Life Long Learning

for Inclusive Sustainable Development: Study of Mann Deshi Bank and Mann Deshi Foundation

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Foreword

Farmers need information on new developments, new opportunities and potential strategies for adaptation. They will introduce innovative practices and technologies when they have the ability to learn continuously. Smarter financial decisions are an integral part of any business, whether they concern recognising cheaper input sources or making profitable investments. As a career development banker and financial education provider, I believe that poor rural entrepreneurs and farmers deserve more than just institutional financial assistance to realise their aspirations for growth. They need access to entrepreneurial learning and capacity building to empower them to develop practical business skills and better grow their enterprises.

The present book, based on a study conducted by National Institute of Bank Management, highlights how effective linkage of human capital with social and financial capital enhanced the empowerment and livelihood security of marginalised farming households, particularly women in the Satara district of Maharashtra. The study provides several key insights. It has established that every Rs 1.00 invested in the programme yielded Rs 16.64 worth of social returns to the communities besides other economic benefits. Mann Deshi Bank discovered that combining banking services with the appropriate financial literacy and business skill building of clients widened the business opportunities for both entrepreneurs and banks in as much as it resulted in an improved financial performance of the Bank, profitable and sustainable enterprise development of clients and increased household income.

It also reinforces methodological approaches and experiences deriving from case studies and projects that demonstrate how lifelong learning for sustainable development can be implemented in practice as a win-win business strategy and can spiral a self-sustaining development process.

These results should attract the attention of banks, financial institutions, governments and other associated agencies and inspire them to adopt the model to suit their needs and provide the rural poor with opportunities for strengthening their livelihoods in a sustainable manner.

Furthermore, additional research and analysis must be conducted to find out which types of non-financial bank services have the most effect on improving farmers' business practices. Do they include direct support from banks, information dissemination, training or consulting? Also, which non-financial services offer the highest return to both banks and businesses? And how can banks rigorously measure and quantify the impact of their non-financial service offerings on their own profitability and clients' business profitability in order to determine appropriate levels of investment in non-financial services? The answers to questions such as these could guide stakeholders in better understanding the learning and non-financial support needs of their farming clientele.

Satyajit Dwivedi
CEO
National Centre for Financial Education

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Executive Summary

Introduction

India's economic growth is not evenly distributed across population groups and geographic areas. Of the country's 1.35 billion citizens, more than 170 million are classified as poor. The informal economy still accounts for more than 80 per cent of non-agricultural employment. The agricultural sector faces many persistent problems due to small holdings: 85 per cent of farmers are small to marginal farmers dealing with a weak agriculture value chain and a high dependency on rain-fed agriculture. The entrepreneurs who are engaged in agriculture are running small businesses; lack the financial and entrepreneurial skills, capabilities and opportunities they need to expand their businesses; and are not receiving the capital they need from the formal sector because of market imperfection and poor credit management.

As a result, the overall growth rates show a lacklustre economy, with the agricultural sector inevitably sitting at the bottom of the list. With agriculture appearing to be a failing economic activity, developing both agribusiness and alternative - that is, non-agribusiness - sustainable livelihood opportunities for rural entrepreneurs is a prerequisite for development.

India is one of the world's emerging market economies; globalisation, technology and demography are all having a significant impact on rural entrepreneurs and the labour market, and specifically the women in both the farming and non-farming sectors. In the changing economy, the nature of work now requires a different set of skills. However, there is a mismatch between the formal education available and the requirements of the job market. The missing link is skill development and capacity building, and it requires immediate attention from the government and other stakeholders.

The use of information and communication technology (ICT) is undoubtedly a game changer in capacity building among the rural population, one that will facilitate and reinforce transformation and changes in the economic life of the average person. ICT will transform the knowledge base and integrate learning/best practices with entrepreneurial activities in rural areas. The Commonwealth of Learning (COL), Mann Deshi Bank and Mann Deshi Foundation are working to lift rural women out of poverty through various financial and enterprise management training and capacity-building interventions.

Mann Deshi Bank's Last Mile Connect

Mann Deshi Bank's mission is to foster entrepreneurship and financial literacy as means of advancing women in rural areas, and particularly in drought-prone areas of rural Maharashtra. It has chosen to serve the illiterate and semiliterate rural women facing resource and educational constraints: more than 90,000 rural women, mostly from vulnerable communities, involved in microenterprise are its clients.

Mann Deshi Bank's products are highly customised to suit the specific needs of its clients. Loans are provided only to women and are delivered to their doorstep. The Bank uses technology extensively to give its clients convenient access to services at minimal cost to the clients and to enhance the reach of the Bank. Its processes are highly client-centric and ensure that its products and services are provided in a manner that leads to their sustainable adoption and use.

The Bank follows an integrated lending process that includes careful selection of clients, developing clients' financial literacy, provision of insurance, insistence on social collateral and doorstep collection of instalments. A major pillar of Mann Deshi Bank's business model is the provision of non-financial services - for example, reaching out to women and girls in remote villages with financial literacy programmes, training in income-generating activities, training in managing business and finance, providing a market for finished goods, promoting synergy via collective bargaining, etc. Its various initiatives - for example, its business school, community radio, chamber of commerce and community development programmes - have led to an integrated approach to banking. It looks after its clients, and its holistic approach to sustaining their bankability is carried out by networking, resource sharing and handholding in addition to advocating for their rights and living conditions.

COL and the Lifelong Learning for Farmers (L3F) Approach

COL has been working in the agricultural sector through an initiative called Lifelong Learning for Farmers (L3F). Using information and communication technologies (ICTs), the initiative aims at strengthening the learning process among entrepreneurs, particularly rural women, and creating a linkage between various stakeholders. In 2010, COL partnered with Mann Deshi Bank to implement its L3F approach in India, and the two have been partners ever since.

Objectives and Methodology

This book analyses the impact of the L3F initiative implemented by Mann Deshi Bank on both its financials and its clients, particularly their entrepreneurial activities and household well-being. The overall impact was assessed by estimating the social return on investment (SROI).

In this book we draw on both descriptive and analytical research design and approaches to examine the outlined objectives of the L3F study. The major analysis of the study is based on primary data collected from Mann Deshi's operational and non-operational areas. The selected study site offered an appropriate sample representation of both beneficiaries and non-beneficiaries. The primary data were collected from five sample villages in Maharashtra state, India. A sample of 61 L3F beneficiaries was adopted from three Mann Deshi operational areas and 110 control group respondents were selected from two villages, one of which Mann Deshi had worked in.

Impact on Mann Deshi Bank's Financials

Mann Deshi Bank's financial performance in terms of growth, profitability, quality of assets, cost-efficiency and recovery of loans has been very good. This is an excellent example of how adopting an L3F approach can lead to superior performance and sustainability of a business.

Impact on Entrepreneurial and Household Well-being

An analysis of socio-economic conditions clearly indicates that Mann Deshi Bank's clients are far ahead of the respondents in the control group in terms of education, employment, income, savings, investment, asset creation and entrepreneurship.

The L3F programme has enabled the women who participated in it to take up various farming and non-farming entrepreneurial activities. For example, after L3F training, around 56 per cent of the women took up new entrepreneurial business activities, and nearly 67 per cent of the women who trained through L3F are solely managing their own business enterprise. It is reasonable to assume that the capacity and business opportunities provided through the L3F programme have enabled the women to take up these enterprise activities and manage them independently.

The intervention has had an impact on several aspects of household well-being. The findings of the study show that L3F members report a very high increase in expenditure on food, health, clothing, loan instalments and communication, and very high improvement in income from sources like agriculture, allied activities, services, and trade and business.

The household assets of respondents have shown significant improvement after the L3F programme, particularly in the areas of durable household assets like mobile phones, motorcycles, gas stoves, refrigerators, fan/coolers and mixers/grinders. We also found a very high improvement in ownership of productive assets like large ruminants, such as cows and buffaloes, and small ruminants, such as sheep, goats and poultry. Financial assets such as savings, credit, investment and insurance have greatly improved among the L3F member households, as have their housing conditions through investment in various areas of house renovation and reconstruction.

Social Return on Investment (SROI)

Social return on investment (SROI) is a measure of a project's social and economic benefits. The L3F study findings suggest that every 1 rupee of investment has created 16.6 rupees' worth of social value for the beneficiaries. They also show that the L3F programme has been very effective in demonstrating economic and social returns: The project has led to women's empowerment in many ways. The women participants gained empowerment by having household decision-making power, contributing to the family income, and experiencing social and political advancement in terms of knowledge and awareness. The focus group discussions revealed that women who received L3F training developed economic and social endowments with the help of that training and capacity building. The training and capacity building helped the women to adopt best practices in their entrepreneurial activities and, as a result, the returns from their livelihood activities have not only increased but also proven sustainable to date.

Chapter 1

Sustainable Development and the Fight against Poverty

Introduction

Eradicating poverty in all its forms remains one of the greatest challenges faced by humanity and looks set to be critical in the future too. Nearly 10 per cent of the world's population lives in extreme poverty. That translates to approximately 700 million people living below the World Bank poverty line of USD1.90 per day (World Bank, 2020). Furthermore, nearly 4 billion people - almost half of the world – lives on a household income of less than USD2.50 per day. The extremely poor, who are primarily women and children, do not benefit from economic growth and development because of very poor economic and social endowments. Thus, they live lives abundant in scarcity.

Poverty as a multidimensional phenomenon is more complex and dynamic than the traditional perception of poverty, which focuses on low income and consumption. It also encompasses factors such as access to health, education and food security. Therefore, poverty encompasses a composite of income, human development, social discrimination and exclusion, lack of basic security and capability deprivation. Its multidimensional nature means that poverty prevents an individual or a family from accessing one or more basic necessities, participating in social activities and having decision-making abilities. Ensuring a sustainable livelihood for a family under such circumstances is extremely challenging.

The approximately 700 million people whom the World Bank has identified as living in extreme poverty struggle to access basic resources like health services, education, potable water and sanitation, to name only four. There are 122 women aged 25 to 34 living in poverty for every 100 men in the same age group, and more than 160 million children are at risk of living in extreme poverty by 2030 (UNDP, 2018).

While the number of people living in extreme poverty has dropped by more than half - from 1.9 billion in 1990 to 836 million in 2015 - too many are still struggling to meet their most basic human needs. The World Bank estimates that of the 736 million people living in extreme poverty worldwide, 50 per cent live in just five countries: India, Nigeria, the Democratic Republic of Congo, Ethiopia and Bangladesh. Furthermore, women and children in these countries are especially vulnerable since they are deprived of access to many economic and social opportunities and resources.

To fight against such complex and multidimensional poverty, several policies and programmes have been introduced by international institutions, multilateral organisations and private/social institutions. Country-specific domestic policies and strategies have also been adopted. In 2000, 189 nations made a promise to free people from extreme poverty and its associated deprivations. As a result, the United Nations adopted eight Millennium Development Goals (MDGs) to be achieved by 2015 (United Nations, 2000). The Sustainable Development Goals (SDGs) subsequently replaced the MDGs in 2015 as significant policy strategies to fight against poverty and achieve sustainable development (United Nations, 2015).

The Millennium Development Goals and Sustainable Development Goals

In 2000, world leaders met at the United Nations and set eight Millennium Development Goals (MDGs) to "spare no effort to free our fellow men, women and children from the abject and dehumanizing conditions of extreme poverty." To achieve these goals, a wide range of practical steps was taken by governments across the world to improve the lives and prospects of people living in poverty (UNDP, 2015).

The goals guide the policies of governments and the priorities of development agencies. They are a time-bound set of goals to overcome some basic human deprivations - for example, extreme poverty and hunger, lack of access to primary education, gender inequality, lack of women's empowerment, child mortality - and are the culmination of various global summits, workshops and conferences of the 1990s. Both the MDGs themselves and their targets reflect the desire and commitment of humankind to ensure basic human development for all people on this planet by 2015.

The MDGs directed the most successful anti-poverty movement in the history of the world. They helped to lift more than 1 billion people across the world out of extreme poverty, make inroads against hunger and deprivation, enable more girls to attend school than ever before and protect our planet for the future. They generated new and innovative partnership models of development, stimulated public opinion and validated the value of setting ambitious goals for sustainable development. The MDGs have resulted in significant improvement in the areas of income poverty, access to safe water, enrolment in primary education and child mortality.

Despite all these remarkable achievements, though, the indignity of poverty has not been ended for all: Inequalities persist and growth has been uneven. As noted above, the world's poor remain devastatingly concentrated in just five countries. Economic growth is not inclusive and tends to bypass women and those who are at the bottom of the economic pyramid or are disadvantaged because of age, disability or ethnicity. There remain distinct disparities between rural and urban areas across both developing and developed economies because of lack of access to many economic and social resources and opportunities. In addition, too many women continue to die during pregnancy or from childbirth-related complications and lack of access to secure healthcare facilities.

With the job unfinished for millions of people, there is a need to go the last mile on ending hunger, achieving greater gender equality, improving the quality of health services and getting every child into formal education. We must shift the world onto a sustainable path. Such a path requires determined political willpower, collective action among stakeholders and long-term efforts. We need to address root causes and do more to integrate the economic, social and environmental dimensions of sustainable development. The SDGs aim to do just that by 2030.

The concept of the SDGs was born at the United Nations Conference on Sustainable Development, Rio+20, in 2012. The objective was to deliberate on a set of universally applicable goals that balanced the three dimensions of sustainable development: economic, social and environmental. At the Sustainable Development Summit on 25 September 2015, UN Member States adopted the 2030 Agenda for Sustainable Development, which includes a set of 17 Sustainable Development Goals (SDGs) to end poverty, fight inequality and injustice, and tackle climate change by 2030.

UNDP Administrator Helen Clark noted, "This agreement marks an important milestone in putting our world on an inclusive and sustainable course. If we all work together, we have a chance of meeting citizens' aspirations for peace, prosperity, and wellbeing, and to preserve our planet" (UNDP, 2015).

Achieving the SDGs will require a substantial expansion of human learning. Conventional methods of education and training cannot address the scope and scale of the task. Technology has already revolutionised other areas of human life; the world must now harness it to focus on teaching for capacity building of people living in poverty, particularly women.

Promoting Learning for Sustainable Development

The Brundtland Commission defined sustainable development as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (World Commission on Environment and Development, 1987). Even after 30 years, this definition is very much relevant: development must be sustainable and demonstrate that all factors -for example, economic, social and environmental – have been considered and executed upon.

Learning is the key to sustainable development, which aligns with the SDGs. It must lead to economic growth, social inclusion and environmental conservation.

Learning encompasses more than traditional formal education; it can take place in non-formal or informal settings and can continue throughout the life of an individual. Recent technological innovations have made it possible to make learning ubiquitous. Technology helps in learning and capacity building through a flexible skills development approach, unlike traditional approaches, which are inflexible and often do not meet the needs of those working in the informal economy or other target groups (Balasubramanian, Lesperance, Mead Richardson & Balasubramanian, 2011). It also helps in large-scale skills training given the marginal costs of training a heterogeneous group of target group clientele.

Today, Open and Distance Learning (ODL) is seen as a cost-effective tool for providing education and capacity building at all levels and for a variety of disciplines, professions and segments of societies. ODL is a significant contributor towards sustainable development due to massive developments and disruptions in information and communication technologies (ICTs). The innovative approaches of ICT-enabled ODL have made possible effective pedagogic interventions for providing unlimited flexible learning choices to diverse constituencies of learners without any geographical boundaries or barriers.

ODL for Sustainable Development

The concept of ODL focuses on open access resources for education and capacity-building training to free learners from constraints of time and place. Learners can subscribe to flexible learning methods and approaches at an individual level or participate as part of a group of learners. It is currently one of the most prominent and rapidly growing fields of education and is making a substantial impact on all education delivery systems. The innovations and disruptions in the field of ICT – particularly in smart phone mobile technology, 4G and 5G connectivity, biometric identification, etc. – are all contributing directly and indirectly to the fast growth in ODL education and capacity building.

ODL is very effective for building the capacity of people who work in formal or semi-formal sectors, live in rural areas, and are illiterate, poor and female. It uses a multimedia approach to delivering instruction; interactive and practical learning sessions and problem-solving methods may be adopted for better understanding and knowledge.

ODL can contribute to poverty reduction and sustainable development by offering capacity-building and skills-training programmes for poor and vulnerable communities in both rural and urban areas. It can effectively integrate various government, semi-government and non-government institutions and organisations without the challenges of borders, religion, ethnicity, etc., reaching out to the last mile with the least cost. There are initiatives under ODL to link universities, research institutes, ICT kiosks, mobile network agencies, government developmental agencies, private institutions and banks with rural communities across India, Sri Lanka and Kenya to help farmers learn and earn (Kanwar & Daniel, 2009; Kumar & Kulkarni, 2013).

Open Educational Resources (OER) are a key trend today in the space of electronic learning or e-Learning. They are important learning materials with the potential to facilitate the expansion of learning worldwide and aim to promote open access to digital educational resources "that are available online for everyone at a global level"(Commonwealth of Learning, 2017). In the last decade, we have seen tectonic shifts in how technology is used in education and skill building. The open courseware material development sector has witnessed a huge growth in demand from the higher education and vocational training sectors for resources based on a self-study or self-instructional mode to reach target groups in developing and developed countries.

Open online courses, also called massive open online courses or MOOCs, have large-scale enrolment and offer a middle ground for teaching and learning between the highly organised and planned classroom environment and the emerging online approach. MOOCs integrate the connectivity of social networking, the facilitation of an acknowledged expert in a field of study and a collection of freely accessible online resources.

India is a Country of Poverty and Prosperity

One in four people living in poverty across the world live in India. In the past two decades, though, India has made incredible progress in reducing absolute poverty in the country. Based on India's official poverty line, the share of the population living in poverty halved between 1994 and 2012, falling from 45 per cent to 22 per cent. That translates into 133 million people being lifted out of poverty. According to the 2020 global multidimensional poverty index (MPI), India halved its MPI value during the period 2005-06 and 2015-16. Per the index report, around 273 million people were lifted out of multidimensional poverty in India during this period (UNDP & Oxford Poverty and Human Development Initiative, 2020, p. 3).

However, progress has also been uneven. Poverty reduction did not benefit all segments of people in society equally, and in fact, the reduction in poverty levels could have been much higher had economic growth been more inclusive. In recent years, while overall household consumption levels have improved rapidly, at the bottom of the pyramid, the poorest 40 per cent of households have seen their incomes increase at a slower rate compared to the total population. Women are disproportionately more likely to live in poverty than men due to unequal access to employment, education and property. Thus, in terms of shared prosperity, or equitable inclusiveness of growth among all people, India lags behind many countries at a similar stage of development.

Poverty is also intertwined with rural and urban disparities; 80 per cent of people living in poverty in India live in the countryside. States and regions with a history of backwardness and poverty are proving to be very slow in catching up with their counterparts. Poverty goes beyond numbers, though; it also means lack of access to nutrition, shelter and more importantly, productive resources.

India has seen massive awareness, sensitisation and development programmes to fight poverty. The fact is, the country needs long-term policy strategies to sustain employment and wealth creation to fight large-scale poverty issues. In this context, India needs more holistic and operational strategies to fight poverty through scaling-up of the participation of international organisations, governments, non-governmental organisations and civil societies.

To scale up developmental intervention, it is crucial to develop innovative technology-enabled learning and capacity-building mechanisms to achieve greater outreach and lower costs. In this context, in this book we discuss COL's, Mann Deshi Bank's and Mann Deshi Foundation's inclusive developmental initiatives in India towards sustainable development and poverty reduction and look at various financial and non-financial services extended to people living in poverty in the operational areas of Mann Deshi Bank and Mann Deshi Foundation. There are extensive discussions on how ICT-enabled capacity building would help women to develop their enterprises and livelihood, and on the role COL played in developing ICT-enabled learning and capacity-building tools with the help of Mann Deshi and other partner institutions to encourage seamless learning with minimal costs to learners.

Chapter 2

Learning for Sustainable Development: COL's Developmental Interventions

The Commonwealth of Learning

The Commonwealth is a voluntary association of 54 diverse countries, including 32 small states, from Africa, Asia, the Americas, Europe and the Pacific. The member governments work together towards achieving goals like development, democracy and peace. Every member, from biggest to smallest, richest to poorest, has an equal voice.

The Commonwealth is often described as a family of nations. At the heart of this family are three intergovernmental organisations: The Commonwealth Secretariat, The Commonwealth Foundation and The Commonwealth of Learning.

The Commonwealth of Learning (COL) is an intergovernmental organisation located in British Columbia, Canada, and founded by Commonwealth Heads of Government in 1987 to promote the development and sharing of open learning and distance education knowledge, resources and technologies. It operates on the premise that knowledge is the key to individual freedom and to cultural, social and economic development.

COL helps member countries to develop policies and strategies that make innovation more sustainable and to build systems or applications that expand learning towards sustainable development. It believes in making a strong impact through effective networking and a greater focus on the use of technology, particularly on the proven effectiveness of ODL modalities in sustainable learning. COL works in partnership with many international and bilateral organisations working towards the achievement of the SDGs - for example, the Canadian International Development Agency (CIDA), the UK's Department for International Development (DFID), New Zealand's Agency for International Development (NZAID), UNESCO, UNICEF, the World Bank and the World Health Organization.

COL has identified education and skills development as pillars of its Strategic Plan for 2015-2021. The theme is Learning for Sustainable Development, which reflects COL's commitment to strengthening human capital through quality learning opportunities that lead to empowerment and earning a livelihood. Its major activities are focused in the areas of promoting education, social inclusion, environmental conservation and global co-operation. In recognition of the fact that learning is the key to sustainable development leading to opportunities for economic empowerment, social inclusion and environmental conservation, COL' s major effort is its Commonwealth Executive MBA/MPA Programme, which is offered by universities in 11 countries – more than 30,000 learners have enrolled in this distance learning programme, and 14,000 of them have already graduated. It has established a Virtual University for Small States of the Commonwealth (VUSSC). All 31 small states of the Commonwealth are active members of this consortium. Small states collaborate on the development of need-based courses that are available as Open Educational Resources (OER). Twenty-three institutions in 14 countries are offering these courses (Commonwealth of Learning, 2015).

As a part of its education and social inclusion drive, COL is focusing on open schooling and the GIRLS Inspire programme. To address the barriers preventing many young people from accessing secondary education, it promotes open schools, which provide flexible learning opportunities through distance learning. To address the challenges of child, early and forced marriage (CEFM), the GIRLS Inspire programme provides training for girls and women in Bangladesh, India, Pakistan, Mozambique and Tanzania to equip them with the skills they need for employment and entrepreneurship.

To support the cause of environmental conservation, COL supported the development of an online Blue Economy course, which was offered for free by the University of Seychelles. The first session attracted learners from 24 countries worldwide. In partnership with the National Teachers Institute, Nigeria, COL has also developed a Green Teacher course to ensure that teachers raise awareness of environmental concerns among schoolchildren from an early age.

To boost global co-operation, during the past two years COL has worked with nearly 300 partners in the Commonwealth and beyond. Its 2019 triennial conference, the Pan-Commonwealth Forum, was attended by over 500 participants from 60 countries; and its eLearning for International Organisations (eLIO) initiative helps organisations such as the Council of Europe, Norwegian Refugee Council, United Nations Agencies and World Bank to build the capacity of their staff to respond to humanitarian challenges in the field.

Through its work, COL is building on its strength and leadership in open, distance and technology-based approaches and is working with global and national partners to transform the concept of sustainable development into a concrete reality. According to the COL Progress Report of 2015-18, more than 110 institutions have adopted COL models and materials. COL has benefited 370,000 learners, more than 50 per cent of whom are women, has more than 280 partners in 42 countries and has collaboratively developed more than 2,200 learning resources.

India is the largest Commonwealth country and is home to the Commonwealth Educational Media Centre for Asia (CEMCA). COL's work in India is primarily in the areas of higher education, teacher education, technical and vocational skills development, technology-enabled learning, Lifelong Learning for Farmers (L3F), open schooling, girls' education and knowledge management. COL is working with the Centre for Environmental Education (CEE) in India on the use and development of OER materials for the Green Teacher programme, which promotes sustainable development education in schools and teacher education institutions. Its technical and vocational skills development initiative supports partners in harnessing technology to increase access to improved quality skills training. A key aspect of the programme is the capacity building of partner organisations in course design and material development. COL works with several institutions in India on skill-enhancement training for women in order to integrate them into the workforce. It helped the State Resource Centre (SRC) in Kerala develop a certificate course in Community Development by distance learning to build the capacity and capability of community development workers. GIRLS Inspire is a partnership programme between COL and community organisations in India to address the barriers keeping girls and women from participating fully in society.

In the context of COL's contribution to the MDGs, it applies its expertise in ODL to tackle some of the most critical obstacles challenging their attainment. One of COL's prominent efforts in this area is related to helping fight hunger and improve prosperity by engaging farmers and other rural people in livelihood-related training. Learning for Farming is one such COL initiative. It helps rural communities engage in appropriate technology-based open and distance education to improve their livelihoods. The programme is a response to a critical need: the wealth of information resulting from agricultural research and development often fails to travel the last mile to the villages of the developing world where it is most needed.

In India, the L3F initiative is working in partnership with various organisations on higher and teacher education, technical and vocational skills development, technology-enabled learning, Lifelong Learning for Farmers (L3F), open schooling and girls' education, as well as knowledge management. The National Bank for Agriculture and Rural Development (NABARD) partnered with COL and subsequently encouraged co-operative banks to adopt the L3F model.

