country started in 1992, has as on 31 March 2003 involved over 31000 rural outlets of more than 500 banks with a loan portfolio of more than Rs. 2000 crore (NABARD, 2003). Besides this programme, a number of NGOs had started experimenting with various initiatives like replication of Grameen, networking

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with NGOs, and financing through SHG federations and co-operatives to reach financial services to their target poor clientele. In the recent past, efforts have also been made by some entrepreneurs and institutions to start Non-Banking Financial Companies (NBFCs) for providing micro-finance services to the poor.

Micro-finance institutions are "those which provide thrift, credit and other financial services and products of very small amounts, mainly to the poor in rural, semi-urban or urban areas for enabling them to raise their income level and improve living standards". Institutions like NGOs, federation of SHGs, Mutually Aided Co-operative Societies (MACS), state and national co-operatives and NBFCs which provide specified financial services targeted to the poor, may be classified as micro-finance institutions. Banks, which provide micro-finance along with their other usual banking services, are termed as micro-finance service providers (NABARD, 1999). Apart from these, several state governments through its various programmes (poverty alleviation, employment generation) and agencies (such as Rashtriya Mahila Kosh, District Rural Development Agencies, Panchayat Raj Institutions) are promoting formation of SHGs and providing revolving funds. However, considerable disparity exists among states with respect to presence of bank linked SHGs. About 65% of the bank linked SHGs are present in the four southern states with Andhra Pradesh alone accounting for 55% of the total bank linked SHGs (Das, 2004).

Table<sup>1</sup>. 1 Disparities among states in Credit Linking SHG,s with Banks & provision of Credit

States	No of SHG's	Cumulative Disbursement (Rs in Million)
Andhra Pradesh	28,10,00 (50.7)	97,53.8 (57.2)
Tamil Nadu	9,84,10 (17.8)	42,55 (24.9)
Uttar Pradesh	5,36,96 (9.7)	8,74.6 (5.2)
Maharashtra	2,80,65 (5.0)	6,97.5 (4.2)
Orissa	42272 (7.7)	510 (3.0)
Bihar	8161 (1.6)	120.9 (0.7)
Rajasthan	22742 (4.1)	462.5 (2.7)
Madhya Pradesh	15271 (2.7)	307.4 (1.8)
North Eastern Region	4069 (0.7)	60.0 (0.3)

<sup>1</sup> Source of data is an article "Micro Credit and Role Of Bank" by Dr. Amrit Patel in "Kuruksheetra" February 04

### 3. The Intervention: Intervention may be classified in following phases.

These steps mainly aim at establishing a dialectic approach with the community at their leisure time. This dialectic approach encouraged the community to make their own decision rather than be influenced by the ideas of outsiders. Let us see the approach:

#### 3.1. Identification of 48 frequently asked questions with possible answer without raising expectation: Frequently asked questions are those questions which are being asked by the community at the time of group formation. One of such questions is being given below in Box -1. CPSL believe that these questions and its answers were the key for formation of self Help Groups and identifying their actual need.

