

**REPORT**

**ON**

**Customized Programmes**

**In**

**Micro Finance**  
**for PACS Partners**

**BASIX**  
**Equity for Equity**

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## **TRAINING COMPLETION REPORT**

### **THE LIVELIHOOD CHALLENGE**

Livelihood is one of the most defining and determining attributes of a human being. For an acceptable level of human existence, a person and his/her family requires a source of livelihood that ensures fulfillment of basic needs such as physical safety, food, shelter, clothing, health and education.

Households subsisting below the level of income known as the poverty line are the most vulnerable and deprived households. This includes households involved in labour, without possession of land, households with very little land, households with just one member employed (especially in rural areas, and employed as labour, or in petty trading or wage employment), persons employed in activities facing crisis/decline and so on.

The most crucial need for quality livelihoods for an individual or household is being gainfully employed over a period, to earn a level of remuneration satisfying basic needs and providing a minimum quality of life. The livelihood pattern, generally, depends upon a set of resources, which include:

- Natural Resources – land, water, forests, livestock, mineral wealth, energy sources, etc
- Physical Resources – Irrigation infrastructure, market yards, warehouse, power, roads, etc
- Human Resources - Skills, etc
- Financial Resources – Source of credit, saving mechanism, etc and
- Institutional Resources – Community Based Organisations, banks, government agencies, etc.

Large numbers of people in India are bereft of stable livelihoods, due to lack of one or all of the resources required to making a living and thus fall in the vulnerable section of the society. It is now widely accepted today that promotion of large number of livelihoods, especially for the rural poor and women has emerged as the most significant challenge of the century. The tenth five year plan estimates show that more than 12 to 15 million new livelihoods need to be promoted every year in India alone, to ensure near full employment. With increasing population pressure, technological advances, in the competitive global market, the situation is going to become worse, unless efforts are made to arrest the situation.

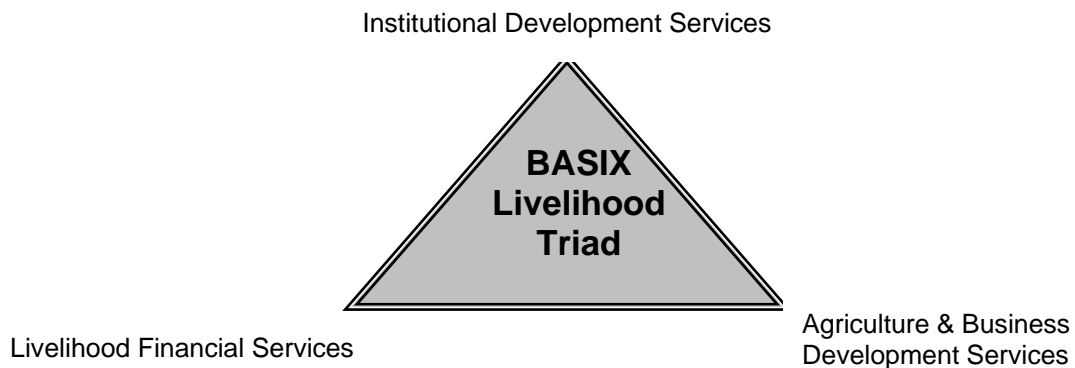
This challenge calls for an immediate attention and needs a serious reflection of the work being done by various organizations involved directly or indirectly into livelihood promotion. A livelihood promotion is a conscious effort by an agency or an organization to promote and support livelihood opportunities for a large number of people (other than those directly or indirectly employed by them). Livelihoods Promotion organizations need to learn the reasons for why only few interventions have a large impact while others don't. Some interventions that have had a significant impact on livelihoods on a large number of persons include the National Dairy Development Board which changed the lives of nine million dairy farmers, Bhartiya Agro-Industries Foundation's (BAIF) cattle

cross-breeding program supporting one million livelihoods, International Development Enterprises' (IDE) pedal pump influencing more than 3,00,000 livelihoods, the South Indian Federation of Fishermen's Societies (SIFFS) supporting 50,000 livelihoods and PRADAN's lift-irrigation program (21,000 livelihoods).