Lifelong Learning

The empowerment of women in developing nations is increasingly viewed as a prerequisite for poverty alleviation, and programmes and policy interventions facilitated or otherwise supported by various stakeholders to date have focused on this factor for sustainably lifting households above the poverty line. COL's L3F initiative, aimed at linking the capacity building of the farming community, particularly women, through ODL has been one such intervention. The larger objective of the L3F programme is to ensure that the initiative improves the quality of life of farming families with an emphasis on a process that is socially equitable, economically viable, financially feasible and environmentally sustainable. Of late, COL's focus has been on scaling up L3F at the provincial, national and international levels, and convincing governments, civil society, industries, financial institutions and development institutions/organisations of the viability and advantages of the L3F approach for all stakeholders.

L3F at Mann Deshi Foundation

1. A pilot project was initiated at Mann Deshi Foundation under L3F in September 2010 to strengthen the capacity of rural women through Mann Deshi Udyogini and Mann Deshi's business school on financial literacy, livelihood skill training, precision farming, business skills and so on. The objective of this initiative was to strengthen the entrepreneurial abilities of 250 women using ICT-based ODL in the area of agriculture and animal husbandry. The activities were expected to be undertaken by Mann Deshi and the output was expected by January 2011. The performance parameters set out in the pilot project to be achieved by January 2011 are given below:
    - Capacity of 250 women built in agriculture and animal husbandry business management.
    - Participating 250 women developed into entrepreneurs by linking them to credit and market opportunities.
    - Business plan with viable credit proposal converted into ODL material and delivered to 250 women.
    - Mobile phone-based learning and community radio used as learning tools.
2. The scaling-up of the activities of the pilot project (2011) was undertaken *via* an L3F approach with a target of reaching 500 women by the end of March 2012. The performance parameters set out in the expanded pilot project to be achieved by March 2012 are given below:
    - Courses on financial literacy, supply chain management, enterprise development in four sectors for mobile phone- and multimedia-based learning.
    - Minimum participation of 2,000 women in the blending ODL in four districts of Maharashtra state.
    - Savings of 200 women to be increased by 5 per cent per annum by July 2012.
    - Profits to be increased by 10 per cent for at least 200 participating members in supply chain management training by July 2012.
    - Development and integration of a suitable evaluation and monitoring framework and a suitable index for assessing socio-economic returns achieved.
3. The larger objectives of the COL partnership to expand the activities under the L3F initiative encompassed strengthening the Mann Deshi B-School and

Mobile Business School, developing enterprises among women through joint liability groups (JLGs), empowering women and girls through access to learning and networking and developing a model for the banking sector in India such that investment in capacity building and networking would be a viable business strategy. Towards this end, in October 2012, Mann Deshi expanded the coverage of L3F with support from COL. The major components of the expansion programme are:

- Development of agro-based enterprises among 100 JLGs comprising 2,000 women. It was also envisaged to evolve JLGs as forums for the horizontal transfer of knowledge.
- Linking 3,000 women with credit and market opportunities in accordance with the concept that every woman borrower is a learner.
- Develop audio-based and multimedia-based courses in enterprise management, credit and market management and supply chain management to be used through community radio and other audio facilities to reach 3,000 women.

The expected deliverables for the above included the acquisition of skills and knowledge through community radio and multimedia presentations by Mann Deshi staff, reaching 3,000 women through radio/multimedia interventions, linking 2,000 individual women borrowers and 1,000 JLGs to credit and market opportunities, and involving 1,200 women in horizontal learning through JLGs.

4. In accordance with the L3F-related objective of scaling up activities, results-based management (RBM) was introduced in 2014. The idea was to expand L3F to Mann Deshi Bank's newly established Lonand and Pune branch. In addition to the activities undertaken under L3F, a special initiative called the Doorstep Cash Credit Program was conceived to help poorer women. Specific outcomes with targets were fixed for various activities to be achieved by Mann Deshi for 2015, 2016 and 2017-18. With a view to institutionalising the activities on a sustainable basis, it was envisaged that Mann Deshi would collaborate with NABARD, develop a credit rating/scoring model in collaboration with CRISIL and assess the impact of the interventions under L3F with the help of the Indian Banks' Association (IBA).

Chapter 3

Mann Deshi: A Differentiated Bank and Development Institution

Introduction

It is a well-established fact that economically empowered women are major catalysts of development, as they usually reinvest their money in their children's health, nutrition and education.

According to the Census 2011 data and the latest National Sample Survey (NSS), women constitute 48.5 per cent of India's population and rural women make up 81.29 per cent of the female workforce in India. This confirms the crucial role of rural women in economic development. However, recent studies show that there has been a significant drop (8 per cent between 1990 and 2017) in the female labour force participation rate (FLFPR). This is substantiated by the NSS data for India which shows that, between 1987 and 2011, the FLPFR for women aged 25-54 fell from 57 per cent to 44 per cent in rural areas (National Sample Survey, 2011).

India has one of the lowest FLFPRs in the world - well below that of its neighbours such as Bangladesh, Nepal and Sri Lanka. A low FLFPR has a negative effect on a country's growth, empowerment of its women and outcomes for its children. Women in India account for between only 23 per cent and 24 per cent of the total labour force and generate a mere 17 per cent of GDP, which is far below the global average for women of 37 per cent. Around 84 per cent of women's main occupation is agriculture, which is found to be one of the lowest-paying sectors in terms of earnings (Srivastava & Srivastava, 2010).

India also has the largest relative scope to improve GDP. According to the International Labour Organization (ILO), India's GDP could increase by $1 trillion if it narrowed the gap between male and female participation in the labour force by 25 per cent (Kapsos et al., 2014).

International organisations like the ILO and International Finance Corporation (IFC), as well as studies by researchers (see, for example, Kalva et al., 2014; Kishor & Kamla, 2010), point out the importance of women's empowerment in India, which has nearly 90 million farm households. More than 85 per cent of these farmers operate on a small or marginal scale, with the average farm size being 1.15 hectares. Women play a key role in Indian agriculture both as farmers and as labourers. Agriculture is an uncertain seasonal activity, so there is large-scale dependency on other farming and non-farming activities such as rearing livestock for milk and manure and engaging in small business or wage labour to subsidise incomes. To reduce rural poverty, average rural family incomes must be increased, and this can be achieved by engaging women in economic activities. Towards this end, women need to take up capacity-building opportunities, enhance their marketable skills and expand their levels of empowerment to take decisions at both a household and a society level.

Mann Deshi Bank

Mann Deshi Mahila Sahakari Bank is one of the institutions dedicated to promoting women's empowerment and has been very successful in reducing the gender gap in financial services for micro-entrepreneurs. Mann Deshi Bank is more than just a bank; it is an institution dedicated to the community and to empowering women by helping them become financially confident and independent. The Bank has a grassroots understanding of women's micro-businesses and specific circumstances in rural and urban socio-economic set-ups. This helps them to provide best-in-class services and products designed especially for their clients' needs. Therefore, it is a differentiated bank to fight poverty in rural India.

Mann Deshi Bank has adopted an innovative approach towards achieving its vision: "To empower women to make their own choices and to be celebrated as equal and valuable members of their families and communities." It is not only advocating for but also actively enabling a gender-focused banking policy.

The Bank was established in 1996 in Mhaswad, a drought-prone region of the Satara district in Maharashtra. It was the first co-operative bank set up exclusively for and by rural women. Its founding was triggered by a footpath-dwelling female welder's inability to open a savings account with a bank to save up for a tarpaulin sheet to protect her home. When a social entrepreneur named Mrs Chetna Sinha heard about the woman's simple need and repeated rejections by the banks, she resolved to set up a bank for women who were excluded from or rejected by the formal financial institutions. Initially, 1,335 women pooled their savings of INR 78 million. Thus a member-driven and member-owned bank was set up.

As of March 2018, Mann Deshi Bank had nine branches, more than 28,000 members, more than 200,000 individual account holders and INR 970 million in deposits. The Bank has disbursed term loans of over INR 500 million and has INR 1,110 million as working capital. It has a recovery rate of around 96 per cent, and more than 90 per cent of its loans are issued for use in priority sectors like agriculture, micro-enterprises, etc.

While Mann Deshi Bank was initially conceived of as a safe place for rural women to save their hard-earned money, it has evolved into the best women's bank in India. Its focus has remained on helping women to control their finances and grow their incomes by providing various client-centric services such as doorstep banking services, electronic passbooks, micro-enterprise loans and pension and insurance services, etc. Per the demand of the grassroots clients, the Bank regularly develops and pioneers affordable loan products for women. One such initiative was providing an unprecedented working capital loan in the weekly markets. Thousands of women vendors across many villages in rural Maharashtra's weekly markets currently benefit from this cash-flow facility to build their working capital by taking a loan in the morning and paying a portion of it back in the evening. As India has increasingly embraced the digital age, Mann Deshi Bank has begun to offer cashless banking to the women through its agent banking model. The agent banking model provides real-time digital banking services at convenient locations that ensure that women entrepreneurs benefit from the latest technology.

The Bank's mission is to support a financial environment in which millions of small-scale women entrepreneurs successfully grow their business and are celebrated and valued in their personal, family and community environments. To achieve this mission, the Bank has developed a strategic plan for pursuing the following aims:

- ❑ Provide financing to women entrepreneurs to expand their business.
- ❑ Create new and customised credit products and services specifically for rural women.
- ❑ Represent rural women's concerns at the national and international levels for banking and financial inclusion.
- ❑ Provide insurance schemes and products.
- ❑ Provide doorstep banking services.
- ❑ Promote digital banking.

The target clients of the Bank are women who are marginalised and excluded from the formal financial system and traditional business economy but are willing to overcome these challenges through hard work.

Mann Deshi Foundation

Mann Deshi Foundation is the driving force of a unique business model adopted by Mann Deshi Mahila Sahakari Bank and is based on the core philosophy of the social elevation of deprived rural residents through economic empowerment, financial literacy and self-sufficiency derived from micro-enterprise.

Mann Deshi Foundation's vision is to empower women to make their own decisions and to be celebrated as equal and valuable members of their families and communities. To fulfil this vision, the Foundation's mission is to equip women with the knowledge, skills, courage, opportunities and capital to become successful entrepreneurs with more control over their lives. It began as a social movement to promote women's rights and increase their participation in their local community of Mhaswad; it now has a presence in seven districts in Maharashtra and in one district each in Gujarat and Karnataka. Mann Deshi Foundation's head office is located in Mhaswad, in the Satara district, Maharashtra. Its primary areas of operation include Mhaswad, Dahiwadi, Vaduj, Lonad, Satara and the surrounding villages. The Foundation also operates in other districts of the state of Maharashtra and Karnataka, including Dhayari, Chiplun, Kamothe and Sinnar in Maharashtra, Silvassa in Dadar, and Nagar Haveli and Hubli in Karnataka.

Mann Deshi Foundation Initiatives

To complement the Bank's niche financial services for vulnerable women, the Foundation conducts many activities in capacity building, handholding, supporting, educating, advocating for women's rights, community welfare, etc. The Foundation's major activities are as follows:

- *Business Schools:* To provide training in theoretical, technical and entrepreneurial skills. The training programmes range from one-day and one-week modules to one-year programmes like the Deshi MBA Programme.
- *Goat Doctors Programme:* Women with a modest education are trained in goat farming, vaccinations, first aid and artificial insemination, with support from the Nimbkar Agricultural Research Institute (NARI) in Phaltan, in the Satara district.
- *Chambers of Commerce:* Initiative dedicated to advocate for help for existing business women to access new markets, launch innovative products, network with their peers, and access financial, registration and legal advisory services and improved business practices.
- *Community Radio:* To inspire other women to start their own business, women entrepreneurs share their incredible stories on community radio programmes. It is a very powerful intervention designed to ignite the power of women.
- *Improving Livelihoods for Farming Communities:* Given the realities of living in a drought-prone region, families are forced to migrate in search of work during the dry season. This has negative effects on children's education, health, sanitation and nutrition, and erodes a community's key asset, livestock. Families are thus trapped in a vicious circle of poverty. To address this problem, the Foundation developed a water conservation programme and farm-to-market project.
- *Mann Deshi Champions:* This initiative aims to create opportunities for girls and boys in rural Maharashtra to participate in sports, uses sports to teach social, physical and life skills, safeguards the health and nutrition of talented young athletes and offers professional coaching to talented rural athletes.

Mann Deshi Foundation follows an organic approach to develop and evolve programmes reflecting its organisational focus. Thus, to nurture entrepreneurship, programmes are conceived, designed and modified to meet the needs identified by women. The Foundation aims to reach 1 million women by 2022 and plans to scale up its empowerment programmes, demonstrate the strength and value of its financial literacy training for rural women and other financially excluded groups and its customised financial instruments and strengthen its advocacy for women's causes.

Synergy Between COL's L3F Approach and Mann Deshi

Mann Deshi, with financial and technical support from COL, has addressed the problems of rural poverty, disempowerment of women, poor credit management and/or non-performing assets, high risks associated with seasonality and small-scale nature-based operations, etc., in rural Maharashtra, India. COL's L3F capacity-building interventions -financial literacy, formation of JLGs, supply chain management, agribusiness management, tailoring and livestock-rearing programmes - were implemented in the operational areas of Mann Deshi beginning in 2012. These interventions are initiated with the help of information and communication technology (ICT), an integrated approach to learning for addressing social, economic and environmental constraints, and an interdependent or integrated approach to the provision of financial and non-financial services for the target groups in rural and urban areas.

From the very outset of their partnership, Mann Deshi Foundation and COL worked together to fight poverty through various developmental interventions. COL had the expertise and innovative ICT-based projects to test the efficacy and impact of capacity-building interventions; Mann Deshi Foundation had the dedicated and deep-rooted human resources in its operational areas required for successful project implementation. The synergy between the two organisations has helped with the successful implementation of the L3F approach and produced a greater impact on the lives of poorer communities in general and women in particular.

Both Mann Deshi Bank and Mann Deshi Foundation were, and continue to be, inspired by the Self-Employed Women's Association (SEWA) model of Ahmedabad to empower women living below the poverty line through making a difference in their lives. Mann Deshi Bank focused on a combined capacity-building approach, channelling approach and institutional approach to engage women in enterprise development for sustainable livelihoods in rural and urban areas. The Foundation facilitated women to start up new enterprises and rejuvenate women-led enterprises with a bottom-up approach through community participation and enables communities to channel local resources for enterprise development. The financial-capability approach model of Mann Deshi Bank allowed access to formal financial services at an appropriate cost and time and at convenient access points – for example, the agent model for doorstep banking and financial literacy on wheels.

COL and Mann Deshi both firmly believe that banking services delivered at the appropriate financial literacy level and entrepreneurial capacity building widen business opportunities for both entrepreneurs and banks. As a differentiated institution, Mann Deshi significantly contributed towards increasing knowledge, skills and confidence along with institutional credit for its clients. Recognising the importance of combining banking with business enterprise training, Mann Deshi Bank launched its Women B-school model for rural and other vulnerable communities. COL assisted Mann Deshi Foundation with its L3F approach to reinforce capacity-building activities through ICT-based learning and skills building for sustainable enterprise development.

To sum up, Mann Deshi as an institution has many differentiating characteristics such as its choice of clients, products and services, delivery mechanism, entrepreneurial innovations, capacity building, geographical coverage and approach to women’s empowerment. These differentiating features of the institution have emerged over the years through working closely with women and understanding their financial and non-financial requirements. As Chetna Sinha says, "The poor don’t need poor solutions, they need viable and sustainable solutions."

Chapter 4

The Project Site and Methodology

Introduction

This chapter contains a discussion of the objectives, analytical framework and research strategy including sampling methods, project site and empirical techniques used to analyse the data. It also provides information about the scope and limitations of the study.

Objectives of the Study

The study that this book is based on was to assess the impact of L3F and had the following objectives:

1. Critically examine the implementation of COL's L3F programme by Mann Deshi.
2. Assess the impact of L3F on Mann Deshi Bank's business vis-à-vis its viability and replicability.
3. Assess the impact of L3F on entrepreneurial businesses and selected household welfare attributes of the clients.
4. Determine the social return on investment (SROI) of Mann Deshi's services to L3F participants.

Analytical Framework, Research Approaches and Methods

For this study we employed both descriptive and analytical research design and approaches, and used quantitative and qualitative research techniques to examine the outlined research objectives.

The impact of the L3F programmes on Mann Deshi Bank's business model and its stakeholders is examined through an intervention research approach (Fraser & Galinsky, 2010). This type of approach enables a researcher to conduct a systematic study of intervention strategies, operational scope and limitations. The methodology in this approach is characterised by both the design and the development of the interventions. The design consists of the specification of an intervention, which determines the extent to which an intervention is defined by explicit practices, goals and activities to be carried out to achieve the desirable outcomes. In this study, we considered the following research steps to undertake the intervention study:

1. Understand the purpose of the COL-L3F intervention from its RBM framework.
2. Study the activities that need to be carried out per the design of the RBM framework.

3. Examine the measurable output of the intervention and its measurement indicators.
4. Draw quantitative or qualitative, or both, findings from the intervention on Mann Deshi Bank's business model and on its stakeholders.
5. Critically comment on the findings to identify potential further improvements in interventions or to develop new strategies for better outcomes.

Business model refers to the ensemble of processes and activities undertaken by the Bank to create value. The impact of L3F on Mann Deshi Bank's viability will be assessed on the basis of its strategy and choice of client, its value proposition in terms of its product and service offerings, its production and delivery processes and its organisational structure to link various stakeholders, and the resultant financial model of the business. Based on the Bank's organisational strength, the geographical base of operations and financial viability, the replicability of the banking model will be assessed.

The impact of L3F on entrepreneurial businesses and selected household welfare attributes will be examined through indicators such as the contribution of L3F to improvement in income, employment, investment in enterprise and other household welfare indicators. The impact of L3F on household welfare will be examined through indicators of improvement in household expenditure, assets, income, employment and women's empowerment by using both quantitative and qualitative approaches.

To determine the SROI on Mann Deshi's services to L3F participants, we look at both the private and social costs (both direct and indirect) and returns of the L3F programme for its members and the social return in terms of good practices in dairy, goat rearing, agriculture, agribusiness, entrepreneurial activities, etc.

We used two types of empirical testing for the impact analysis. One is based on the comparison of improvement in welfare indicators of the members across the two time periods, pre- and post-interventions, through an experiment research design using baseline and endline information. The other involves a comparison of improvements in various household welfare indicators across L3F beneficiaries and non-L3F beneficiaries across sample households. To understand the SROI and household welfare impact, focus group discussions (FGDs) were carried out.

Broad Assessment of Activities under the L3F Programme

A careful perusal of the documents, pamphlets and other sources of information from Mann Deshi and COL reveals that a variety of activities have been undertaken by Mann Deshi with the broader objective of women's empowerment in the Satara district. Needless to say, the majority of these activities have been supported by COL. It must also be mentioned that some of the activities undertaken by Mann Deshi under L3F either overlapped with ongoing activities of Mann Deshi itself or were a continuation of activities under L3F from 2011. In other words, broader objectives such as the empowerment of women through education and training, enterprise development through credit and market linkage and social empowerment of women have remained the same, but a range of activities and interventions have changed over time, between approximately 2011 and 2018.

As the impact assessment involves several parameters and activities over a long period with scant quantitative information, the third-party assessment warrants an emphasis on observations. This approach helps in deducing qualitative aspects of the initiative, which are essential for its overall assessment. Therefore, it must be reiterated that the research team visited the community radio centre; observed a financial literacy class; visited two villages to better understand how Aptus, buses and vans outfitted to function as mobile classrooms, tailoring classes and goat insemination programmes were all used in the context of the programme; and held informal discussions with the beneficiaries of the L3F programme. These observations have been factored into our overall assessment of the L3F programme.

From our discussions with Mann Deshi officials and the research team's field visits, we observed that the following broad interventions, which are also used for the overall impact assessment of L3F, were undertaken under the L3F programme:

- Basic and advanced financial literacy training
- Formation of JLGs
- Supply chain management training
- Agribusiness management training
- Tailoring training
- Goat-rearing training and other livestock-rearing training

The data collected from Mann Deshi on the interventions listed above are provided. An analysis of the contents of the programmes revealed that the number of training programmes, participation rates and coverage of villages conform to the broad objectives for which COL had extended financial support. In addition, the delivery method for programmes – for example, Aptus, mobile classroom or face-to-face interaction - reflect the needs of the target group. Therefore, the broader conclusion we draw from the documents from Mann Deshi, the MoUs between COL and Mann Deshi, and more important, our field-level comprehension of the L3F programme is that the programme has been useful from the perspective of the beneficiaries. This observation is fortified in Chapters 7, 8 and 9, which discuss the impact of L3F on the economic and social empowerment of the sample households.

Methodology for Analysing the Impact of the L3F Programme on Mann Deshi Bank's Financials

COL's original L3F programme was a pilot project tested by Mann Deshi in 2010.

It was then implemented in 2012. In order to study the impact of L3F on the Bank's financials, the Bank's audited balance sheet and profit and loss account were collected for eight financial years (2010-2017). The balance sheet and profit and loss accounts were then reorganised (see Annexure 6.1 and Annexure 6.2, Table 6.5 and Table 6.6, respectively) and the data were analysed to assess the performance of the Bank in terms of growth in loans and advances, deposits, interest income, interest expenses, profits, etc. The cost structure, sources of financing, share of deposits, composition of deposits and composition of assets were all analysed. Key ratios such as return on total assets, return on earning assets, return on equity, cost of funds, Net Interest Income (NII), etc., were also calculated.

Data Sources and Sampling Method

Regarding the first two objectives – critical examination of the L3F programme implemented by Mann Deshi and assessment of L3F on Mann Deshi Bank's business vis-à-vis the viability and replicability of L3F – the study relies on mostly secondary data and related information collected from Mann Deshi. The Bank's business data were collected through the audited balance sheet and profit and loss account, as noted above. In addition, Mann Deshi Foundation data on expenditure, income and grants, including COL's contribution, were collected through the Foundation's balance sheet, profit and loss account and data gathered from COL.

The third and fourth objectives were analysed based on primary data collected through a structured questionnaire and focus group discussions. Both qualitative and quantitative data were collected through pilot-tested field-based data instruments. Mann Deshi also provided baseline data on L3F members' economic and social status for 2010-11.

The field study was conducted in April 2018 with the help of a well-trained team of research assistants who were familiar with local sociopolitical and economic factors and the Marathi language.

Sampling Method

The study was conducted in the operational areas of Mann Deshi Foundation and command area of Mann Deshi Bank in Maharashtra state. COL's L3F programme was first implemented by Mann Deshi in the Satara district, Maharashtra. In the study, we selected two types of respondents: members of the experimental group, wherein the respondents were trained through COL's L3F programme, and members of the control group, in which respondents were not part of any L3F programme. Three sample villages were selected from three different regions of the Satara district. In all, 61 experimental groups of L3F members/households were selected from three villages. All the L3F-trained respondents from the three villages are part of the experiment group of respondents. In the case of the control group, 110 sample households were selected from two villages, 55 from each village.

Mann Deshi had worked previously in one of the control group villages but not in the other. The non-L3F households were randomly selected based on the village panchayat list of households with yellow and orange ration cards. According to the government of Maharashtra, households with an annual income below INR 15,000 are considered below poverty line (BLP) families and are eligible for a yellow ration card, which gives them access to various welfare and other government social schemes. Households with an annual income above INR 15,000 per annum but less than INR 1 lakh are eligible for an orange ration card, which entitles them to certain government benefits. This selection process helped in minimising the problem of selection bias in the control group.

The research objectives, methodology and sample framework were discussed and finalised in consultation with COL. Tables 4.1 and 4.2 list all the villages included in this study.

For the purposes of this study, we use the expressions L3F groups/households for people, groups and households who participated in the L3F programme, and non-L3F groups/households for the control group.

Sampling Tables

Table 4.1
Experimental Group Sample

Villages with L3F (village name)	*Total # of L3F households in the village*	*Sample (Census) of L3F households*
Pulkoti	17	17
Shiratav	18	18
Dhuldev	26	26
Total	61	61

Table 4.2
Control Group Sample

Village with L3F	*Total # of non-L3F households*	*Sample of non-L3F households in L3F village*
Pulkoti	264	55
Village without Mann Deshi Activities	*Total # of households (all non-L3F)*	*Sample of non-L3F households in non-L3F village*
Bhatki	267	55

Limitations of the Study

The L3F intervention was started in 2012 in the operational villages of Mann Deshi. As we conducted this study in 2018, almost seven years elapsed between the project's beginning and our study. This led to some difficulty in getting information through memory recall to differentiate the social and economic status of the members. However, some of the baseline information and qualitative exploration aided bias control. The selected sample ultimately had good quality information about the L3F project and its benefits.

Chapter 5

Mann Deshi Bank's Business Model: Policy, Practices and Replication

Introduction

A bank's business model is intended to capture and frame the essence of the business practices that lead to the attainment of its strategic intent. It reflects the bank's business objectives, target clients, products, services, business strategies, processes and organisational structure.

A statement made by one of Mann Deshi Bank's clients - "My Courage Is My Capital" - is the cornerstone for Mann Deshi Bank's business model, which draws on the courage of vulnerable but capable women. The Bank's mission is to empower and enable rural women to overcome their economic, educational and social limitations, come out of poverty and gain dignity in society. The founder of the Bank, Dr Chetna Sinha, realised that access to finance is not the only key to the success of rural women. Building business skills and gaining access to markets are equally important for unlocking the full potential of future entrepreneurs. Accordingly, she not only started Mann Deshi Bank but also launched Mann Deshi Foundation to provide financial services and support to enable rural women to use the Bank's services. The Bank provides financial services and the Foundation provides a selection of other services. Together they offer the following to women in rural areas:

- Access to finance
- Entrepreneurship development
- Community leadership
- Access to a collective (networking)

Mann Deshi Bank is the only one of its kind in the world and has evolved an appropriately unique business model. The salient features of the Bank's business model can be gauged from its target clients, products and processes.