##### Box-1

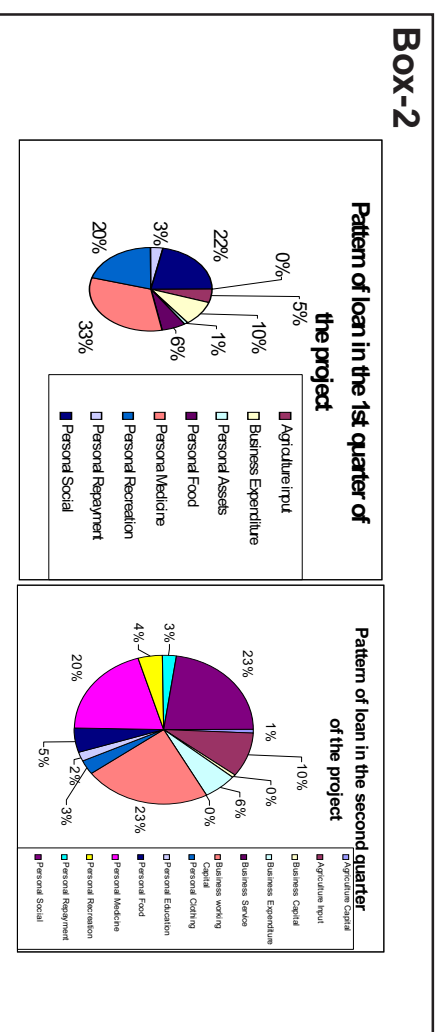
Here is one example of the question. First of all community asks as to what benefits are they going to get through the self help Group. Following is the answer given to the community for above question: Instead of answering the question, counter questions are asked like what are the activities in which they are presently involved. There will be a lot of answers like Farming, Dairy, study, Services, Horticulture or some like re -production. These answers will come from the community. One of the answers may be picked for explaining the things, for example farming. The next question, which may be asked from the participants/ Community that what they first do in case of farming, again the obvious answer will be ploughing. Then the next question follows. For example, what next after ploughing, what happens after that? The replies will be Sowing, weeding, Harvesting, Threshing and may be storing. The discussion must be facilitated in such a way that answer comes out in the correct sequence. For example, if one asks what is the first activity, which is being done in case of farming, answer may come that it is Sowing, which is not correct because preparation of land is required before sowing takes place in the field. So in such cases facilitation is required for getting the answer in correct sequence. After getting the answer, the next question should be asked as to how much time it takes from ploughing to storing grains in the houses. The answer might be from about three months to six months. Is there any guarantee that crops will be harvested, would be the next question? Participants asked at this point answer that there is at least a hope that there would be some crops. But on what basis we hope that there would be some crops- Can only ploughing in the field or only by sowing some seeds? Participants say no it all depends on our labour that is important factor for determining the production of the crops. SHG is just like a crop whose ploughing starts from the weekly/ fortnightly meeting.

### 3.2. Identification of interested unemployed youths from villages to become Village Volunteers:

Keeping frequently asked question in mind, CPSSL members started visiting the villages. Team members also tried to participate in the on going activities of the villagers by asking them the process of weaving a basket. Once they sat together, dialogue started between the team of CPSSL and community. From the next visit, most of the villagers tried to avoid the CPSSL team where as there were a few who waited for the team members. It meant that a few of the community members tried to have a continuous link with CPSSL team. These few were the village volunteers.

### 3.3. Village Volunteers trained on the job by using frequently asked question technique, posters, data analysis, and working together in the field:

With the consent of village volunteers, weekly meetings were organised at the common place of village like School, Panchayat Bhawan etc. CPSSL agreed to pay Rs 25 per meeting of Self Help groups (if volunteers succeed in forming SHGs) for 12 months only. After that volunteers may not be required. 48 exercises were done with these volunteers in one year and they were asked to disseminate the information in the village. These materials were displayed with the help of posters, data collected. One of such examples of using own database is given in Box-2. In the initial quarter one third of loan were used for getting treatment. Groups were sensitized as to why they were required to spend a huge amount on treatment? They were informed of the possibility of reducing this expenditure by boiling the water and having good sanitation facilities.



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### 3.4. Formation of Self Help Groups with realisation that it is a crop in their field and ownership belongs to them:

Project started in year 2001 and ended in December 2003. Initially, only 76 Self Help Groups had been formed however, 435 groups were formed in 2003. It remains a hard task for any of the agencies to cross a figure of one hundred with the help of professionals but with the community trainers it becomes easy to form a large number of groups within a short span of three years. Even after three years of withdrawal of the project, the process of formation of groups has not stopped rather the number is ever increasing.

Table -1 gives the yearly formation of groups.

S. No.	Particulars	Year (percentage growth over last year)	2001	2002	2003
1.	No Of SHG's		76	122 (60%)	435 (256%)
2.	No of Members		734	1221(66%)	4417(261%)
3.	No of Women Members		290	716 (146%)	1322 (184%)

The above table indicates that community realised that they need self Help groups as they need farming.

### 3.5. Regular meetings of SHGs encouraged poor people to make decisions:

Meeting always remains a problem for self Help Groups. CPSSL team at the initial phase used posters to sensitize the people on the importance of meetings. One of such posters indicates that there are people trapped in well and one lady is providing food to these trapped people. In the other set of picture the lady is providing a rope for these trapped people. It was discussed that it is always very easy to see the wrong things but in real life identifying the problem is difficult task. An example is always sited in this regard. Suppose, you save some money in the group and the cash box remains with one or two persons. If one who did not attend the meeting fell sick and is in dire need of loan, there will be loss of time and even you may not get loan as the concerned person might have gone out of the village. So it becomes necessary to have regular meetings so that alternate arrangements can be done at times of emergency.