## ORGANISATION PROFILE

### ***BASIX: A Livelihood Promotion Institution***

BASIX is a new generation livelihood promotion institution established in 1996, working with over 150,000 poor households in 25 districts and 6 states. Its mission is *to promote a large number of sustainable livelihoods, including for the rural poor and women, through the provision of financial services and technical assistance in an integrated manner. BASIX will strive to yield a competitive rate of return to its investors to be able to access mainstream capital and human resources on a continuous basis.* The operating design of BASIX is geared towards providing a multiple set of services to rural poor households from under one umbrella. This includes provision of micro financial, agricultural & business development and institutional development services.



The BASIX Livelihood Triad includes the following services.

<i>Livelihood Finance Services (LFS)</i>	<i>Agriculture &amp; Business Development Services (Ag./BDS)</i>	<i>Institutional Development Services (IDS)</i>
Savings, credit, insurance, for lives and livelihoods	Productivity enhancement Risk mitigation (non-insurance) Local value addition, alternate market linkages - input supply, output sales	Formation of groups, federations, cooperatives, mutual benefits, etc. of producers, Capacity Building, Accounting and management information systems and Performance management systems. Building collaborations, Policy analysis and sector work, entrepreneurship development

The rationale behind this is as follows: Micro-credit in particular and micro-finance (including savings and insurance) in general, is helpful for the more enterprising poor people in economically dynamic areas. However, for poorer people in backward regions, a whole range of other livelihood promotion services (input supply, training, technical assistance, market linkages) needs to be provided. Likewise, it is not possible to work with poor households individually and they need to be organized into groups, informal associations and sometimes cooperatives or producer companies, all of which requires institutional development services. In pursuit of its complex mission, BASIX has had to experiment and innovate constantly. This complexity is reflected in the corporate structure of BASIX, which comprises *five companies to address a diverse set of task*.

BASIX is a group of financial services and technical assistance companies. The parent company is Bhartiya Samruddhi Investments and Consulting Services Limited (BASICS Ltd). The companies under strategic management by BASICS Ltd are:

- Bhartiya Samruddhi Finance Ltd (BSFL), an RBI registered NBFC, engaged in micro credit and retailing insurance and providing technical assistance services to some of its borrowers
- Krishna Bhima Samruddhi Local Area Bank Ltd. (KBSLAB), an RBI licensed first Micro finance bank, providing micro credit and savings services in three districts
- Indian Grameen Services (IGS), a section 25, not for profit company engaged in research and development and training related to livelihoods
- Sarvodaya Nano Finance Ltd (Sarvodaya), an RBI registered NBFC, owned by women's self help groups, and managed by BASICS Ltd.

BASIX through its experience in livelihood promotion understood that there are many lessons, practices, and tools and techniques with practitioners and researchers of Livelihood Promotion interventions, accumulated over the years and across the country. However, this body of knowledge is not being adequately collated, analyzed, and made available in a comprehensive and systematic manner. As a result, good practices and knowledge are not being adequately used or replicated. On the other hand, many livelihood interventions go through the same learning process and/or repeat the same mistakes. Searching, collecting, analyzing, building knowledge in a systematic form and disseminating this knowledge is a large and ongoing task.

Indian Grameen Services, has set up the Indian School of Livelihood Promotion which is involved in knowledge building relevant for supporting large number of livelihoods and disseminating the knowledge to enhance implementation capabilities of individuals and organizations affecting the livelihoods of the poor.

### **STRENGTHENING MICRO-FINANCE PROGRAMME:**

BASIX, as a part of its work has developed rigorous Micro-Finance systems including appropriate systems for operations, human resources and information management. BASIX has supported many CSO/CBMFIs to learn from its experience and develop appropriate systems from themselves.

In the course of its work in the last few years, BASIX recognized that CSO/CB-MFIs play a critical role in supporting/ promoting livelihoods in rural areas. Apart from being a good

distribution channel for various financial services like credit, savings and insurance and non-financial services like forward and backward linkages, they also play an important function of aggregation, which becomes critical for achieving some scale, necessary for viability and sustainability of the efforts. However, it was observed that often these organizations, though strong on their social foundation, are not equipped to take up economic activities. Many of such institutions need proper operational models and management information systems for increasing the scale of reach and depth of the market.

