



Best Practices in Group Lending in Asia Pacific Region



APRACA Centre of Excellence (ACE)

Bankers Institute of Rural Development (BIRD), Lucknow

An ISO 9001:2015 Certified Institution Promoted by NABARD



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Timely, affordable and adequate finance is a powerful intervention for economic development of the poor. Access to finance, especially for the rural poor, is empowering because it reduces financial exclusion of needy households. While formal finance for poor has been steadily expanding, it still has immense scope to further widen its horizon to reach out to vast segments of society.

To accelerate financial inclusion of farmers, rural poor and unprivileged sections, the Asia-Pacific Rural and Agricultural Credit Association (APRACA), was established in 1977 as a non-government international organization to promote rural and agricultural finance. Over the years, APRACA has grown significantly in terms of numbers and outreach, with current membership of 87 institutions in 24 countries. I feel privileged to be currently serving as the Chairman of such an esteemed organization and contribute to the development agenda of the member institutions.

The Asia-pacific region is basically an agrarian rural economy with millions of people dependent on agriculture and allied activities for their subsistence and growth. APRACA has been playing a significant role in agriculture and rural finance in the region by providing a platform for cross-learning, capacity building, research, and guidance that has resulted in reduced poverty, food security, and engagement of rural youths in gainful activities.

To complement APRACA in enhancing linkage banking and regional coordination among APRACA nations, NABARD-APRACA Centre of Excellence (ACE) has been set-up at BIRD, Lucknow in Uttar Pradesh, India. ACE has been contributing in sharing knowledge and learning, capacity-building, research, and exchanging expertise among member institutions.

The post-Covid era would demand more convergence and active synergy among the APRACA member institutions in order to be able to kick-start the economic growth once again. This calls for enhancing partnerships, collaborations and networks for expanded sharing, learning, and dissemination of knowledge on agricultural finance and rural development. One way to achieve this is by sharing the experiences and learnings from successful endeavours among APRACA member countries. In this regard, the ACE – NABARD has come up with its first half yearly publication with the theme “Best Practices in Group Lending”. The articles in this publication highlight the role that various financial institutions have played in enhancing the efficiency and effectiveness of rural finance and improving access to financial services. The publication contains case studies of financial institutions from India and Vietnam. From India, we are happy to share the role played by Bandhan Bank, ASA International and NABARD in providing micro banking and financial services to the unbanked and marginalised population are presented. From Vietnam, the contribution of Vietnam Bank for Social Policies (VBSP) in supporting the Government’s policy credit programme and serving the rural community of the nation has been presented.

I am sure that the publication would be very useful for policy makers, practioners and field personnel in refining their inclusive credit strategies. I acknowledge cooperation and support received from the APRACA member institutions for sharing their success stories and providing necessary information for the publication.

Dr. G.R. Chintala
Chairman
NABARD & APRACA
16 April 2021



CHAIRMAN'S MESSAGE



Over the past four decades, the Asia-Pacific Rural and Agricultural Credit Association (APRACA) has been actively engaging itself to help alleviate rural poverty by way of promoting efficient and inclusive rural financial systems, deepening of access to rural financial services and disseminating innovations and best practices in rural finance. The organisation has established a dynamic platform for systematic exchange of relevant ideas and information amongst its member institutions.



NABARD-APRACA Centre of Excellence (ACE) set up at BIRD, Lucknow, India, in 2018 has been instrumental in providing useful knowledge exchange platform to APRACA members. I am happy that to effectively serve this objective, ACE has decided to bring out series of half yearly publications with contributions from member institutions and experts on chosen themes relevant to APRACA countries. This issue focusing on the theme “Best Practices in Group Lending in Asia Pacific Region” is a maiden issue in the series. I am sure, the knowledge and experiences shared through this publication will certainly help promoting innovations in group approach to lending to poor in the Asia – Pacific region and by APRACA member institutions.

This publication has been made possible with the support of several individuals and organizations and I take this opportunity to express our heartfelt gratitude to all of them. I acknowledge the contributions of Vietnam Bank for Social Policies (VBSP), Vietnam; Bandhan Bank; ASA International India Microfinance Limited (ASA India), Micro Credit Innovations Department (MCID), NABARD and Regional Offices of NABARD, for sharing articles, success stories and best practices in group lending. Member institutions would find these experiences useful for replication. I also thank Dr. Prasun Kumar Das, Secretary General, APRACA for his cooperation and constant support to ACE, BIRD.

I would however like to make an appeal to all member institutions to encourage their officials to contribute articles sharing their experiences and successes in forthcoming thematic issues so that readers and APRACA members are able to benefit from views from wider geographies. I congratulate our team at ACE, BIRD, Lucknow for this rich maiden publication.

Shankar A. Pande

Director
BIRD



1.	Pro-poor rural and agricultural finance best practices: Case study from Vietnam Bank for Social Policies	1
2.	The ASA Model – An innovative and sustainable microfinance model	11
3.	Best Practices in Group Lending: A brief story of Bandhan Bank	21
4.	NABARD's Interventions in Group Lending	27
5.	Success Stories from India	41

CONTENTS



Chapter 1

**Pro-poor rural and
agricultural finance best
practices: Case study from
Vietnam Bank for
Social Policies**



Pro-poor rural and agricultural finance best practices: Case study from Vietnam Bank for Social Policies

Summary

Rural and agriculture finance for poor households and other disadvantaged groups in Vietnam is being led by the Vietnam Bank for Social Policies (VBSP) which emerged as the most prominent state-owned specialized financial institution. In the course of its serving the rural community of the nation, VBSP developed a number of best practices and supported the Government's policy credit programme to reach out to the rural community. As a first of its kind, it is the model of communal transaction, collaboration with local socio-political unions (SPUs)¹ and Savings and Credit Groups (SCGs) launched in 2003. Through this channel, VBSP conducts two lending approaches: (i) direct lending to customers; or (ii) direct lending but entrust some steps in the lending process for SPUs. To date, this lending mechanism has helped 6.5 million customer households to access policy credit without any physical collateral. This model also helped VBSP to speed up its lending operations. It has been proven as one of the most effective and efficient tool in rural and agricultural lending. This has been constantly practiced ever since.

1. Commune transaction

To help the poor and other last-mile population especially in remote, mountainous and rural areas access the Government's policy credit programmes and other services in such equal, democratic, cost-saving and convenient manner, to enhance the observation of local authorities, socio-political unions in policy credit conduction, VBSP has performed transaction at commune, ward and township



Figure 1: Field staff team conducting transaction with customers at CTP

1. SPUs include Vietnam's women union, farmer union, war veteran union and youth union, representing the legal and legitimate rights and interests of Vietnamese women, farmers, veterans and the youth respectively across all levels of society. SPUs promote their affairs, voice, economic empowerment and the development of their groups. SPUs have a network that operates throughout Vietnam at four administrative levels of central, provincial, district and commune.

(so-called commune) to serve poor households and other marginalized ones. Commune transaction activity is defined as: "Transaction activity at communes, wards and towns (referred to as communes) is the way of organizing transactions of VBSP with customers at the Commune Transaction Point (CTP) located in the head office of Commune People's Committee".

To serve customers at CTP, each VBSP district branch has set up commune transaction teams. Each team has three field staff at minimum with the title of team leader, controller and teller to take charge various activities. The team transacts with customers at commune to accomplish following activities:

- Directly disbursing loan to borrowers, principal collection from customers, loan interest and micro-savings gathering from SCG leaders who are entrusted by the bank to collect monthly loan interest or micro-savings from group members.
- Mobilize savings deposit at commune.
- Pay entrusted cost and commission for local socio-political unions and SCGs.
- Conduct activities in terms of overdue debt treatment.
- Hold monthly meetings with socio-political unions, SCG leaders and local authorities.
- Communicate and guide new products and services to people.

To serve for the commune transaction session, the team is provided with car, laptop, counterfeit money detector, money counter, camera, electric generator, protection tools, etc. At the commune transaction point, VBSP discloses credit policies, the repayment schedule, active borrower list and borrowing procedures on the bulletin board or banner and on VBSP website to ensure information transparency, facilitating the observation of the local socio-political unions, authorities and the community participation on policy credit performance. VBSP also set up a hotline phone number and a complaint box at all bank offices and commune transaction points; open the "Q&A" category on the bank's website to receive feedback from customers and others.



Figure 2: Ethnic customers viewing credit information on the bulletin board at CTP



Figure 3: VBSP staff guiding customers at CTP

The commune transaction activities are assessed in terms of both qualitative and quantitative criteria. The quantitative criteria includes: (i) indicators reflecting the volume and rate of transactions at the commune; (ii) indicators reflecting the transaction time in the commune; (iii) indicators reflecting errors in transaction activities in the commune. The qualitative indicators includes: legality; organization and modes of operation; transaction behavior of field staff; customer satisfaction.

2. Providing rural financial services in association with local socio-political unions who collaborate on credit monitoring

To deliver policy credit to poor households and other disadvantaged groups, VBSP applies the lending approach: Direct lending to borrowers; or direct lending but entrusting some steps in the lending process for four SPU's (so-called entrusted lending). This model has mobilized the general power of the whole socio-political system from central to grass-root level to provide loans to millions of the poor and other last-mile populations. It facilitates the close connection among VBSP, local authorities, SPU's and SCGs in terms of helping the poor access rural finance services. It also creates favorable conditions for socio-political unions to improve their organization, operation and duties, staff capacity building. Their participation and observation shows the transparency in utilizing the Government resources for the poverty reduction target, contributing to improving the policy credit quality, sustainable development and social stability.



Figure 4: Collaboration between SPU's and VBSP in lending process

VBSP has signed inter-ministerial agreements with four SPU's (Vietnam Women Union, Farmers Union, Veterans Union, Ho Chi Minh Youth Union) for entrusted lending to the poor and other disadvantaged groups and then its provincial and district branches shall sign entrusted contracts with local SPU's. Each SPU performs at four levels: central, provincial/municipal, district and commune. Following is some entrusted steps for four SPU's in the lending process.



