

OBJECTIVE of the Study: The study aims at exploring the impacts of the initiatives on the poor families under Livelihood Triad strategy in the area of Parbhani unit.

METHODOLOGY of the Study: After studying the secondary data and the documents related with the initiatives, discussions with the unit staff including LSAs, interviews and group discussions with the beneficiaries were held at the locations convenient to them.

BACKGROUND

The area is drought prone. A small part of the area is canal irrigated but due to lack of availability of surface water, the system was not functional. The last two years had less than normal rainfall, but during the current year, it was excessive causing floods. SC/ ST/ OBC population is almost evenly distributed, with minorities having high concentration in one of the segments.

Parbhani Unit was started in September 2004. At that time BASIX had already got its strong presence in the adjoining district of Nanded. It was decided to start the intervention in villages within 30 Kms radius from Parbhani. There were 131 villages in this area. A rapid round of survey was conducted to broadly understand the area from the point of view of the project implementation. The survey mainly comprised the information in the categories given under.

- o Distance of the village from Parbhani
- o Number of households in the village
- o Caste composition of village
- o Non farm business potential among the people
- o Agriculture potential: land, irrigation, crops, etc.

The accuracy level of survey data was sufficient for taking decision for BASIX operations. At present BASIX has its operations in 109 villages. There are 200 to 500 households in each of these villages.

The team was headed by unit head, with three field executives (FXs) including the one

¹ BASIX is group of companies, comprising of companies in extending financial and technical services. Set up in 1996, BASIX works for promotion of livelihoods of rural poor (www.basixindia.com). Livelihood Financial Services (LFS) are provided by one of its companies, Bhartiya Samruddhi Finance Limited (BSFL), while the Agriculture-Business Development Services (Ag/BDS) and Institution Development Services (IDS) are provided by the other company, Indian Gramen Services (IGS). BSFL is a NBFC and IGS a 'Not for Profit Company'.

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joining the unit recently. There are 12 livelihood support advisors (LSAs2) in the team. Agriculture and other specialized support are extended by area executive, based at Nanded. There is a separate accounts division in the unit. Each Fx works with six LSAs. There is a clear work plan with every member as well as regular monitoring system in place. Importantly, the area manager based at Nanded made that additional effort to make this challenging innovation a success. His effective leadership and complete commitment towards the triad strategy actually played the critical role towards achieving the desired level of success.

THE LIVELIHOOD TRIAD INTERVENTION

The intervention had activities around all three important components of the Livelihood Triad, namely Livelihood Financial Services (LFS), Agriculture and Business Development Services (Ag./BDS) and Institution Development Services (IDS). The details of the activities are given below:

1. Livelihood Financial Services (LFS)

The livelihood financing is broadly categorized into following:

- o Agricultural purposes Crop loans & Agriculture Investment Loans).
- o Agriculture Allied (Dairy etc) purposes.
- o Non Farm Sector (NFS) purposes.
- o Other Purposes (Like House & Infrastructure loans, General Purposes Loan & Vehicle Loans)

Process of selection and disbursement of loans

Loan process starts with LSA meeting with potential customers, forming their Joint Liability Group (JLG) and preparing the Registration & Appraisal format. It is followed with FX meeting them and appraising the activity and the loan amount. All the other necessary documents, like photo, residential proof and age certificate, etc. are obtained at this time. Finally, a Unit Loan Committee (ULC), headed by unit head and minimum

² Livelihood support advisors (LSAs) are field-based functionaries, responsible for making the case for financing and timely recovery of the installments on one hand and for the dissemination of information and communications between unit office and the community. They make an important chain for providing various services related with institution and business development, veterinary care, insurance etc. Their remunerations are directly linked with the amount of services provided. Each one of them covers 15-16 villages.