Target Clients

The Bank was set up "by rural women for the rural women." It currently has over 28,000 members and over 200,000 women clients who are predominantly women in rural areas who are daily wage labourers, small and marginal farmers, very small vendors and shopkeepers, and micro-entrepreneurs. These clients have little or no education and were struggling to earn money and meet their basic needs. They belong to marginalised communities, and 56 per cent of them were earning less than USD2 per day. Some of them had experienced exploitation in impoverished and male-dominated rural areas.

The Bank's network covers remote villages with populations considered to be "unbankable" by mainstream banks and financial institutions. The mainstream lending institutions also consider the costs of serving people in these areas to be too expensive. Mann Deshi Bank's services are currently offered in small towns including Mhaswad, Dahiwadi, Vaduj, Lonand, Satara, Dhayari, Chiplun, Kamothe and Sinnar in Maharashtra; Silvassa in Dadra; and Nagar Haveli and Hubli in Karnataka.

Products

Mann Deshi Bank's products are highly customised to meet the varied needs of women in rural areas. Listening to clients, observing their circumstances and empathising with challenges they face with their daily finances or micro-enterprise guides the Bank in developing products and services. This approach has led to innovative and successful products like Weekly Market Cash Credit and Savitribai Phule Yojna (a savings scheme to help counteract increased expenses during school admission season) to name but two.

The salient features of Mann Deshi Bank's products are:

- innovation and development of affordable loan products for women,
- products for women's micro-business and specific circumstances,
- doorstep delivery,
- adoption of technology to enable digital and cashless transactions, and
- loans are provided only to women, although men can open savings accounts.

Deposit Products

Seeta Bachat Thev: A savings scheme linked to a pension product. A zero-balance savings account is opened and the amount saved in this account is transferred to a pension scheme. Mann Deshi Bank is the first microfinance institution with a pension scheme in Maharashtra.

Mann Deshi Bachat Thev Yojna: A pigmy savings account in which very small weekly or daily deposits can be made. Clients can deposit as little as Rs 5 or up to Rs 1,000 in the account. The scheme is offered through a chain of agents who collect savings from clients and deposit the money in a branch or transfer the data from a Simputer to branch computers. Clients are offered interest of 5 per cent after completing six months, and 7 per cent after regular savings over 12 months. Regular savers may then be offered loans on recommendation by the agents.

Samajik Suraksha Thev Yojna: Under this gold purchase scheme women can save a minimum of Rs 350 weekly or Rs 50 daily. If they save money regularly for three months, the bank will give them 10 grams of gold. The prevailing market value of the gold is calculated, after which the three months' savings are adjusted. The balance amount is the loan (i.e., value of gold minus savings).

Savitribai Phule Yojna: One client expressed that it is difficult for her to pay her children's school fees and purchase books, uniforms, etc., at the same time. The Bank designed this savings scheme so clients can save between May and June of the following year to cover school expenses in June, when schools open.

Loan Products

Mahila Nano Finance: These are loans in the range of Rs 5,000 to Rs 20,000 offered at an interest rate of 12 per cent. An amount equal to 5 per cent of the loan amount is deducted and equity shares of the Bank are allotted to the clients. A savings account is also opened for the client. The distinguishing feature of this loan is that the borrower chooses the instalment and payment frequency per her convenience.

Weekly Market Cash Credit: Retailers selling food and non-food products in the estimated 30,000 urban and rural weekly markets in India are either farmers or small traders who purchase products from wholesalers to sell at the weekly markets. Weekly markets are those that function only one day a week. The majority of the retailers finance their working capital either through short-term loans from money lenders or by purchasing stock from wholesalers on credit. The interest rates in both cases are exorbitant. Understanding the particular need of such traders and farmers for working capital to purchase inventory, procure seeds and rent farm equipment, etc., Mann Deshi Bank introduced this product in 2014. It is an overdraft facility offered to women's groups (each group consisting of three women not related to each other) who conduct business in the same weekly market. Initially a credit limit of Rs 10,000 is offered, but it can be increased to Rs 20,000 if repayment is regular. The rate of interest on this loan is 24 per cent per annum on the reducing balance. Clients are expected to pay interest every week and to repay at least 10 per cent of the loan amount. The collection of documents, disbursement of the loan and recovery are largely done in the weekly market where the clients do their business.

Unnati Loan: A secured micro-enterprise loan for seasoned women entrepreneurs who are keen to scale up their business. The Bank identifies clients who have successfully repaid their working capital loans several times in the past and are offered lines of credit ranging from Rs 40,000 to Rs 500,000.

Lending Process

The lending process at Mann Deshi Bank has been designed specifically to serve women living in poverty in rural areas who face challenges such as a lack of education, skills, collateral and steady income stream. The processes and procedures have been developed in such a way that they are well suited to the clients' needs and also ensure sustainability of business for the Bank.

The characteristics of the Mann Deshi lending process are as follows:

- *Selection of Clients:* Mann Deshi Bank has laid out certain eligibility criteria for clients. The eligible clients are married, widowed or divorced women aged 18-53 and committed to undertaking certain occupations within Mann Deshi's area of operation. These women must have resided in the area for at least two years.
- *Financial Literacy Training:* All clients seeking credit have to go through financial literacy training before the disbursal of loans.
- *Small-Ticket and Short-Term Loans:* Mann Deshi begins with small, short-term loans compatible with the client's household cash flow and comfort level in terms of giving a mutual guarantee. This loan helps in testing the applicant's intent and repayment capacity.
- *Social Collateral:* Women's groups are formed and the group as a whole guarantees the loan of each and every member of the group. Loan renewals and repeat loans are based solely on all group members repaying their loans on time. Clients help each other to ensure that every member of the group makes their repayment on time so that they get repeat loans. Members who do not make regular repayments will be dropped from the group and replaced by new members.
- *Flexible Repayment Schedule:* Loans can be repaid in daily, weekly or monthly instalments. The repayment tenure for a loan of Rs 15,000 is one year; for loans above Rs 15,000, one and half to two years.
- *Recovery Procedure:* Doorstep collection of loan instalments.
- *Insurance Cover:* Insurance cover equal to the loan amount is provided to the applicant and co-applicants for a period of one year for a loan of up to Rs 15,000 and two years for a loan of more than Rs 15,000.
- *Client Acquisition Procedure:* Mann Deshi has financial service advisors (FSAs) who play a very important role in the credit business of the bank. FSAs are assigned a specific area of a branch. They organise mini public meetings in villages at which a loan officer of the branch is also present. The loan officer describes the Bank's products and related information. Participants are encouraged to raise queries and doubts and the FSA's contact number is shared with the villagers. Two days after the meeting, the FSA visits the village again, forms groups and takes references from people interested in procuring loans. During her visits, the FSA contacts potential clients, educates them about group responsibilities, loan ranges, rates of interest, homogeneity of the group (i.e., all the members have the same socio-economic background) and documents required. She reinforces the principle of mutual guarantee and importance of timely repayment. She guides the potential group members in important dimensions of group formation such as selecting group members who will repay

on time, have a stable business and stay with their families and refraining from including people who have taken loans from other formal financial institutions and have defaulted or delayed repayment. She explains the need for the group to pool their resources whenever they are required to repay loans from other sources to ensure that the group as a whole maintains a good repayment track record. The importance of making repayments on their due dates is stressed, as failing to do so can reduce a group's chances of obtaining future loans and subject them to penalties.

- *Formation of Groups:* Subsequently, the potential clients form groups and inform the FSA that they have done so. The FSA meets the whole group and reiterates the group norms, explains in detail the document requirements for the loan application and the terms of the loan, fills out the loan application form and collects the relevant documents.
- *Due Diligence:* The FSA conducts a house inspection, and the loan officer conducts a group literacy test, credit appraisal and group inspection. The proposal is then presented by the loan officer to the Branch Loan Department, which verifies the documents, client repayment track record, etc., and, if fully satisfied, returns it to the loan officer for presentation to the Branch Credit Committee (BCC). Following approval by the BCC, the FSA informs the group about the decision and the date, time and requirements of the Post Disbursal Process (PDP), and obtains the consent of the group members to proceed with the loan processing. On the date of the loan disbursement, the share capital (5 per cent of the loan amount) and insurance premium are collected.
- *Credit Appraisal:* This is carried out by a loan officer, branch manager or other authorised person at a time and venue convenient to the clients. The major elements of credit appraisal are:
  - verifying poverty status,
  - assessing group quality in terms of familiarity and trust, and
  - ensuring that group members/clients understand the agreement as well as the rules.

The credit appraisal starts with a group literacy test, ensuring the group's guarantee, income and intention to repay the loan. Every member of a group is interviewed by the loan officer to verify group solidarity and each member's understanding of Mann Deshi, its policies and its loan products. An economic appraisal and cash flow analysis are conducted to understand the group's repayment capacity and the proposed use of the loan and to filter out weak and fake proposals.

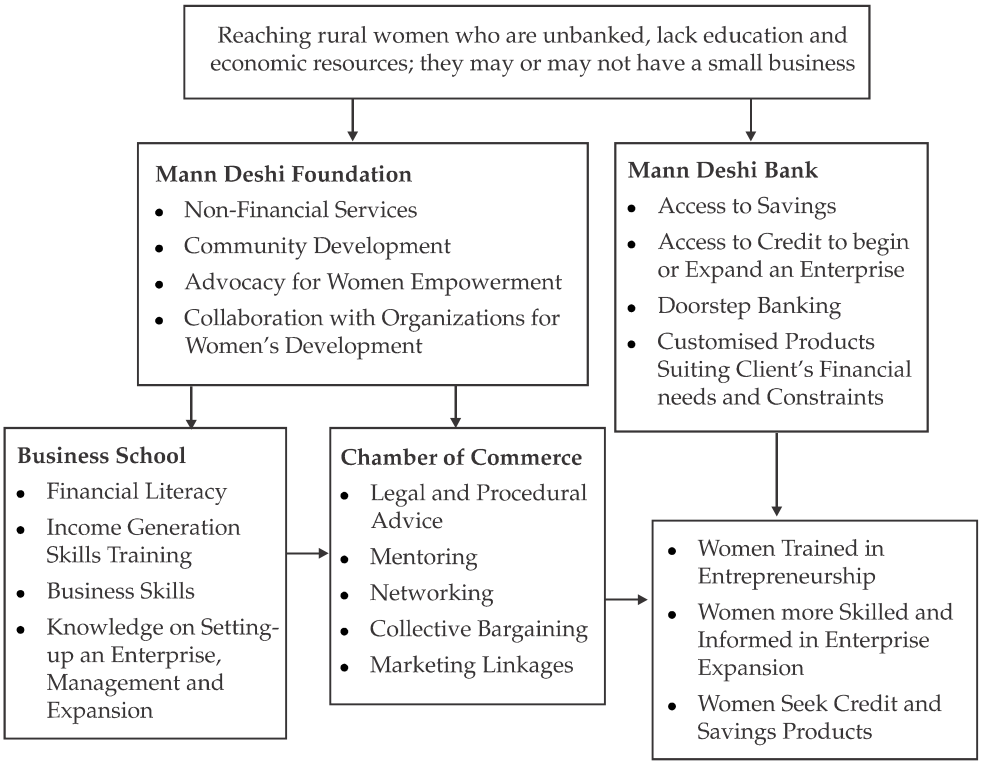
- *Documentation:* The loan officer or FSA prepares the loan documents, repayment schedules and promissory notes and group guarantee deed, which are signed by all the members.

- *Education:* Financial literacy training is mandatory for the group at this stage and is conducted by a branch staff member.
- *Loan Utilization Check (LUC):* The loans taken from Mann Deshi are monitored and recoded for their end use through the LUC by the FSA and loan officer. The concerned FSA and loan officer are supposed to check the loan utilization by the end of the first instalment. The Bank branch has to keep a LUC file separately for every FSA, and all LUC reports are supposed to be filed there in the Bank's prescribed format. The Bank branch manager is supposed to make five random checks of LUCs every month. In the event of loan diversion or misuse of funds, the FSA and loan officer must counsel the client on appropriate uses of Bank financing.
- *Recovery of Loans:* One member in each group is designated to collect loan instalments from the members of the group. Each village has a fixed collection day. The loan officer generates the daily collection list from the Management Information System (MIS) of the Bank and provides the same to the FSA one day before collection. The FSA visits the designated members of each group to collect loan instalments at their doorstep.
- The Bank has female employees who go door-to-door to collect savings and repayments. For products like a daily loan, the money is collected by FSAs. Each FSA handles around 300 accounts and ensures the timely recovery of loans. The clients repay the loans in small amounts - as little as Rs 20, which is not burdensome. Over 1,500 such transactions take place daily across the nine branches of the Bank.
- *Consultative Group to Assist the Poorest (CGAP):* Mann Deshi Bank observes client protection principles in the true spirit of the term. These principles are:
  - avoidance of over-indebtedness,
  - transparent pricing,
  - ethical staff behaviour,
  - grievance redressal, and
  - privacy of client data.
- *Digital Technology:* E-card is an electronic passbook issued to every client that eliminates the risk of alterations in passbooks and increases efficiency.

Non-Financial Services Offered through Mann Deshi Foundation

A highly distinguishing feature of Mann Deshi Bank's business model is the non-financial services extended through its sister organisation, Mann Deshi Foundation. The Foundation offers financial literacy training, skills development, training in income-generating activities, entrepreneurship development, advice on legal and regulatory matters for doing business, access to raw materials and markets for finished goods, and small business management training. The main services offered by the Foundation are discussed in more detail below.

Figure 5.1
Mann Deshi Bank Business Model



Financial Literacy

One of the guiding principles of Mann Deshi Foundation is "Every Borrower Is a Learner." To adhere by this principle, it invests heavily in enhancing the financial literacy of the community, prospective clients and existing clients. The aims of the financial literacy programmes are to help women better understand and manage their finances, provide them with the skills and confidence required to independently operate bank accounts and help them to benefit from various financial products. The Bank's financial literacy curriculum covers planning and budgeting, banking and saving, and understanding loan products, insurance schemes, pension schemes and investments. With the help of experts in agriculture and banking, doctors, business professionals and local community leaders, Mann Deshi has developed learning materials and multimedia aids in local languages. It has partnered with a number of agencies to develop the multimedia material and train its staff in developing such material.

Digital Literacy

Mann Deshi Foundation has invested heavily in digital literacy as a core strategic initiative. Digital products enable a wider reach, lower operational costs and provide clients with convenience and privacy, particularly for female micro-entrepreneurs. Digital technology helps connect the women to larger markets and create records of their cash flows, facilitates their business payments and gives them a stronger financial identity. The digital literacy curriculum covers ATM transactions, card payments, Internet banking, utility payments, e-wallets, point of sale (POS) for business, online marketing and basic computer literacy. To provide financial and digital literacy at the grassroots level, Mann Deshi Foundation has developed a digital and financial literacy school on wheels. Buses equipped with imitation ATMs, Wi-Fi-enabled tablets and a library of movies in local languages are used as classrooms in which to explain digital products and demonstrate the use of mobile apps to demystify cashless transactions. In addition, a mobile app has been developed for digital banking by Mann Deshi Bank very recently.

Mann Deshi Udyogini (Business School)

The Foundation has set up business schools for women in rural areas and offers courses for both aspiring and existing entrepreneurs. The business schools are also conducted through mobile schools to reach women in remote areas. The business schools offer workshops, short-duration courses and a one-year Deshi MBA. The courses include computer literacy, fashion design and agribusiness, as well as vocational courses. The Deshi MBA is a year-long intensive course providing inputs in financial planning, inventory management, marketing and accounting systems.

Para-vet training is offered to women in rural areas so they can become goat doctors. Goat doctors are trained to conduct goat farming, vaccination, first aid and artificial insemination.

So far, about 480,000 women have participated in these programmes. The trainees from the business school programmes have reported a 25 per cent increase in their annual income; 67 per cent have started earning an income for the first time and 40 per cent have started saving money regularly.

Entrepreneurship Development

Entrepreneurs who secure loans are referred to the business schools for training in enterprise management and business expansion. Moreover, business school graduates and beneficiaries of enterprise development programmes and income-generating skill programmes are provided with loans by the Bank to start a business.

Chamber of Commerce

Mann Deshi Chamber of Commerce aims to provide policy interventions, advocate for women's empowerment and help women adopt more sophisticated business practices, access new markets and network with their peers.

It also acts as a support structure to help rural entrepreneurs overcome challenges. Some common problems faced by rural women entrepreneurs are limited technical, legal, regulatory and market knowledge, and ineffective marketing strategies. The Chamber of Commerce provides structured programmes in enterprise development, financial planning, accounting, administration, book-keeping, and tracking income and expenditure and profit and loss. Training in marketing, branding, packaging and quality control and legal counselling are also provided. The beneficiaries become part of a network comprising trainers, mentors, field experts, successful entrepreneurs and alumni.

During 2018-2019, 93,000 women participated in Chamber of Commerce programmes, 20,000 benefited from guidance offered via the toll-free helpline, 24,000 were trained in best practices in accounting and 12,000 started a new business.

Two key activities of the Chamber of Commerce that add value to clients are:

- *Information dissemination:* Members receive event reminders, business tips, marketing opportunities, information about government schemes, etc., through text messages and via WhatsApp.
- *Exposure Visits:* Members are taken for exposure visits to well-managed businesses. The visits provide them with the opportunity for team building and make them comfortable enough to share their problems openly.

Providing Access to Markets

Market access for entrepreneurs is provided via trade fairs, marketing events, cultural festivities, merchandise exhibitions and the provision of stalls in weekly markets. One such event is the Mann Deshi Mumbai Mahotsav, an annual event for rural entrepreneurs, artisans and farmers to exhibit their produce to the urban population in Mumbai in order to boost their sales and generate investment capital. The stall owners learn to market their products, interact with clients and create marketing linkages for future expansion of their businesses. In 2018, the exhibition, held in Mumbai and titled Celebrating Women Entrepreneurship, had 89 stalls for artisans and entrepreneurs to showcase their produce, art and crafts. The exhibition was attended by 30,000 visitors and Rs 5 million worth of products were sold.

Community Radio

Mann Deshi's community radio helps disseminate information on government schemes and services for the communities in and around Mhaswad. It enables the sharing of success stories and achievements of women that inspire many other women to start a business.

Distinguishing Features of Mann Deshi Bank's Business Model

Mann Deshi Bank's business model has several unique dimensions such as organic growth, empathising with and listening to clients, developing bespoke products, providing insurance benefits, guiding and handholding clients in enterprise management and offering networking opportunities, to name only a few. The following discussion highlights some of these notable characteristics.

Customised Products

In recognition of the challenges faced by present and prospective clients' in terms of savings and credit, products are highly customised to suit clients' preferences. Deposits can be in the smallest amounts, and repayments can also be made in small amounts, depending on clients' repayment capacities. The frequency of repayments and number and size of instalments are all highly flexible and designed to reflect a client's circumstances and variable household or business cash flows. Constant interaction between FSAs and clients means changes can be made to products as needed by the client. Listening to clients has led to the creation of many customised products such as the Weekly Market Cash Credit product, a savings account to fund school opening month expenses, loans for mobile phones, etc.

Doorstep Banking

Rural women often avoid using banking services for a variety of reasons, one of the most important being their inability to access banks. Distance, travel charges, the loss of a day's wage or a day's work at their own farm or enterprise, household responsibilities, etc., are all impediments to using banking services to save or get credit. The doorstep approach is highly advocated and extensively practised by Mann Deshi to help women overcome these constraints and achieve financial empowerment. A team of dedicated FSAs who are allocated certain operational areas of every branch make the doorstep services a reality. FSAs earn commissions on savings and repayments. They look for suitable clients in their area, educate them and then help them access savings and credit products at a convenient place for them. Mann Deshi ensures through its FSAs, field officers and financial and digital literacy buses that clients have access to awareness programmes, product knowledge, credit terms and conditions, documentation, disbursement, savings collection, repayment collection, etc., where it is convenient for them.

Digital Focus

Mann Deshi encourages digital transactions. They help the Bank expand its footprint in far-flung areas and offer clients an extra layer of convenience. Digital literacy training through puppet shows, plays, multimedia presentations and buses makes clients receptive to the idea of digital products. The Bank's Management Information System (MIS) is connected to FSAs' Simputers, handheld devices and micro-ATMs of business correspondent agents (BCAs), which enables client transaction monitoring and real-time data transfer to the Bank relating to savings and repayment. With an e-passbook, a client's digital identity is developed, her transaction records are maintained and control over her finances is ensured. The Bank has chosen not to charge clients for digital transactions in order to encourage their use.

Social Capital and Social Collateral by Means of SHGs and JLGs

Mann Deshi Bank encourages self-help group (SHG) formation and promotes joint liability group (JLG)-based loan products. This strategy has several benefits such as leveraging SHG networks to acquire new business, promoting discipline around savings practices, developing financial knowledge and providing credit products. This approach leads to higher penetration of credit products and better repayment scenarios. JLG workshops are conducted by the Bank in rural areas through schools, trainers and FSAs. Individually, the clients lack physical collateral, but when they are formed into groups for group lending after training and counselling on credit, repayment, group liability and the importance of regular repayments by the group in order to obtain further credit facilities, they exhibit exemplary credit discipline. The social collateral is generated by the group because group members sustain credit discipline and do everything possible to help a defaulting member continue her repayments. A recovery rate of over 96 per cent testifies to the success of this approach. At the same time, social capital in the form of group robustness and consistent repayments helps group members to take multiple loans.

Networking

Mann Deshi's business model leverages the power of networking, be it client acquisition by SHG and JLG networks, cross-linking of existing borrowers to enhance their skills by joining a business school or helping business school graduates to access bank loans to launch an enterprise. There are forums such as Chamber of Commerce workshops to encourage experience sharing and mentoring, and market linkages via fairs and exhibitions to enhance bargaining power with suppliers and access to larger markets. Community radio is an outlet for women to inspire other women by sharing success stories, and listeners can call toll-free numbers to access advice. Networking opportunities provided by Mann Deshi help women learn from their peers, negotiate better deals and prices as a business group from suppliers/ wholesalers or raw material providers, form partnerships to cross-sell their products in each other's shops/locations and support each other in accessing new markets.

Integrated Approach

Mann Deshi Bank's chosen business model addresses a variety of factors affecting the well-being and circumstances of its chosen client base. Accounting for the harsh socio-economic, environmental and regional conditions experienced by its clients when it is developing and offering products, services and community support initiatives is a pivotal characteristic of Mann Deshi's business approach. For example, water conservation and cattle camps were successfully deployed to address the climatic and regional constraints of drought leading to the migration of farmers. The goat doctor programme was developed as a way to support volatile agriculture-based incomes through goat farming. Advocacy to elevate women's positions in households, property ownership and other causes to support women's well-being create positive avenues of credit use by women. The approach includes training non-entrepreneurs and young women and girls in income generation and in financial literacy to emphasise the importance of savings to women, and developing an ecosystem receptive to the use of financial products. Borrowers' impediments to timely repayment are understood and proactively addressed. Insurance schemes, health insurance, repayment terms customised to reflect the reality of cash flows – for example, collecting instalments daily or weekly as required – enterprise management and marketing assistance all encourage a flourishing business and regular repayments. Thus, the business model is not limited to providing financial products but is wholly integrated into the lives and circumstances of clients, suits their particular situation and evolves to adapt to their changing requirements.

Organisational Structure

The Bank's apex body is the Board of Directors, consisting of a Chairperson, Vice Chairman, two Expert Directors and a Chief Executive Officer (CEO). Mrs Chetna Sinha is the President of Mann Deshi Foundation. The Foundation has one Vice President, one Managing Trustee and four Trustees, plus 121 full-time and 35 part-time staff members. Figures 5.2 and 5.3 and Figure 5.4 show the organisational structures of the Bank and the Foundation respectively.