- **Communication and dissemination**

SPUs conduct communication and dissemination about the Government policy credit programmes for the poor and other disadvantaged groups. They take over establishing and managing SCGs under the rule on SCGs organization and operation issued by the VBSP Board of Directors². They remind SCG leaders to participate in VBSP's commune transaction and other events, instruct group members to conduct transaction with the bank, encourage them to follow the SCG's rule, practice savings deposit behavior, help each other and share mutual experience in using loans for right purpose. Moreover, they coordinate with VBSP to hold training classes for their union staff and SCG leaders.

- **Monitoring and supervising operations of SCGs, SCG leaders and group members**

They supervise and review the operation of SCGs in line with the rule on SCG organization and operation issued by VBSP, participating and steering directly in SCGs meetings in terms of SCG establishment, vote or change of SCG management board, set up the operation rule and customer selection.

- **Collaboration with VBSP in the lending process**

They receive and notify the result of loan approval to SCGs and then SCGs inform to group members, coordinate with VBSP to resolve customer cases that deliberate not to repay debt, overdue debt or run away, guide customers to arrange the request for risked debt treatment due to objective reasons (natural disasters, fire, epidemic outbreak etc.), urge group members repay debt on time. They also coordinate with VBSP to assess and classify the SCG operation quality as well as conduct measures on SCG capacity building. VBSP directly take charge of managing loans, disbursement, principal collection on due, follow-up loan records and disburse loans at CTPs under the witness of SPU and SCG leaders. VBSP pay entrusted fee for SPU based on the cost norm approved by Ministry of Finance from time to time.

3. Savings and credit groups

Along with two above models, to boost extending loans to the pro-poor and other marginalized ones who are almost living in remote, mountainous and rural areas where limit knowledge, infrastructure and services, VBSP has launched the model of savings and credit groups with some following features.

SCGs gathers poor households and other marginalized ones who voluntarily join in and have borrowing demand for improving livelihood, creating jobs and rising incomes; help and share experience with each other in production, business and life. They observe each other in borrowing, using loans for right purpose and repaying debts to the bank on due; practice savings behaviors to create their own asset and get

2 The BOD is in charge of governing VBSP's activities; issuing directions, policies, and the annual and five-year development strategies for VBSP; deciding the operational and organizational mechanism of VBSP at various levels; passing resolutions of the BOD on an ad-hoc, quarterly, and annual basis. It comprises 14 members, among them the Governor of State Bank of Vietnam is the Chair-person. Others are - Vice Ministers or equivalent-ranking officials of relevant ministries, agencies and SPU.

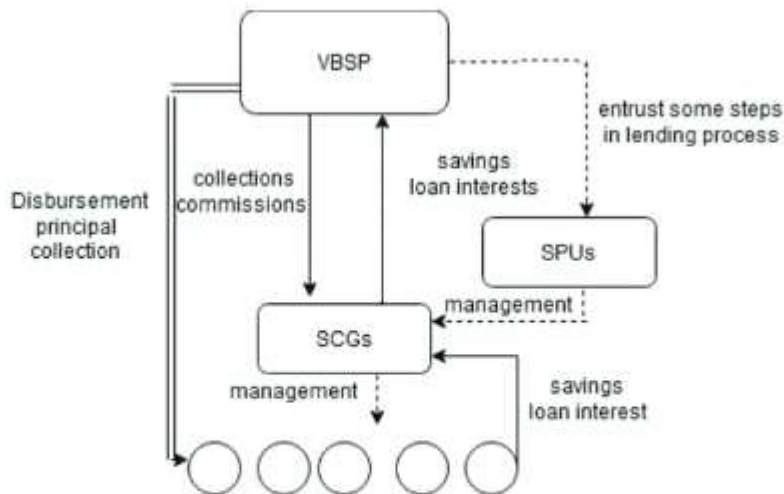


Figure 5: SCG model in VBSP

used to marketed commodity production, credit and finance.

SCGs are gathered on the basis of voluntariness, solidarity, mutual assistance, mutual benefit, commitment to fulfill obligations when borrowing and paying loans and other obligations. The group operates on the principle of unification and vote by group member majority under the direction of the SCGs management.

SCGs are established on the basis of group members who legally reside in the same village, hamlet, squirrel, residential group, neighborhood, cluster and similar area. In case a village does not have enough required minimum number of group members, it shall be established according to the area of the adjacent village in the commune. The establishment of the SCGs and the group's operation convention must be approved by the Commune People's Committee.



Figure 6: SCGs members attending training session on finance banking lesson at the group meeting

To meet the requirements of policy credit management with an increasingly large scale and higher quality, the VBSP Board of Directors has issued Decision No. 783/2003 and sub-Decision No. 15/2015 on the regulation on organization and operation of the SCGs with the basic the following contents:

SCGs have at least 05 members and maximum 60 members. When customers deposit money into VBSP, their bank account is opened to deposit, withdraw and perform other payment services according to VBSP's regulations. The Group Management Board includes 01 Team Leader and 01 Vice Group Leader with specific responsibilities and tasks.

The SCGs operate independently from SPUs. VBSP signs contracts with SCGs for collecting only the interest, if they are qualified and has credibility. They are not permitted to collect principal debt. The group leaders are paid the maximum commission of 0.1%, calculated on the actual interest. The SCGs are instructed by the VBSP to keep record books, monitor loan use, result of debt and interest repayment of each member in the group.

VBSP assigns a number of tasks for SPUs under signed entrusted contracts. One of the key tasks of the SPUs in the mandate is to guide the establishment, management, and monitoring of the activities of the SCGs, disseminate credit policies to the customers together with the bank; supervise the selection of beneficiaries of loans at the group; organize training for group members, leaders and Management Board. In addition, SPUs also coordinate with functional agencies to integrate agricultural, forestry, fishery and industrial promotion programs, guide business methods, and help borrowers to use loans effectively.



Figure 7: SCGs holding monthly group meetings at village culture centers

VBSP implements loan management, direct debt collection to borrowers in the communes, wards and towns. Every month, VBSP makes transactions at the commune transaction point in front of the witness of SCGs and SPUs. VBSP organizes the accounting and monitoring of each borrower, publicizes credit policies, publishes the list of borrowers, and ensures the supervision of communal authorities and social communities.

At the commune transaction points, VBSP held meetings with SPUs and SCGs to promptly tackle issues in the process of using loans, minimizing possible negative effects; organize training for SPUs and SCGs on implementation of regulations and mandated work.

4. Participation of local authorities

In order to achieve efficient use of financial resources mobilized by the State for the poor and other last-mile populations, the Government has clearly defined the responsibilities of state management agencies at the central and local levels in the use of policy credit capital. According to Article 27 of Decree 78/2002/ND-CP dated October 4, 2002 of the Government the responsibilities of the Chairman of the Commune People's Committee for credit to the poor and other last-mile populations, are as follows:

- Arranging the list of poor households according to the poverty line announced by the Ministry of Labor, War Invalids and Social Affairs.
- Directing the establishment and approval of the operation of the Savings and Credit Groups.
- Organizing and directing the Commune-level Poverty Alleviation Program Steering Committee to coordinate with mass organizations in supervising the voting poor households and other last-mile populations to get loans in order to ensure democracy and publicity; confirming the list of poor households to get loans; coordinating with the lending institutions and the Savings and Credit Groups to check the use of loans and debt recovery.
- Commenting on the borrower's proposal for debt extension and risk settlement.
- Coordinating with functional departments at district level, mass organizations, sponsoring organizations and lending organizations to open instruction classes on cultivation, animal husbandry, processing, knowledge on the market, borrowing regulations and debt repayment of VBSP.

According to the above provisions, the Chairman of the Commune People's Committee is the most suitable person in terms of organizing the implementation of the credit plan targets of VBSP. The Chairman is also the person who has the authority to make the list of poor households and other last-mile populations; identify borrowers and confirm on the loan request list of the Savings and Credit Groups. Hence, the Chairman has an important role in examining, proposing advices to supplement and amend credit policy. Based on the local socio-economic situation, the needs of the people and the reality of implementing credit programs of VBSP in the area, the Chairman proactively

investigates and proposes advices to the competent authorities on supplementing and amending the inadequacies of the credit policy to ensure that it is consistent with the local socio-economic development program and suitable to the working and production capacity of the people in the area.



Figure 8: Deputy Chairperson of Commune People’s Committee acts as the member of BOD representative unit and join policy credit management at locality

5. Outcomes

The VBSP is the state-owned policy bank that provides preferential credit to the poor and other last-mile populations. It was originally established as the VBP (Vietnam Bank for the Poor) in 1995, in order to provide low-interest credit without collateral to poor



Figure 9: Process of delivering policy credit to the poor and other disadvantaged groups

households. The standard of “poor households” that can obtain the VBSP’s loans is regulated from time to time by the government under the national multi-dimensional poverty standard issued by the Ministry of Labor, Invalids and Social Affairs.

VBSP is a policy bank established by the Vietnam Government in 2002, to provide financial products and services for the poor and other disadvantaged groups for non-profit purpose. The mission is aimed at sustainable poverty alleviation, job creation, combat climate change, water and environment sanitation, gender equality, disability inclusion and social security.

VBSP is the only entity in Vietnam establishing the operation network covering to the grassroots level with 63 city, provincial branches, 631 district transaction office, around 11,000 transaction points at commune, ward and town; nearly 200,000 savings & credit groups at village and hamlet.

VBSP is currently extending financial services for around 7 million household customers (out of which 3.5 million is women) who are the poor, disadvantaged students, ethnic minority, persons with disabilities, business households, merchants in disadvantaged areas, microenterprises, SMEs, HIV carriers, rehabilitated drug addicts and reformed prostitutes etc. As of June 30, 2020, total assets of VBSP is more than USD 10 billion; total loan portfolio reaches over USD 9 billion, of which outstanding loans to agriculture and rural areas reached over USD 8 billion, accounting for approximately 94%. The overdue debt and frozen debt rate is 0.75%, reducing by 13% compared with the time point of its establishment.



Chapter 2

**The ASA Model –
An innovative and sustainable
microfinance model**



The ASA Model – An innovative and sustainable microfinance model

Summary

As an effective tool for poverty alleviation and financial inclusion, microfinance has evolved over time, fulfilling the collective needs of those at the base of the pyramid. With sizable impact, microfinance institutions seen as an effective investment option, have drawn sizable attention from investors, especially from impact investors. This brought about a paradigm shift from microfinance institutions' NGO structure to more regulated institutions, appropriate for attracting broad investments instead of individual ownership capital and donation dependency for operations. This shift resulted in a massive growth of the institutions and increased outreach. The focus also shifted to sustainable, cost-effective, and impactful microfinance models for adoption. The microfinance model of ASA International India Microfinance Limited is adopted on similar lines and has proved to be an effective tool for poverty alleviation which is successfully implemented across the globe.