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two FXs takes the decision about the loaning and the amount. This decision is communicated to the recipient with the date of loan disbursement, which ranges from 3 to 15 days. An agreement involving JLG members is prepared and the recipient has to deposit upfront 10% of the loan amount as security and 2% as service charge. Rate of Interest on such loans is 24% annually, on declining basis. Fee for Ag/ BDS, veterinary services is also paid by the recipient, if s/he is interested to register for these services. Even after the systematic sanctioning of finance to customer as well as JLG, a close field monitoring is done by unit staff to immediately check on any inappropriate utilization of funds. The status of loan portfolio is attached as Annexure-II.

Insurance Services

As a part of financial services, life insurance is a must for the loan customers. Insurance premium is deducted from the amount of loan itself. Recently, they have planned to propose to cover the life of their spouses also. Livestock insurance is also offered to these customers but it is not essential. It is only for educating them about the importance of the livestock insurance and motivating them to take it.

2. Business Development Support (BDS)

One of an important arm of the TRIAD as well as Project's intervention, BDS portfolio covers the following:

Dairy

In a large of the covered villages, there were several dairy cooperative societies, which were lying defunct for last several years. These were once formed by the dairy department of the government. But due to a number of problems at various levels, these societies got defunct. Realizing the potential, BASIX took initiative to start the process for revitalizing these societies, for which they initiated a dialogue with the government. The dairy department took a very positive and supportive view on this and provided the required information related with the societies and about the milk routes etc. In the process, 15 such societies were revived, out of which 3 were registered as new societies. Broadly three kinds of supports are extended to the societies - finance for purchase of animal, veterinary support and cooperative trainings. Out of these, cooperative training part is still in the planning phase.

Animal financing is done to the JLG members of these villages on the recommendation of the dairy society. Loans are given to the women members (or wives of men members). For this purpose, the dairy society has to register with BASIX by paying Rs 1000 to

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1200 for registration. For getting veterinary services, a member has to pay Rs 300/year. The women owned societies have some advantages in government run programs. Efforts are on for collaboration with BALF for Artificial Insemination program for breed improvement of cattle. Training programmes are organized for strengthening milk cooperatives.

Veterinary Care

Veterinary care services provided by the unit is a critical initiative to remove the bottleneck to address the risk involved in dairy and for customers' satisfaction and overall dairy business development. A full time veterinary doctor is attached with the unit for this activity. There are following services extended under veterinary care.

- o Emergency visits to handle critical cases.
- o Monthly medical checkup camps.
- o Vaccination programs.
- o De-worming campaigns.
- o Training & awareness camps.

Doctor himself visits in about half of the villages, while for the rest he has trained the LSAs for providing these services. These LSAs are veterinary diploma holders and are qualified for such jobs under the supervision of the doctor. Customer has to pay for the treatment and medicines cost only, other than the annual service charge. Visits, training, diagnosis, prescriptions and advice fee are not charged for.

Agriculture Services

Unit has started giving business development services to the groundnut growing farmers from the following season. Traditional system of cultivation has its limited potential in terms of productivity in the area. Mostly farmers are engaged in old and unscientific farming practices, like using old seeds and traditional way of putting chemicals & fertilizers. Now the unit is providing following services under Ag BDS:

- o Soil Testing
- o Alternate application of fertilizers in split doses.
- o Right spacing
- o Inter-cropping
- o Marketing Linkages
- o Organic applications; Vermin composting. Neem seeds etc.
- o Scientific advise on pesticides use etc.
- o Training and advice on irrigation, management practices etc.

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The package is known as Healthy Farming Practices. This is to reduce the costs through IPM (Integrated Pest Management) practices. Unit has done initial talk with ITC for better marketing and they are agreed to pay minimum Rs 100/ Qt more than the prevailing market prices. A farmer has to pay Rs 300/ annum for registration and service.

Organic Farming

Unit has introduced organic farming based practices to promote agriculture business and some of these are already being implemented successfully in groundnut cultivation.

This package of organic farming practices consists of following activities:

- o Vermim Composting
- o Bio Intensive Integrated Nutrition Management
- o Bio Intensive Integrated Pest Management.
- o MIS on each activity.
- o Continuous trainings
- o Regular Advisory, Support & Exposure Services.