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### 3.6. Savings and its Utilisation:

Following situation has been found while interacting with one of the NGOs in Bihar. The NGO has formed one hundred seventy one groups. These groups have made a savings of Rs. 622405. These groups have provided loan out of this saving of Rs 448460. These groups have access to loan of Rs 529700 from Bank. This indicates these groups are using only 20 percent of the savings where as eighty percent are lying idle in the bank. Most of the SHGs start saving but hardly use these saving. CPSL does an exercise with the groups after one month of group formation. CPSL asks about the objective of saving and the obvious answer is that when needed saving will be used for providing loan to the group members. Why has the SHG not done the same till now? If one puts this question, the group members say that amount of saving is too low to be used. CPSL team then asks about the transaction of the last fifteen days being made by each of the present members. Through this exercise it comes out that some of the members have borrowed loan of less amount than their savings or they sold some thing for purchasing some thing and in the process they have lost more amount than the interest on loan. After this exercise groups start using their fund even if the group fund is only Rs 25.

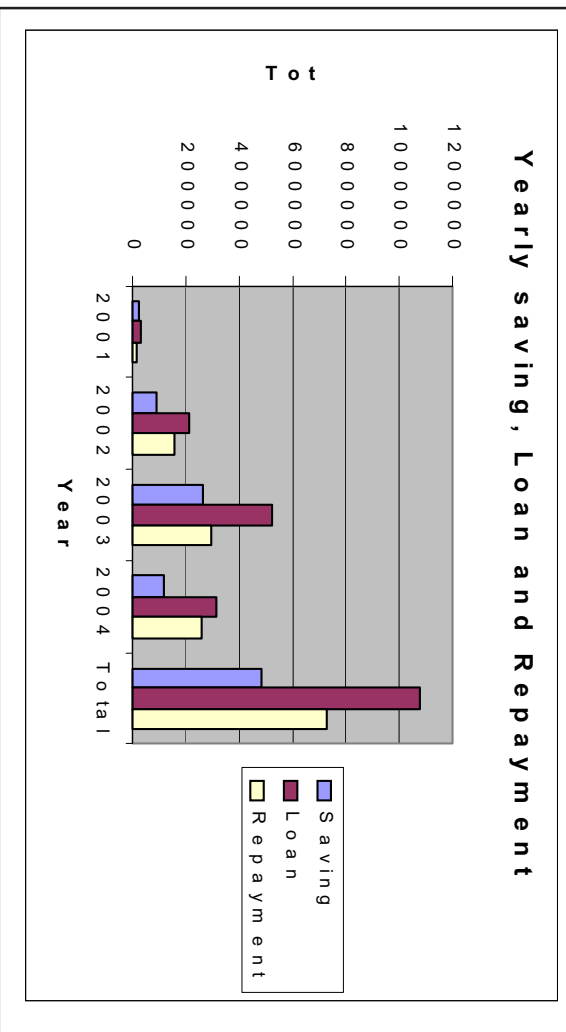
### 3.7. Strengthening of Self Help Groups with Improvement in immediate Livelihoods of the poor:

Once the process of inter- loaning starts there is demand for loan is much higher than the fund available. At this point groups themselves starts thinking what are the appropriate ways of providing loan. Groups start prioritising the need and dealing with only urgent need of their members. This creates an affinity among the members and strengthens the groups. When members get financial support at the time of sickness, delivery of child, purchasing of agriculture input on time, getting land on lease, purchasing cows and buffaloes, which are already reared by them on share basis, paying and removing of their mortgage land and others, it improves their livelihoods. It will be discussed at length in the next section " Impact of the intervention".

### 3.8. Volunteers getting opportunity of improvement in their livelihoods:

After eight months, groups and volunteers see an attractive picture like the one given in box-3

**Box-3**



During the course of their work, volunteers realise that apart from the demand of credit, they can provide services to the groups so that they can also earn and improve their livelihoods. For example a large amount of loan is being invested for agriculture input like seed, fertilisers. These inputs are purchased in low quantity and the purchaser cannot go to authentic sources for purchasing such a low quantity. Generally, many of the group members are purchasing chicks of indigenous variety, but if one of the volunteers starts purchasing from Ramakrishna Mission and sells it through the network of volunteers, then all can earn. So volunteers observed that there were a lot of opportunities through which they could provide services and earn income as well. They too become interested to provide such services.