Figure 5.2
Organisational Structure of Mann Deshi Bank

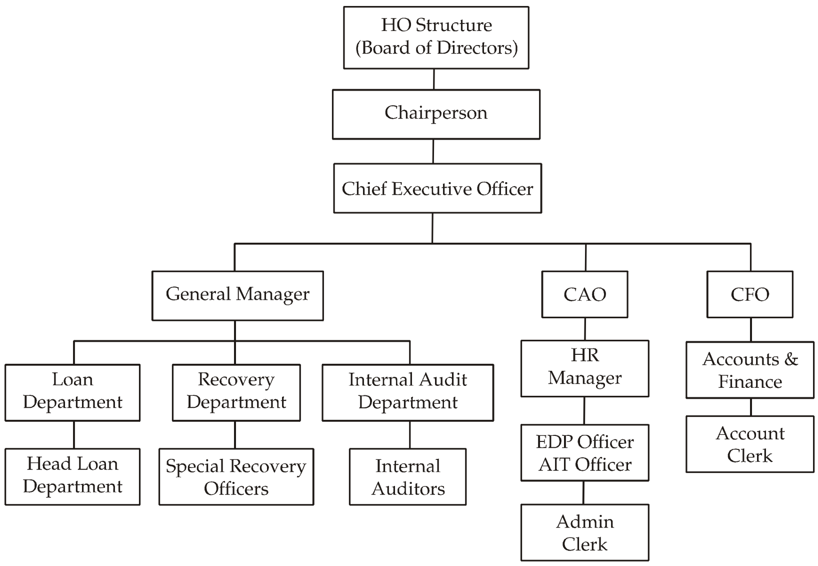


Figure 5.3
Branch Structure

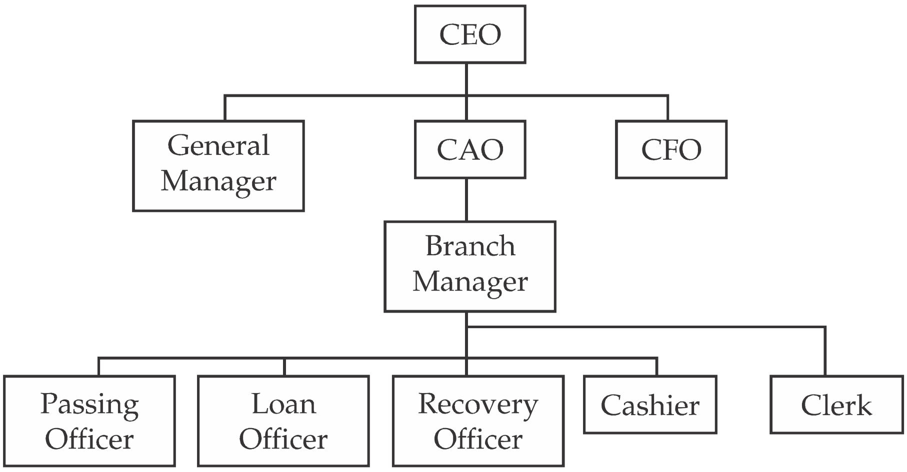
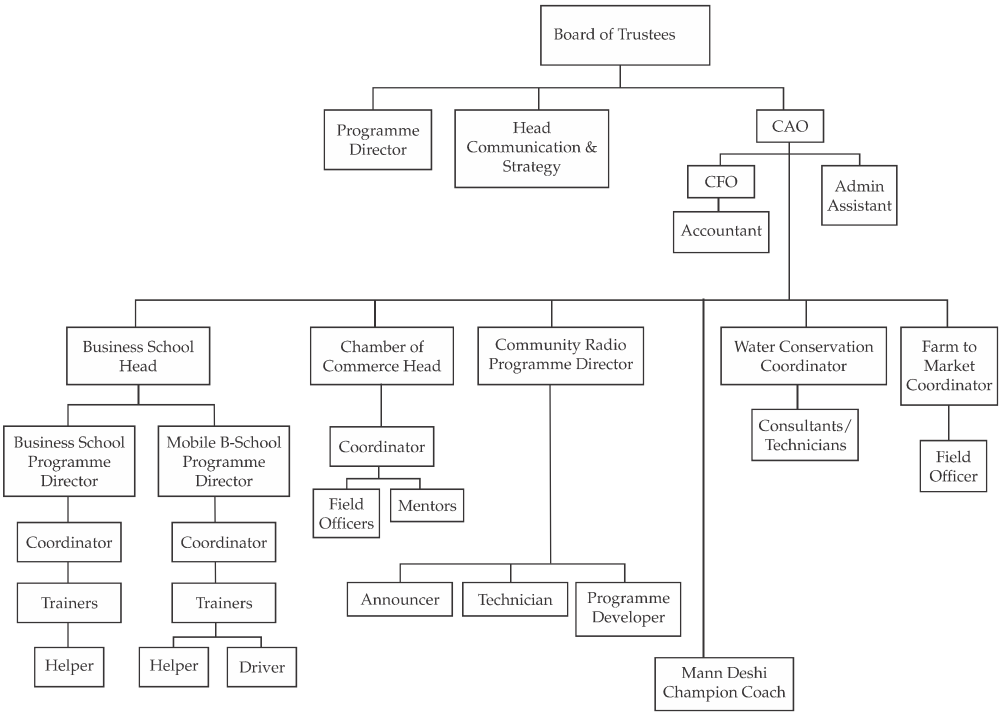


Figure 5.4
Organisational Structure of Mann Deshi Foundation



Mann Deshi's Business Model and Practices

Mann Deshi Bank and Mann Deshi Foundation were set up to serve a social cause that could not be served by existing institutions. One great feature of Mann Deshi is that it has evolved its business model, product and practices over time, organically based on its own experiences. Though many of its products and practices can be replicated, it is very rare to find practices and processes that may be emulated by institutions in developing countries. For example:

- *Client Education:* Equipping prospective clients with the skills and knowledge they need to make an informed decision and then offering them financial products.
- *Mutual Trust Between the Bank and its Clients:* In general, employees of Mann Deshi are from the same region where it operates and belong to the society it serves. Therefore, the employees have thorough grassroots and specific knowledge about the society, market, competencies and capabilities of the women, culture and traditions, and specific characteristics and needs of each client. This enables mutual trust to be built between the Bank and its clients.
- *Privacy and Financial Control by Rural Women Entrepreneurs:* The Bank's primary goal is women's empowerment, and so it ensures confidentiality for the women, meaning details of their financial transactions are not shared with their family or others.
- *Doorstep Banking:* Though doorstep banking is very expensive, Mann Deshi has demonstrated that it can be cost-effective.
- *Co-operation and Collaboration:* Mann Deshi is open to co-operation and collaboration with all its stakeholders. It has collaborative arrangements with government agencies, NGOs, business organisations, commercial banks, technology companies and regulators.
- *Governance and Transparency:* Mann Deshi Bank is a co-operative bank with over 28,000 members. As can be seen in the organisation charts (Figures 5.2, 5.3 and 5.4), the Bank and Foundation are managed professionally by a competent Board of Directors and Board of Trustees respectively.

Conclusion

Mann Deshi Bank has achieved several feats and has been recognised both in India and abroad. Several researchers and organisations have studied various aspects of the Bank and published case studies, articles and videos about it. Many organisations outside of India are interested in replicating the Bank's business model, practices, processes and products. The key factors that have made Mann Deshi Bank unique and successful are its "vision to create a supportive environment where millions of women micro-entrepreneurs can successfully grow their businesses and be valued by their families and communities" and the commitment of its founders to achieve that vision.

Chapter 6

Impact of L3F on Mann Deshi Bank's Financials

Introduction

Mann Deshi Bank has performed consistently well at every level since its inception. In fact, its performance has been commendable. However, the sustainability of any organisation is largely dependent on its financial performance. To gauge the financial performance of Mann Deshi Bank, we analyse its financial statements in this chapter. Its balance sheet and profit and loss account for FY2010 until FY2019 are presented in Annexures 6.1 and 6.2, respectively, at the end of this chapter. The results of the financial statements analysis are discussed under the following headings:

- Growth in business
- Financial performance
- Cost of operations
- Recovery of loans
- Summary

Growth in Business

Lending is Mann Deshi Bank's main business activity and interest is its largest source of income. The main source of funding for the Bank is deposits. Key financial numbers of the bank in FY2010 and FY2019 are shown in Table 6.1. Its interest income grew almost fivefold during 2010 to 2019, from INR 28.07 million to INR 136.46 million. Loans and advances have grown fourfold, and investments, total deposits and term deposits have grown approximately fourfold. One area in which the Bank has achieved exponential growth is current deposits. Current deposits are interest-free and are normally mobilised by commercial banks only. Though Mann Deshi Bank is a co-operative bank, the fact that it could mobilise current deposits is in itself a great success. Moreover, the amount of current deposits of the Bank has grown by 14.3 times during the last ten years. Another great achievement of the Bank is its ability to generate non-interest income: it generated INR 1.74 million in non-interest income in 2010 and INR 17.73 million in 2019.

Deposits, the main source of funding for the Bank, account for around 87 per cent of its total assets. The next big source of funding is equity capital. The Bank has repaid borrowed capital fully. Given that even well-established commercial banks in the country are struggling to mobilise low-cost deposits, Mann Deshi Bank's mobilisation of so many deposits from clients classified as rural poor indicates the success of its business model, the efficiency of its operations and the public's trust and confidence in it. It also indicates that the Bank could actively promote and encourage the habit of saving among the rural poor.

Year-on-year growth and compounded average growth rate (CAGR) achieved by the Bank during the last seven years are presented in Table 6.2. Interest income, loans and advances and deposits have grown consistently and at a very high rate. The CAGR of these items was above 16 per cent. Negative growth in interest income during 2017 and negative growth in loans and advances business during 2016 could be due to the government of Maharashtra's waiving debt held by agriculture farmers. This badly impacted the credit culture in the state of Maharashtra. Mann Deshi Bank, being a micro-finance institution, provides credit to rural poor and was affected adversely by the debt waiver.

Table 6.1

Key Financial Indicators of Mann Deshi Bank (INR Million)

	FY2010	*FY2019*	*Growth between 2010 and 2019 (No. of times)*
Interest Income	28.07	136.46	4.86
Non-Interest Income	1.74	17.73	10.16
Loans and advances	144.21	698.23	4.84
Investments	102.59	401.13	3.91
Total Deposits	272.16	1084.45	4.0
Term Deposits	216.3	873.16	4.0
Saving Deposits	53.98	184.49	3.42
Current Deposits	1.87	26.80	14.3

Table 6.2

Growth in Various Items of Mann Deshi Bank

(Figures in per cent)

	2011	*2012*	*2013*	*2014*	*2015*	*2016*	*2017*	*2018*	*2019*	*CAGR (2010 to 2019)**
Interest Income	30.4	26.6	26.2	24.8	43.0	9.4	-6.2	11.4	14.3	19.2
Non-Interest Income	-51.5	-57.4	-5.8	257.7	123.5	20.5	165.3	-9.2	124.8	29.4
Loans and advances	55.4	17.9	8.0	38.4	34.6	-2.2	9.4	12.8	8.9	19.2
Investments	-18.6	53.9	39.0	28.3	-2.2	53.5	-12.5	14.0	16.9	25.5
Deposits	22.7	19.8	20.0	33.3	19.3	15.0	1.8	9.1	11.2	16.6
Term Deposits	22.2	17.8	15.5	46.5	22.8	14.3	0.0	3.6	13.9	16.8
Saving Deposits	26.6	27.6	25.2	-9.0	5.1	20.2	-5.0	34.2	15.1	14.6
Current Deposits	-40.1	19.1	745.9	18.9	-11.1	10.7	167.0	37.9	-44.9	34.4
CASA	24.4	27.4	36.1	-6.4	3.2	19.2	11.4	35.1	1.1	15.9

**Note: Compounded average growth rate during 2010-2019*

Financial Performance

The key financial ratios of Mann Deshi Bank for 2010 through 2019 are presented in Table 6.3. The Bank suffered losses only during 2011. During all the other years it made profits. Its return on assets (ROA) and return on equity (ROE) have been quite low. The ROE has been consistently and substantially lower than 10 per cent. Its net interest margin (NIM) was at or below 5 per cent until 2017, and increased to 6.5 per cent during 2019. Operating costs as a percentage of earning assets were around 4 per cent, and they too increased significantly during the last two years, reaching 5.6 per cent in 2019. These numbers, read with the return on loans and advances, show that the Bank is charging its clients a very reasonable interest rate.

As mentioned earlier, the main source of funding for the Bank is deposits. The proportion of current deposits, savings deposits and term deposits is also shown in Table 6.3. Current deposits are made by business firms and are an interest-free source of funding for the Bank. Savings deposits are available at a very low rate of interest. Though the share of current deposits is the lowest, it has grown at a very high rate, from 0.3 per cent of total deposits in 2011 to 2.5 per cent of total deposits in 2019. The share of savings deposits has declined to 17 per cent of total deposits from an all-time high of 22.7 per cent in 2013. Term deposits are the largest source of funding for the Bank; its share reached 84.7 per cent during 2015 but dropped to 80.5 per cent during 2019. The Bank's ability to mobilise deposits, particularly savings deposits and current deposits, is a great strength.

The Bank's ability to mobilise deposits and nurture public trust and confidence in it is also evident from the fact that the cost of funds for the Bank is very low. It was in the range of 7.2 per cent to 10.2 per cent during 2010 - 2019 and has declined considerably during the last few years. Its operating costs as a proportion of its earning assets (loans and advances and investments) were in the range of 3.2 per cent to 5.6 per cent. By any standard, the Bank's cost of operations too is quite low.

Credit to deposit (CD) ratio is an indicator of the proportion of deposits used for lending. Mann Deshi Bank's CD ratio increased from 53 per cent in 2011 to 70 per cent in 2016. It then declined sharply to 59 per cent in 2017. The Bank's senior executives shared the fact that the decline in lending business was because of the adverse impact the debt waiver had on the credit culture of society; sensing this change, the Bank consciously slowed its lending. However, it has since increased to 66 per cent during the last two years.

Table 6.3
Financial Ratios of Mann Deshi Bank

(Figures in per cent)

	2010	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*	*2017*	*2018*	*2019*
Return on Assets (ROA)	0.6	-0.7	0.8	0.7	0.6	0.6	0.4	0.6	0.6	0.9
Return on Equity (ROE)	6.2	-8.0	8.2	7.5	6.9	7.2	5.0	6.1	6.4	8.9
CASA	20.5	20.8	22.1	25.1	17.6	15.3	15.8	17.3	21.4	19.5
Current Deposits	0.7	0.3	0.3	2.4	2.1	1.6	1.5	3.9	5.0	2.5
Savings Deposits	19.8	20.5	21.8	22.7	15.5	13.7	14.3	13.4	16.4	17.0
Term Deposits	79.5	79.2	77.9	74.9	82.4	84.7	84.2	82.7	78.6	80.5
Cost of funds	8.2	7.2	8.2	8.5	8.5	10.2	9.5	7.6	6.9	6.7
Operating Cost as a % of earning assets	3.7	3.7	3.0	3.2	3.2	3.4	3.9	4.0	4.6	5.6
Return on earning assets	13.8	13.5	13.3	13.7	13.6	15.5	14.5	13.4	13.7	14.8
Net Interest Margin (NIM)	4.3	5.3	4.7	5.0	4.6	4.8	4.5	4.5	5.8	6.5
Credit/Deposit Ratio	56	53	67	66	59	62	70	59	64	66
Return on loans and advances	18	17	16	18	18	19	19	16	17	17
Return on investments	7	7	7	6	6	7	6	6	5	5

Cost of Operations

The cost of operations and the trend in the various items relating to cost would indicate efficiency and sustainability of operations. The various cost-related items of Mann Deshi Bank and its share of the total income are shown in Table 6.4. As may be expected, the largest cost item for the Bank is interest. Its interest cost as a percentage of total income declined significantly, though, particularly during the last three years. The sudden and significant fall in the interest cost is most probably due to the demonetisation scheme introduced by the government of India in November 2016. Under that scheme, high-denomination currency notes (Rs 500 and Rs 1,000 notes) were rendered invalid and people were made to deposit all the old notes with the banks. At the same time, the digitisation of financial transactions was promoted. These measures led to a spurt in deposits with banks, and consequently the cost of funds for all the banks in the country fell significantly.

The next biggest cost item for the Bank is the employee cost. Interestingly, the employee cost has increased quite consistently during the last ten years: it was 8.7 per cent of total income during 2010 but 16.7 per cent in 2018. The Bank is using technology to a great extent to make its services convenient and affordable to its clients. For example, it uses technology such as smart cards and ATMs for service delivery and community radio for financial literacy training and to provide market information to its clients. COL's support has enabled the Bank to reach out to more clients more effectively and at a lower cost. The increase in employee cost could therefore be due to the Bank compensating its employees more generously. Other operating costs are another major item of cost for the Bank; they declined during 2010 - 2013, and thereafter increased, reaching 21 per cent of total income in 2019.

Table 6.4

Cost Structure (as per cent of Total Income)

(Figures in per cent)

	2010	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*	*2017*	*2018*	*2019*
Interest Cost	62.9	58.5	64.2	63.3	64.4	66.6	66.2	58.7	51.5	44.8
Employee Cost	8.7	11.7	10.2	11.8	10.9	10.5	14.3	16.3	16.7	13.6
Rent, Taxes, Insurance	0.1	3.4	3.0	2.6	3.2	2.5	1.9	1.8	2.3	3.5
Other Costs	18.0	12.5	9.3	8.7	9.3	8.7	10.4	11.8	14.8	21.0
Provisions	0.3	2.5	1.8	1.7	2.4	1.6	0.0	2.5	3.3	5.1
Provisions/Operating Profit	4.8	-211.9	15.9	15.1	24.2	16.3	0.0	26.2	27.8	35.1

Recovery of Loans

Among other factors, one major factor that will determine the profitability and sustainability of a bank is its ability to recover loans from borrowers. Mann Deshi Bank's recovery rate is very high at around 99 per cent. For the past six years, the Indian banking industry has been experiencing one of the toughest phases in its history. The majority of banks have reported a drop in profitability during the last few years and many have reported huge losses due to bad loans. As mentioned earlier, the government's debt waiver scheme affected credit culture very adversely in rural areas. Mann Deshi Bank, however, maintained its recovery rate and earned a profit. The provision made by the Bank for bad loans during 2017 was Rs 2.86 million; in 2016 it was nil. These facts clearly indicate the efficiency of the Bank in recovering interest and principals from its clients and also the high quality of its loan portfolio.

Summary

Mann Deshi Bank's financial performance in terms of growth, profitability, quality of assets, cost-efficiency and recovery of loans is very good. Though the impact of the L3F programme on the Bank's performance cannot be inferred directly from the data presented in the Bank's balance sheet and profit and loss account, the fact that its performance is particularly high and that it has shown steady growth could also be due to the L3F programme.

Table: 6.5
Balance Sheet of Mann Deshi Bank (INR Millions)

	2010	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*	*2017*	*2018*	*2019*
Net Worth	**28.44**	**35.45**	**41.17**	**49.29**	**63.33**	**79.93**	**88.64**	**97.60**	**113.37**	**128.75**
Paid up Capital	22.34	26.01	27.65	30.88	38.47	47.00	51.74	54.37	60.93	69.079
Reserves and Surplus	**6.10**	**9.44**	**13.51**	**18.41**	**24.86**	**32.93**	**36.90**	**43.23**	**52.44**	**59.68**
– Profit and Loss Account	1.57	1.82	3.14	3.39	3.90	5.15	4.19	5.65	6.67	10.128
– Reserve for Loans and Advances	2.36	3.47	4.73	6.51	8.21	9.91	9.91	12.77	16.99	14.343
– Other Reserves	2.16	4.15	5.65	8.51	12.75	17.87	22.80	24.81	28.78	35.2046
Deposits	**272.16**	**333.82**	**400.03**	**480.12**	**639.80**	**763.33**	**878.21**	**894.20**	**975.24**	**1084.45**
– Term Deposits	216.30	264.33	311.47	359.62	526.96	646.87	739.35	739.51	766.29	873.16
– Savings Deposits	53.98	68.37	87.22	109.21	99.41	104.52	125.65	119.43	160.30	184.4886
– Current Deposits	1.87	1.12	1.34	11.29	13.43	11.94	13.21	35.27	48.65	26.798
Borrowings	2.74	0.00	0.00	0.00	0.00	0.00	0.00	25.51	0.00	0
Other Liabilities	9.65	9.74	15.00	16.45	18.15	25.87	25.08	5.53	33.40	31.51
Total Capital and Liabilities	**312.99**	**379.01**	**456.20**	**545.87**	**721.28**	**869.13**	**991.93**	**1022.84**	**1122.01**	**1244.713**
Cash and Balances with Banks	51.89	52.91	43.49	58.58	78.48	91.90	97.97	116.37	99.741	104.8496
Investments	**102.59**	**83.56**	**128.58**	**178.74**	**229.24**	**224.15**	**344.07**	**301.09**	**343.18**	**401.13**
– SLR Investments	102.59	83.56	128.58	178.74	229.24	224.15	344.07	278.59	222.99	288.92
– Non-SLR Investments	0.00	0.00	0.00	0.00	0.00	0.00	0.01	22.51	120.18	112.21
Loans and Advances	**144.21**	**224.10**	**264.18**	**285.36**	**395.04**	**531.85**	**519.95**	**568.59**	**641.31**	**698.23**
– Secured	0.00	0.00	0.00	0.00	0.00	0.00	389.73	408.25	367.003	382.8236
– Unsecured	0.00	0.00	0.00	0.00	0.00	0.00	130.22	160.34	274.31	315.41
Fixed Assets	5.00	5.31	4.97	5.33	7.86	9.84	11.96	11.09	20.54	25.70
Other Assets	9.29	13.13	14.98	17.86	10.67	11.40	17.97	25.69	17.25	14.80
Total Assets	**312.99**	**379.01**	**456.20**	**545.87**	**721.28**	**869.13**	**991.93**	**1022.84**	**1122.01**	**1244.71**

Table 6.6

Profit and Loss Account Sheet of Mann Deshi Bank (INR Millions)

	2010	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*	*2017*	*2018*	*2019*
Interest Income	**28.07**	**36.61**	**46.35**	**58.51**	**73.03**	**104.46**	**114.29**	**107.17**	**119.43**	**136.46**
- Interest on Loans and Advances	21.62	30.43	39.40	48.78	61.18	87.91	97.46	86.44	101.97	117.01
- Interest on Investments	6.45	6.19	6.94	9.73	11.85	16.55	16.83	20.73	17.46	19.45
Commission and Exchange	0.20	0.15	0.20	0.10	0.20	0.02	0.26	0.42	0.60	0.93
Other Income	1.54	0.70	0.16	0.24	1.01	2.70	3.02	8.26	7.28	16.80
Total Income	**29.82**	**37.46**	**46.71**	**58.85**	**74.25**	**107.18**	**117.56**	**115.85**	**127.31**	**154.19**
Interest Expense	**18.75**	**21.90**	**29.99**	**37.25**	**47.82**	**71.43**	**77.88**	**67.97**	**65.62**	**69.02**
- Interest on Deposits	14.80	21.13	29.68	37.16	47.76	71.39	77.82	67.97	65.62	69.02
- Interest on Borrowings	3.94	0.77	0.31	0.09	0.06	0.04	0.06	0.00	0.00	0.00
Employee Cost	2.58	4.37	4.75	6.94	8.07	11.26	16.85	18.88	21.24	20.90
Taxes, Rent and Insurance	0.04	1.29	1.38	1.53	2.37	2.69	2.21	2.12	2.87	5.38
Other Expenses	5.36	4.70	4.33	5.14	6.94	9.32	12.21	13.70	18.90	32.35
Depreciation	1.12	1.27	1.04	1.21	1.57	1.69	2.32	2.26	3.48	3.93
Total Operating Cost	**27.85**	**37.90**	**41.50**	**52.07**	**66.75**	**96.39**	**111.47**	**104.93**	**112.11**	**131.58**
Profit Before Provisions and Taxes	**1.96**	**-0.44**	**5.21**	**6.78**	**7.50**	**10.79**	**6.09**	**10.92**	**15.20**	**22.61**
Provisions	0.09	0.93	0.83	1.03	1.81	1.76	0.00	2.86	4.22	7.94
- Provision for loans and advances	0.09	0.92	0.80	1.00	1.70	1.70	0.00	2.86	4.22	6.86
- Provision for others	0.00	0.02	0.03	0.03	0.11	0.06	0.00	0.00	0.00	1.08
Profit Before Tax	1.87	-1.37	4.38	5.75	5.68	9.03	6.09	8.06	10.98	14.67
Provision for Taxes	0.29	1.18	1.25	2.36	1.78	3.88	1.90	2.41	4.27	3.93
Profit after Tax	**1.57**	**-2.56**	**3.14**	**3.39**	**3.90**	**5.15**	**4.19**	**5.65**	**6.71**	**10.74**

Chapter 7

Entrepreneurial Business: Innovative Models and Business Cases

Entrepreneurial Business and Employment

In rural India, it is unanimously believed that the agricultural sector is, by itself, unable to generate additional employment opportunities in the wake of increasing population and agrarian distress. As a result, any stimulus for achieving inclusive and sustained growth and development in rural areas would have to centre on expanding farm- and non-farm-based enterprise activities, which would require large-scale skill and capacity building of potential entrepreneurs for these activities. This could offer a solution to the major problems in rural areas such as poverty, unemployment and out-migration of the rural workforce.

Rural women in India represent a sizeable percentage of the labour force, but because they are economically and socially excluded, they have not been brought into mainstream economic development activities. These rural women could be very effective agents of change if they were engaged in farm- and non-farm-based enterprise activities. Entrepreneurship development among rural women would help to enhance their personal capabilities and increase their decision-making power in both the family environment and society as a whole. Women require various skill sets to be part of enterprise activity, and those skills need to be provided through an innovative and technology-enabled training and capacity-building mechanism. In addition to entrepreneurial skills, formal financial support plays a key role in enterprise business development. While addressing the problems of employment and income of rural women, an affordable integrated approach comprising financial and non-financial services needs to be delivered. COL and Mann Deshi therefore developed farm- and non-farm-based enterprise activities for rural women in backward and low-productivity regions of Maharashtra.

Innovative Business Models for Rural Enterprises Development

Rural women in India are traditionally very hard-working and are the emissaries of any change in the economy. However, they are held back from growing their income by a lack of access to formal financial services, opportunities for skill building and access to support networks. Moreover, they rarely have a say in how to spend their income or in taking decisions at the household level about their children's education, nutrition, health, etc. Therefore, access to finance is only one deciding factor when it comes to entrepreneurial success. Building business skills and gaining access to markets are equally important if women entrepreneurs are to be able to unlock their true potential.

Mann Deshi's model of enterprise development focuses on nurturing and supporting rural and urban micro-entrepreneurs. It creates access to and control over finance and continues to develop capacity-building training programmes around needs and requirements identified by women to support their growth over a period of time and for any change to become sustainable.