3. Institutional Development Services (IDS)

At present the unit is working with SHGs to strengthen them as institution. SHGs that have no mother organizations for last two years have been identified and institution development process has been initiated with them. Each of these SHGs has to deposit Rs 1200 as IDS fee per year. IDS package includes the following:

- o Record maintenance, writing
- o Awareness programmes
- o Awareness of government schemes
- o Exposure to other successful areas
- o Loan to SHG
- o Loan to SHG members through JLG approach.

Maximum amount paid as loans given to an individual is Rs 15000 and to SHG Rs 25000. VIKALP, an NGO working in the area around 150 SHGs in its fold. Informal agreement was being explored with them to give IDS inputs to the mature groups. Several of their groups were not mature enough to go for IDS with BASIX.

Integration of Programmes

The process of integrating the three main portfolios of Triad was just initiated to ensure full exploitation of the synergy. While the LFS activities were taken up in 109 villages,

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the AgBDS was implemented in 98 villages and IDS in 20 villages only. It suggests that there is lot of potential available, which the unit planned to exploit in near future.

Focus on Poor

Being focused on livelihood promotion of the poor households, the unit designed their activities in such a manner that suited the poor having no access to the resources normally available to the rich and middle class households. Following features of the program highlight the importance of making it more conducive to the livelihoods of poor:

- o Joint Liability Group (JLG) as a mechanism to reach out to people, who don't have the access to banks. Large number of unskilled laborers accessed the resources offered under the interventions.
- o Women, who didn't have any assets could access to BASIX's services.
- o People who had sufficient land holdings, but irrigation up to 1 acre or so were also customers.
- o Farmers having land up to 10 acres without irrigation facilities were the customers.
- o Small land holders or landless, having their sons in service were not the customers.
- o Maximum numbers of poor, who could do business with BASIX, were customers. But there was a fear of getting the poorest of the poor left out in this.
- o There were some kinds of supports that could be extended to SHGs under Ag/BDS, but it was difficult to extend these supports through JLGs.

Making the program self-sufficient and effective

To ensure the sustainability of the efforts made under the program, it was essential that the customers pay for the services provided to them. It was also critical to make the own the responsibility of questioning the staff for non-delivery of services in case those were not delivered and for making the system more vibrant and accountable on both sides. Following mechanisms had been built in the operations to ensure these elements:

- o Since the TRIAD is a strategy for livelihood promotion, all the three services had to be charged. Charge for the credit facilities, which would generate important revenue for the operations to sustain. Similarly, for business and institution development inputs, the customer paid back service charge supporting the revenue base.
- o Serve the customer to get better off and get a fee for that service.
- o Design the credit portfolio in such a manner that it was accessible to those poor families that had no access to commercial financial institutions.
- o Provide technical support ensuring better service delivery. Conduct rigorous

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- o monitoring, less paper work, fast and at-door deliveries of credit as well as recoveries.
- o Support new and non-traditional livelihoods, which had potential to grow.

Gender Aspects

The unit team understood the importance of the women involvement in the program that is critical for the balancing out of the gender based inequalities. But practically, the issue had not been addressed effectively. The perspective about the gender required to be corrected to ensure the positive results on that account. Currently, the status was as described under:

- o Gender was broadly understood as number of women involved in the activities.
- o Impact of Gender issues like power relationship among men & women in society was not clearly understood by them.
- o It seemed that women were being used by the project for securing its operations (credit) rather than as a principle of equity.
- o Due to operational context and targets, at many places women really created assets and had awareness, ability & accessibility. But in most of these cases, they did not have control over the assets. Men in their families also took it like another scheme, run by BASISX, rather than understanding the rationale behind the policy.

The Charged LEADERSHIP with a focus on TRIAD

No innovation can succeed if it is not backed by a commitment and belief in the cause among the members of the team. The Parbani team was a perfect mix of the ingredients required for achieving success. The area manager based at Nanded, the Parbhani unit head, two field executives and twelve LSAs - all of them worked as a firm team without any inhibitions of hierarchy. The team developed a solid synergy to enthruse each other. They recognized the importance and maintained a firm and constant relationship with the communities, assuring them about the potential of the intervention. They got the whole-hearted support from the area manager wherever and whenever required.