ASA borrower group into traditional Dokra artwork as livelihood

1. The ASA Model

ASA's innovative model is an efficient, sustainable, client-centric, low-cost, highly scalable, and easily replicable micro banking and financial services model for the poor. The model's focus on financial inclusion, improving the poor's quality of life through its socially responsible loans, differentiates the model from other financial models and makes it much more positively impactful. Responsible lending and serving a group of borrowers with individual loans through group meetings fosters close client relationships and is the hallmark of the ASA model.

The model has its historical roots in Bangladesh. The credit of the model goes to ASA Bangladesh's founder, Md Shafiqul Haque Choudhury, out of his noble vision to create a poverty-free world. ASA Bangladesh is the largest microfinance institution in Bangladesh in terms of microfinance portfolio and clients. With Mr Choudhury's guidance, support, and encouragement, other large microfinance institutions and banks across the globe adopted the ASA methodology. Many are now highly successful and well-known names, including Bandhan Bank. Mr Choudhury, along with Mr Dirk Brouwer, is the co-founder of ASA International, established in 2007, that operates in 13



countries in Asia and Africa, providing small, socially responsible loans to low-income entrepreneurs, most of whom are women. Since 2018, ASA International Group plc is listed on the Main market of the London Stock Exchange and is the first microfinance institution listed on a European Stock Market.

Mr Choudhury's recent death on 12 February 2021 has left a deep void. He will be remembered for his contribution to positively changing the lives of millions of people at the base of the pyramid.

2. A visualization of the ASA Model: A unique, cost-efficient, highly scalable, and easily replicable model

ASA India's operating model distinguishes from many other microfinance institutions through its standardized and efficient policies and procedures.

Operations - Individual credit analysis and lending

- Structured operations, products, and services backed by detailed operative manuals. Reviewed and updated based on evolving requirements.
- Standardized branch set-up, simple and with detailing of assets specification, costs, and staff deployment.
- Client-centric financial services, including loans for livelihood activities with a strong focus on women borrowers.
- Lending approach is based on individual lending via client groups.
- Individual client selection, no joint liability, which has the advantage that (i) each prospective client's business is more carefully evaluated, (ii) non-performing clients do not penalize good clients, and (iii) clients are not dependent on group formation prior to the first loan.
- ASA India's model does not shift the individual default liability to other members of the group.
- The individual exit and entry to the group is flexible, with no bindings. The individuals are free to choose the timings of availing loan and exit.
- Lending groups formed to achieve and maintain distribution efficiencies to maintain weekly client contact and collect installments.
- A highly standardized lending and control model.
- Centrally controlled policies and procedures effectively combined with decentralized credit decisions.
- A rigorous focus on cost control and achieving ongoing cost efficiencies at both the Head Office and field operations.
- Flexible loan products suited to the client's capacity to repay and not group capacity.



Graphical representation of the ASA Model

- Graduation principle – good credit record provides access to bigger loans.
- Ongoing focus on improving products and loan protection through various insurance schemes.
- Rapidly scalable, primarily dependent on the ability to train and maintain experienced staff with low turnover.
- Effective and unique monitoring at multiple levels, ensuring controls and risk management.
- Operating model of ASA is known for its low-cost and sustainability across all operating environments.
- Speedy processing of loans with minimum documentation and with minimum turnaround time.

3. Human Resources

- Provides a congenial working environment.
- Equal opportunities to women in career and growth.
- Opportunity to work for the community and the under-served.
- ASA India's decentralized decision-making provides an opportunity to decision-making independently within the management's controls and policies.
- Innovating and cost-effective recruitment process and training.
- Structured and competitive pay scale with no target-based incentives.
- On-the-job-training with encouragement to upgrade knowledge and skills for gaining more responsibilities.
- Training focussed on inspiring, building a consciousness on fairness/transparencies, empathy on clients, and focus on the mission/vision of the organization.
- A clear career path with scope for higher responsibilities for performers. Recruitments mainly at entry-level, filling higher positions from existing staff.
- Highest level of social security with life insurance, health coverage, and retirement benefits apart from many other benefits.
- Fair, transparent, independent Staff and clients Grievance Management. Independent committee as Protection for women employees (POSH).



ASA at work

4. Social Initiatives

Social Initiatives in health, education, disaster relief, water and sanitation, skill development, and other community development programs form an integral part of ASA India's activities. These investments in communities are part of ASA India's focus to improve the quality of life accompanying its microfinance activities.



ASA Pathsala - added learning classes as social initiative

5. Inference

ASA's methodology has proved its effectiveness across the globe, in all economic and cultural zones at a scaled-up level. The model is a proven success in overcoming challenging situations including disasters, economic downturns and other external episodes. The success proven across organisation types, as NGOs, NBFC-MFI as also Banks. The model is easily adaptable, futuristic with proven-clients easily upgradable to individual lending and even SME lending.

Case study 1: Sewing Savior

Shyamali Malik lost her husband very early in her life. She approached ASA for a loan to start a tailoring shop. With the fund she received from ASA, she started the tailoring business. She employed a skilled tailor for assisting her while she handled the administrative job. Shyamali joined the free skill development programs of ASA and undertook a course on tailoring. ASA, vide a CSR program jointly with Lions International, provided her with free sewing machine. With the training and the additional capacity, she enhanced her business as well as income. As her tailoring business is doing well, her income level is increasing and she was able to repay the loan she had taken. She availed more loan from ASA to add machines so as to scale-up her business activities. Later, with yet another loan, she diversified from dresses making to school bags as well. She also started a grocery store which is being managed by her son.

Shamali describes her struggling days when she lost her husband early in life and how ASA supported her to start a livelihood activity. In her words, "Besides the loan, ASA-India provided me training as well. I have diversified



my business and have created job opportunities for others. My son too grew-up to join my business.”

Case study 2: Stiches to Riches



Asma Yasmin availed a loan eight years back from ASA to purchase sewing machine to start dressmaking as a livelihood activity. The activity was successful and her husband joined the business to scale-up. Asma continued to regularly repay loan and seek next cycle of loan to add machines. Within a span of 8 years, she procured 15 high-quality automatic stitching machines, thus converting her small business into a large factory. She has employed more than 15 women in her business who now work fulltime for her. In addition,

Asma also diversified her business and established a poultry farm. While Asma looks after the factory, her husband takes care of the poultry business. Asma is proud of her achievement and says "I had started my business with the help of ASA on a small scale. I have effectively utilized the funding from ASA and I could expand my business. In addition to the wellbeing of my family, I have created job opportunities for others as well”.

Case study 3: Shaping the Future

ASA India decided to start free added learning classes - ASA Pathsala around seven years back. The intention was to provide weekend extra coaching to underprivileged students from class VI to class X.

Khushi Garui joined ASA Pathsala in class VI. With meagre income from their tailoring business, it was difficult for Khushi's parents to support her extra classes. Over the period, Khushi's result improved and she cleared her 10th Boards (West Bengal Board) with 92%. Khushi always aspired to be a Doctor. ASA India linked her with Narayana foundation's initiative-Udayar Pathe. The initiative supports students from economically challenged family to prepare for medical entrance. ASA provided free broadband internet to Khushi as during the Covid pandemic as the classes are online. ASA also provided her



Tab to facilitate her online classes and solar lamp for erratic power supply in village. Khusi says, "I have always aspired to be a doctor, and joined ASA Pathsala seven years ago to follow my dreams. ASA linked me to Narayana Health and their *Udayar Pathe* program. My mother is an ASA-India borrower while my father is a tailor. Our family income these days is not substantial as my father is not physically well. I am preparing for Joint Entrance Examination to pursue a medical degree. The scholarship money obtained from ASA-India has helped me to purchase costly books for my studies without putting any additional pressure on my father."



Chapter 3

**Best Practices in
Group Lending: A brief story
of Bandhan Bank**



Best Practices in Group Lending: A brief story of Bandhan Bank

Summary

Bandhan Bank started in 2001 as a not-for-profit enterprise providing micro loans to the underprivileged sections of society. It focused on financial inclusion and women empowerment through sustainable livelihood creation. Beginning its life as a microfinance company, Bandhan Bank has made its name as a commercial bank. Bandhan Bank as a “unique Indian financial services play” that primarily focusses on microfinance, affordable housing, and micro, small and medium enterprises (MSMEs), targeting the country’s large unbanked population and underpenetrated markets.

1. The Bandhan Bank Model

While Bandhan Bank recently completed five years of operations as a universal bank, Bandhan as an entity will soon complete 20 years, having started out in 2001; thus, its experience in understanding customers is rich and diverse. In nearly five years of operations as a Bank, it has scaled up rapidly. Today, the Bank is serving across the value chain through its wide range of asset and liability products.

Even after seven decades of independence, India has the world’s second-largest unbanked population, next only to China, according to the Global Findex Report. India’s formal financial services ecosystem lags in physical infrastructure. A significant portion of the population continues to live under the shadow of financial duress – mainly due to the absence of planned household savings. The rural population is two thirds of the nation’s population and only 11% of bank branches cater to this population.



At Bandhan Bank, what drives them is their purpose – to be a Bank for all, big or small. Like other prominent banks, they provide banking services to the urban populace, at par with other private sector banks. What distinguishes them, is their focus on reaching out



to the unbanked and underbanked population across urban, semi-urban and rural India and, helping them gain their rightful access to basic banking and financial services. The Bank provides them access to formal credit and deposit services, like savings accounts and fixed deposits. The Bank aims to be one of the key enablers in broadening and deepening of financial services till the bottom of the pyramid. With this, their objective is to deliver a far-reaching change in India and participate in nation building.

The model followed for delivery of microfinance services is 'individual lending through group formation'. Over the years, Bandhan Bank has developed certain best practices in its methodology.