Adopting COL's L3F Approach

Mann Deshi has adopted two distinct and innovative models of enterprise development for women in rural India: the business school and the chamber of commerce models. The L3F approach uses both models to reach out to rural enterprises and offer them capacity-building interventions on financial literacy, formation of JLGs, supply chain management, agribusiness management, tailoring and livestock-rearing programmes.

The business schools provide capacity-building and skills-enhancement support to women who want to set up or expand business enterprises. Courses are run out of Foundation branch offices and buses bring the mobile B-School to the remotest of villages to reach potential women entrepreneurs. The business schools have dozens of courses and capacity-building programmes ranging from workshops to short-duration courses and year-long programmes. They offer a capacity-building programme in five different sectors: financial and digital literacy, entrepreneurship development, para-vet training, women's and young girls' programme and the Deshi MBA.

Table 7.1

Women Impacted through B-School & Mobile B-School Programmes

Year	*Number of Women Benefited*
2012-13	24703
2013-14	40006
2014-15	47925
2015-16	50354
2016-17	58866
2017-18	65520
2018-19	73439

Source: Annual Report of Mann Deshi Foundation 2018-19.

According to Mann Deshi Foundation's 2018-19 annual report, with the help of 12 business schools and nine mobile business school buses, more than 73,000 women benefited from capacity-building programmes in Maharashtra, Gujarat and Karnataka. In addition, 35,116 women recorded an increase in their income from enterprises, 27,761 recorded an increase in assets, 31,051 benefited from learning accounting best practices, 10,119 hired additional employees for their business, 23,150 expanded their business into new areas, 23,209 started an additional business, 12,494 took out bank loans to expand their businesses, and 13,571 improved their existing businesses in various ways.

The chambers of commerce provide advisory services for financial, marketing, registration and legal matters; mentorship programmes; customised marketing trainings and access to new markets, community organisations, platforms for peer networking and collective bargaining, platforms to learn about industry and financial best practices; and access to and support from the Mann Deshi Udyojika Company for packaging, branding and marketing; advisory and training workshops on savings, investments and how to benefit from digital transactions; policy inputs and advocacy to support the needs of women entrepreneurs; and a dedicated toll-free helpline for women entrepreneurs. Since 2014, over 75,000 women have been supported by the chambers of commerce and the women have expanded their businesses.

As per the study conducted by Mann Deshi, 10,194 women expanded their existing businesses and reported increased assets, 2,485 new jobs were created by women for women, 13,580 women felt they had benefited from a stronger, wider network, 5,880 women were able to access new markets, 5,030 women benefited from cashless payments and 5,910 women reported an increase in clients.

Impact of the L3F Programme on Entrepreneurial Business

The results of the study showed that all the L3F group members were engaged in various farm- and non-farm-based enterprise activities. In the non-L3F group, 38 per cent of the members had no economic engagements or enterprise activities. Around 69 per cent of the L3F households are engaged in agriculture and allied activities (dairy, goat rearing, etc.); of those, around 45 per cent are engaged only in goat farming activities and around another 30 per cent are involved in only dairy enterprise activities. Of the L3F households, 31 per cent are engaged in various business enterprises like petty shop, trade, order-based services, etc., compared to around 12 per cent of households in the non-L3F group.

The average annual days of working in an enterprise by L3F members is around 352.6 as against 293.2 for non-L3F households; it is also evident from Table 7.2 that the number of working days is more consistent across the households of the L3F group as compared to the non-L3F group.

As depicted in Table 7.2, around 67 per cent of women trained through L3F via Mann Deshi are solely managing their business enterprise as compared to 37 per cent of their non-L3F counterparts. The capacity-building and business opportunities provided through the L3F programme have enabled the women to not only take up enterprise activities but also manage them independently.

Interestingly, after L3F training, around 56 per cent of women took up new entrepreneurial business activities (see Table 7.3). This indicates the impact of L3F training on enterprise building and employment generation in rural areas. In addition, households with existing enterprises used their training and skills to enhance their employment and income through improved productivities. As an overall observation, the L3F members have taken up various entrepreneurial activities that involved their whole household.

Table 7.2
Entrepreneurial Activities of the Respondents

Parameter	*Particulars*	*L3F*	*Non L3F*
Type of Enterprises/	Agriculture/Allied Activity	42(68.9)	55(50.0)
Activities	Artisan Work	0	1(0.9)
	Business with a Shop	7(11.5)	2(1.8)
	Business including Trade (Mobile)	4(6.6)	0
	Order Supply Work	1(0.9)	0
	Business from Home	5(8.2)	2(1.8)
	Production and Selling	1(1.6)	0
	Other	1(1.6)	8(7.3)
	No Activity	0	42(38.2)
Number of Years in Enterprise	Mean	11.78	9.32
Number of Days of Working	Mean STD. Deviation	352.60 55.0	293.20 89.42
Managing Enterprises	Self	41(67.2)	25(37.3)
	Husband	2(3.3)	5(7.5)
	Self and Husband	7(11.5)	26(38.8)
	Self and Relatives	2(3.3)	0
	Relatives	9(14.8)	11(16.4)

Note: Figures in the parentheses are percentages.

Table 7.3
Number of L3F Members Who Started an Entrepreneurial Activity After Training

Year of	*Start of Entrepreneurial Activity (Percentage)*							
Joining L3F	*Before 2012*	*2012*	*2013*	*2014*	*2015*	*2016*	*2017*	*Total (N)*
2012	55.0	35.0	5.0	5.0	0.0	0.0	0.0	20
2013	33.3	0.0	40.0	13.3	6.7	0.0	6.7	15
2014	38.9	16.7	0.0	33.3	5.6	5.6	0.0	18
2015	75.0	0.0	0.0	0.0	0.0	25.0	0.0	4
2016	25.0	0.0	0.0	25.0	0.0	25.0	25.0	4
Total	**44.3**	**16.4**	**11.5**	**16.4**	**3.3**	**4.9**	**3.3**	**61**

Case Studies on Entrepreneurial Business

Shilpa Mangesh Doifhode: Micro-Enterprise, Selling Spices and Snacks

In 2012 Shilpa started a small home-based spices enterprise in the Satara district, Maharashtra. She used traditional grinding equipment and had no support from her family in terms of access to capital or appliances.

That same year, volunteers from Mann Deshi Foundation met Shilpa and told her about the L3F and Mann Deshi business school training and financing options. She signed up for business training with Mann Deshi Foundation and began to understand the use of machines in spice grinding and the importance of maintaining product quality, packaging, marketing, etc. Later she applied for a loan from Mann Deshi Bank and, with the help of that loan, she was able to expand her business. She purchased new grinding machines as well as other equipment and a rental space for her business. As a result, her small enterprise business allowed her to start contributing towards household expenses. The enterprise business expanded, and today Shilpa has two employees and sells a number of products including a variety of fresh spices and dried local snacks.

Shilpa says, "Mann Deshi encouraged and supported me to start my own enterprise through training and capacity building and bank finance. Today I have several machines and appliances to make spices, snacks, etc. I am also happy for the two women whom I have engaged for my enterprise; they also earn their livelihood through this small enterprise business. My family is now very supportive and they are encouraging for the further expansion of the business. I knew nothing about marketing until I attended the Mann Deshi business school training. Now my income has grown tenfold. I am very happy with my small enterprise activity."

Vidya Kirve: Micro-Business, Tailoring and Bag Designing

Vidya is an accomplished businesswoman who has her own shop and runs tailoring classes wherein she has trained more than 3,500 rural women in the Satara district. But her journey was far from easy. She has successfully overcome numerous obstacles and, what is more, she is dedicated to empowering other women to become independent in their social and economic life.

In 2014, when her husband's real estate business faltered and her family finances were impacted, Vidya wanted to start working and support her family with an additional income. But she was not allowed to go outside her village. Fortunately, around the same time, she was introduced to Mann Deshi Foundation's Business School on Wheels programme which went to remote locations and offered women various capacity-building courses at their doorsteps. Vidya was keen to enrol. "But in order to start a course, the Mann Deshi trainers required a group of at least ten women members from the neighbourhood. I went across the village convincing women to join, but it was not so easy to convince the family members. However, I was so relieved when I managed to get a group together. That gave me a huge boost of confidence," remembers Vidya.

Once she completed the workshop, Vidya took a loan of Rs 10,000 from Mann Deshi Mahila Sahakari Bank and bought a sewing machine and some raw material and set up her bag-making business. In the beginning, she focused on getting clients rather than increasing her profits; when she was invited to the Mann Deshi exhibition in Satara, she displayed over a thousand bags. The exhibition brought her a good profit and increased her confidence to continue to expand her business. She applied for another loan, this time for Rs 20,000, and bought a larger sewing machine that could stitch tougher materials such as jute and leather. Her husband, initially reluctant to let his wife work, began to see the value in her business and joined her. Soon her two children also began to help her. With all the support from family members, she secured her first big order from the Satara Gram Panchayat. Since then orders have flown in and her income has significantly increased. She also supplies raw material to other women who have set up their own tailoring businesses.

Vidya feels that though there is no dearth of talent and zeal in rural areas, what is lacking is family support: "Most women are not allowed to step outside their villages and so it's very hard for them to grow their businesses and earn more. I do everything I can to help women become more independent - everyone must realise that when a woman progresses, the whole family progresses."

Balutai Mane: Goat Farm Entrepreneur

Balutai Mane is a mother of six children. Her husband is an alcoholic who is unable to work. A few years ago, Balutai was working as an agricultural seasonal wage labourer in nearby farms. She barely earned enough to make ends meet. As she was continuously fighting poverty, she could not also look after the education of her children, or guarantee food security and access to healthcare facilities for family members.

One day she heard about the Mann Deshi goat-farming course from volunteers from Mann Deshi Foundation. Convinced that this could be a rewarding business, Balutai decided to enrol. She gained a lot of confidence after the course because her teacher had been a labourer before she became a goat farmer and a teacher, and Balutai learned about many other women who now made decent money from goat farming. Inspired by the success of many small entrepreneurs, she decided to start a goat-rearing business.

As she was a member of a joint liability group, a loan of INR 20,000 helped Balutai purchase two goats in the initial years. She sought assistance from Mann Deshi's para-vets to artificially inseminate her goats and soon both goats had two kids each. Today, Balutai has repaid her loan, has grown her herd to six goats and talks proudly about how people come to her house to buy healthy goat kids. She also owns ten chickens and a small flour-milling machine from which she generates additional income and has taken a contract for Rs 2,000 per month from the local Anganwadi (preschool) to cook the centre's midday meals for the children. Her son has completed his education and started working, and even her husband has begun to support her business. Balutai hopes to take another loan from Mann Deshi Bank and buy a buffalo.

"I am very proud that I am earning enough to support my family. Not only am I a successful goat farmer, but I have introduced many of my friends to Mann Deshi's goat-farming workshops and encouraged them to set up their businesses. Earlier there was very little awareness in our area about how to rear and care for goats, and the government veterinarians did not come to our villages. Now, thanks to Mann Deshi and its goat-farming and para-vets programme, people here can raise healthy goats and make a decent livelihood from it," says Balutai.

Chapter 8

Social Return on Investment: The Reality and Evidence

Introduction

One of COL's greatest impacts comes from its support for efforts to provide greater access to quality education and training through open, distance and technology-enabled learning. As a result, it is allowing citizens to benefit from improved livelihoods, greater gender equity and overall economic, social and cultural development leading to sustainable development.

As COL is a non-profit organisation, its funding of various L3F interventions would be considered as a social investment for sustainable socio-economic development. In an era of scarce resources and deep-rooted poverty in developing countries, there are very high expectations for the economic and social return on investment. In this context, we made an effort to measure the resultant outcome of COL's investment on Mann Deshi L3F beneficiaries. When measuring social returns, there are an array of approaches and tools available in the literature - for example, balanced scorecards, cost-efficiency metrics, financial ratios, social return on investment (SROI) calculations, cost-benefit analyses (CBAs), etc. Of these, the SROI is largely used to estimate the value of the benefits accrued by the social sector initiative (the outcomes) and places them over the costs of the initiative (the inputs or investment). SROI is a flexible estimating tool that can be used as a management tool for an organisation to understand and clearly design how it can plan to impact a society and sustain the resulting development. A planned linking of inputs to outcomes will enable the organisation to optimally allocate resources to achieve maximum economic and social impact. The estimated results of an SROI may help a funding agency understand the impact of its investment in generating social return and taking the managerial decision for further investment in the same projects or replication of the project elsewhere.

In this chapter, we discuss the methods and measurements adopted for the SROI and their limitations.

SROI Methods and Measurements

SROI is a research framework to quantify and account for the value created by an intervention beyond just financial value. It is a holistic approach to integrate economic, social and environmental costs and benefits that measures the amount of change as an impact that occurs because of the programme intervention and looks at the returns to those who contributed to creating the change. SROI estimates a financial value for the change created and compares this value to the investment required to achieve a similar impact, which is measured through the SROI.

The measurement of SROI is a participatory and beneficiary-led approach that uses financial values defined by programme beneficiaries to represent social, environmental and economic outcomes. In determining the SROI, one of the most crucial aspects of the estimation is developing the impact plan not only to identify the various stakeholders and link them with programme inputs (intervention) and outputs or outcomes but also to identify the appropriate indicators to measure the outcomes that are easily quantifiable through applying financial proxies.

The next step in the SROI measurement process is to estimate how much of the outcome would have happened even without any intervention and what fraction of the outcome the programme intervention is responsible for. This is measured through factoring for deadweight, displacement, attribution and drop-off. The final process involves a comparison of the net programme benefit or impact estimated in terms of monetary gains with investment value (cost of inputs) required to achieve such an impact yield ratio of benefits to costs. For example, a ratio of 5:1 indicates that an investment of $1 delivers $5 of social value.

Research Design

The study was carried out via a cross-sectional household survey using a structured interview approach among the beneficiaries of the L3F programme in the intervention area. Three focus group discussions were conducted for the experimental group households to understand the inputs and outcome of the L3F programme. Two focus group discussions were conducted with the non-L3F households, the control group, to estimate how much of the outcome would have happened without the L3F intervention. The study also uses secondary data collected from Mann Deshi on various types of programmes, target beneficiaries and associated direct and indirect costs of intervention.

Stakeholder Engagement

Table 8.1
Schedule of Stakeholder Engagement

Stakeholder	*Tools of Data Collection/ Consultation*	*Number of Villages Surveyed/Covered*	*Total Sample Size (n)*
L3F Beneficiaries	Structured Questionnaire	3	61
L3F Beneficiaries	Focus Group Discussion	3	46
Control Group	Focus Group Discussion	2	26
Trainers/Village Level Volunteers from Mann Deshi Foundation	Discussion with Trainers/ Volunteers from Mann Deshi	Not Applicable	3
Implementing Organization (Mann Deshi Foundation)	Discussion with Executives/ Officials from Mann Deshi	Not Applicable	6

Time Period

The L3F intervention started in 2011-12 in Mann Deshi's operational areas, and ran until March 2018 in multiple locations. Three L3F villages - 61 sample beneficiaries' households - were considered for the SROI analysis. The field study was carried out in April and May 2018.

Description of Outcomes

In estimating the SROI, the programme documents and stakeholder consultations were reviewed during the study visits to map and establish the relationship between inputs and outputs of the intervention and uncover the programme's positive or negative impacts.

Evidencing Outcomes

The outcomes are demonstrated through interaction with stakeholders such as Mann Deshi and the L3F beneficiaries. Table 8.2 shows the various indicators of outcomes as experienced by the L3F beneficiaries and Mann Deshi Foundation executives and field staff.

Table 8.2
Identified Outcome Indicators

Outcome Indicator	*Measurement Variable Reported from Field Survey*
Better Financial Management	Number of members feeling they had better household financial management (savings and credit management)
Improved Non-Farm Enterprise Business	Number of members reporting improved employment/income through non-farm business
Improved Goat Enterprises	Number of members reporting increase in number of goats/goat kids
Improved Dairy Enterprises	Number of members reporting increase in number of dairy animals and improved milk quantity
Improved Farm Enterprises	Number of members reporting improvement in crop cultivation or high-yielding crops/ commercial crops

SROI to L3F Participants

Estimating the project cost of the L3F programme

Most of the data related to project costs were available from COL and Mann Deshi. These comprised the direct and indirect costs incurred by COL and Mann Deshi in the implementation and monitoring of the L3F programme. COL had direct and indirect costs of INR 7,226,659; Mann Deshi had costs of INR 1,704,443 including staff salaries and other indirect costs associated with implementing and monitoring the L3F project for seven years (2012 - 2018). The total cost of the project was INR 8,931,102 for seven years. There are a total of 86,958 L3F borrowers in the project, so the cost per participant for seven years is INR 103, or INR 15 annually.

Table 8.3
Costs Considered in L3F Project (2011-12 to 2017-18)

No.	*Cost Element*	*Consolidated Amount (INR)*
1	COL Direct and Indirect Cost	72,26,659
2	Mann Deshi Direct and Indirect Cost for seven years	17,04,443
	Total	**89,31,102**

Table 8.4

Costs Considered in the Sample L3F Project (2011-12 to 2017-18)

1.	Total number of L3F Beneficiaries	86,598
2.	Per member cost for Seven years (INR)	103
3.	Per member cost for One year (INR)	15
4.	Total project cost for Sample of 61 L3F Beneficiaries (INR) for Seven years	6,291

For this book, we have a sample of 61 L3F beneficiaries and a total project cost for seven years of INR 6,291 for that sample.

While valuing the outcomes, the stated outcome indicators were monetised in consultation with stakeholders. It is important to note that the indicator that is relevant for the selected beneficiaries has been derived from the primary survey findings. At the time of the interviews, respondents were asked to assign a financial value for the training they received through the L3F programme as financial proxies. The study used a weighted average monetised value for each of the selected variables to determine the final financial value for each financial proxy (see Table 8.5).

Table 8.5

Proportion of Beneficiaries Who Reported the Outcome Indicators on Which Each Indicator Would Apply

Measurement Indicator/ Variable	*Sample L3F Beneficiaries*	*Proportion Applicable (%)*	*Number of Beneficiaries on Which the Indicator Would Be Applicable (Quantity)*
Number of Members Feeling They Had Better Household Financial Management (Savings and Credit Management)	61	100	61
Number of Members Reporting Improved Employment/Income through Non-Farm Business	61	45	27
Number of Members Reporting Increase in Number of Goats/Goat Kids	61	73	45
Number of Members Reporting Increases in Number of Dairy Animals and Milk Quantity	61	68	41
Number of Members Reporting Improvement In Crop Cultivation or High-Yielding Crops/Commercial Crops	61	72	44

Table 8.6
Estimates of SROI from L3F Program

Approximate Improvement (Rupees)	*Basis*	*Confidence Level (per cent)*	*Isolated Effect (Per cent Estimate)*	*Conservative Integration (Rupees) with 30 per cent Inflation Adjustment*
30,525	Number of members feeling they had better household financial management (savings & credit management)	75	65	18,769
43,875	Number of members reporting improved employment/income through non-farm business	70	60	22,050
39,370	Number of members reporting increase in number of goats/goat kids	68	75	22,134
43,435	Number of members reporting increase in number of dairy animals & milk quantity	80	60	24,528
32,306	Number of members reporting improvement in crop cultivation or high-yielding crops/ commercial crops	70	60	17,052
	Total Benefit at Present Monetary Value (INR)			**104,533**

Social Return on Investment (SROI)

The SROI is presented as a ratio of return and is derived from dividing the value of the impact by the value of the investment (or inputs).

$$\text{SROI} = \frac{\text{Total Present Value}}{\text{Total Inputs}}$$

$$\text{SROI} = \frac{104533}{6291}$$

SROI = 16.6

The estimated SROI for the sample L3F programme is 16.6, which implies that every rupee spent in the intervention has created a social value of INR 16.6. Of course, the L3F project has created long-term social and economic assets for the participants that will generate further social benefits in the future. Even without considering these long-term (five to ten years) project impacts, L3F appears to be economically viable and beneficial.

The project has a comparatively high SROI. When we look deeper into the project, we can see multiple reasons for the higher SROI. Mann Deshi's operational areas offer very limited livelihood opportunities because of drought, hilly and rocky terrain and very poor market connectivity, to name only three challenges. Mann Deshi and the L3F interventions created large-scale social capital, skill and capacity building, financial and market linkages, livestock development, water harvesting, use of better production technologies in agribusiness, and so on, all of which had a wide-ranging and very deep socio-economic impact on the lives of the people living in poverty there. In many villages of Mashwad, Mann Taluk, only Mann Deshi is predominantly working on an inclusive sustainable development agenda. As Mann Deshi's development activities are deep-rooted in the villages and directly associated with people's social and economic activities, they can bring a higher rate of social returns on investment. The economic and social benefits are also expected to be sustainable and will have a long-term impact on the social and economic lives of people living in poverty.

Other Social Returns from the L3F Programme

We identified various types of social returns from the L3F intervention in the operational areas of Mann Deshi. The basic premise for lifelong learning for various entrepreneurs lies in developing cognitive social capital. That approach offers scope for scale advantage in transactions between primary stakeholders and secondary stakeholders and facilitates a strong horizontal transfer of knowledge. The joint liability or self-help group approach in India has built a strong sense of identity and togetherness to fight poverty through mobilisation and organisation. Hence, the L3F approach strategically used the group approach to strengthen cognitive social capital through social mobilisation and financial linkages. The L3F participants were encouraged to meet regularly, share their experiences with other peer members or stakeholders and define strategies for strengthening the L3F approach. These women would otherwise not have participated in any social or economic development platform because of their vulnerability or lack of education and training. The tangible and intangible changes witnessed among L3F members has had an impact on other women, motivating them to join the JLGs of Mann Deshi and to demand social and economic rights.

Mann Deshi had been working with women in this region through JLGs for more than a decade, but the L3F programme combined with the group approach was the catalyst for a much improved social network, trust and solidarity, collective action and co-operation, social cohesion and sociability among rural women. The good practices and knowledge about financial management and enterprise development the L3F group acquired have been communicated to other women in the region without further cost. Higher levels of the demonstration effect were observed from the field on good management practices in enterprise development such as goat insemination, taking a scientific approach to the management of animals, household financial management, marketing skills, improved bargaining power, efficient management of business enterprises, etc.

Women's Empowerment

Empowerment broadly refers to the expansion of freedom of choice and action for an individual, group or community. Women's empowerment is the expansion of assets and capabilities to participate in, negotiate with, influence, control and hold accountable institutions that affect women's lives. Empowering vulnerable women requires the removal of the formal and informal institutional barriers that limit their choices and prevent them from taking action to improve their well-being individually or collectively (Narayan, 2002).

Measuring women's empowerment needs a multidimensional approach. For this study, we measured the women's empowerment via the World Bank approach of examining six dimensions:

- Economic (women's control over income; relative contribution to family support; access to and control of family resources)
- Socio-cultural (women's freedom of movement; decision-making power in the household)
- Familial/interpersonal (participation in domestic decision making on various household matters)
- Knowledge and awareness (both legal and non-legal aspects)
- Social and political (knowledge about voting; networking with political and social leaders)
- Psychological (self-esteem; self-efficacy; psychological well-being).

Control over Resources

Control over resources was measured through ownership of various household productive and non-productive assets across L3F and non-L3F respondents. Table 8.6 shows that the women beneficiaries of L3F independently own assets like livestock (35 per cent), poultry birds (56 per cent), gold or silver jewellery (54 per cent), small businesses (32 per cent), machines and equipment used in business and agriculture (31 per cent) and savings in the bank (40 per cent). In addition, we can see that a higher percentage of respondents reported that household assets are jointly owned with their spouse. Conversely, Table 8.6 also shows that the non-L3F group of women does not own these resources independently and asset ownership is generally joint. It is evident from the above facts and discussion that the L3F intervention has enabled the women to have their own assets, which will determine their economic empowerment.

Decision-Making Power

Table 8.7 represents the women's level of decision-making power in various household matters like the purchase of basic household needs, livestock, durable assets, land, house, business investments, children's schooling expenses, healthcare expenses, use of household income and use of bank loans. It is evident from the table that in the majority of households from both the L3F and non-L3F groups both spouses jointly take decisions on household matters. However, a small percentage of L3F respondents stated that they take independent decisions on the purchase of basic household needs like groceries (20 per cent), livestock (21 per cent), durable assets (20 per cent), health care (18 per cent), use of household income (21 per cent) and use of a loan (18 per cent). We can see that, compared to the non-L3F households, a marginal percentage of L3F women are taking independent decisions on household matters.

Mobility

Mobility refers to physical access to different facilities. It can have a significant impact on women's empowerment in rural areas. The study revealed that the women participants of the L3F programme have better access and mobility to local markets (87 per cent), community centres (89 per cent), visiting relatives' houses (85 per cent), going to a fair or festival (85 per cent), visiting temples or shrines (86 per cent), local hospitals (84 per cent) and the local school or college (82 per cent). The percentages of non-L3F women who can visit the above places are lower. Therefore, the L3F programme has helped the women get access to local economic and social institutions and improved their empowerment. (See Table 8.8.)

Improvement in Social and Developmental Areas

We explored the contribution of the L3F programme to improving various social and developmental issues pertaining to women's empowerment (Table 8.9). We found that L3F women participants showed great improvement in communicating in meetings (72 per cent), providing skilled expertise in their own work or enterprise business (69 per cent), communicating with bank officers and development agencies (59 per cent), and feeling confident about operating a bank account (57 per cent), managing a financial crisis (56 per cent) and maintaining records pertaining to the bank, JLGs and others (46 per cent). It is evident from these figures that the L3F programme has contributed to many of the social and development factors that influence women's empowerment – the non-L3F women members do not show the same levels of improvement. These improvements are a true representation of the social returns of the project, wherein the intervention has contributed to the improvement of confidence in a person's own abilities and skills.