To add to this synergy, they got a veterinary doctor joining them as LSA in early stage, with the challenge to prove the strength of the technical inputs. He was an enthusiastic person, who worked day in and day out to prove his worth in the team of professionals with management and social work backgrounds. His contributions were recognized to the extent that not only he was soon promoted to field executive, first one in BASISX without a post graduation from a professional institution, but also the graduation in

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veterinary sciences was included in the accepted qualifications for the position of field executive.

Since the evolution of the Triad strategy had occurred through the experiences of several years, there was complete belief in the top management about its potential to promote livelihoods of poor. Being the first unit formally declaring to take up triad, they team realized the fact that they are engaged in setting up a milestone for several others to take direction from. They made all their plans around the TRIAD only and initiated all their activities in the line with that. Even the recruitment of the staff was done keeping TRIAD in mind. It helped them focus their efforts without any distractions. On one hand, they planned and took up business development activities including veterinary services and on the other built up new or reactivated defunct institutions of the villagers. There was no space for cynicism.

FUTURE PROSPECTS

There is ample scope for the unit to increase its operations covering more geographical area, like that of expanding to Hingoli district. Since the area is adjacent to the covered area of Nanded district, the operations would be effective and smooth. By January 2006, the unit plans to add following activities in the portfolio:

- o Training for dairy societies on cooperative institutionalization.
- o Intervention in Cotton under Ag/ BDS.
- o Increase in the amount of Micro Enterprise Loans (NFS).
- o House & Infrastructure Loans.
- o Growth Micro Enterprise (NFS) Loans.
- o ROSCAS.

OBSERVATIONS

- o Level of satisfaction in the community for having the support through BASISX intervention is high.
- o Need based loan disbursement, with flexible installment payment schedules. Distribution of the loans to the needful for variety of purposes like for Non-farm requirements, Agriculture, small enterprise, dairy etc., is strengthening their livelihood. There is positive change in attitude of the customers towards repayment of loans.
- o Recovery rate is 100 per cent. Joint Liability Groups creates a pressure among borrowers for making timely repayments.

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- o Reviving the defunct institutes like Dairy Societies may affect the livelihoods of many households. Insurance and AG/BDS services available for extra support.
- o Financing for purchase of animals has affected the viability of these cooperatives.
- o Veterinary support has also taken care of risk factor of the vulnerable farmers to some extent and also boosted the dairy business in the area.
- o Understanding of the rationale in operational and managerial context is leading to good project outcomes. Preference to support the existing enterprises/ experiences ensures better results.
- o The unit team is full of zeal and vigour. It created the desired level of synergy among themselves and the environment of enthusiasm and fun.

CONCLUSIONS

Currently, the number of villages covered under LFS (109) is maximum, followed by BDS (98). There are only 20 villages covered under IDS. Even within such a village, the inputs are currently going in line with the single service. This is due to the initial phase of this strategy. Slowly the integrated approach is picking up. The period of the initiative is less than three years, which is too short to actually see the tangible results.

It is evident from the initial responses that TRIAD is going to create more impacts than the total sum of the three services being provided independently, although it is bound to take some time before it really starts showing visible results of significant level. The synergy created by the three different kinds of inputs under three arms of the TRIAD is strong enough to make a difference of higher level. The positive influence of formation of the dairy cooperatives is clearly seen on the livelihoods of its members, most of whom are poor. The three-pronged strategy has enabled the livelihoods to make best use of their resources that could have been difficult in absence of the AgBDS and IDS inputs.

There are some areas, which would need attention. The focus on governance has the potential of improving on the results further. There is also a potential to strengthen these cooperatives through relevant training inputs. Ag/ BDS is set to get good pace and success in near future, with effective technical inputs from area executives.