### 3.9. Emergence of Sustainable Livelihood Promoting Society for providing service to the Self Help Group members:

Once the volunteers got interested in providing the service, they

<sup>2</sup> Data of year 2004 is only for eight months because many of the CPSL/SLPS members are busy in consultancy business for earning their own livelihood and updating of data is secondary job.

needed to become a legal entity. They decided to get registered under society registration act 1860. Such type of organisations was named Sustainable Livelihood Promoting Society (SLPS). After getting registration they got a loan & grant of Rs 129000 from Rastriya Gramin Vikash Nidhi for providing credit to the self-help groups. One of the SLPS sold seed of Rs 60000 in a year. Likewise the poultry business has been going on in forty villages, which are being sponsored by Bhari group. This organisation is not only earning for themselves but also paying a consultancy fee of Rs 2000 per year to Centre for Promoting Sustainable livelihood. We all also encouraged these groups to be linked with Banks. But opening an account in one of the nationalised banks has not been an easy task.

### 3.10. Sustainable improvement in the livelihoods of the

**poor:** In year 2003 CPSL team borrowed a loan of Rs 50000 from Cirrus Management Services Pvt. Ltd. Bangalore. At that time Cirrus asked CPSL to borrow Rs 200000. But CPSL had inhibitions in borrowing such a big amount in the first slot. In year 2004 one of the SLPS had applied for a loan of Rs 500000 from an MFI where as CPSL is seeking to borrow loan of more than a million. So why has this scenario emerged? Let us understand this. In the beginning the group members started borrowing small loan and in the process they started thinking taking of some bigger activities without any input support from outside. Their internal business or activities undertaken did not require any additional support from CPSL. Now they have developed a vision and have started demanding more and more loan from CPSL/SLPS. The process not only succeeded in getting demand from the community but also forced them to become a good customer for getting good services. For example repaying the loan on time, paying the fee for getting services, are such evidences.

#### 4. Impact of the Intervention: CPSL has developed a number of mechanisms for participatory impact assessment. These are database, monthly meeting of core3 groups, participatory discussion by SLPS and CPSL. In the participatory discussion one asks as an outsider as he does not see any benefit of forming and running the self Help groups (why can not they break the groups

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<sup>3</sup> Core groups exits in each villages. If there are five groups in one of the villages two from each group forms a core groups. The membership rotates among the members of group in each month. One member attends the meeting this month and the other members come with all explanation in next month. At CPSL office list of all meetings of core groups remains available and visitors were taken to those groups where meeting is already schedule.

and distribute all the savings) Then answer is documented, based on the answer it is tried to assess about regularity of meeting, savings, loaning, repayment and participation of the group members. If less than 60 percent of the members talk these groups are considered to be weak where as more than 80 percent seems to be ranked at A. A combined impact of all the process is being described below so that it gives a full picture to the reader of the case.

#### 4.1. Health: 7400 members borrowed a loan of Rs 1,077,452. Out of the total loan

of Rs.1, 077,452, Rs 190128 has been invested in getting treatment, which is 19 percent of the total loan. There are 63 cases where loans were taken at the time of labour pain in emergency situation. Many of the MFI/Bank describes this as unproductive loan but group members see it as more productive than any other loan. They have given many examples and here is one of them. If a person is sick in the agriculture season (which is certain as sickness and agriculture operation come together) and he does not earn for eight or ten days then there is loss of the concerned person. On the other hand, the same person can get treatment through loan and work for six to seven days. The return on this loan seems to be more than 100 percent. Does the MFI/Bank need to think and respond to this?

#### 4.2. Social: Out of total loan of Rs1, 077,452, Rs 192217 has been invested in

social customs, which is nearly 19 percent of the total loan. Again MFI/Bank will see this as unproductive loan and there are MFIs that have come to the conclusion that this kind of loan have low repayment rate. Findings of CPSL are totally different. Here is one example, one of the women told that she has a buffalo and a daughter to be married. Her buffalo gives four litres milk daily and if she gets a loan of Rs five thousand she can perform the marriage of her daughter as well return loan by selling the milk in six month's time. What is the difference between providing loan for purchasing the buffalo and providing loan for performing the marriage?