Beneficiaries' Self-Perception of Change in Empowerment

Understanding the change within is one of the critical determinants of empowerment. To explore self-perceptions of personal empowerment, we asked 16 questions pertaining to household, financial, health and education, equality and political affairs across two groups of women respondents with and without L3F interventions.

It emerged that in terms of household affairs (Table 8.10), the L3F members improved greatly in the areas of contributing to household income (85 per cent), influencing household decisions (72 per cent), making decisions about household expenditure (79 per cent) and the use of family income and resources (75 per cent) and feeling confident about solving household problems (80 per cent). The non-L3F women showed marginal improvement in these areas.

The respondents' perceptions of financial affairs were studied via four parameters (see Table 8.11). Women respondents from the L3F group expressed a perception that their self-confidence has greatly improved in visiting the bank and doing transactions alone (70 per cent), in communicating with the bank officer and asking for a loan or any other bank services (64 per cent), in consulting with friends and neighbours about financial and non-financial matters (67 per cent) and in extending financial and non-financial support to friends and neighbours (59 per cent). The non-L3F women showed no change or remained constant in these areas. These findings reveal that the L3F programme has contributed positively towards women's confidence in managing financial affairs.

We also explored the women's perceptions about health and education (see Table 8.12) through awareness of the importance of sanitation and health, children's education, particularly for female children, and consulting doctors about health issues. A great improvement is reported in the areas of awareness about sanitation and health (73.8 per cent), consulting doctors on health issues (69 per cent) and the importance of children's education (82 per cent). The non-L3F participants showed only a marginal improvement in these areas. This implies that women in the L3F programme learned a lot about education and health issues relating to themselves and their family members. As the women are members of a joint liability group, they have a robust platform where they can discuss these issues and work towards better empowerment.

We also made an attempt to examine the women participants' perception of political issues such as voting decisions and equality among girls and boys. Around 88 per cent of the L3F members responded that the way they choose a candidate for election has greatly improved, compared with 37 per cent of non-L3F respondents (Table

8.13). Awareness about government welfare programmes also greatly improved among L3F members (38 per cent) with marginal improvement among non-L3F women respondents. Around 82 per cent of L3F respondents reported great improvement in their awareness of equality between girls and boys in their respective households and their immediate society. In the recent past, in rural India, equality (equal rights) for female children has been given top priority in the areas of education, health and other social areas. The L3F programme is working with the women and their families to make progress in these areas as they are also very important in determining women's social and economic empowerment.

Networking and Social Ties

Empowered women are expected to be mobile and have a social and economic networking status with a very high social capital. The L3F programme is expected to create social endowments for sustainable operations and outcomes in the villages. In the study, we asked participants about their relationship with various developmental agencies in their locality. We found that L3F women greatly increased their networking with veterinary doctors (76 per cent), executives from commercial and co-operative banks (78 per cent), Anganwadi (rural mother and child care centre) staff (77 per cent), members of SHGs and JLGs in the village (85 per cent), local hospital doctors (72 per cent) and village panchayat – Sarpanch (leaders) (63 per cent) (Table 8.14).

Social ties and social networking enable women to build social capital in rural areas. We also found that the L3F programme not only enhanced women's entrepreneurial skills and livelihood opportunities, but also helped to empower women through better social access and social capital building. The social endowments created by the L3F intervention will have long-term social returns for rural women.

Focus Group Discussions: Assessment of Social Return of Investment

In addition to conducting a quantitative analysis of the SROI, we also attempted to generate qualitative data through an elaborated process of focus group discussions (FGDs). Three FGDs (46 members) were conducted with L3F members in Pulkoti, Dhuldev and Shivthar, and two (26 members) with non-L3F households in Pulkoti and Bhatki.

The FGDs with L3F members were organised by Mann Deshi Foundation and the FGDs with non-L3F members were mobilised with the support of a village panchayat (Bhatki and Mhaswad) and Mann Deshi Foundation. The questions focused on entrepreneurial activities, capital investment, the need for and costs of training, importance of JLGs, livelihood problems and opportunities, learning investment, tangible returns (e.g., assets owned or sold, productivity improvements, investments, etc.) and intangible returns (e.g., improvements and increases in knowledge, skills, attitude, social status, health, technological empowerment, financial management, etc.). Other issues including learning methods, loan amounts, loan repayments, interest rates, etc., were also covered in the FGDs. The following sub-sections highlight the most important issues that emerged from the FGDs with L3F and non-L3F members.

Discussions with L3F Members

Tangible Benefits

The majority of the L3F participants were either wage labourers or domestic workers in the villages. The COL and Mann Deshi training on financial management and entrepreneurial business development has given them hope that they will be able to access both farm- and non-farm-based livelihood opportunities. The Mann Deshi volunteers who work in the village informed them about no-cost and low-cost L3F training. Many members shared their experience, stating that, in the initial years (2011, 2012), they had between two and five goats, but following their goat training – both insemination and scientific management – they now own herds of 30 to 50 goats worth between INR 3 lakh and INR 5 lakh. In addition, they have sold an average of ten to 15 male goats per year from 2013 onward. In the local market, a seven-month-old male goat will sell for between INR 7,000 and INR 8,000; in the district markets in Pune or Satara, goats sell for between INR 9,000 and INR 10,000 per male goat.

Mann Deshi and COL have also helped the rural women to develop dairy enterprises through livestock-management training modules. Members noted that they have purchased better breeds of milch animals and increased the size of their dairy units with the help of a loan from Mann Deshi Bank. Women can earn on average INR 300 to INR 400 per day from two milch animals. The cost of managing a small dairy unit consisting of two animals is INR 150 to INR 200 per day, including the cost of feed and bank loan repayments. The net income per milch cow is around INR 150 to INR 200; sales of cow dung and calves, etc., are other sources of revenue.

Large numbers of women are also engaged in small businesses in the local and town markets. As discussed earlier, Mann Deshi operates in drought-prone areas of Maharashtra, and many of the village women engage in non-farm businesses such as retail shops, small hotels, ready-to-eat food items, petty shops and so on. From these businesses, an average woman can earn a net profit of INR 250 to INR 500 daily. Mann Deshi, through its weekly market model, helps these women to improve their businesses through easy access to capital and business knowledge. It is also important to note that these L3F women have received training on financial and business management.

Goat insemination has brought tangible benefits to the rural women. The trained rural women who are called goat doctors are paid a salary of INR 4,000 per month from Mann Deshi and INR 150 per goat insemination, with INR 75 of that going to pay for the semen. The goat doctors get around 30 calls a month from goat entrepreneurs. Goat insemination has increased the number of kids born healthy - from one or two to between two and four - as well as survival rates and improved the quality and quantity of goat herds in the villages. As the goat doctors inseminate only semen from good breeds (in terms of both weight and health), the kids born from insemination tend to be healthier, which gives better returns for the rural goat entrepreneurs. Goat insemination is therefore seen as one of the most sustainable livelihood initiatives of COL and Mann Deshi. The goat entrepreneurs report income gains of up to 25 per cent from this initiative.

Intangible Benefits

The L3F training and education helped the women entrepreneurs to increase their knowledge of and skills in financial management, disease management of livestock and family and other areas helpful in improving the productivity of their livelihood enterprises.

The JLG approach of Mann Deshi has helped the women mobilise social capital and group learning. Aptus – the laptop-based learning tool - has brought the women together to learn best practices in rural entrepreneurship as well as fight poverty with a collective approach. Through this technology-based learning, the women gained an advantage in getting market information and selling their product collectively or using warehouses for their agricultural products. The use of mobile phones and easy access to local and national market information has increased the bargaining power of the women when they are buying and selling farm and non-farm products.

Another major intangible benefit as reported by the women concerned bank savings, insurance and pension services. The basic and advanced financial management training and learning approach has helped the women to take better financial decisions and make judicious use of bank credit for productive investments.

The successful women entrepreneurs have also shared their best practices and successes through community radio and other social platforms. This has led to a large-scale social and economic impact on the rural community. Hearing about the successes of rural women motivates other women in rural areas to engage in livelihood activities.

Other Issues

The L3F trainings were largely conducted at the village level either through a mobile business school (a bus fitted out with computer-based learning materials) or in rural community centres. This has helped the women to attend training in their free time (i.e., free from domestic work) without incurring travel costs. Women could attend training activities with young children, which made them more accessible.

Discussions with Non-L3F Members

Lack of Entrepreneurial Opportunities and Skills

The majority of the non-L3F women expressed that they are searching for employment opportunities in their own village or close by. However, due to a lack of both skills and entrepreneurial opportunities, they are either unemployed or involved in domestic wage labour. As poor women have no financing options, they cannot invest in their own business or enterprise activities. They are ready to invest time in skill enhancement, provided the training and capacity building takes place in their villages. Many women expressed their willingness to join Mann Deshi training through ODL or other technology-based learning tools.

Doorstep Banking Services

Rural women face many problems when they want to get credit from the bank for their productive or non-productive needs, and getting to a bank can also be problematic. The women need low-cost capital and very simple and easy documentation and repayment plans. Many banking services do not reach rural areas and have complex procedures and high transaction costs. One of the surveyed villages was 20 kilometres from the small town of Mhaswad, the closest option to access banking services. As a result, women are excluded from formal banking and lose interest in doing any entrepreneurial activities. Easy access to capital therefore emerged as another important area that needs special attention in rural areas.

Other Issues

Women showed an interest in ODL and other modes of continuous learning and capacity-building training in financial management and enterprise development. They have seen the benefits these have brought to L3F members in their village or nearby villages. Many women are very keen to join an L3F-type of training programme for skill and knowledge enhancement. They are willing to devote some time to get the benefits of a better livelihood and empowerment.

The majority of the women expressed that they do not get fair market prices for anything they grow and sell. They were exploring the marketing of agriculture produce through SHG or JLG federations. This initiative needs a large-scale investment in warehouse and marketing linkages. Women are ready to take up agrimarketing if they get appropriate training and capital subsidy for their investment.

Summary

In this chapter we looked at the social returns on investment to the beneficiaries. The study findings suggest that a 1 rupee investment has created 16.6 rupees SROI for the beneficiaries, which shows that the L3F programme has been very effective in creating economic and social returns. The project has led to women's empowerment: The L3F women have gained household decision-making power, contribute to the family income and have advanced their social and political knowledge and awareness. The focus group discussions revealed that L3F women have developed economic and social capital with the help of training and capacity building. The training and capacity building also helped the women to adopt best practices in their entrepreneurial activities. As a result, the returns from their livelihood activity have increased and are proving to be sustainable. The non-L3F women respondents commented that they are interested in skills training and are willing to embark on entrepreneurial activities. In addition, they expressed a need for easy access to banking services at their doorsteps and marketing facilities for their products.

Table 8.6
Ownership of Assets by Respondent Member (Per cent)

Item	*Study Group*	*Jointly*	*Spouse*	*Self*
Land/Agriculture Land	L3F	58.1	25.8	16.1
	Non-L3F	64.8	22.7	12.5
Livestock like Cattle or Goat/Sheep	L3F	57.5	7.5	35.0
	Non-L3F	66.7	13.8	19.5
Poultry Birds	L3F	36.0	8.0	56.0
	Non-L3F	58.3	16.7	25.0
Jewelry/Ornaments	L3F	44.4	1.9	53.7
	Non-L3F	57.6	8.1	34.3
Small Vehicle	L3F	62.2	37.8	0.0
	Non-L3F	74.6	15.3	10.2
Small Business	L3F	44.0	24.0	32.0
	Non-L3F	62.1	10.3	27.6
Machines, Equipment's	L3f	43.8	25.0	31.3
Used in Business/Agriculture	Non-L3F	84.1	4.5	11.4
Cash/Bank Savings	L3F	53.3	6.7	40.0
	Non-L3F	80.9	4.5	14.6

Table 8.7

Contribution to Decision Making Power on Various Household Matters (Per cent)

Item	*Study Group*	*Jointly*	*Spouse*	*Self*
Purchase of Basic Household Needs (Groceries)	L3f	78.7	1.6	19.7
	Non-L3F	55.5	10.9	33.6
Purchase of Livestock	L3F	75.0	3.6	21.4
	Non-L3F	66.0	11.0	23.0
Purchase of Durable Household Assets	L3F	76.7	3.3	20.0
	Non-L3F	63.3	11.2	25.5
Purchase of Land/House/ Business Investment	L3F	78.3	3.3	18.3
	Non-L3F	77.1	10.8	12.0
Children Schooling and Related Expenses	L3F	87.8	2.0	10.2
	Non-L3F	79.1	9.3	11.6
Health/Medical Care and Related Expenses	L3F	78.7	3.3	18.0
	Non-L3F	71.7	10.4	17.9
Use of Household Income	L3F	75.4	3.3	21.3
	Non-L3F	79.2	8.9	11.9
Use of Loan	L3F	78.9	3.5	17.5
	Non-L3F	76.9	10.3	12.8

Table 8.8
Mobility (Per cent)

Can You Go to These Places Alone?	*Study Group*	*Yes*	*No*
The Local Market	L3F	86.9	13.1
	Non-L3F	66.4	33.6
A Community Center	L3F	88.5	11.5
	Non-L3F	60.9	39.1
The Homes of Relative or Friends	L3F	85.2	14.8
	Non-L3F	63.6	36.4
A Nearby Fair/Fest	L3F	85.2	14.8
	Non-L3F	59.1	40.9
A Nearby Temple/Shrine	L3F	88.5	11.5
	Non-L3F	55.5	44.5
A Local Health Center/Hospital	L3F	83.6	16.4
	Non-L3F	51.8	48.2
A School/College	L3F	82.0	18.0
	Non-L3F	54.5	45.5

Table 8.9

Improvement in Social and Developmental Matters (Per cent)

Nature of Improvement	*Study Group*	*Improved Greatly*	*Improved Slightly*	*Remained Constant*	*Slightly Bad*	*Worsened*
Reading/Writing Skills	L3F	31.1	18.0	50.8	0.0	0.0
	Non-L3F	2.7	28.2	68.2	0.9	0.0
Communication in the Mann Deshi Meetings	L3F	72.1	19.7	8.2	0.0	0.0
	Non-L3F	7.3	38.2	51.8	2.7	0.0
Communication with the Outsiders/Bank Officials /Others	L3F	59.0	26.2	14.8	0.0	0.0
	Non-L3F	8.2	22.7	68.2	0.9	0.0
Reading Bank Document	L3F	34.4	23.0	42.6	0.0	0.0
	Non-L3F	4.6	16.5	77.1	1.8	0.0
Confidence in Operating Bank Account	L3F	57.4	27.9	14.8	0.0	0.0
	Non-L3F	7.3	28.2	60.9	2.7	0.9
Maintenance of Record	L3F	45.9	32.8	21.3	0.0	0.0
	Non-L3F	1.8	14.5	78.2	4.5	0.9
Confidence in Managing Financial Crisis	L3F	55.7	31.1	13.1	0.0	0.0
	Non-L3F	4.5	30.9	64.5	0.0	0.0
Skills for One's Own Work /Business	L3F	68.9	23.0	8.2	0.0	0.0
	Non-L3F	3.6	19.1	77.3	0.0	0.0

Table 8.10
Member Perception of Household Affairs (Per cent)

Member Perception of Household Affaires	*Study Group*	*Improved Greatly*	*Improved Slightly*	*Remained Constant*	*Slightly Bad*	*Worsened*
I Contribute to the Family Income	L3F	85.2	14.8	0.0	0.0	0.0
	Non-L3F	10.9	59.1	30.0	0.0	0.0
I Influence Household Decisions	L3F	72.1	23.0	4.9	0.0	0.0
	Non-L3F	14.5	62.7	22.7	0.0	0.0
I Influence Expenditure	L3F	78.7	16.4	4.9	0.0	0.0
	Non-L3F	10.0	63.6	25.5	0.9	0.0
I Influence the Use of Family Income/Resources	L3F	75.4	21.3	3.3	0.0	0.0
	Non-L3F	7.3	53.6	39.1	0.0	0.0
I Am Confident About Solving the Problems in the Household	L3F	80.3	14.8	4.9	0.0	0.0
	Non-L3F	27.3	40.0	32.7	0.0	0.0

Table 8.11
Member Perception of Financial Affairs (Per cent)

Member Perception of Financial Affaires	*Study Group*	*Improved Greatly*	*Improved Slightly*	*Remained Constant*	*Slightly Bad*	*Worsened*
I Can Visit Bank Alone and Do the Transaction	L3F	69.5	22.0	8.5	0.0	0.0
	Non-L3F	3.6	19.1	72.7	2.7	1.8
I Can Talk to a Bank Officer and Ask for a Loan/Service	L3F	64.4	25.4	10.2	0.0	0.0
	Non-L3F	4.5	14.5	75.5	2.7	2.7
I Consult My Friends/ Neighbors on Financial/ Non-Financial Matters	L3F	67.2	16.4	16.4	0.0	0.0
	Non-L3F	11.8	22.7	63.6	1.8	0.0
I Extend Financial/ Non-Financial Support to Friends/Neighbours	L3F	59.0	27.9	13.1	0.0	0.0
	Non-L3F	11.8	21.8	63.6	2.7	0.0

Table 8.12
Member Perception of Health and Education Affairs (Per cent)

Member Perception of Health and Education Affaires	*Study Group*	*Improved Greatly*	*Improved Slightly*	*Remained Constant*	*Slightly Bad*	*Worsened*
I Am Aware of the Importance of Sanitation and Health	L3F	73.8	24.6	1.6	0.0	0.0
	Non-L3F	14.5	52.7	30.9	1.8	0.0
I Consult Doctors on Health Issues	L3F	68.9	31.1	0.0	0.0	0.0
	Non-L3F	20.9	52.7	25.5	0.9	0.0
I Know the Importance of Children's Education (Particularly Female Children)	L3F	81.7	8.3	10.0	0.0	0.0
	Non-L3F	34.5	46.4	19.1	0.0	0.0

Table 8.13
Member Perception of Political and Equality Affairs (Per cent)

Member Perception of Political and Equality Affaires	*Study Group*	*Improved Greatly*	*Improved Slightly*	*Remained Constant*	*Slightly Bad*	*Worsened*
I Can Decide and Vote for a Candidate of My Choice in Election	L3F	88.3	10.0	1.7	0.0	0.0
	Non-L3F	37.3	49.1	13.6	0.0	0.0
I Am Aware of Government Welfare Programmes	L3F	37.7	14.8	47.5	0.0	0.0
	Non-L3F	2.7	17.3	76.4	1.8	1.8
In My View Both Girls and Boys Are Equal	L3F	82.0	18.0	0.0	0.0	0.0
	Non-L3F	43.6	42.7	13.6	0.0	0.0

Table 8.14

Networking (Relationship) with the Following Individuals and Agencies (Per cent)

Relationship with the Following	*Study Group*	*Improved Greatly*	*Improved Slightly*	*Remained Constant*	*Slightly Bad*	*Worsened*
Sarpanch	L3F	62.5	17.9	19.6	0.0	0.0
	Non-L3F	24.1	43.5	30.6	1.9	0.0
Krishi Prayukti Sahayak (Agri-Extension Officer)	L3F	32.0	14.0	54.0	0.0	0.0
	Non-L3F	8.7	42.3	46.2	2.9	0.0
Gramsevak (Village-Level Worker)	L3F	59.2	12.2	28.6	0.0	0.0
	Non-L3F	15.0	43.0	38.3	3.7	0.0
Veterinary Doctor	L3F	75.9	13.0	11.1	0.0	0.0
	Non-L3F	14.2	39.6	46.2	0.0	0.0
Doctor/Nurses in Local Hospital	L3F	72.1	19.7	8.2	0.0	0.0
	Non-L3F	20.0	43.6	36.4	0.0	0.0
Headmaster of Local School	L3F	59.3	18.5	22.2	0.0	0.0
	Non-L3F	18.3	42.3	36.5	2.9	0.0
Bank/Co-operative/ NBFC Employees	L3F	78.3	10.0	11.7	0.0	0.0
	Non-L3F	8.6	33.3	55.2	1.0	1.9
Anganwadi Staff	L3F	77.2	10.5	12.3	0.0	0.0
	Non-L3F	34.9	31.2	33.0	0.9	0.0
SHG/JLG	L3F	85.0	10.0	5.0	0.0	0.0
	Non-L3F	31.1	27.8	38.9	2.2	0.0

Chapter 9

Household Welfare: Specific Impact Areas and Evidence

Introduction

In this chapter, we assess the impact of the L3F programme on selected household attributes - household income, expenditure, assets, housing conditions and employment - using both quantitative and qualitative approaches.

It is acknowledged in much research, especially research relating to rural households in an Indian context, that an increase in household income results in increased consumption, including of nutritious food, and expenditure. In addition, increased savings, also a result of increased income, help households to manage risk, increase investment, provide better educational opportunities for children and minimise future vulnerabilities arising from an unexpected drop in income. A modest improvement in income for the poorest segments of society may not account for much difference in absolute terms, but may have a relatively higher impact in comparison to the impact of a modest improvement in income for high-income group households. Thus, interventions like the L3F programme have attempted to raise participants' incomes through various training and awareness programmes. In analysing the impact of the L3F intervention, therefore, it is crucial to look at its impact on the participants' household income.

In rural areas, assets play a very important role in determining the level of household welfare. In general, households purchase productive and non-productive assets when their income is higher and dispose of them during lean periods. For example, gold ornaments are often purchased when business is good and sold off or used as collateral during bad or lean periods. Hence, assets can be seen as an investment, as savings or as a means of income production.

Employment is another key indicator to determine the welfare of rural households. In rural areas employment tends to mean both farm and non-farm employment. Given the constraints on farm expansion and continuing growth of the rural population, non-farm activities are given priority because of their potential to contribute to poverty reduction and economic development. Employment generation is one of the major objectives of the L3F programme, whether that means self-employment, supporting farm- and non-farm-based enterprises, or providing financing for starting up new businesses or improving existing businesses, etc.

Housing is a basic human requirement and an indicator of welfare. Beyond providing shelter, other amenities relating to housing are important: type of dwelling unit;

number of rooms and type of roof; potable water, sanitation, cooking fuel, etc., all influence overall quality of life. Low-income and very low-income people may be able to use housing as collateral or security to access formal credit from banks and financial institutions. Therefore, in this study we also looked at improvements in housing conditions after the L3F intervention.

The following sections provide details about the socio-economic characteristics of the sample households and the impact of L3F on entrepreneurial businesses and various household welfare indicators such as employment, income, enterprise activities, access to bank loans and deposits, household expenditure and household assets.

Socio-Economic Characteristics of the Sample Households

This section contains a comparative analysis of the socio-economic profile of the L3F and non-L3F households that participated in the study (Table 9.1).

Age, Education and Marital Status of the Respondents

We observed from the data collected from both the L3F (experimental) group and non-L3F (control) group that the mean age of the women respondents across the two groups is 43 years, when these two groups are taken together.

The educational level of the respondents between the L3F and non-L3F groups is very similar (4.8 and 4 years in school respectively). Interestingly, the proportion of respondents who were categorised as illiterate was higher in the non-L3F group (46 per cent) than in the L3F group (34 per cent). More respondents in the L3F group had completed some secondary or higher education than respondents in the non-L3F group.

Though there is no significant difference with respect to marital status between the study groups, the higher proportion of widows (8.2 per cent) in the L3F group suggests the COL-Mann Deshi programme is aimed at empowering vulnerable groups in the female population.

Religion and Caste of the Respondents

A majority of the sample households from the L3F (97 per cent) and non-L3F (98 per cent) groups are Hindu and the balance are Muslim. Of those who identified as Hindu, a little more than half (54.1 per cent) belong to the Scheduled Caste (SC) and Scheduled Tribe (ST) and 30 per cent to the Other Backward Classes (OBC) in case of L3F respondents. With regard to non-L3F sample households, the SC and ST accounted for 17.2 per cent and the OBC 14.5 per cent, which supports our earlier statements that the COL-Mann Deshi initiatives have focused on the lower strata of society.

Employment and Income of the Respondents

The primary and subsidiary occupations of the rural households determine not only economic well-being but also, to a larger extent, social status. We observed from the data that all the sample households of the L3F group have income-generating occupations. Conversely, 19 per cent of the non-L3F respondents are not employed. It is also evident from Table 9.1 that more than 52 per cent of the L3F respondents are engaged in self-employment and petty businesses. However, the non-L3F members are largely engaged in agriculture and allied activities (43 per cent). In addition, more than 54 per cent of the L3F members have a subsidiary occupation in addition to a main occupation, compared with 23 per cent for non-L3F members. This reveals that L3F respondents are better off in terms of employment, subsidiary occupations and entrepreneurship activities as compared to the non-L3F group.

From the information given in Table 9.1 it is evident that the L3F households have an average annual income of more than twice the average annual income of the non-L3F households. Further, disaggregated analysis of the income levels of households between the groups reveals that a higher proportion (25 per cent) of the L3F sample households reported an average annual income of INR 100,000 and above. This figure, however, was only 3.6 per cent for non-L3F households. Also, more than 60 per cent of the non-L3F households reported an average annual income of less than Rs 50,000 compared with only 26 per cent of L3F households. Therefore, we can deduce that the income levels of the L3F households are not only higher but also distributed more equitably, relative to the non-L3F sample households. Needless to say, higher employment, especially the entrepreneurial activities, has significantly influenced the income levels of the L3F sample households.