When dealing with the client institutions and its own operations, BASIX realized that main problems for the successful operations of these institutions were as follows:

- **Design Constraint:** Often the design of the micro-finance operations of the CSOs is weak. CSOs are not aware of the various choices available for designing their financial operations.
- **HR Constraint:** Getting adequately trained personnel to manage the operations of community-based organizations is difficult. In addition, deploying the people properly, aligning their job responsibilities with financial discipline also needs refinement.
- **Information Constraint:** As Micro Finance activities are dispersed across different geographic locations, the effective management, consolidation and processing of information plays a critical role. Absence of appropriate systems often is a major constraint.
- **Policy Constraint:** BASIX experience has shown that the potential of these organizations are often constrained due to inadequate awareness of the policies by the CSOs and of the ground reality by the policy makers.

Therefore, BASIX recognizes that for addressing these problems and enhancing the capacity of the CSO it is necessary to develop an appropriate **(i) Operating System, (ii) Information System, and (iii) Human Resource System**. These three systems are very closely linked to each other. In the experience of BASIX, unless these three are developed simultaneously the desired outcome will not be achieved.

## **CONSULTANCY ASSIGNMENT WITH PACS-DFID:**

As per the request under the PACS –DFID, BASIX offered a customized course from 1<sup>st</sup> December to 3<sup>rd</sup> December 2005 to the civil society organizations (CSO's) of Maharashtra, Jharkhand, M.P, U.P, and Bihar to help, them develop a strategy to link SHGs with MFIs to meet their livelihood needs.

As per the requirement, BASIX provided consultancy services to the PACS programme to help develop the PACS partners of Maharashtra, Jharkhand, M.P, U.P, Bihar to develop a strategy for strengthening their SHGs and linking them to MFIs to meet their livelihood needs.

BASIX offered both conceptual and skill-building inputs as well as significant learning from the experiences and tools for livelihood interventions at the field to enable CSO's develop a concrete strategy.

The medium of instruction was Hindi, however the teaching materials were both in Hindi and English.

## **OBJECTIVES:**

BASIX had been requested under the PACS-DFID to offer a customized course to the civil society organizations (CSO's) to help them develop an understanding of Micro-Finance with the following objectives.

- To develop a conceptual understanding of Micro finance and the various issues concerning the same
- To develop a strategy and action plan to strengthen the SHGs for building linkage with Micro Finance Institutions (MFIs).
- To appreciate economic development among the PACS Partners.

Outcome of the assignment:

1. BASIX has achieved all the objectives as stated above.
2. BASIX has trained 17 operating managers to the concepts of livelihoods and tools for identification of livelihoods opportunities, SHG grading and linking SHGs with MFIs to meet their livelihood needs.

## **METHODOLOGY:**

Three-day residential course on micro-finance, and strengthening of SHG/Federation, principles of MFI, and tools for grading of SHGs was conducted at Jhansi to develop a broad understanding of micro-finance and strategy to link SHGs with MFIs to meet their livelihoods needs. This course included sharing of experiences and conceptual inputs. A detailed course module was made (attached as annexure-2) based on the understanding developed after the initial interaction with Development Alternatives.

The sessions in the three-day customized module will mainly be conducted with the help of cases, lecture cum discussion and group exercises. Some local best practices in the form of case studies on livelihood promotion, SHG formation, Federations and their linkages with MFI's, will be shared as classroom materials for the course. The lecture

mode of discussion concentrated on the practical experiences undergone by BASIX in micro finance and livelihood promotion.

17 project officers and coordinators of PACS attended the three days of the course. They were mainly Bihar, Uttar Pradesh, Jharkhand, Maharashtra and Madhya Pradesh. (list of participants attached-annexure 2)

### **Observation**

#### **Feedback on the participants**

Since the time duration for the course on micro finance was only of three days, there was not one to one interaction with all the participants. However, it was felt that the participants had been practitioners in the field for quite some time and had fairly good idea of working with Self Help Groups. Moreover, during and even after the sessions, there were several queries on the actual implementation of micro finance with SHG members. Their questions were duly taken care of by the resource persons. However, the team still felt, seeing the enthusiasm of some of the candidates that micro finance will definitely be implemented in the field.

#### **Organization of programme by DA**

The training programme by DA had been well organized with special emphasis on timeliness and hospitality. Every detail was well taken care of, right from boarding to lodging to the training needs of the participants as well as the resource persons.

### **Recommendations**

Building a livelihood-learning group (LLG), covering 17 participants in the programme as well as 4 resource persons and one from DA, where livelihood practitioners can share their experiences on livelihood promotion and can address issues of common concern. LLG would act as a forum where exchange of such knowledge is facilitated through intensive small group discussion on specific issues of concern to the practitioners, such as access to markets, capacity building, micro-finance, social issues of entitlement and the very definition of a livelihood and interventions in livelihoods. This interaction between the practitioners and those trained in articulation is expected to produce materials, which can be easily transmitted to others.