2. Compassion at work and connect with the customers

Bandhan Bank believes in a hi-touch model. They connect with their customers, not just for transactions but at a human level. Their loan officers know about their customers' families, what they do, where they stay and their interactions go beyond just instalment payments and deposits. The staff of the Banking Units are almost a part of their families. In many cases, the Bandhan Bank staff becomes their advisor for key decisions as well. There is simplicity in the manner in which the Bank goes about its routine business. It is a bank that invests in compassion and empathy. It devotes itself to understanding the emotional needs and motivation of its customers, and aligns itself to meet them.



The Bank's name is what it really stands for when it comes to customer approach. The Bank believes in and works towards establishing a strong 'bond' ('bandhan') with its customers. More than 50% of the small credit customers have remained with the Bank for 4 or more years. Also, more than 50% of the customers have a loan only from Bandhan Bank. These points of data

clearly reflect the trust customers have placed in Bandhan Bank and the role the Bank has played in uplifting their lives. From being small credit customers, they are now banking customers, enjoying various products from Bandhan Bank, as per their needs. With its deep knowledge of customer lifecycles and of their lending and income needs, the Bank analyses, designs, develops and delivers products as per their changing requirements.

3. Hi-touch

The microloan customers of Bandhan Bank do not have to come all the way to their Banking Unit to pay their instalment or deposit funds. Instead, the Bank meets them at a place close to their residence, so that they save on time and money needed to visit the branches. The Bank's Relationship Officer of the Banking Unit meets customers on a regular basis, as much as 52 times in a year. This helps the Bank fully understand its customers' needs and



enables them meet their goals. The deep understanding of the unbanked and underbanked helps the Bank serve its customers better. The micro banking customers have their own businesses which they need to attend every day for the number of hours that helps them tend to their customers' needs. Meeting the Relationship Officer of the Banking Unit at a convenient time at a place close to their residence eliminates the need to be away from work in order to visit a Banking Unit. The total distance covered by Bandhan Bank staff on a daily basis to meet customers is nearly 3.50 lakh km. (Interestingly, the distance from Earth to Moon is 3.84 lakh km).

4. Hi-tech



By embracing digital transformation, the Bank is able to deliver superior experiences to customers. It leverages digitalization to evolve to the next level, and gather more information about customers that enables them to take better credit decisions. The Relationship Officer of the Banking Unit carries hand-held devices that have data connectivity and provide basic banking transactions on-the-go. Through these devices, the Relationship Officer of the Banking Unit collects instalment payment and also

accept deposits in their savings accounts, both on a real-time basis. They are also able to provide account-related financial information to the customers.

5. No incentive

Ever since the inception, the organisation has followed a no incentive system, meaning no incentives are offered to the staff based on their disbursements or collection. This keeps a check on the bad borrowers and helps keep the asset quality healthy. This also ensures that the staff members work within the defined guidelines of the Bank and do not resort to unethical practices.

6. Hand-holding customers

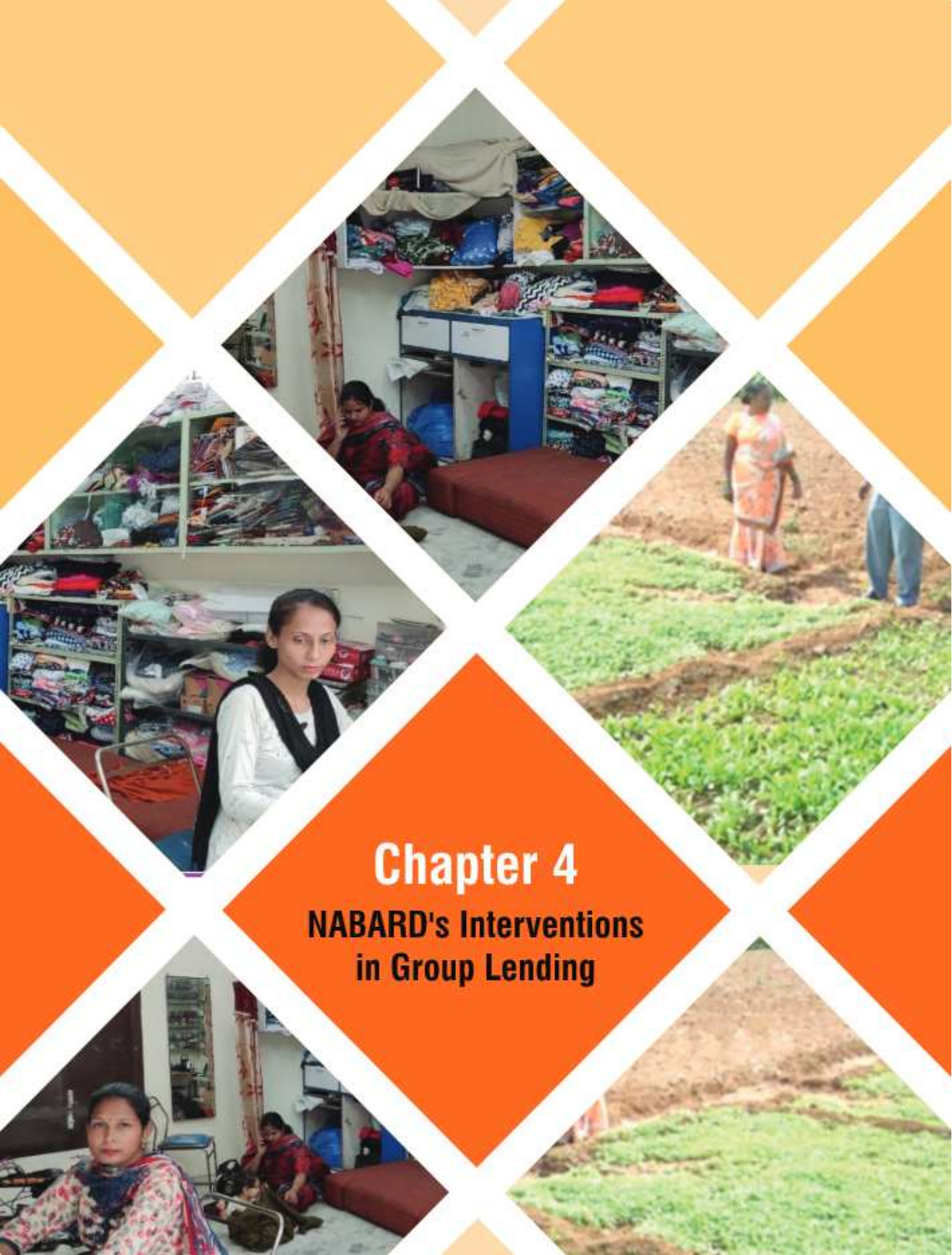
As the Bank focusses on regions with sub-optimal availability of formal financial services, the simplicity of the product offerings is critical. With a wide range of products and services, the Bank hand-holds its customers through their entire lifecycle and builds a strong bond with them. The Bank hand-holds them in their journey from being small credit customers to users of other essential banking services, thus exposing them to the real potential of their money. As and when they engage with the Bank, they increase their financial awareness and literacy. To empower the microloan customer even further, the Bank offers lowest interest rate on microcredit.



Bandhan Bank has reached out to 15.46 million micro banking customers as on June 30, 2020, through a strong network of 3,541 Banking Units spread across 29 states and UTs.

7. Inference

Bandhan Bank is indeed the story of hope. From its humble beginning in 2001 as a not-for-profit microfinance organisation to its second avatar of a non-banking finance company, and finally, its transformation into a universal bank, it is the story of touching the lives of millions of people. It is the story of ensuring no one is denied the right to build a sustainable livelihood for herself. The formidable task of the bank is to ensure that every individual comes under the purview of formal banking. The Bank promises to give every individual in India her rightful access to basic banking services and improve her essential living standards.



Chapter 4

NABARD's Interventions in Group Lending

NABARD's Interventions in Group Lending

Summary

India is a unique, vast and diverse geography supporting almost 18 percent of the world population i.e. 1.38 billion, but with only 2.4 percent of the total world area. Which means, one in every 6 people on the planet, lives in India. Of these 1.38 billion people, more than 65%, equivalent to nearly 90 million, live in rural areas. The rural population is mired in myriad problems like - poverty, illiteracy, unemployment, urban- rural divide, dependence on agriculture, no access to financial services, lack of vocational skills, limited livelihood options etc. Government of India has been continuously striving to surmount these multifarious problems over the years. Apart from implementing many Government sponsored programmes for poverty alleviation, over the years, it had set up an All India Rural Credit Survey Committee to assess the rural agricultural scenario, Nationalised major private banks, introduced the mandatory system of priority sector lending, established Regional Rural Banks (RRBs) and most importantly, established National Bank for Agriculture and Rural Development (NABARD) to exclusively take care of the rural and agricultural development of the country.

1. A brief about NABARD

NABARD has been carved out of Reserve Bank of India (RBI), India's Central Bank, as an Apex Developmental Financial Institution by an Act of Parliament in 1982. NABARD's mandate is to promote rural prosperity through effective credit support, related services and other innovative initiatives. NABARD has been constantly exploring unique solutions for addressing the challenges faced by our country in the areas of agriculture and rural development. Besides continuously forging partnerships with practitioners and participants in the rural spectrum, it has conducted surveys, funded research and launched various pilots for promoting agriculture and rural development with sharp focus on upliftment of the rural poor.

2. Programmes promoted by NABARD to support livelihood development

There are several programmes supported and promoted by NABARD. A brief about them are presented below.

a) SHGs

One such major pilot spearheaded by NABARD, is the model of Self Help Groups (SHGs), to address the abysmal coverage of rural poor by the formal banking sector.

- SHGs were conceived as informal groups of 10-20 members having homogeneous socio-economic background coming from a small contiguous area, who operate on the principle of self-help, solidarity and mutual interest.