Poverty Status

Rural households in India have been categorised for the purpose of certain benefits, including food at subsidised prices. Broadly speaking, there are three types of households, identified via yellow, orange and white ration cards. According to the government of Maharashtra, households with a yellow ration card are identified as below the poverty line (BPL), with an annual income of less than Rs 15,000; households with an orange ration card have Rs 15,000 to Rs 100,000; and households with a white ration card earn above Rs 100,000. We observed that 39 per cent and 63 per cent of L3F households and non-L3F households, respectively, had yellow ration cards. In the case of orange card holders, the L3F group accounts for 61 per cent and the non-L3F group accounts for 27 per cent. In terms of ration cards, there has been no change in the groups, but our data, which pertain to 2018, indicate a higher level of income for a majority of the households covered under the L3F programme. Thus, it may be deduced that the COL-Mann Deshi initiatives under L3F could be a factor in the improved income levels of L3F households.

As the L3F initiatives focused on the formation of JLGs, it is perhaps unsurprising that nearly 75 per cent of the L3F beneficiaries are part of JLGs compared with 45 per cent of the control group.

Of the households surveyed, 16 per cent of L3F and 14 per cent of non-L3F households were headed by female respondents.

Participation in Training and Learning Activities

Mann Deshi, under the COL project, provides various training programmes for the L3F members. As discussed in Chapter 1, the trainings may be broadly divided into financial literacy and livelihood entrepreneurial activities. From 2012 to 2017, L3F members attended various types of face-to-face trainings at Mann Deshi (see Table 9.2) or through technology-based ODL platforms.

Mann Deshi's training interventions are largely confined to L3F beneficiaries' households. However, we observed that four non-L3F respondents have also taken advantage of a training intervention, especially tailoring, from other institutions.

From the L3F sample households surveyed, we found that 96.7 per cent of members attended basic financial literacy training and 77 per cent attended advanced financial literacy training. It must be highlighted that nearly 64 per cent of the respondents have undergone livestock/veterinary training, including goat-insemination programmes, offered during the past six to seven years.

Being an arid region, Mhaswad receives an average of only 100 millimetres of rain every year. Therefore, livestock-based activities like goat farming, dairy and agriculture, particularly short-duration crops, are the prominent occupations. Goat rearing and dairy enterprises are the major traditional livelihood activities of rural people in this area. Mann Deshi, with the help of COL, has designed and organised several training programmes and developed learning materials to be disseminated for improving productivity - and thereby income - in these activities.

Taking into account the sizeable goat population in the region, Mann Deshi and COL came up with the idea of inseminating goats as is done with cattle. Goat insemination is one of the innovative approaches Mann Deshi has promoted through the L3F programme. As part of this project, a select group of women underwent training at the Nimbkar Agriculture Research Institute (NARI) and learned how to inject semen straws into a goat that is on heat. Once trained, the women are called goat doctors in the villages. In our considered assessment (after detailed interactions with them) these goat doctors have come out of the vicious circle of poverty, can achieve economic independence, are providing a useful service to their neighbourhood and are an inspirational force to others. In this context, it may be noted again that the philosophy of the L3F approach is to achieve the social and economic empowerment of women at minimal cost and to have a long-term economic impact on the lives of rural women. It is pertinent to emphasise here that

Mann Deshi has been using a variety of training interventions with an appropriate combination of face-to-face and other ODL techniques to disseminate knowledge and skills in this regard - for example, mobile training centres, local community centres, inviting members to the local Mann Deshi Foundation centre, etc. Many training and awareness programmes have also been conducted in the villages under the operational jurisdiction of Mann Deshi to increase outreach and reduce the burden of travel costs on beneficiaries.

In the L3F sample households, around 30 per cent of members have attended agribusiness training, which deals with supply chain management, warehouse receipt financing and linking small farmer entrepreneurs with the market. This training has proved helpful for small and marginal farmers who have no bargaining power in the markets.

The training intervention aimed at the empowerment of rural women has been at the forefront of the COL-Mann Deshi project. Our data on the L3F households reveal that nearly 97 per cent of the beneficiaries have undergone basic financial literacy training, which is an entry point to the L3F programme. About 77 per cent of the total L3F households have also undergone advanced financial literacy training. It is very interesting to note that nearly 92 per cent of the beneficiaries underwent basic financial literacy training at local community centres in their respective villages. However, about 67 per cent of the L3F beneficiaries went to Mann Deshi Foundation for training in advanced financial literacy.

We noted that the tailoring skills training programme did not evoke a good response – only four out of 61 L3F respondents took advantage of this intervention. One possible reason could be that the tailoring classes are more effective when conducted face-to-face at a Mann Deshi Foundation centre, which requires rural women to travel to Mhaswad. Further, this training programme is one of the longer ones, so in addition to incurring travel costs, the women have to take more time away from work, which means they are losing income as well.

Agribusiness-related training programmes have proven attractive to L3F beneficiaries as nearly 33 per cent are engaged in farming. The training mainly focuses on avoiding distress sales during the harvest period by explaining the advantages of warehouse storage, marketing beyond village markets, quality control, etc. Mann Deshi Foundation also helps producers of agricultural commodities in this regard. More than 30 per cent of L3F households have taken agribusiness-related training programmes and, interestingly, they all obtained their training at their local community centre.

It appears that the L3F beneficiaries have realised the tangible benefits of the livestock/veterinary training programmes offered through the L3F intervention. It is heartening to note that 64 per cent (39 out of 61 sample households) have taken advantage of livestock/veterinary training. Our discussions with Mann Deshi

Foundation officials, Mann Deshi field-level co-ordinators and L3F beneficiaries suggest that goat rearing is one of the most important components of the training programmes. Goat rearing, one of the most important traditional occupations of L3F households, has been positively impacted by the goat doctor initiatives, as explained earlier: the artificial insemination for goats awareness and demonstration programmes were conducted under the L3F programme. In addition, there is supplementary training on the scientific management of goat farming through other ODL-based tools such as Aptus at the village level.

From the data, we noticed that, between 2012 and 2014, the entire sample of L3F households underwent various types of training programmes. The primary focus of the L3F programme was to provide training interventions in the initial phase. After 2015, the sample households benefited from only basic (6.8 per cent) and advanced (32 per cent) financial literacy training programmes.

Household Financial Inclusion

Access to formal financial markets is a prerequisite for social and economic empowerment. Formal financial services play a significant role in enterprise development in rural areas. Generally, women in rural areas have no access to formal banking services, particularly the credit facilities required to carry out any economic activities, and lack financial literacy and collateral security. As a result, women in rural areas are largely engaged as seasonal wage labourers and domestic employees or servants. Mann Deshi and COL have worked out a detailed financial inclusion plan for rural women to access sustainable financial inclusion and livelihood activities. A large number of rural women have now been trained in financial literacy and can open a savings account with Mann Deshi Bank, or any other nearby bank, and get access to bank credit, either individually or through joint liabilities. This shows that financial inclusion can be achieved on a large scale and also on a sustainable basis.

Table 9.3 shows that 100 per cent financial inclusion was attained by the L3F households, as compared to 97 per cent of non-L3F households. In addition, 82 per cent of L3F households have at least one savings bank account with Mann Deshi Bank, as against only 23 per cent for the non-L3F group. On average, for the L3F households, the savings account balance was Rs 11,562. However, this figure was only Rs 4,907 for non-L3F households. With respect to balances in savings accounts with Mann Deshi Bank, L3F households maintained on average Rs 4,163; the average was just Rs 121 for the non-L3F households. This highlights that the control group households, though financially literate, were not actively taking part in banking activity with Mann Deshi Bank, due to limited opportunities to save. The broader conclusion that emerges from this analysis is that the L3F programme resulted in several positive outcomes such as increased savings, access to banking services, access to credit, etc., which are essential to fostering the social and economic empowerment of rural women.

As part of the study we also attempted to get information on how loans were used by the households in the surveyed villages (Table 9.4). The data on household loans and how they were used were collected after 2012 from various sources. Of the L3F households, 95 per cent accessed a loan, compared to 23 per cent of the non-L3F households. The average loan taken out by L3F participants was Rs 121,311; the average for non-L3F households was only Rs 29,027.

While examining the number of households that accessed a loan from various sources for different household purposes, we observed that the L3F group accessed 236 loans between April 2012 and March 2018 against only 39 loans for the non-L3F households. Similarly, 198 loans were taken out by the L3F households for different types of enterprise activities with an average loan size of Rs 23,288; 22 loans with an average loan size of Rs 10,590 were taken out by the non-L3F households for enterprise activities.

The average loan outstanding for L3F households is Rs 34,389, with a count of 63 loans, and Rs 20,613, with a count of 26 loans, for non-L3F households. Similarly, the number of loans taken out and the average size of loan for housing and buying of household assets are higher among L3F households as compared to non-L3F households. Both the L3F and non-L3F households accessed their loans from commercial banks, rural co-operative banks and Mann Deshi Bank. The study data revealed that 77, 12 and 11 per cent of loans were taken by L3F households from Mann Deshi Bank, commercial banks and rural co-operatives, respectively, whereas 28, 18 and 54 per cent of loans were taken by non-L3F households from Mann Deshi Bank, commercial banks and rural co-operatives, respectively. We can see that for the L3F households, Mann Deshi Bank was the major source of formal finance and for the non-L3F households, rural co-operatives were the main source of credit services. Commercial banks have loaned more to borrowers from both groups, which shows that co-operative institutions play a critical role in lending microloans in rural areas. Mann Deshi Bank is also known as one source of formal finance services in the sample survey villages.

As the rural poor have no collateral security to secure a loan from formal institutions, group intermediation through joint liability is one of the innovative approaches introduced to remedy this situation. We found that 82 per cent of loans taken out by L3F households were accessed through JLGs against 87 per cent of individual loans for non-L3F households. It shows that JLGs, promoted by Mann Deshi and COL under the L3F intervention, are making a significant contribution to improving banking access for rural poor women.

Impact on Household Expenditure and Income

The impact of the L3F programme may be examined with the help of quantitative or qualitative research approaches. As noted earlier, the intervention was launched in 2012, so getting quantitative information through memory recall about changes in income, expenditure and other household parameters was a difficult task and risked introducing bias in estimations. Therefore, we have used qualitative measurements of change with the help of a 5-point Likert scale. The scale measured the change as follows: 4 was very high improvement, with a range of 76 per cent to 100 per cent; 3, high improvement, with a range of 51 per cent to 75 per cent; 2, average improvement, with a range of 26 per cent to 50 per cent; 1, marginal improvement, with a range of 1 per cent to 25 per cent; and 0, no improvement.

In all, 11 household expenditure parameters were studied from 2012 to measure the impact of the L3F programme on the L3F (experiment group) households and assess the changes in the non-L3F (control group) households which did not benefit from an L3F intervention. It was reported that around 44 per cent and 49 per cent of the L3F households experienced very high and high increases in food expenditure against around 21 per cent of non-L3F households reporting a high increase in food expenditure in this period. Food expenditure includes sweets, dairy, meat and poultry products.

L3F members reported a very high increase in expenditure (see Table 9.5) on food (21 per cent), health (38 per cent), clothing (28 per cent), payments of loan instalments (37 per cent), mobile phone bills (21 per cent), television recharge expenses (27 per cent) and celebrations of social and religious events (27 per cent). Expenditure pertaining to entertainment (38 per cent), transport (62 per cent) and visiting shrines/ temples (53 per cent) was reported as a high increase for the L3F households. However, there was no corresponding significant improvement in these household expenditures among non-L3F households from 2012 onward. The data show that average improvements are recorded for non-L3F households in education expenditure (39 per cent), payment of loan instalments (33 per cent), health expenditure (32 per cent) and transport expenditure (21 per cent). The non-L3F members considered that their expenditure towards food (42 per cent), clothing (52 per cent), communications (58 per cent), television (viewing) recharges (49 per cent) and religious and social festivals (56 per cent) differed only marginally. In addition, there was no increase in the non-L3F households' repayment of loans (42 per cent) or expenditure on entertainment (50 per cent).

From the data on expenditure and analysis, it is clear that the L3F households are experiencing a very high level of improvement in several categories. Generally, improvement in household expenditure is an outcome of improvement in household income. An increase in household income will initially contribute towards an increase in basic expenditure and may subsequently contribute to microsavings and small-scale investments in gold and household assets.

The impact of household income was examined through seven parameters: income from agriculture, allied activities, services, trade and business, labour, return from property and interest received (see Table 9.8). The L3F group noted a very high improvement in income from sources like agriculture (21 per cent), allied activities (37 per cent), services (19 per cent), and trade and business (29 per cent), and high improvement in income from agriculture (35 per cent), allied activities (44 per cent) and trade and business (32 per cent). The non-L3F group experienced marginal improvement in income from agriculture (49 per cent), allied activities (57 per cent), services (30 per cent) and labour (51 per cent), and reported no improvement in income from services (61 per cent) and trade and services (86 per cent). For both sets of households, there was no significant contribution of income from returns from property and interest received, which shows that people living in poverty in rural areas have very limited opportunities to invest in property and any formal investments.

It is evident from the above data and discussion that L3F members had a greater change in household income; in fact, the magnitude of change is very high in the L3F group as compared to the non-L3F households. The L3F intervention has created greater improvement in income from allied activities because it expanded entrepreneurial opportunities through easy access to bank credit, training in livestock management, better veterinary services and marketing opportunities.

Impact on Household Assets and Housing Conditions

Assets are one of the key indicators of the economic well-being of households. Households may acquire assets through inheritance, investment and gifts; they function as a means of earning a livelihood and provide insurance against adverse economic times (Sarma, Saha & Jayakumar, 2017). In rural India, land is the most important asset owned by households, followed by a house, livestock, agriculture and enterprise machinery/tools, durable assets, gold and financial assets.

In this study, we examined the impact of the L3F programme on the beneficiaries' household assets by looking at assets purchased after 2012 through a quantitative and qualitative analysis (Table 9.9). We recorded the units and value of household durable assets (TV, phone, motorcycle, etc.), improvements in the quantity and quality of productive assets, improvements in housing conditions and increase in financial assets (savings, credit, investment, insurance, etc.). We found that around 56 per cent of L3F households purchased a television as compared to 36 per cent of non-L3F households. The average cost of the television was Rs 13,294 for L3F and Rs 10,100 for non-L3F households. The L3F households purchased mobile phones (87 per cent), motorcycles (48 per cent), computers (5 per cent), gas stoves (54 per cent), refrigerators (26 per cent), fans/coolers (57 per cent) and mixers/grinders (15 per cent). The non-L3F households purchased mobile phones (36 per cent), motorcycles (37 per cent), gas stoves (51 per cent), refrigerators (7 per cent), fans/coolers (36 per cent) and mixers/grinders (17 per cent). It is evident from the data that the percentage of L3F households that purchased durable assets is comparatively higher than the percentage of non-L3F households that made the same purchases.

In addition, the monetary value of the assets is higher for the L3F households as compared to the non-L3F households. These results show that, due to their increased income, L3F households are able to spend money on these durable assets and enjoy the benefits of both essential and basic household amenities to lead a decent life.

Table 9.12 shows the improvement in productive assets in the households: 21 per cent of the L3F households reported very high improvements in ownership of large ruminants like cows and buffaloes, and 48 per cent reported a high improvement. The non-L3F households recorded 27 per cent and 46 per cent, respectively, very high and high improvement in their productive assets like sheep and goats (small ruminants). Poultry ownership underwent very high improvement (22 per cent) and high improvement (48 per cent) in L3F households. The improvement in small non-farm business like petty shops, retail business, small canteens, etc., was reported at 26 per cent very high improvement and 34 per cent high improvement. Similarly, high improvements are reported by L3F households in transport vehicles (52 per cent), allied sector assets (35 per cent) and agriculture land owned (23 per cent).

Non-L3F households reported average improvements in the areas of large ruminants (27 per cent), small ruminants (25 per cent), poultry (25 per cent) and allied sector assets (17 per cent). There were marginal improvements in agricultural land owned (26 per cent), farm implements (34 per cent), small ruminants (33 per cent) and non-farm business and large ruminants (30 per cent). When the two groups are compared, we can see a higher level of improvements are recorded by the L3F group than the non-L3F group. From the above analysis, we can deduce that the L3F programmes have contributed significantly towards improving the productive assets of the households.

The analysis of improvements in savings, credit, investment and insurance of the L3F group (Table 9.11) shows that very high improvements were reported in the area of crops stored at home (38 per cent), formal savings with banks and the post office (30 per cent), investment in gold and silver (21 per cent), co-operative deposits (37 per cent), taking out a bank loan (47 per cent) and repayment of high-cost loans such as loans taken from money lenders (47 per cent). In contrast to this, the non-L3F group has shown average improvement in crops stored at home (23 per cent) and marginal improvement in investment in gold and silver (60 per cent), formal savings (25 per cent) and co-operative deposits (20 per cent).

Improvements in housing conditions were analysed through home renovations and/or reconstruction, upgrading toilets, having their own source of water, energy source for cooking, and adding or upgrading household assets including furniture and kitchen utensils. Table 9.10 shows that L3F households reported a very high improvement in home renovation (32 per cent), upgrading toilets (24 per cent), having their own source of drinking water (25 per cent) and LPG as an energy source for cooking (24 per cent). Around 48 per cent of the L3F households reported high improvement in the purchase of new assets like furniture and kitchen utensils after 2012. Conversely, the non-L3F households reported around 21 per cent average improvements in upgrading toilets and LPG as an energy source for cooking. Around 53 per cent of the non-L3F households reported a marginal improvement in home renovation.

From the above analysis, we can infer that the L3F households have made significant improvements in their household assets in terms of productive, financial and durable housing conditions as compared to the non-L3F households. As discussed earlier, the L3F interventions contributed to generating employment through entrepreneurial activities and increasing income. The increased income has contributed to the purchase of many household products and durable assets, including formal savings and investment in gold and other household assets.

Summary

From the above analysis, it can reasonably be inferred that Mann Deshi and COL's L3F programmes have made a significant contribution to the L3F households' improving various household economic and social parameters. The study results provide the empirical evidence for the positive changes in household welfare indicators, which have been significantly enhanced due to participation in various L3F programmes and engagement in enterprise activities. The qualitative and quantitative data support the argument that L3F is an effective approach to improve the welfare of rural women living in poverty who otherwise find it difficult to get access to any formal training, awareness raising and banking services.

Annexure 9.1

Table 9.1
Socio-Economic Characteristics of Respondents

Parameter		*L3F (Experimental Group) n=61*	*Non L3F (Control Group) n=110*
Women Respondent is Head of the Household		10 (16.4)	15 (13.6)
Age (Mean in Years)		43.0	42.6
	Minimum Age	28.0	22.0
	Maximum Age	64.0	70.0
	Standard Deviation	9.9	11.1
Education (Mean Number of Years in School)		4.8	4.0
	Minimum	0	0
	Maximum	17	15
	Standard Deviation	4.5	4.4
Illiterate		21 (34.4)	50 (45.5)
Up to Secondary Level		22 (36.1)	35 (31.8)
High School and Above		18 (29.5)	25 (22.7)
Marital Status	Married	56 (91.8)	102 (92.7)
	Widowed	5 (8.2)	5 (4.6)
	Unmarried	0	3 (2.7)
Religion	Hindu	59 (96.7)	108 (98.2)
	Muslims	2 (3.3)	2 (1.8)
Caste	SC	32 (52.5)	16 (14.5)
	ST	1 (1.6)	3 (2.7)
	OBC	18 (29.5)	16 (14.5)
	NT (Nomadic Tribes)	2(3.3)	14 (12.7)
	General	7 (11.5)	44 (40.0)
	Others	1 (1.6)	7 (15.5)
Poverty Status	Yellow Ration Card	24 (39.3)	69 (62.7)
	Orange Ration Card	37 (60.7)	41 (37.3)
Main Occupation	Unemployed	0	21(19.1)
	Farming/Agriculture & Allied Activities	20 (32.8)	47 (42.7)

(Contd.)

Table 9.1 (Contd.)
Socio-Economic Characteristics of Respondents

Parameter		*L3F (Experimental Group) n=61*	*Non L3F (Control Group) n=110*
	Agriculture Labourer	7 (11.5)	22 (20.0)
	Non-Agriculture Labourer	1 (1.6)	14 (12.7)
	Petty Business/Trade	11(18.0)	1 (0.9)
	Employed in Industry	1 (1.6)	0
	Self-employed	21 (34.4)	5 (4.5)
Subsidiary Occupation	Farming/Agriculture & Allied Activities	13 (39.4)	5 (20.0)
	Agriculture Labourer	12 (36.4)	17 (68.0)
	Petty Business/Trade	1 (3.0)	0
	Self-employed	7 (21.2)	3 (12.0)
	Total	33 (54.1)	25 (22.7)
Total Income (INR)	Minimum	10000	0
	Maximum	415000	200000
	Mean	92393	37382
	Standard Deviation	72896	35891
Income Quartiles	No Income	0	21 (19.1)
(INR)	Less than 50000	16 (26.2)	67 (60.9)
	50,001 to 76,000	15 (24.6)	9 (8.2)
	76,001 to 112,000	15 (24.6)	9 (8.2)
	Above 112,001	15 (24.6)	4 (3.6)
JLG Membership	Yes	46 (75.4)	50 (45.5)
	No	15 (24.6)	60 (54.5)

Note: Figures in the parentheses are percentages.

(Contd.)

Table 9.2
L3F Learning and Training Activities Received from Mann Deshi

Parameter		*Financial Literacy*		*Enterprise related training*		
		Basic	*Advanced*	*Tailoring*	*Agribusiness*	*Livestock/ Veterinary Training*
No. of Members Undergone Training		59 (96.7)	47 (77.0)	4 (6.6)	18 (29.5)	39 (63.9)
Venue of Training	Local Community Centre	54 (91.5)	19 (40.4)	1 (25.0)	18 (100)	39 (100)
	Mann Deshi Foundation Centre	5 (8.5)	27 (57.4)	3 (75.0)	0	0
Year of Training	2012	10 (16.9)	6 (12.8)	0	14 (77.8)	15 (38.5)
	2013	24 (40.7)	13 (27.7)	0	0	13 (33.3)
	2014	21 (35.6)	13 (27.7)	4 (100)	4 (22.2)	11 (28.2)
	2015-2017	4 (6.8)	15 (31.9)	0	0	0

Note: Figures in the parentheses are percentages.

Table 9.3
Household (HH) Financial Inclusion

Parameter		*L3F*	*Non-L3F*
Number of HH with a Savings Bank (SB) Account	Yes	61 (100)	107 (97.3)
	No	0	3 (2.7)
Number of SB Accounts in Public Sector Bank	HH having one account	36 (59.0)	58 (52.7)
	HH having more than one account	4 (6.6)	10 (9.1)
Number of SB Accounts in Public Sector Bank	HH having one account	4 (6.6)	16 (14.6)
	HH having more than one account	1 (1.6)	0
Number of SB Accounts in RRB	HH having one account	1 (1.6)	0
	HH having more than one account	0	0
Number of SB Accounts in Cooperative Banks	HH having one account	31 (50.8)	61 (55.5)
	HH having more than one account	4 (6.6)	16 (14.6)
Number of SB Accounts in Mann Deshi Bank	HH having one account	50 (82.0)	25 (22.7)
	HH having more than one account	1 (1.6)	0

Note: Figures in the parentheses are percentages.

Table 9.4
Loan Details of the Households from 2012 onwards

Parameter	*L3F (n=61)*	*Non L3F (n=110)*
Total Number of Loans	236	39
Average Number of Loan per Household	4	0.35
Average Loan Per Household (INR)	121311	29027
Total Number of Loan Outstanding	63	26
Average Amount of Loan Outstanding (INR)	34389	20613
Total Number of Loan for Enterprise Activity (Income-generating Activities)	198	22
Average Loan per Household for Enterprise Activity (INR)	23288	10590
Total Number of Loan for Housing	20	8
Average Loan per Household for Housing (INR)	107650	35000
Total Number of Loan for Household Assets	18	9
Average Loan per Household for Housing (INR)	35333	33000
Number of Loans from Mann Deshi Bank	173	11
Average Amount of Loan from Mann Deshi Bank	20467	20454
Number of Loans from Commercial Bank	28	7
Average Amount of Loan from Commercial Bank	71473	45000
Number of Loans from Cooperative Bank	25	21
Average Amount of Loan from Cooperative Bank	46000	38684
Number of Loans Taken Through SHGs	16	2
Average Amount of Loan Taken through SHGs	31250	30000
Number of Loans Taken through JLGs	194	3
Average Amount of Loan Taken through JLGs	23458	23333
Number of Loans Taken Individually	26	34
Average Amount of Loan Taken Individually	90346	27384

Note: Figures in parentheses are percentages.