There are examples where the members have to mortgage their land and assets, which is their resource for getting livelihoods. Nearly 10 acres of land has been released from the mortgage through such kind of loan. Almost ninety percent of the people in village areas sell their assets for performing social customs and in the process even the well off section becomes poor not to ask about the poor. We need to support such persons by not categorising the loan.

**4.3. Land:** CPSL is working in 70 villages of four blocks but the external loan has been mobilised only in twenty villages of two blocks. Fifty two percent are land less households. They have the skill of doing farming but no land to do that. More than 60 (nearly four percent of the total members) such members have taken 20 acres of land on lease. There are evidences of change in the cropping patterns, as they want to get more return from this type of land. Rate of return is twice what they get working as agriculture labour. The rate of lease is around Rs 10000 per acre.

Now the group members are asking that they need loan in the month of February and March for this purpose. Probing into the reason they explain that most of the landholders have to perform marriage and other rituals in the month of February and March and at this point land is available at low rate for lease. The rate increases as marriage season ends. This indicates how they are trying to increase their bargaining capacity, which becomes their social capital. At several places it has been found that landowners are requesting to the land less to take their land on lease as they have urgent need of the money. Is not this indicating the process of change in the social system?

**4.4. Agriculture Input:** There are many sharecroppers in the groups. Prior to the group formation they were borrowing loan from the local sources and they could get only one fourth of the produce from these fields. With the introduction of group loans, they are getting half of the produce. Only getting more return is not a point but the loss in putting their input late in the field is also a factor that affects their livelihoods. Suppose the field is to be irrigated today and loan will be available after a week. This process reduces their productivity and livelihoods. There are 13 members (nearly less than one percent) who have increased area of share cropping by five times. In these cases it has been found that there remains sufficient food in their households throughout the year.

Agriculture input is purchased in low quantity and it is not possible for the individual to purchase from authentic sources. Some of the SLPS purchase seed in bulk and provide it at the doorsteps of the users with technical input. They also remain in touch with scientists of ICAR-RCER for getting more technical information.

**4.5. Poultry:** In villages, backyard poultry is still preferred in comparison to farm type of rearing. Most of the rarer purchase one or two chick for their backyard poultry. On the other hand, institutions like Ramakrishna Mission (KVK) Ranchi has developed such variety whose growth and survival is more than local and

raring is possible as backyard poultry. Some of the volunteers use to purchase chicks from Ranchi and sell it through the network of volunteers and groups. 103 groups' members purchased nearly 400 birds in one year. After two months nearly fifty of them sold the chick @ Rs 70 where as the local variety gave only Rs 50 after two months. Thus fifty persons earned Rs 2000 (2Chicklets\* @ Rs 20 more than local\*50 group members). Volunteers earned Rs2000 also (400 chicklets \* Rs 5profit per chicklets). This programme was taken from a loan from Bhari group. One of the individuals hired some place in the poultry farm and started rearing nearly 20 birds in that. Partnership is building gradually and people are developing a vision to expand their business.

**4.6. Livestock:** In whole of Bihar (probably most part of India) share rearing is a common phenomenon. In this process rearer takes cows or buffaloes at early age and reares it till it reaches the lactating stage. At the lactating stage the price of cows or buffaloes are fixed and one party (either rearer or the owner) has to pay half of the fixed price. In most of the cases it is the owner who pays the price and takes assets when it becomes productive. There are thirteen cows and buffaloes, which have been taken by the rearer through the micro credit of CPSL/SLPS. The average price they pay for each livestock is around three thousand. On an average, one livestock gives two to three litres of milk for six months. In this type of livestock one does not need a lot of expenditure for maintenance. Even if one litre of milk is taken as profit the total return in six months is 180 litres of milk, which is being sold @ Rs ten per litres in the villages. So total 1800 is the profit and a calf of Rs 3000 at least. So members are earning around Rs five thousand with an investment of Rs 3000 in a year. If they invest one hrs daily of 360 days means 360 hrs means 45 man days means nearly Rs106 per man days.

Group members are developing vision to increase the number of cows, buffaloes through this process without having too much burden of loan.

Some of the group members were having a single bullock and they used to take contract of ploughing @ Rs 75-100 per day. Since they were having only one ox they can only earn fifty percent of total income. At least three of them availed credit and purchased the second ox.