- BASIX also proposes to conduct a separate 3 day programme for the 17 CSOs on the legal issues of micro finance with field exposure on the different institutional set ups. This will help in understanding of the strength and weakness of the various institutions. The recommendation is base on the feedback received from the participants during the programme at Jhansi.

## Course Module

Date & Time	Topic	Methodology	Objective
1/12/2005			
09.00-09.30	Inauguration, Programme Overview, and Ground Rules	Lecture	To familiarize participants with the course content and methodology to be used
09:30:11:00	Evolution of mF		
11:00-11:15	Tea break		
11.15-12.15	The Emergence of MF sector in India	Lecture	
12.15-01.30	Principles and Models of MF	Lecture	Understanding MFI knowing different models
01.30-02.30	Lunch Break		
02:30-03:45	SHG and Micro Finance	Movie and discussion	Conceptual clarity and understanding of SHG
03.45-04.00	Tea break		
04:00-05:30	Indicators to measure group health	Group Work & presentation	Reflection of the days
2/12/2005			
09:00-10:30	Tools for SHG gradation	Discussion and planery	Conceptual Undersanding of the relevance of SHG
10.30-11.15	CBNA for financial linkage	Findings analysis and group discussion	Find Capacity building need assessment for financial linkage of SHGs
11.15-11.30	Tea Break		
11.30-12.00	Steps in Micro finance	Lecture	Briefing of the steps being followed by BASIX
12.00-01.00	Application process for Mf	Lecture	Conceptual clarity on the basics of micro finance
1.00-2.00	Lunch Break		
02:00-05:30	Appraisal techniques for Mf	Group work / dummy exercise	Understanding the risks involved in the process

3/12/2005			
9.30-11.00	Defaulter's study	Case discussion in groups and presentation	For a broader understanding of the correct procedure of Mf
11.00-11.15	Tea Break		
11.15-01.00	Documentation process and MIS	Lecture cum discussion	Conceptual clarity on proper documentation
01.00-02.00	Lunch Break		
02.00-03.30	CB MFI	Lecture cum discussion	Conceptual clarity of the process involved
3.30- 3.45	Tea Break		
3.45-5.30	Open session on best practices	Open session	Broader clarity of mF

**List of Participants**

<b>S.N.</b>	<b>Name of the Participants</b>	<b>Organisation</b>
1.	Mr. Ghanshyam Pd. Singh	Gramin Evam Nagar Vikas Parishad, Patna
2.	Mr. Santosh Kr. Sinha	Nav Bharat Jagriti Kendra, Hazaribagh, (Jharkhand)
3.	Mr. Yogesh Kumar Attreya	SAPIT, New Delhi
4.	Mr. Narendra Shende	Indian Institute of Youth Welfare, Nagpur (Maharashtra)
5.	Mr. Subal Kr. Senapati	Pani Sansthan, Faizabad (UP)
6.	Mr. Anita Tudu	Maulana Azad Samajik Evam Shaikshanik Parishad. Deoghar (Jharkhand)
7.	Mr. Anil Kumar	Kamyab Yuva Sanskar Samiti, Jabalpur (MP)
8.	Mr. Palash Bhushan Chatterjee	Aragati, Hazaribagh, (Jharkhand)
9.	Mr. Rajesh Kumar	Kanchan Sewa Ashram, Muzaffarpur (Bihar)
10.	Mr. Gajendra Singh	Akhil Bhartiya Samaj Sewa Sansthan, Chitrakoot (UP)
11.	Mr. Anand Kumar Hasda	Jan Lok Kalyan Parishad, Pakur (Jharkhand)
12.	Mr. Brij Bhushan Yadav	Solidarity of the Nation Society, Gonda (UP)
13.	Mr. Vinay Kumar Sharma	Needs, Deoghar (Jharkhand)
14.	Mr. Bibhuti Nath	Abhiyan, Patna
15.	Mr. Kala Kant Upadhyay	Shohratgarh Environmental Society, Siddharth Nagar (UP)
16.	Mr. Ramesh Jha	Abhigyan Disha, Madhubani(Bihar)
17.	Mr. Salim Khan	Tarun Chetna Sansthan, Pratapgarh (UP)