It would be critical to protect the interests of the institutional set ups against the individual interests. For instance, the practice of disbursing loans to individual members of SHGs might affect the sustainability of the SHGs as savings and credit institution in long run. Secondly, there is a need for proper orientation of all the members of the team on Gender aspects and on its importance in BASIX's mission and integration into project

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activities. Thirdly, there is a need to think and make some strategy to reach out to special cases (poorest among poor), although portfolio systems have been designed to reach to maximum numbers of poor, but still.

Conclusively, it could be said that there is a good initiation with encouraging trends about the results. But for the better impacts, the integrated approach of TRIAD needs to be brought on the OUTSET. There is also a need for orientation of the team on the issue of gender based equity. This intervention also suggests that if there is a motivated team with belief in the cause, the impact of the multi-pronged approach can be much better.

'It happens only with TRIAD' (As reported in Dec. 06)

Shivaji Kadam, a small farmer, lives in Sukhapur Wadi, a village 5 kilometers away from the nearest road link. The only transportation facilities available there are carts and bicycles. Agriculture and labour work are the main occupations of the people. Most of the households, including that of Shivaji Kadam belong to backward classes. After the credit assessment survey, BASIX chose his village for its TRIAD operations. Under the TRIAD services offered, he availed the following:

1. Livelihood Finance Services A credit of Rs. 15,000 to help purchase a crossbred cow.
2. Business Development Services Regular guidance for proper breeding, feeding and management of the cow and the calves. Timely veterinary health care provided in this otherwise remote village, including the treatment to get the next calving in reasonably low time.
3. Institution Development Services Cooperative Society of the milk producers was formed. Linkage with the milk chilling center was established, with the van reaching to a village, 3 kilometers away, which was manageable.

The impact of this three-pronged approach was that, today, in less than three years, Shivaji Kadam has, besides the mother cow, another cow of the next generation and a calf. The appropriate feeding and breeding practices brought about the optimum results, which might have been limited in absence of these inputs. On the production front also, the second generation cow has given 15 liters of milk per day in its first calving itself, which is bound to increase in next 3-4 parturitions. It is not usually seen in village conditions with traditional style of crossbred cow rearing. Today, he gets 25 liters of milk including the mother cow's 10 liters of milk, which has changed his life pattern. The regular disposal of this milk at reasonable rates to cooperative chilling center is quite assuring for him.

Confident Shivaji Kadam looks forward to have the other female calf (now heifer) also getting into milking next year, when he would have all three of them giving milk plus a calf every 12-14 months. He had not imagined this before arrival of BASIX in his village.

And it could not have happened with credit alone.

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Annexure - I

The Three Arms of the Livelihood Triad

Livelihood Financial Services (LFS) - are provided to fulfill working capital & investment needs of the clients - the poor household. It includes savings, credit, short-term and long-term insurance for lives and livelihoods, fund transfers, commodity derivatives, financial orchestration - ranging from grants to equity for livelihoods.

Institutional Development Services (IDS) - are aimed at enhancing the capacity of the clients through formation of producers' groups, federations, cooperatives, mutual benefits, etc. It also includes entrepreneurship development, accounting and management information systems, human resource development and performance management systems, building collaborations with others and policy analysis.

Agriculture & Business Development Services (Ag./BDS) - are appropriate technical assistance and support services to client that include productivity enhancement, risk mitigation (non-insurance), local value addition, alternate market linkages, input supply, output sales etc.

Annexure - II

Status of Loan Portfolio as on 31 March 2006

Livelihood financial services	No of Accounts	Sanction Amount	Disbursed Amount	Principal out standing amount	Interest accrued
Crop loans through JLGs	410	3615000	3605000	3605000	388015
Agri-Investment loans	301	3500000	3455000	4141070	74451
Agri-allied Loans	2063	13720000	13370000	17112496	275572
Non-farm Micro-Enterprises	1069	6660000	6555000	7557981	125143
General Purpose	3	75000	75000	72153	1037
Housing &Infrastructure Loans	115	1465333	1450000	1574636	22577
Vehicle Loans for SHGs	4	70000	70000	105787	854
TOTAL	3965	29105333	28580000	34169123	887649