**4.7. Small business:** There are many group members (men, women & youth) who took the business like selling of cosmetics in the local market. Average borrowing for such business is not more than one thousand. They also repaid the

amount within six months. One of the women sells cosmetics by visiting the surroundings villages. When asked how many villages she used to visit every day, she told hardly one or two villages. Then CPSL/SLPS suggested that she could use the network of groups and appoint one agent in each of the seventy villages.

Most of the group members are having ration card through which they can take rice, wheat and other commodity on lower rates through public distribution system. It is hard for them to avail this opportunity without having loan. The micro-credit is not only helping them to avail this facility but it has also become a source of income for the poor in many ways. The return on this availing opportunity is more than 100 percent. Documenting this in detail is not possible. It is hard for any external agency to promote such type of business.

**4.8. Small flour/thresher mills:** One of the group members has purchased pump, thresher and paddy dehusking machine of rice. It is the first case and detail of return and benefit will only come in the coming month but it indicates that members have vision how to improve their livelihoods. The only thing that they are lacking in is the access to credit.

**4.9. House repairing and maintenance:** 13 group members have borrowed a loan of Rs 21723 (which is nearly 2 percent of the total loan) for either construction of new houses or for repairing the houses. In some of the cases not only group provided the loan but also help them by contributing their labour. Can such person take income generation activities if they do not have a shelter?

**4.10. Education:** Rs 42290 (which are nearly 4 percent of the total loan) have been borrowed by 197(2 percent of total members who borrowed loan) group members. The loans also include examination fee and book purchase for the girl children. Are they gender biased? Are they not aware about the importance of education?

**4.11. Machinery:** At least five Pumpsets were purchased by five members and all of them chose to purchase the second hand. While trying to know the reason for purchasing the second hand it was found that return on second hand machine is around 32 percent per annum where as the new one gives

hardly four percent return. Can an external agencies support in purchasing the pump except in case of micro-credit?

**4.12. Support for above business:** it is interesting to note that above described activities took place when only Rs 250000 came from external sources. Out of these amounts nearly Rs100000 has already been repaid. It indicates that in most of the activities members used their own fund also. There are a number of programmes which seek local contribution. If we compare the nature of contribution in this type of activities and when local contribution becomes a compulsion, the depth of need based activities can be very well understand.

With this limited credit availability can we expect more than this? if the process is properly backed up by micro-credit, there will be visible impact on the livelihoods of the poor within two or three years of time.

## 5. Investments details

**5.1. Cost per Self Help Group in the project:** The project through which CPSL emerged aimed at forming twenty groups at two sites and within this cost more than 500 groups were formed. This can give how project /CPSL succeeded in reducing the cost of Self Help Groups. There are project funded by DFID or world Bank/IFAD where the cost of one group is not less than fifty thousands. CPSL succeeded in forming the groups within Rs ten thousand per group.

## 5.2. Cost per Self Help Group at the end of the project:

At the end of the project CPSL has developed mechanism for promoting the groups at a cost of Rs 2000 in the areas where CPSL is already working and Rs 3000 per groups where there is no access of CPSL provided 100 groups are to be formed. Now let us see the business that can be promoted through these groups. 100 groups cost Rs 300000 as one time investment. 100 groups will have around one thousand members. If each of the members borrowed a loan of Rs 5000 in three years the total loan required will be Rs 5000000. Interest @ 9 percent on this sum will be Rs 450000. So this process is not an obligation to the poor but this business gives a return of fifty percent in the third years and two years is the payback time for the project.

## 6.

### Lessons for Livelihood Promotion:

Most of the programme tried to reach the poor. Are they reaching to the poor? In most of the cases there is a component of subsidy in the programme. For availing the subsidy many of the well off try to become poor and a huge pressure is created on the implementing agencies. On the other hand if CPSL say every body to join in the groups, most of the better off tried to avoid joining the groups. It is because they can not wait for so long. Their opportunity cost is more than saving of Rs 1 per week and waiting for a loan of Rs 500 in six months.