- They make compulsory thrift every month as decided by the group and lend the pooled resources as interest bearing loans to members to meet their emergent needs.
- SHGs have freedom to charge interest from their members at the rate, democratically decided by group consensus.
- Loans are issued without collaterals and recovery is a function of peer pressure or social collateral.
- The process helps SHG members imbibe the essentials of financial intermediation, including prioritisation of needs, setting terms and conditions of lending, ensuring repayments from members and maintaining books of accounts.
- This is their learning ground before they are in a position to handle bigger loans from banks.

b) SHG-BLP

While looking at ways to strengthen the credit delivery mechanism to the unbanked poor through pilots, NABARD's in-house research revealed that;

- banking with poor was costly
- banking procedures were complicated
- Products offered by banks were unsuitable for the requirements of the poor

To address these issues, which resulted in denial of access of banking services to the rural poor, NABARD, in consultation with RBI, developed a supplementary credit delivery mechanism through these SHGs that leverages the strength of savings, peer pressure and social collateral of the community for making SHGs attractive to the banks. In 1992, RBI introduced the following three radical innovations in banking;

- Acceptance of un-registered/informal groups as clients of the banks for deposits as well as credit;
- Introduction of collateral free lending by banks to informal groups;
- Permission to lend to groups without specification of any purpose/activity/project.

A unique home grown microfinance model titled Self Help Group-Bank Linkage Programme (SHG-BLP) was thus conceived. The pilot project with a modest target to cover 500 SHGs was kick started in 1992. However, it became so successful that almost 5000 SHGs were credit linked with the banks. The results energised the entire banking sector and the programme was mainstreamed into the banking sector in 1996.

As a financial inclusion mechanism, SHG-BLP is a complete package, beginning with imparting basics of financial literacy, savings, credit management within group and later graduating to availing of credit from the banks. The most important element of the programme is its management by the community itself, emphasis on savings and use of social collateral for discipline amongst members.

Today, it is the largest community based micro finance programme in the world. As on 31 March 2020, total number of SHGs saving linked with banks stood at 10.2 million with outstanding loan of Rs.1.08 trillion. The success of SHGs has attracted the attention of policy makers for attaining various objectives like poverty alleviation, women empowerment, social upliftment, financial inclusion, entrepreneurial development etc.

c) E-Shakti

SHG-BLP largely depends on manual book keeping and physical visits of bankers to the SHGs for appraisal and monitoring. As reliable transactional SHG data is vital for the bankers to extend credit and credit plus services to the groups, it was essential that SHGs should adopt technology for improved access to banking services. Digitisation of Self Help Groups was thus conceptualised as not only a method of addressing some of the challenges that the programme was facing but also as a step towards widening and deepening the banker's engagement with the SHGs.

NABARD accordingly launched a pilot project for digitization of SHGs titled E-Shakti in 2015. "Shakti" means power. The overarching vision was to empower the SHGs through technology. It was designed to capture the social, demographic and financial profiles of members as well as the SHGs, together with member identification details like Aadhaar (biometric based identity), Voter ID, etc. and uploading the same on a dedicated website <https://eshakti.nabard.org>. The project envisaged mapping of all the existing SHGs; bank wise, branch wise and block wise in the identified districts. Digitisation brings SHGs onto the technology platform and into the fold of financial inclusion. Digitisation addresses issues regarding the quality of book keeping, duplication of SHG members, patchy credit history of members and provides SHG grading report based on MIS of its financial and non-financial records at the doorstep of all stakeholders. The attempt is to provide reliable and up to date financial and non-financial relevant data on SHGs and their members to bankers and other stakeholders with a view to helping them in taking appropriate credit and policy related decisions quickly. As on 31 March 2020, E-Shakti project has on boarded 6.54 lakh SHGs involving 71.54 lakh rural households across the length and breadth of the country. A significant indicator of the success of project E-Shakti in catering to the credit needs of the rural poor, is the increase in the bank credit linkage of the SHGs from 0.2 million (33%) to 0.3 million (49%).

d) Joint Liability Groups (JLGs)

Over the years, SHG-BLP has proved to be successful in providing financial services from the banking sector to asset-less or very poor. However, the formal banking system has rarely been able to provide credit to landless clients like tenant farmers, share croppers, oral lessees, farmers with small land holdings who are without proper land records and unable to offer collaterals for their credit requirements.

To address this issue and to develop effective credit products for mid segment clients having access to productive assets, NABARD had piloted the project during 2004-05 in 8 states of the country through 13 Regional Rural Banks (RRBs) through the mechanism of joint liability approach.



A Joint Liability Group (JLG) is an informal group comprising preferably of 4 to 10 individuals coming together for the purposes of availing bank loan either singly or through the group mechanism against mutual guarantee. The JLG members would offer a joint undertaking to the bank that enables them to avail loans. The JLG members are expected to engage in similar type of economic activities like crop production, diary business, etc. The management of the JLG is to be kept simple with little or no financial administration within the group

These select banks, during 2004-05, promoted 285 JLGs and extended bank finance of Rs 44.8 million. In the second year of the project i.e. 2005-06, banks disbursed Rs 67.9 million to 488 JLGs. The results of the above programmes demonstrated that the JLG approach can be successfully adopted by banks to reach this particular segment of the rural poor. Based on the experience gained in implementation of the pilot project, a scheme for financing JLGs of tenant farmers and oral lessees is evolved for implementation by the banks with the following objectives:

- To augment flow of credit to tenant farmers, cultivating land either as oral lessees or sharecroppers and small farmers who do not have proper title of their land holding, through formation and financing of JLGs.
- To extend collateral free loans to target clients through JLG mechanism.
- To build mutual trust and confidence between banks and tenant farmers

The mechanism of JLG enables banks to extend credit on the basis of mutual guarantee provided by the members of JLG. It also reduces transaction costs of both banks and borrowers and help in loan recovery.

It was mainstreamed in 2006-07 with the inclusion of Commercial Banks. The scheme has been reinvented in various phases keeping the original model unchanged. In 2009, component of grant assistance for formation and nurturing of JLGs was introduced. To provide further fillip, the scheme was reinforced in 2014-15 with introduction of few innovations into the basic model. These were: (i) enabling formation of Joint Liability Groups (JLGs) within and outside SHGs (ii) introduction of cluster approach for promoting JLGs to aggregate into Producers' Groups and (iii) promoting and financing of JLGs through BCs/BFs.

In order to scale up the JLG financing, NABARD designed "Business Model on Financing of JLGs". As per the scheme, NABARD enters into a Memorandum of Understanding (MoU) with the banks with assured support, where the bank would take the onus of extending credit support to JLGs on mutually decided terms and conditions. The support from NABARD was in the form of incentive, training and mentoring etc. Under this model, NABARD provides grant assistance to banks for using corporate Business Correspondents/Non-Governmental Organisations as JLG Promoting Institutions (JLGPis) and for capacity building to create a pool of trainers out of bank staff for formation, nurturing and financing of new JLGs. The JLG model is a profit making business proposition for the banks as it forms part of the priority sector lending as banks can also get 100% refinance from NABARD for the JLG lending portfolio.

Cumulatively, as on 31 March 2020, 53 MOUs were signed with 38 RRBs, 2 StCBs and 13 CBs (10 with SBI and 1 each with Syndicate Bank, Allahabad Bank and Union Bank) under Business Model for financing JLGs.

e) Livelihood Initiatives

Somerset Maugham once said “There is nothing so degrading as the constant anxiety about one’s means of livelihood”. Realising the hard truth that millions of poor people do not have access to and means for earning livelihoods, NABARD has been leading from the front in skill and capacity building of the poor and creating an enabling environment for promotion of livelihoods. NABARD supports SHG members in setting up and managing successful enterprises for livelihood, through implementation of two skill development and capacity building programmes, viz. MEDP and LEDP.

i) Micro Enterprise Development Programme (MEDP)

Launched in 2006, the main objective of the MEDP is to enhance the capacities of participants through appropriate skill up-gradation in existing or new livelihood activities in farm or non-farm activities and enrich knowledge of participants on enterprise management, business dynamics and rural markets. As on 31 March 2020, more than 0.5 million SHG members were trained through around 17,700 MEDPs. However, skill upgradation training alone has limited impact on livelihood creation. To get optimum benefit out of MEDPs, there have to be backward and forward linkages and handholding and escort support for setting up livelihood enterprises.

ii) Livelihood and Enterprise Development Programme (LEDP)

A felt need for new approach, which ensures end to end solutions with participative and mutual support through collectivization in cluster mode and with strong focus on outcomes, led to the launch of Livelihood and Enterprise Development Programme in 2015 with a view to create sustainable livelihoods among SHG members and to obtain optimum benefit from skill upgradation.

LEDP is a holistic intervention mechanism conceived to take care of the entire ecosystem required for livelihood promotion. It envisages conduct of livelihood promotion in both farm and off-farm activities under project mode in clusters in contiguous villages, with a provision for intensive training for skill building, refresher training, backward-forward linkages, handholding and escort support for credit linkage. This also encompasses the complete value chain and offers end-to-end solutions to the SHG members.

The broad objectives of LEDP are to identify suitable livelihood activities through participatory approach, to enhance the capacities of SHG members through identifying the skill gaps and appropriate skill upgradation, to enhance the income levels of SHG members by improving/acquiring of skills to take up livelihood activities with credit support of banks, enhance capacity of SHG members for managing their enterprises, business development and marketing, to provide mentoring services and handholding support for ensuring that trained SHG members establish their livelihood ventures successfully.



LEDP projects are implemented through Project Implementing Agencies (PIAs), who have had close association with the SHGs and good relations with communities in the identified project area. The PIAs in association with or under the guidance of Resource Agency will conduct mapping in the project area of the existing skills, required skills, raw material, local consumption, marketing avenues and extension support to identify suitable livelihood activities, which can be undertaken by SHG members with suitable intervention. Need assessment will be finalized through interaction with SHG members/their family members on RRA (Rapid Rural Appraisal) basis. Local bank branches/Lead Bank officers will be taken on board.

All SHGs fulfilling the criterion of “panchasutra” and credit linked for at least six months are eligible for the LEDP. The project covers minimum 15 to 30 SHGs in cluster of contiguous villages, where from, 5 to 6 SHG members from each SHG are selected. SHG members showing promise to take up the livelihood activity are only carefully identified and selected, including persons among them willing and capable to start demonstration unit, who can be groomed to function as Community Resource Persons. The skill training is provided in batches of 25- 30 members.

The project period is generally for 2 years after the last set of trainees are provided training. The project cost is kept flexible. The initial intensive training is followed up with refresher training to resolve the implementation problems/issues being faced by SHG members. Along with the training, a demonstration unit of the livelihood activity in agriculture and allied sector to be used for hands on training/ learning to the identified SHG members is also considered.

In the post training period, the trainees are provided mentoring and other escort and support services by the PIAs or through identified resource agencies like NGOs, Corporates, KVKs, Agriculture Universities, Marketing Agencies etc. for getting higher credit doses either through existing SHG or through individual/JLG mode, guidance and credit counselling, sourcing of technical knowhow and raw material, packaging guidance, design and marketing tie-up.

Within a short span of just over 4 years of its existence, the LEDP has proved to be an efficient and effective intervention in livelihood promotion of thousands of poor SHG members. As on 31 March 2020, more than 89,000 SHG members have been supported through around 780 LEDPs.

3. Initiatives by other agencies in the spectrum of livelihood creation

Creating livelihood opportunities and ecosystem for millions of illiterate, unskilled rural poor is challenging and requires innovative and creative solutions. The following are a few such instances where organisations and projects have created SHG based livelihoods successfully:

a) Tejaswini - IFAD funded project implemented by Mahila Arthik Vikas Mahamandal Nigam (MAVIM)

MAVIM is a state run corporation for development of women. It was the implementing

agency for Tejaswini project funded by IFAD. MAVIM has over time promoted 78,300 SHGs with about 9,40,000 members in the state of Maharashtra. These groups are anchored by Community Managed Resource Centres (CMRC) which act as a nodal point for access to finance, access to technical knowhow and also access to markets.

Since Agriculture and allied activities form major source of livelihood and also form major proportion of investments through loans taken by SHGs, MAVIM has focused on activities like goat rearing, dairy, poultry, SRI, vegetable cultivation etc. MAVIM is promoting the best practices/models well established in livelihoods development. Non-farm activities like tailoring units, beauty parlours, etc., are also being promoted based on the potential of the area and local demand. MAVIM has partnered with other agencies such as UNDP and IDH for best designs and practices in small holder livelihoods. It embarked upon preparation of Micro Livelihood Projects (MLP) in each cluster. MAVIM and CMRCs realized that economic activities will have to be driven by people's interest and if people from one SHG are interested in doing something, they should join hands with others with similar interest from other SHGs and for a MLP group which can then get bank funding.

A group of 20-30 individual members engaged in a common livelihood activity are organized into a MLP group. The strategy is envisaged to ensure that individuals have a key economic interest in the outcome of the activity and the group does not suppress the same. MLPs thus manage to promote livelihood activity at individual level and at the same time achieve economies of scale through aggregation at group level. For example, members of the group carry out production individually which is aggregated at group level; and production from a number of MLPs can be aggregated at cluster level for value addition, market linkages, etc. MLP strategy was directed towards provision of support services for existing livelihoods in order to reduce costs, improve productivity and enhance market access. Going further MAVIM established six Business Development Centres for providing marketing support. Training of SHG members in an activity of their interest and the chosen activity under the MLP was provided in partnership with appropriate agencies such as BAIF, Goat Trust, etc. Support structures to ensure raw material/input supply, machinery for improved production practices, health care for livestock were all planned and introduced in the form of social enterprises which in turn were designed to be self-sustaining with collection of user charges from SHGs and their members. In all Tejaswini project implemented by MAVIM provided a wholesome solution to promoting viable enterprises for people at the bottom of the pyramid.

b) Rural Women's Initiative for Self-Sustained Enterprises (RISE) - project funded by Vodafone Foundation, implemented by Hand in Hand India

Hand-in-Hand is a well-known NGO which operates in several states in the country. Over the last 15 years, it has formed and nurtured 1.66 lakh SHGs with about 20.6 lakh members. It had created/supported 21.25 lakh income generating activities, at times more than one activity per household. In addition, it has also supported setting up of more than 59,000 microenterprises. A key feature of the groups promoted by Hand-in-Hand has been the focus on income generation. The following example illustrates



that well designed interventions can take technology to the vulnerable households and enable them to use it functionally.

Hand-in-Hand India with the CSR partnership with Vodafone foundation took upon itself the challenge of capacitating SHG women member entrepreneurs to do Business to Business transactions (B 2 B) online for marketing of their products. The initiative aimed to build the capabilities of 50,000 women entrepreneurs by providing end-to-end business development support to manage their enterprises efficiently including enterprise development, marketing skills, improving quality parameters (products, services and processes) and using technology to enhance market access. The project envisaged increasing average income levels women entrepreneurs by 50%.

Vodafone Foundation developed a technology platform, a dedicated virtual marketplace exclusively for women entrepreneurs which can be accessed through a mobile app. The app enables women entrepreneurs working in diverse activities such as manufacturing, services, trade, agriculture, retail, handicraft, and garments to display their goods and avail products and services within their network, through trade transactions. The programme helps women expand their customer base and upscale their enterprises.

Technology induction at the SHG member level was done in a series of three steps. It started with use of SMS for business facilitation; and then moved into a mobile app based facilitation. Thereafter women were trained to use a web portal for carrying out their business transactions. The three-phased approach ensured that women were able to absorb the technologies and became familiar with transacting through the digital media.

SHG women have been trained on enterprise development, improving quality parameters (products, services and processes), MSME registration, e-mobile app and e-market portal. Market Research was carried out for manufacturing, services, trade, agriculture, handicraft products and retailing to finalise marketing strategies. Further, Transaction support systems, a call centre to address the queries, follow up the orders and support the entrepreneurs is in place. Logistics infrastructure tie-ups have been created with professional service providers and Payment Gateways for settlement of transactions had either been created or brought on board. 15 companies and business entities have been enrolled to provide enlarged business opportunities and volumes.

Over the three-year period the project trained 55,000 SHG women members in enterprise management and more than 17,000 in use of the mobile app for e-commerce transactions, for marketing of their products. The cumulative volume of transactions exceeded Rs. 1.25 billion and by the end of the project the cumulative sales turnover was projected at Rs. 2.50 billion.

Ownership of smartphones and internet access were low among SHG women. To provide women entrepreneurs with smart phones and mobile connections, Vodafone Foundation with support of Vodafone India developed "Smart Snehidi", under which Hand-in-Hand India developed a loan product for women to purchase a mobile handset with a free SIM from Vodafone India and a (250 MB) free internet connection.

c) **Shri Kshetra Dharmasthala Rural Development Project (SKDRDP) - Financial products aligned to livelihood**

SKDRDP is a Karnataka based NGO which is a pioneer in promotion of SHGs. It is also a major lender to SHGs with exemplary recovery record. So far SKDRDP has facilitated formation of 1,16,522 SHGs, covering 12,50,000 families. The loan products of SKDRDP are unique for the sector in that the loans are flexible, as the tenures vary from 100 weeks to 520 weeks depending on the purpose. The interest rates are also flexible, ranging from 9% to 15% depending on the source and cost of funds. SKDRDP now has more than 0.44 million borrowing SHGs with 4 million members in Karnataka. SKDRDP has SHG loans outstanding to the tune of Rs 99.44 billion, with overdues less than 1% at Rs 0.64 billion. SKDRDP has been an innovator in SHG sphere and had from time to time introduced new products, services and initiatives to ensure that members' wellbeing is enhanced.

The overriding principle behind the micro credit activities of the organization is to provide cost effective services and create self-reliance among the poor people. The two important initiatives that positively impacted livelihoods of SHG members, introduced by SKDRDP merit examination - provision of agriculture and allied sector loans with weekly repayment schedules and providing appropriate extension training to the borrowers.

Traditionally farm loans are provided by banks at the beginning of the crop season and recovered at the end of the crop season. SKDRDP recognized very early that the farmers' income does not come from crop alone. Most Indian farm households have subsidiary incomes from dairying, backyard poultry, vegetables, forest produce, horticulture, kitchen garden, trading activities etc. It is also quite common among such households to have one or two adults working in faraway towns sending remittances. In effect, poor households in villages have multiple sources of income. Although it is meagre, such income are very regular. Many a times the households use this additional income for meeting their recreational expenditures and the bulk of these small incomes are mostly spent on unnecessary consumption. On account of its reading of the farmers' economic context, SKDRDP designed its agricultural loans in the group mode with weekly repayment. This ensured that even those farmers who did not have regular incomes, went in for jobs and activities to earn incomes to service the loans every week. The instalments were conveniently fixed and extended tenures were given for keeping the instalment amount to feasible levels. This model is called the Pragati Bandhu Model by SKDRDP and covered almost 0.4 million farmers. The outstanding portfolio of about Rs.99.80 billion is entirely recovered through weekly instalments.

4. Learnings from various models

a. **Tejaswini Project**

- Even under group modes, livelihood activities should have an identifiable individual contribution and output at production level;



- Skills randomly built do not achieve effectiveness. Skill training should be for identified activities where a cluster exists so that continuing services and handholding become possible;
- Institutional infrastructure for accompanying the activities in the clusters is an essential condition for success;
- Market access necessitates aggregation of produce at group and higher levels. This enables appropriate processing and suitable presentation of products for the target markets.

The innovations made by MAVIM are the preparation of Micro Level Plans that are rooted in the local context and creation of social enterprises to provide all the support services for the IGA to succeed.

b. The RISE Project

- Critical integration of technology in women's livelihoods and providing a pathway for other projects to think creatively for technology enablement.
- Partnership of a corporate in design and technical knowhow to run a project that is complex for the chosen clientele.
- Confidence building among women and easing their entry in to e-commerce space.

c. SKDRDP Model

- The local context and client lives need to be studied in detail before designing the livelihood interventions. Long held assumptions as to the nature of the beneficiaries and their lives need to be examined from time to time.
- Farmers are formed in to smaller groups and provided loans that are to be repaid in weekly instalments. Farmers paying even during the crop season make repayments a form of hidden savings. The farmer is able to retain a large amount of money that is attained from the sale of produce after harvest.
- Farmers are not under pressure to repay the loans incurred for cropping and has a higher capacity to store and sell the produce for higher prices at a suitable time.

d. LEDP Model

- Creating livelihoods for the vulnerable households require much more than social bonding and access to credit. Groups are able to use credit much more functionally when their capacities are built to improve upon the manner in which they conduct their livelihood effort.
- Mere credit or sporadic skill development does not produce results. Providing linkages that complete the production and marketing cycle through appropriate technology, skills, finance, markets and some handholding in case of activities that aspire to scale up to an enterprise can alone ensure that livelihoods become secure.