### 6.1. Including the poor: Who are the poor in the perception of the community?

'Poor people', for present purposes, are those that communities classify as (relatively) poor by their own standards. Being a relative classification, it is not uniform. The process used for identifying the poor is very similar but not the same as well being ranked or wealth ranking in participatory process. Project team including volunteers sat in the meeting of group members/ villagers in each hamlet/tola at two or three places. Participants were asked how many households are there in their tola/hamlet. How many social groups (caste) are there? How many households in each of the social groups? How many households of these social groups are poor? What are the sub categories of poor or all the poor are same? Then the same exercise of so called better off is also done. In this process project got five categories: Very poor, poor, on line (self Sufficient) Surplus, wealthy. The poor and very poor have been put in the categories when report mentioned the poor. There are various data in the project which shows the very poor participated in the project. In this data 80 percent of the socially excluded social group have been classified as poor and very poor. So eighty percent of the group members belong to the socially excluded group have been classified as poor. When these members borrowed loan for food, marriage of widow daughter, medicine and other social need like funeral, it seems they are really poor. The demands of small loan also indicate that they are poor. Those groups who did not require small loan could not sustain in the process.

Nearly seven thousand four hundreds loans were given in twenty five months. All these groups are not of the same age groups. Eighty percent of (5800 members) these loans are less than one hundred rupees. Hardly one percent of the loans are more than one thousand. It is true that there is limited fund in the groups but the group's members used it for different purpose. This also

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supports the argument of project that it has reached to the real poor. When small sizes of loan reached to Rs 1077000 it demonstrate that they are poor and have not access to the govt or private hospital. When at night women need money at the time of labour pain, it demonstrates the reach of the project at the poor households. There are sixty three cases where women borrowed loan for delivery of child. There are women who borrowed loan not only from his groups but from all the groups of that village. Do not you think that it is the indication that poor have participated in the project and used the system of SHG as an integrated part of their farming system?

However the following indicate the characteristics identified by the communities to define their poverty:

- 1 Challenged, long sickness, alcohol abuser, unable to earn, begging, widow, aged without care, month of food security
- 1 Landless/landholding, irregular/regular employment, lacking/having capital, illiterate, family size, 'lazy', lacking social support and opportunities, Dependant on son

It is important to recognise that a second important group emerged from this assessment as socially disadvantaged people. The term "Socially disadvantaged people" means those who belong to groups that have traditionally been subjected to exclusion in one form or another. In practice, in Bihar and Eastern Uttar Pradesh this means 'scheduled castes'.

The data given above were collected as described above. Here project need to compare these data with Government source data<sup>4</sup>(table-2).

<sup>4</sup> Government data has been taken from Community Development Office called block in Bihar. It is BPL list available village wise. Name of the head of the households are listed in the list whose income is below than classified by the government time to time

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Table.2. A compare of Government data of poverty with project data of poor of Block: Bikram, Panchayat: Village:

Compare of project data with that of Government			
Village:		Sangrampur	
Social Groups	Government Data No of Households	No of BPL	Project Data No of Poor
Other	18	3	5
SC	22	22	18
Total	40	25	23
	Village:	Amawan	
Other	64	40	41
SC	29	20	22
Total	93	60	63

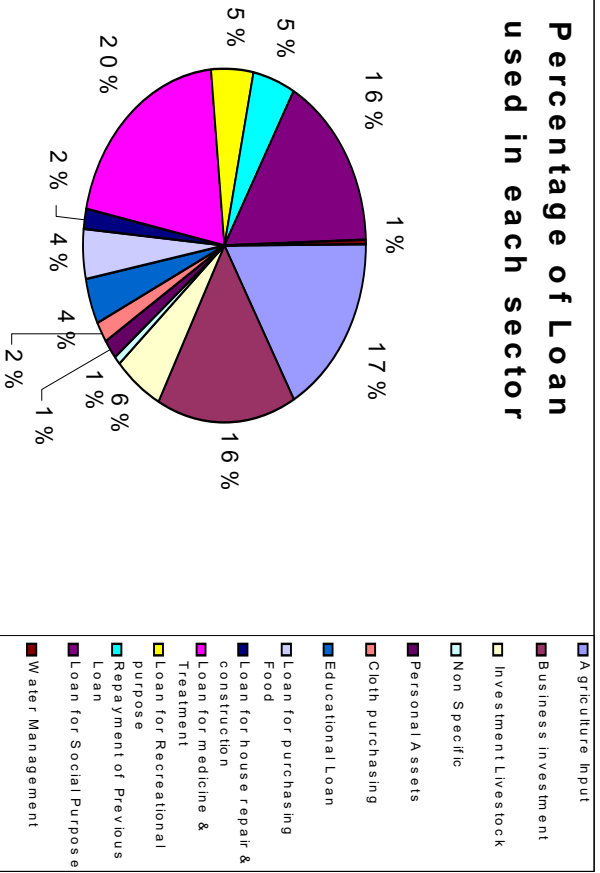
## 6.2. Why the process is attractive for the poor?