- Neither a financing institution nor a voluntary organization can by itself bring on board all the linkages and expertise to make livelihoods successful. Collaborative projects which synergise the strengths of all partners are more successful

5. Conclusion

Since inception, NABARD has been a driving force in creating avenues and opportunities for the rural poor in accessing credit from the formal financial sector. The concepts of group lending through SHG and JLG mode initiated, formalised, supported, promoted and successfully implemented by NABARD are without parallel.

NABARD's interventions have spawned various innovations in the field of group lending across the country and continue to propel the Government of India's mission to financially include the entire nation. Enabling the rural masses in taking up meaningful livelihoods and increasing their earning capacities by way of skill upgradation, capacity building, mentoring, financially supporting and creating new pathways will continue to be the quest and pursuit of NABARD.



Chapter 5

Success Stories from India



Health is Wealth

NABARD's LEDP program for making Sanitary Napkin

District: Gwalior, State: Madhya Pradesh

Background

The usage of sanitary napkins among rural women is not very prevalent partly due to lack of awareness about health and hygiene. But more importantly because they cannot afford them. Thus, if the use of hygienic sanitary napkins could be initiated among the rural women and girls in a cost effective manner, then growth of different diseases could be arrested or minimized to a large extent among them.

Initiatives

Realizing the issue of availability of affordable napkins for women in rural areas, NABARD intervened by sanctioning a Livelihood Enterprise Development Programme (LEDP) on sanitary napkin production to a cluster of 180 members of 20 SHGs. Along with making hygiene affordable to rural women, this also provided them with alternate livelihood generation sources. For this purpose, NABARD joined hands with Arise Evam A-Way Foundation *Samiti*, a non-profit voluntary organization. They had conducted a few projects for NABARD in the past. The agency tied up with Janhit Foundation for their experience in providing backward and forward linkages (raw material, decontamination, training, purchasing the manufactured products, etc).

Impact

The business activity of sanitary napkin production provided livelihood source to 180 women. It not only boosted their household income but also provided them with affordable sanitary pads. These Napkins are made of cotton thus are biodegradable and ecofriendly. Producer Organisation of these trainees were formed and registered in the name of *Shitla Mata Mandal*. The business is running profitably and a transaction of Rs 2,25,000 was done in the last 4 months by this PO. They also availed a credit of Rs 39.50 lakhs and generated



income of approx Rs 4,500 per member per month.

Any Fresh

Nurturing your hygiene needs...

Premium Sanitary Napkins

8 Pad Wings
280mm

Any Fresh

Premium Sanitary Napkins

XXL 280mm

MS No. :
LED P PROGRAM
WOMEN, Shg. Pin-481001

MS No. By :
Tejanwini Corp Producer Co. Ltd.
Bairaghat, S.P. Pin-481001

Country :
Quantity :
Batch No. :
Pkt. :
Max. Retail Price (incl. of taxes)
NET WEIGHT : 150gms PER Pkg. DATE

* Picture shown is for illustration purpose only. Actual product may vary due to product enhancement.



Dye-hard entrepreneurs

NABARD's LEDP program for making household items

District: Dewas, State: Madhya Pradesh

Background

There were 120 SHGs which were identified under NABARD's E-Shakti project for digitization of their accounts. During the field visits and interaction with the SHG members, it was found that these SHGs were around 7-8 years old. The SHG members were mainly dependent on agriculture and allied activities for their income.

Initiative

To boost the income of these members and to lower their dependency on agriculture, NABARD took the initiative of sanctioning Livelihood Enterprise Development Programme (LEDP) to form a cluster of 90 SHG members, which provided them with training on comforter making and other household decorative items mainly based on tie and dye concept. For this purpose, NABARD chose SNS Foundation which is working with NABARD since the year 2010. In last 9 years they have successfully implemented SHPI, E-Shakti, SMITA, LEDP, MEDP, FLP, OFPO etc. programs of NABARD in the district. They have so far formed more than 300 SHGs in the district. The cluster was named "Tejaswini Bahuuddeshiya Cooperative Society". The training for the project was conducted during the month of June-July 2019.

Impact

The SHG members started the business activity of making comforters of various designs, such as - tie and dye, *bagh* print, batik print, etc. Apart from comforters, they





also made attractive *Dohars* (a type of bed sheet), sofa covers, quilts, jackets, bags, curtains etc. Their products are well accepted by the market and many shopkeepers in Indore and other local traders purchased their products. The SHG members are now less dependent on traditional business or agriculture and are earning more than before. They have exhibited their products in many local *melas* which gave them huge business. They have sold products worth Rs 60,000 in local Dewas Market. Further, they were also selected to participate in Bhopal *Haat*, where they got tremendous response and sold products worth Rs 80,000. They also participated in Raipur Fare and sold goods of amounting to Rs 15-20,000. The *Tejaswini Bahuuddeshiya* Cooperative Society formed of the LEDP participants launched their products under brand name “*DWIJA*”. The growing business opportunities motivated the SHG members to get united and expand their horizon and form two cooperatives - *Tejaswini* and *Ojaswini*. The increase in family income enhanced the status of women within their families. The project has earned them respect and a confidence in their abilities.

Rearing to go

NABARD's role in Promoting Women SHG in Livelihood Activities

District: Burhanpur, State: Madhya Pradesh (MP)

Background

Aga Khan Rural Support Programme (India) (AKRSPI), M.P. has been working in Khandwa district since 2007 with tribal communities. It was observed that livelihoods of tribals were vulnerable as they were entirely dependent on agriculture or agriculture labour work. Women of tribal community were mainly involved in household work. Owing to their negligible involvement in financial affairs, women of tribal community had very low social status within their house as well as in their community. Similar condition was observed in a village named Mandawa near Nepanager tehsil. The tribes had less land holding and very few livelihood options for labour work too.

Initiative

To improve the condition of tribal population, especially of the women, NABARD sanctioned a SHG project to AKRSPI during 2016 in Khakanar block of Burhanpur district with the aim of promoting Women SHGs model and create livelihood option for tribal women. AKRSPI, with the help of NABARD, started mobilization in Mandawa village and formed 10 SHGs in the village with more than 100 tribal women members. Women SHG members initiated monthly savings under the SHG program and started inter-lending within SHG. The SHG members could fulfil their loan requirement from inter lending and they ceased borrowing from private money lenders.

Successful inter-lending practices enhanced the confidence of the SHG members and they collectively decided to graduate to next level by taking up livelihood activities in group mode. With the support of AKRSPI, SHGs approached Madhya Pradesh Gramin Bank (MPGB), to seek loan. MPGB sanctioned a loan of Rs 50,000 to six SHGs to enable them to take new livelihood activities.

AKRSPI also supported SHGs in deciding the livelihood activity to be taken up the members, considering their area of interest and available skills. Many women SHG members mutually agreed to take up goat farming as livelihood activity. While a few showed interest in taking up tailoring work and poultry. AKRSPI observed that the region experiences higher mortality rate of goat, thus it was considered as a risky business for poor tribal SHG members. To address this issue, it was decided to impart the training to SHG members on vaccinating the goats and train them as "Para Vets". Accordingly, few SHG members were identified for the job and were provided with the training. These SHG members are now called as "Pashu Sakhi" (friend of the animal) in the villages.



Impact

The *Pashu Sakhis* are now not only taking care of their own livestock but are also providing treatment to other SHG members' and villagers' livestock. They are able to maintain the mortality rate of goats under 3%. With the newly adopted livelihood activity of goat rearing, tailoring and poultry, SHG members are able to supplement their household income significantly. The members are now exploring new avenues to further diversify their income sources.

Turmeric – The yellow magic

NABARD's LEDP project on providing training to SHG women on turmeric cultivation

District: Balaghat, State: Madhya Pradesh

Background

Anupama Education Society created 800 women self-help groups in two development blocks of Balaghat district. Many of these SHG groups were around 7-8 years old. Members of these SHG were mainly dependent on agriculture and allied activities for livelihood. Cropping pattern mainly consisted of paddy cultivation, the activity which is highly dependent on rainfall. It was also observed that there were certain sloping areas in the farms which remained non-utilized during the entire period of paddy cultivation. With the aim of improving the livelihood of the members as well as to reduce their dependence on paddy cultivation and utilize the inaccessible slopes for productive purpose, NABARD sanctioned a Livelihood Enterprise Development Programme (LEDP) project to Anupama Education Society for training the SHGs members on livelihood activities.

Initiatives

150 members of SHGs from Block Waraseoni, District Balaghat, were provided with training on turmeric cultivation during the month of May - June 2019. In addition to this, training on processing of turmeric, branding, packaging and establishing market linkages, was also provided.

Impact

After receiving the training on cultivation of turmeric and its further processing, members started selling their products in the market, where it is very well accepted. The products of the group members are being procured in bulk by many shopkeepers





turmeric. NABARD's intervention has not only enhanced incomes but also brought prosperity and prestige.

of Varasivani and Balaghat and other local traders. The newly adopted livelihood activity of turmeric production have reduced the dependence of the farmers on paddy crop. The intervention has not only stabilized the income of farmers from agriculture but has also increased it by Rs 15,000 to 20,000 annually per household. They also exhibit their produces at many local fairs and are able to reap good profit out of it. Till now, the cluster has done business of approximately 3000 quintal

Crafting a prosperous future

NABARD's REDP program for training on making Bamboo products

District: Dhenkanal, State: Odisha

Background

Sidheswari Hastasilpi SHG was formed in 2006 at Rai-Nrusinghpur village, Kamakhyanagar Block of Dhenkanal District, Odisha. The SHG members started with individual saving of Rs 50 per month and opened a Saving Bank account with Odisha Gramya Bank, Anlaberani. They continued the group activity with regular inter-lending. The monthly saving per member was increased up to Rs 200. The SHG was credit linked with Odisha Gramya Bank.

Initiatives

The SHG group members received preliminary skill training under NABARD's REDP program. The members further sharpened their skill by receiving Design and Development training from DIC, under Hastha Silpa development program. They started making bamboo products. Their books of accounts were digitized under "E-Shakti" in 2018. All the members were facilitated in opening individual savings bank accounts and were covered under Pradhan Mantri Suraksha Bima Yojana(PMSBY) and Pradhan Mantri Jeevan Jyoti Bima Yojana(PMJJB).

Impact

At present all the members of the group makes attractive bamboo products. They sell the products in local markets, *melas* organized by NABARD, Odisha Rural Development And Marketing Society(ORMAS) and district administration. Through this activity each members is able to earn Rs 2,000 to Rs 3,000 per month.





A stitch in time

NABARD's role in forming and nurturing the SHGs

District: Jajpur, State: Odisha

Background

The village Biripata, Biripata Gramapanchayat in Dasarathapur block is situated in the Jajpur district. As it is a flood prone area, most of the people of the area cultivate vegetable as well as engage in activities such as apparels making. About 75 families from various categories viz. SC, OBC and General, resides in the village.

A total of 12 women SHGs have been formed in this village, out of which Ama Bhagaban SHG was formed on 6th June 2017. This group consists of 10 members from households belonging to OBC categories. These families are mainly dependent on daily wages as well as other apparel based activities. Before formation of the group, the members of the SHG neither had any specific income source nor were able to participate in any decision making process at family as well as at village level. The female members of the family were also not allowed to venture outside their house. The female members were mainly involved in domestic work along with supporting their male counterparts in agriculture activities.

Initiatives

In this Backdrop, Odisha Livelihood Mission (OLM)/NABARD had taken initiative to form and nurture this SHG. During the year 2017, it trained the members through skill up gradation training on documentation and management of the group. NABARD team arranged their meeting with line departments to make them aware about the schemes of the Govt. Training under NABARD's Micro Enterprise Development Programme (MEDP) on apparel making/tailoring and exposure visit to successful SHGs were also conducted. All groups members were involved in Grass Root Level Training Programme (GRLTP) activities of NABARD programme.

Through participation in different trainings and gaining knowledge on different activities and government schemes, the members became very dynamic. After joining the SHG, they could save up to Rs 18,000 per month. This group has been linked with the Union Bank of India (UBI), Chatrapada, since its formation and have availed a bank loan of Rs 1,00,000.

Impact

With these interventions, the group has been able to save approximately Rs 4,000 per member while 07 members were able to start new economic activity of appeal making/tailoring. Three of their members have started helping their group members or are involved in other activities. They are able to provide financial support to the family at the time of COVID, by selling of handmade apparels in their local region.



As the market facility is now available in their local area of Biripata Gram-Panchayat, they receive tailoring work from local women in and around their village for which they receive payment. Now they have planned to increase their business in block levels and have decided to stitch school uniform and further increase their income. This group is also involved in NABARD's E-Shakti programme since last 36 month and they are seeking more support from NABARD.

Weaving magic

SHG members in group based livelihood activities

District: Sambalpur, State: Odisha

Background

The Maa Mangala SHG was a group of 16 members from Chhatargarh village in Dhankauda block of Sambalpur district. The group started with a paltry saving of Rs 14,657. The members, when they came together, did not have much idea on how to start activity which would provide sustainable livelihood returns. The members realised that there were certain activities that they have been doing individually. They decided to take up these activities in a group mode.

Initiatives

One of the activity that these SHG members were involved was hand woven mattresses. Women of the group used to make it individually. However, after realizing the fact that its bulk production and sale in market could fetch them with good profit, they decided to take up woven mattress activity in a group mode. This not only provided them with an opportunity to produce them in more numbers in relatively lesser time but also opened up new avenues of selling them in market. This provided good financial returns to the members. After their experience in production of the mattresses in group, the members decided to take up the activity of making of husk mats for air coolers. This also yielded good results and their products were sold at the price which fetched them profit with good margins.

Other major activity in which all the members were involved individually was papad and vaddis making. The group members decided to take up this micro food processing activity as a group activity. They aimed at selling the produce to not only to the local market but also outside markets and *melas*. As a result of group efforts, the production increased tremendously. Since the vendors were able to procure items in required quantity, group was able to get sustainable returns.

Impact

All the activities taken up by the SHG members in group mode fetched them with good profit. The group availed a loan amount of Rs 1.00 lakh for the livelihood activities and proposes to avail even more loans in future from the bank. The bank has also assured to provide them the required credit considering the repayment performance of the group which has been very regular. The group also envisages to take up many more such micro food processing activities and diversify their products. The group is also planning to procure the *fssai* license for attaining more and assured markets for their produce.



Rice and shine

SHG members in group based livelihood activity of cultivating paddy

District: Sambalpur, State: Odisha

Background

An initiative was taken during 2012 under GoI's women SHG Scheme, implemented by NABARD in Sambalpur district of Odisha, through an anchor NGO - ADARSA. Under the project, 18 rural women formed a group - Bir Bajrangbali SHG in Haldi village. All the members belonged to BPL category and had very limited resources. However, with the small savings, which they sincerely and regularly carried out, they could manage to have a deposit of Rs 1,49,303 in their SB account.

Initiatives

With the aim of enhancing their income and diversifying livelihood, the SHG members decided to take up joint activity which could provide them with sustainable returns. They leased in 5 acres of land to cultivate about 20 varieties of paddy. They also took up training from NABARD and other institutions to learn the latest techniques of cultivating paddy which could generate good results.

Impact

From the paddy cultivation the Bir Bajrangbali SHG was able to earn around Rs 32,000 collectively, after deducting all the expenses. This is an additional earnings for them, apart from the income which they have been earning from their regular livelihood activities. The group has so far availed 06 cycles of loans amounting to Rs 9,52,000 and have been repaying regularly. The group now envisages to take more such group activities in future with an objective to augment their income in a sustainable manner.





Further, the SHG has also been working voluntarily with district administration for Swachha Bharat Mission and have converted their village into a model village. This SHG model has been a source of inspiration for other villages as well.

Reaping Profits Jointly and Severally

Promotion of Joint Liability Groups by District Central Cooperative Bank

District: Fatehgarh Sahib, State: Punjab

Background

The Joint Liability Group (JLG) has brought relief to rural poor through collateral free credit to support and enhance sustainable livelihood practices. Alongside, the JLG model is a profit making business proposition for the banks and many have experienced a turnaround with huge profits from JLG promotion.

NABARD encouraged the Fatehgarh Sahib, a District Co-operative Central Bank (DCCB) in Punjab, to promote the livelihood activities of the women beneficiaries by implementing the JLG model. Adoption of JLG model also aided the banks in diversifying their business portfolio, improve the ground level credit and recovery position.

Initiatives

Grant support was sanctioned to the DCCB on a pilot basis for promotion of 300 JLGs comprising initially of women milk union members. Apart from this, a financial literacy centre was sanctioned by NABARD for mobilising and sensitising the women beneficiaries about the JLG. Bank hired two JLG facilitators for formation and nurturing of the JLGs. To enhance the livelihood of participating households, loans were given in the beginning for one additional dairy animal to the women who already have 1-2 animals, to ensure maximum utilisation of assets and ready income for regular repayment of loans. Further, best practices like constant follow-up, monitoring, issue of loan cards, appraisal, insurance coverage, etc. were also adopted. JLG facilitators were incentivised by giving them service charges for successful promotion of JLGs. NABARD supported the project with grant support of Rs. 34.00 lakh and refinance support of Rs. 10.00 crore

Impact

Till 31st March 2020, DCCB had financed 5,612 rural women through 1,403 JLGs. During COVID 19 pandemic, it extended top-up financial support of Rs. 1.33 crore to 1,100 JLG members. All the JLG members are enrolled under the GoI Social Security Schemes. The DCCB has also tied up with an Insurance company to provide coverage to





the JLG members. The recovery of the JLGs is almost 100% and JLG financing has contributed to the extent of 75% of the total operating profit of the DCCB.

From initially supporting only the milk union workers, the JLG business has now been expanded to cover JLG members from all walks of life for activities as varied as tiffin centres, readymade garment shops, beauty parlours, boutiques etc., bringing about transformation in the lives of thousands of poor women of the district.

Cultivating a Green Future

LEDP in Vegetable Cultivation Cluster of Women Farmers

District: Karim Nagar, State: Telangana

Background

Women farmers in 3 villages in Karim Nagar district of Telangana, were found to be in perpetual debt due to severe crop losses and were not in the position to even get back their investment on cultivation of Maze, Paddy and Cotton crops. NABARD stepped in with sanction of LEDP on vegetable cultivation to the Project Implementing Agency, Jana Vikas Rural Development Society (JVRDS) with a Financial Outlay of Rs. 4.21 lakh. A baseline survey was conducted and 150 women farmers across 3 villages were identified to form a vegetable cultivation cluster. The women were trained in 5 batches, each for 7 days, as per training module prepared with the support of Krishi Vigyan Kendra (KVK). The trainees were taken for exposure visit to e-Centre of Excellence, Hyderabad and imparted knowledge on organic vegetable cultivation, drip system, shade net cultivation, vermicompost, nursery raising etc., by subject experts. Vegetable cultivation demonstration unit was set up in 0.20 acre of land for organic vegetable cultivation of around ten types of vegetables like leafy vegetables, Tomatoes, Lady's Finger, Brinjal, Bitter gourd, Onion, Coriander, Mint, Beans, Cucumber etc. Cluster level refresher training programmes were organised and Government schemes available for farmers were explained. Procurement of raw materials to ensure regular supply of high yielding hybrid vegetable seeds with certified seed companies was arranged. Subsidy was also provided for various inputs.

Women farmers usually sell the vegetables at local daily and weekly markets. However, JVRDS society also prepared a marketing arrangement plan to arrange a rural mart for selling women farmer produce. Retail organic vegetable sellers came forward to buy organic vegetables produced by these women farmers in the cluster area. Andhra Bank, Stree Nidhi, DRDA and other Govt. departments came forward to give credit and financial support to the women farmers.





Impact

Out of 150 trained farmers, 120 took up vegetable cultivation as entrepreneurial activity. After the LEDP, farmers have also started practicing crop rotation and diversification of crops. The entrepreneurial activity has proved to be a success and there is huge demand for vegetables in local markets. The farmers' income has considerably enhanced and now they are getting additional income of not less than Rs.10,000 per month. Now, they are able to send their children for higher studies owing to improvement in economic conditions.

The impact of NABARD's intervention is not limited to earning a livelihood alone. It has changed the perception and mind set of the illiterate poor women and gave an impetus to the economic development of the farming community.



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