The poor found the SHGs attractive due to the following features:

- The SHGs were formed by volunteers from their own village/nearby village and they are more accessible and they can always interact with them with ease.
- there has not been any pressure from the project staff or volunteers on the minimum amount to be saved which ranged from Rs 0.50 to Rs ten per week per members. Nearly forty percent group did not last who started saving of more than Rs 4 per week per members where as there were survival of more than eighty to ninety/(less the saving more the survival) percent group who started saving of Rs 3 or less. The groups were given freedom to decide the level of savings to be met based on their capacity
- The project didn't prevent the poor from using their savings for meeting consumption requirements. The SHGs provided borrowing money easy for the poor (in comparison with the informal system, usually the moneylenders) and that too at lower interest rates. This helped them to meet many of their pressing consumption requirements.
- SHGs also provided access to the poor to invest in agriculture and small business. In agriculture, the poor used the loans to buy inputs (seed, fertiliser, pesticide etc) and for leasing land/pond.
- Access to finances facilitated purchase and application of inputs at the right time. Over a period of time, the lion share of the loan has shifted to agriculture (17), treatment/medicine (19), social purpose ( 16 )and business ( 16 ).

The Livelihood School

## Percentage of Loan used in each sector



The poor have also started experiencing a feeling of togetherness within the community, a feeling of ownership with the group and these goodwill factors have also added to the continuity of the group.

As credit needs of the poor are determined in a complex socio-economic milieu, where the dividing line between credit for consumption and productive purposes is rather blurred, it is difficult to adopt the traditional banking approach to lending and insist that loans are not used for consumption (Adolph, 2003).

## 6.3. Do we need special programmes for women?

Project aimed at livelihoods improvement through improving the management of natural resources so it was hardly possible to focus on gender issues. Still project succeeded in participation of women. Nearly 30 percent of the total members are women and they have done half the saving, inter loaning and repayment of total transaction. There is a separate document on gender aspects. This documents deals with most of the aspects of gender. It is available on request.

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## 6.4. Integrated approach in the beginning rather than target of achieving project objectives:

Most of the project starts on a specific issue like RCH, education, natural resources, income generation. Most of the projects try to include livelihoods within the frameworks of that specific issue. Livelihoods is bigger issues than any specific issue and it is not possible to include livelihoods within that specific issues where as it is possible to include most of the project issues within the framework of livelihoods. In this process savings & credit deals with immediate livelihoods issues like getting treatment. Once loan for treatment is taken than CPSL talk why there is so many loans for getting treatment. In this process most component of health is given. When 63 women asked loan at the time of delivery it becomes easy to provide all information on RCH and put some birth control measure at the group level so that the needy can have access over it without any social hesitation. In this process some of the people say that they borrowed fewer loans than the notices served to them under different schemes. They are sensitized that there is no guarantee that they are not going to be cheated in this system if they do not learn the skill of reading and writing. If one goes through whole process it indicates that most components of different project is being integrated in the process of self help group formation. Separate document available on request.

### Challenges:

There are more than four thousand members in 435 groups 4417 members. Even if 2000 members require (which is already in demand) loan @ Rs 5000, there will be demand of Rs10000000. it is difficult for any MFI/ Bank to take such risk in short time. This can only be done in three years of time. So CPSL is not going to meet the demand of all the groups and members before three or four years. It is a great challenge for CPSL to search partnership to meet the need of members and groups.

Even if bigger MFI/Banks comes to rescue they are going to classify loan as productive and non productive. CPSL believe that all the loans are productive whether it is for social purposes or for getting treatment. But this is hard for the big MFI to believe and it is a great challenge for CPSL to prove this fact in terms of recovery. Though this has been proved in past loan yet it is hard to be conceived by MFI.

Most of the MFI focuses on income generation activities imposed on the groups. These income generation activities are considered as big one and a lot of

initiatives are required for such income generation activities. On the other hand CPSL is concentrating on those activities which is planned and implemented without much help from CPSL. Most of the organisations believe that these income generation activities are not going to have any impact on poverty. Though it has again proved by the past activities yet it will take two to three years for proving it on wider scale.  
Mission is on let us hope for the best.