Table 9.5
Impact on Major Household Expenditure

Item	*Study Group*	*Very High Increase*	*High Increase*	*Average Increase*	*Marginal Increase*	*No Increase*
Food Expenditure	L3F	44.3	49.2	4.9	1.6	0.0
	Non-L3F	4.6	21.3	26.9	41.7	5.6
Education Expenditure (Including Private Tuitions)	L3F	20.9	41.9	16.3	2.3	18.6
	Non-L3F	2.2	6.5	38.7	37.6	15.1
Health Expenditure	L3F	37.7	47.5	11.5	3.3	0.0
	Non-L3F	3.7	8.3	31.5	51.9	4.6
Clothing Expenditure	L3F	27.9	59.0	9.8	3.3	0.0
	Non-L3F	1.9	3.7	35.2	52.8	6.5
Payment of Loan Installments or Repayment of Loan	L3F	36.5	40.4	7.7	5.8	9.6
	Non-L3F	2.8	2.8	33.3	19.4	41.7
Communication Expenditure	L3F	21.3	45.9	18.0	8.2	6.6
	Non-L3F	1.9	9.5	25.7	58.1	4.8
TV Recharge Expenses	L3F	27.1	45.8	16.9	8.5	1.7
	Non-L3F	0.0	7.0	27.9	48.8	16.3
Transport Expenses Including Fuel Charges for Own Vehicle	L3F	10.8	62.2	8.1	2.7	16.2
	Non-L3F	1.6	6.3	20.6	30.2	41.3
Expenditure on Entertainments/Leisure	L3F	10.6	38.3	34.0	2.1	14.9
	Non-L3F	0.0	6.7	15.0	28.3	50.0
Expenditure on Religious/ Social Celebrations and Festivals	L3F	26.7	51.7	10.0	6.7	5.0
	Non-L3F	1.9	10.7	18.4	56.3	12.6
Spending on Temple/ Shrine Visits and Offerings	L3F	23.3	53.3	10.0	6.7	6.7
	Non-L3F	1.0	11.5	11.5	62.5	13.5

Note: Figures in parentheses are percentages

Table 9.6
Impact on Household Income (Per cent)

Item	*Study Group*	*Very High Increase*	*High Increase*	*Average Increase*	*Marginal Increase*	*No Increase*
Agriculture/Farm (Crop-Based)	L3F	20.7	34.5	6.9	3.4	34.5
	Non-L3F	0.0	3.7	8.5	48.8	39.0
Allied Activities (Poultry, Dairy, Goat, Sheep Rearing, etc.)	L3F	36.6	43.9	17.1	2.4	0.0
	Non-L3F	0.0	7.6	22.8	56.5	13.0
Labor (Working for Wages in Farm/ Non-Farm Sector)	L3F	0.0	18.5	33.3	3.7	44.4
	Non-L3F	0.0	6.9	29.9	50.6	12.6
Services (Tailoring, Beauty Parlour/ Hotel/Goat Doctors, etc.)	L3F	18.8	6.3	25.0	6.3	43.8
	Non-L3F	0.0	4.3	4.3	30.4	60.9
Trade & Business (Shop, Vegetable Seller, Artisan, etc.)	L3F	28.6	32.1	7.1	0.0	32.1
	Non-L3F	0.0	0.0	3.6	10.7	85.7
Returns from Other Property	L3F	0.0	1.6	1.6	11.5	85.2
	Non-L3F	0.0	0.0	3.4	6.9	89.7
Interest/Dividends	L3F	0.0	0.0	0.0	12.5	87.5
	Non-L3F	0.0	0.0	4.0	12.0	84.0

Table 9.7
Impact on Households Assets (Durable) (Amount in INR)

Durable Asset	*Study Group*	*Percentage to total sample*	*Minimum Value*	*Maxi mum Value*	*Mean Value*
Television	L3F	55.7	2,500	50,000	13,294.12
	Non-L3F	36.4	1,000	28,000	10,100.00
Radio/Tape Recorder	L3F	4.9	500	2,000	1,233.33
	Non-L3F	4.5	500	1,500	960.00
Phones	L3F	86.9	700	40,000	10,173.58
(Mobile Land Line)	Non-L3F	78.2	500	28,000	7,144.19
Bicycle	L3F	21.3	1,000	60,000	17,807.69
	Non-L3F	31.8	1,000	25,000	3,171.43
Computer/Laptop	L3F	4.9	10,000	35,000	24,333.33
	Non-L3F	0.0	0	0	0
Motorcycle	L3F	47.5	6,000	115,000	57,858.62
	Non-L3F	37.3	4,500	160,000	53,817.07
Gas Stove	L3F	54.1	100	15,000	5,178.79
	Non-L3F	50.9	500	70,000	7,489.29
Refrigerator	L3F	26.2	7,000	40,000	15,406.25
	Non-L3F	7.3	10,000	18,000	14,050.00
Fan/Cooler	L3F	57.4	500	12,000	2,165.71
	Non-L3F	36.4	100	10,000	2,135.00
Mixer Grinder	L3F	14.8	2,000	15,000	6,111.11
	Non-L3F	17.3	500	2,500	1,700.00
Electric Iron box	L3F	4.9	500	3,400	1,145.00
	Non-L3F	2.7	500	2,000	1,500.00

Table 9.8
Notable Improvement in Selected Household Assets (Per cent)

Item	*Study Group*	*Very High Increase*	*High Increase*	*Average Increase*	*Marginal Increase*	*No Increase*
Home Renovation/ Reconstruction	L3F	32.0	14.0	2.0	2.0	50.0
	Non-L3F	0.0	2.2	9.0	52.8	36.0
Shop Renovation/ Reconstruction	L3F	15.8	0.0	5.3	5.3	73.7
	Non-L3F	0.0	0.0	2.1	12.5	85.4
Upgrading Latrine/Toilet	L3F	23.9	39.1	2.2	2.2	32.6
	Non-L3F	2.2	6.7	21.1	28.9	41.1
Having Own Source of Portable Water	L3F	24.5	38.8	2.0	2.0	32.7
	Non-L3F	0.0	3.9	21.1	19.7	55.3
Energy Source for Cooking	L3F	24.0	44.0	4.0	4.0	24.0
	Non-L3F	1.1	8.4	21.1	42.1	27.4
Adding/Upgrading Household Assets Including Furniture, Kitchen Utensils	L3F	7.5	47.5	5.0	7.5	32.5
	Non-L3F	0.0	1.3	7.7	11.5	79.5

Table 9.9

Improvement in Savings, Credit, Investment and Insurance (Per cent)

Item	*Study Group*	*Very High Increase*	*High Increase*	*Average Increase*	*Marginal Increase*	*No Increase*
Crop Stored at Home or in Storage/Warehouse	L3F	38.1	33.3	2.4	0.0	26.2
	Non-L3F	0.0	3.3	23.1	38.5	35.2
Ornaments (Gold/Silver, etc.)	L3F	21.2	21.2	15.4	0.0	42.3
	Non-L3F	0.0	1.0	5.2	60.4	33.3
Post Office/Bank Saving (Formal Saving)	L3F	30.4	23.2	7.1	7.1	32.1
	Non-L3F	1.2	2.4	9.4	24.7	62.4
Cooperative Deposits	L3F	36.5	25.0	0.0	3.8	34.6
	Non-L3F	0.0	0.0	3.0	19.7	77.3
Private Company Deposits/ Informal Group Deposits	L3F	10.3	20.7	0.0	6.9	62.1
	Non-L3F	0.0	0.0	0.0	9.6	90.4
Life Insurance of LIC/ Any Other Company	L3F	9.1	4.5	9.1	0.0	77.3
	Non-L3F	0.0	0.0	0.0	10.7	89.3
Insurance for Crop/ Cattle/Health/Property /Accident	L3F	5.6	11.1	5.6	0.0	77.8
	Non-L3F	0.0	4.1	0.0	8.2	87.8
Taking Out Bank Loans	L3F	47.1	25.5	15.7	0.0	11.8
	Non-L3F	0.0	8.9	4.4	8.9	77.8
Repayment of High Cost Loans (Loan from Money Lenders	L3F	47.1	23.5	2.9	0.0	26.5
	Non-L3F	0.0	0.0	11.5	3.8	84.6

Table 9.10
Improvement in Quality/Quantity of Productive Assets (Per cent)

Item	*Study Group*	*Very High Increase*	*High Increase*	*Average Increase*	*Marginal Increase*	*No Increase*
Agriculture Land Owned	L3F	3.7	18.5	7.4	3.7	66.7
	Non-L3F	0.0	2.9	7.1	25.7	64.3
Allied Sector Assets	L3F	13.0	21.7	8.7	0.0	56.5
	Non-L3F	0.0	3.1	16.9	23.1	56.9
Transportation Vehicles	L3F	10.3	51.7	10.3	3.4	24.1
	Non-L3F	0.0	5.5	3.6	34.5	56.4
Farm Implements	L3F	0.0	22.2	5.6	5.6	66.7
	Non-L3F	0.0	1.6	9.8	34.4	54.1
Non- Farm Business	L3F	25.7	34.3	5.7	2.9	31.4
	Non-L3F	0.0	0.0	4.3	29.8	66.0
Large Ruminants (Cows/	L3F	20.7	48.3	13.8	6.9	10.3
Buffaloes etc.)	Non-L3F	5.0	10.0	26.7	30.0	28.3
Small Ruminants (Sheep/	L3F	27.0	45.9	10.8	0.0	16.2
Goat etc.)	Non-L3F	0.0	10.9	25.0	32.8	31.3
Poultry Birds	L3F	22.2	48.1	7.4	3.7	18.5
(Including Ducks)	Non-L3F	2.8	8.3	25.0	25.0	38.9

Chapter 10

Study Findings, Policy Implications and Conclusion

Introduction

The social and economic empowerment of rural women in India is increasingly seen as a prerequisite for poverty alleviation. Indeed, the Mann Deshi and COL L3F programmes have focused on this dimension to promote sustainable improvement and lift households above the poverty line: COL's L3F initiative aimed to improve capacity building in the farming community, particularly women, through Open and Distance Learning (ODL), for example. The larger objective of the L3F programme is to ensure that the process and outcomes are socially equitable, economically viable, financially feasible and environmentally sustainable. Of late, COL's focus has been on scaling up the L3F programme at the provincial, national and international levels, and convincing governments, civil society, industry, financial institutions and development institutions and organisations of the viability and advantages of the L3F approach for all stakeholders.

The COL-Mann Deshi L3F Intervention

COL began its partnership with Mann Deshi in 2011. Since then, there has been a continuous effort to support the female members of Mann Deshi through a number of ODL programmes, judicious use of community radio and a number of face-to-face learning and skill development programmes. The COL-Mann Deshi collaboration has shown significant progress in the number of women reached and geographical coverage. Mann Deshi adapted the L3F approach to develop agricultural credit-specific courses (which are appropriately contextualised and delivered in local languages) as well as courses on financial inclusion and financial management. These courses regularly reach more than 12,000 women – women farmers and women involved in agriculture - every day in Maharashtra.

Working largely in agricultural and drought-prone regions in the Deccan Plateau, Mann Deshi has enabled 185,000 women to save money, 10,000 to own property and 42,000 to set up businesses and emerge as developers of their local ecosystems. Most of Mann Deshi Bank's clients are rural women with daily incomes of less than USD1.50. Using L3F as a vehicle for learning, Mann Deshi has reached around 100,000 women in the last seven years. The past few years have seen L3F become an integral part of Mann Deshi's support approach for rural women, based on COL's conviction that, if learning is linked to credit, the performance of both the borrowers and the financial institution will show multifold progress.

COL and Mann Deshi are committed to ensuring their investments in the rural communities are achieving the desired development outcomes and socio-economic returns. The SROI ratio compares the resource invested to the cost of an intervention and the benefits generated from it. Whenever the overall benefits outweigh the costs of the intervention, the intervention is positively contributing to society.

Against this context, we conducted this study to evaluate the implementation of L3F by Mann Deshi and its impact on its banking business for replicability. We also examined the economic and social impact of L3F and SROI on its beneficiaries. We discuss the study findings below.

Study Findings

Mann Deshi and L3F

During the last seven years, Mann Deshi Foundation has been actively engaged in implementing the L3F programme in its operational jurisdiction by reaching out to more than 100,000 rural women. In addition to providing financial literacy and financial inclusion through Mann Deshi Bank, L3F interventions have focused on the economic and social empowerment of women via training with an emphasis on the use of ODL tools. Numerous initiatives were undertaken by Mann Deshi Foundation with support from COL under the L3F programme. However, broadly speaking, the L3F interventions may be grouped into six categories:

1. Financial literacy
2. Formation of JLGs
3. Supply chain management
4. Agribusiness management
5. Tailoring
6. Goat-rearing and other livestock-rearing programmes

In the considered assessment of the research team, tasked with evaluating the L3F programme, the focus of L3F has been mainly on financial literacy, supply chain management, agribusiness management and livestock rearing. Our initial discussions with officials of Mann Deshi, visits to project villages and interactions with field-level staff and beneficiaries of the L3F programme suggested quite clearly to us that Mann Deshi Foundation has been largely involved in training interventions to positively impact the lives of women who participated in the L3F programme.

Mann Deshi Bank's Business Model

It is important to note that Mann Deshi Bank has benefited in several ways from its involvement in the L3F programme. In our assessment, Mann Deshi Foundation played the important role of being a facilitator for fostering the growth of the Bank.

Though Mann Deshi Foundation and Mann Deshi Bank are separate entities, in reality the latter's business model is supported by the Foundation, which led us to see the role of the Foundation as an informal vertical pillar of the Bank. Specifically, the interventions, activities and coverage of women in the operational jurisdiction of Mann Deshi Foundation have contributed significantly to increasing the outreach, inclusion and, to some extent, credit access for entrepreneurial activities.

On the whole, we believe the business model of Mann Deshi Bank, supported by Mann Deshi Foundation, has resulted in a sustainable business practice of increasing the flow of credit to support the entrepreneurial endeavours of rural women. In short, a small bank like Mann Deshi Bank will need to adopt an integrated approach that includes the active involvement of a non-financial intermediary to support rural women living in poverty and also sustain its business. Of course, the L3F programme, implemented through the Foundation, has undoubtedly helped Mann Deshi Bank improve its business profile in terms of an emphasis on entrepreneurial financing services.

Entrepreneurial Businesses and Household Welfare

The L3F programme has enabled women to take up various farm- and non-farm-based entrepreneurial activities. After L3F training, around 56 per cent of the women took up new entrepreneurial business activities. This shows that the L3F programme has positively contributed to employment generation and livelihood creation for women in the L3F villages. Nearly 67 per cent of the women who trained through the L3F initiative are solely managing their own business enterprise. Thus, we can infer that the capacity-building and business opportunities provided through the L3F programme have enabled the women to take up enterprise activities and manage them independently.

The intervention has had an impact on several aspects of household welfare. The findings of the study show that L3F members report a very high increase in expenditure with regard to food, health, clothing, payments of loan instalments and communication expenditure, and very high improvement in income from sources like agriculture, allied activities, services, and trade and business.

Ownership of household assets has shown multifold improvement since the L3F programme was introduced, particularly in the areas of durable household assets like mobile phones, motorcycles, gas stoves, refrigerators, fans/coolers and mixers/grinders. We also found a very high improvement in the ownership of productive assets like large ruminants such as cows and buffaloes and small ruminants such as sheep and goats and poultry. L3F member households show a high improvement in their financial assets such as savings, credit, investment and insurance. Their housing conditions have also improved through investment in various types of house renovations and reconstruction.

Social Rate of Return on Investment to Beneficiaries

The ultimate goal of the COL and Mann Deshi investment in training and capacity building of rural women is to empower the women both socially and economically to fight poverty. The larger objective of the L3F project is to build a society with entrepreneurial ability to sustain employment and income in rural areas, where there are many fewer opportunities for formal secondary and tertiary sector employment. Women in the study areas showed positive changes in their life from 2012 in terms of access to financial services, knowledge of business enterprises, income, employment, marketing and crisis management. SROI is a measure of social and economic benefits created over the project cost, and we believe from the data that the L3F programme could create economic and social returns for both the programme participants and society at large.

The study findings suggest that a 1 rupee investment has created 16.6 rupees of SROI for the beneficiaries, which shows that the L3F programme is very effective in delivering economic and social returns. The project has led to women's empowerment in many ways. The women participants gained empowerment by achieving household decision-making power, contributing to the family income and increasing their social and political knowledge and awareness. The focus group discussions revealed that L3F women developed economic and social endowments with the help of training and capacity building. The training and capacity building helped the women to adopt best practices in their entrepreneurial activities. As a result, the returns from their livelihood activity have increased and show signs of being sustainable.

Policy Strategies and Implications

The L3F programme is a unique intervention approach adopted by Mann Deshi Bank and Mann Deshi Foundation with financial and technical support from COL to expand its reach and effectively meet the financial needs of rural women living in poverty. This strategy contrasts sharply with the existing models of bank lending, which simply reach out to both the urban and rural poor, with limited understanding and appreciation of the entrepreneurial capabilities and potential of women, and the socio-economic and demographic factors that affect them. The L3F approach addresses the basic vulnerabilities of the target client base of the Bank - marginalised, uneducated, rural women living in poverty. It helps to systematically break down the barriers the women face and then enables them to successfully obtain financing and use it for entrepreneurial activities. It starts by building the capacity of its target clientele through various modules on basic and advanced financial literacy, entrepreneurial activity, marketing skills and empowerment. The lessons learned from this study have large-scale implications for governments, banks and NGOs, which should be encouraged to adopt the L3F approach as a viable and client-centric approach.

For the NGOs striving to empower women, some of the policy implications are:

- Viewing women as people who are willing and able to break out of the vicious circle of poverty but are prevented from doing so by social, cultural and demographic barriers. Any intervention to build entrepreneurial capacity and skills or give them microloans, insurance or any other benefits to make their lives easier should not be short-term giveaway projects. They should be well designed to address the basic impediments these women are facing and customised to suit their needs. The interventions should be long term in nature to ensure that the women do not fall back into the vicious circle of poverty and lack of endowments once the project timeline is over. The intervention needs to be self-sustainable and manageable by the target group themselves.
- Credit for entrepreneurship cannot be used successfully unless and until women are equipped with capacity building in a sustainable income-generating activity. Therefore, before providing any credit, it is essential to ensure that the women will be capable of using it for generating an income and creating a sustainable livelihood.
- Support needs to be continuous and relevant to the women's living conditions. If information and skills are imparted, it is essential that the appropriate devices, technologies and mechanisms are used so that any training reaches the women effectively, is easy to comprehend and is inspiring. This requires addressing language and other communication barriers, illiteracy and geographical access barriers. The L3F programme has a lot to share with NGOs in this context. In the L3F programme, a major focus for educating, training and empowering rural women is to use a well-designed set of tools and techniques customised to reflect and respond to the women's receptiveness, knowledge levels, skill level, language knowledge and ability, financial literacy level, mobility and availability of means of communication. For example, puppet shows in local languages, radio stations in local languages broadcasting folk songs and inspirational stories of women, skits and plays depicting folktales and popular cultural characters, storytelling by successful women from the same community, etc., are all used to make rural women in Sataranot only educated and skilled but also aware of their options.
- Networking has been used very effectively by the L3F programme. NGOs also need to leverage the power of networking. L3F strengthens networking by selecting workers from the same community to educate and raise awareness of rural women. The women are more likely to trust the words of a woman who belongs to the same community as they do. She can better co-ordinate and communicate with women living in poverty and can inform credit providers about a borrower's ability to repay a loan and use the funds for productive purposes. She can identify early on if there is any diversion of the loan towards non-commercial uses. Another aspect of networking is that women can synergise their strengths and resources as well as access to information, raw materials

and markets. L3F capitalises on networking through the chamber of commerce concept, which is used to enable access to raw materials, collective bargaining, markets and synergies developed as a result of sharing of information and market knowledge among women participants. NGOs that have sources of funds from various national and foreign agencies can catalyse women's empowerment if they internalise the networking concept and develop synergies in funding organisations, governments and beneficiaries.

In the context of banks, the L3F approach adopted by Mann Deshi Bank has several significant policy implications. Banks are commonly referred to as lenders, and every bank envisions itself as a contributor to a nation's prosperity through the provision of banking services. Banks are a very powerful means for the economic elevation of populations by virtue of banking products and services enabling trade, commerce, entrepreneurship, mobilisation of money and wealth creation. Banks that seek to empower women by providing them with access to financial products and services can learn some lessons from the L3F programme. For example:

- Reaching out to clients is of utmost importance and not only in terms of giving them access to products and services. The practice of reaching out should be defined by banks in a much broader and deeper sense. Having a presence in rural and semi-urban areas via a branch, ATM, business correspondent, etc., is one thing. Understanding the beneficiaries and providing customised products, services, delivery mechanisms and promotional activities is another. This means that all the strategies employed by banks to reach clients should be even more granular when it comes to fulfilling the objective of promoting women's empowerment by providing access to credit. Mann Deshi Bank first understood its clients by immersing itself in their lives through visits and interactions with field staff; it then developed trust and provided financial products to suit the women with a holistic approach to financial inclusion.
- To empower women, banks' products and procedures need to be empowering rather than intimidating (such as terms and conditions that are difficult to understand). Mann Deshi Bank realised that rural women cannot save much and that there is a cost associated with visiting a bank branch to deposit savings or pay loan instalments. It designed products that allowed for the collection of savings from clients' doorsteps, possibly weekly, in large and small amounts. Similarly, credit is made accessible when and where it is needed, for example, at weekly markets. It is disbursed when needed and collected in a flexible manner to ensure that rural women can trade and earn at these weekly markets as well as repay their loans. Savings for seasonal needs are enabled and credit to start micro-enterprises is provided when needed through the appropriate channels in an easy and accessible manner.
- Social collateral is also a major takeaway from the L3F-Mann Deshi approach. When banks seek to empower women through financing micro-enterprises,

they should also encourage social collateral for credit by lending in groups. The recovery for Mann Deshi for its group-based loans has been excellent and default rates have been negligible. Other banks can adopt this approach on a larger scale, as most commercial banks have geographical access to far-flung villages and communities.

- Adopting non-financial services is a major policy implication for banks. The provision of non-financial services is a well-accepted strategy to serve micro, small and medium enterprises (MSME) clients worldwide. Banks in India need to adopt this strategy more rigorously. Mann Deshi Bank, with support from its Foundation and L3F, provided non-financial services in literacy, skill development, networking and providing access to raw material and markets. This equipped the women borrowers not only with credit but also the skills, education and infrastructure they need to do business and made the micro-enterprises sustainable and profitable. This is a win-win situation for banks as well as borrowers. The banks are assured loan repayment and the micro-entrepreneurs get a sustainable business and livelihood. Banks need to develop extension service departments focused on providing non-financial services such as education, skill building, financial advice, legal advice and information dissemination about government schemes, mechanisms to access seed capital and subsidies, and accessible guidance on how to access utilities and No Objection Certificates (NOCs), etc. If done in an organised manner, perhaps with the help of ICTs, such activities and investments would bring banks more profits and a better quality of assets.

  (a) A geo-demographic approach to segmentation should be adopted. Geo-demographic segmentation refers to classifying and characterising localities based on the principle that residents living near each other are likely to have similar demographic, socio-economic and lifestyle characteristics. Such geo-demographic segmentation offers unique marketing opportunities to target a financially viable segment with the appropriate marketing tools based not only on profit potential but also on solutions that will be readily accepted by selected segments as determined by their characteristics, which may be strengths as well as vulnerabilities. Mann Deshi focused on a geo-demographic area that was drought-prone and from which people were forced to migrate, and where income opportunities were marred by a lack of demand and seasonal earning. It designed its marketing, from product to promotion, to help clients address the challenges posed by their geo-demography through suitable social interventions, income-generating opportunities and financial products leading to empowerment. When banks adopt this approach and connect to geo-demographic needs, the requirement to hard-sell products will be eliminated and products will be both demanded and accepted easily by clients. Such appropriate targeting will result in loyalty, increased business and greater profitability – just as Mann Deshi has achieved.

(b) The use of Corporate Social Responsibility (CSR) allocations for women's empowerment is suggested. Banks, like every business organisation, have CSR obligations. Rural Self Employment Training Institutes (RSETIs) and Financial Literacy and Counseling Centers (FLCCs) are being managed by most banks. Much can be done via CSR activities, which would provide avenues for income generation and development of deprived populations through scaling-up of the L3F approach through RSETIs and FLCCs. If reaching vulnerable women also becomes a main CSR objective and funds are allocated to banks to establish more concrete and focused investment in this area, there will be a far-reaching impact on women's empowerment. The investment would be helpful in areas already in want of financial support such as recruitment and compensation of field workers, infrastructure and technology to reach remote areas, mobile classrooms for education, Internet connectivity and provision of banking services, laptops and tablets for mobile banking, micro-ATMs, training centres well equipped with training facilities, upskilling of trainers, supply chain strengthening, establishment of marketing outlets, investment in branding and marketing capabilities for products made by women micro-entrepreneurs, enabling agreements with e-commerce platforms and exporters, etc. The CSR fund should also allocate financial and infrastructural resources for research projects in entrepreneurship development, women's empowerment, microfinance and the role of banks in elevating rural populations.

(c) The most important lesson for banks to learn from the L3F programme and Mann Deshi is that rural women are creditworthy and bankable. Although they may be illiterate, semi-literate, unskilled or removed from mainstream commerce, they can still be profitable clients. Mann Deshi Bank's financials and consistent growth are proof that such clients can be served profitably. Banks should consider this fact and feel confident about developing mechanisms to serve this client base of rural or marginalised urban women as a potential business opportunity.

Government should encourage and empower initiatives like the L3F programme and Mann Deshi Bank. The eradication of infrastructural and educational barriers should be a priority in planning discussions. Many welfare schemes and programmes are already designed and being executed; the Lifelong Learning, financial literacy and micro-entrepreneurship initiatives, if supported by government and synergised with these projects and programmes, would lead to even better outcomes. Governments could leverage some of their welfare projects to popularise the L3F and Mann Deshi model for broader acceptance and replication and make it even more effective. Mann Deshi has significantly reduced social and economic disparity and helped give women more say in household affairs and a better quality of life; if the government used this model proactively and replicated it, the same benefits could be experienced by populations all across India.

We can say with confidence that capacity-enabled lending to women micro-entrepreneurs is sustainable and will generate multifold benefits for women and their households.

The banks are facing critical challenges in lending to farm- and non-farm-based enterprises because of seasonality and small-scale operations. These challenges include a lack of endowments among the target clientele and mounting NPAs in the banking sector, preventing further lending in sectors such as agriculture and small-scale business including non-farm sectors. Mann Deshi is conducting its entire business in this sector through an integrated approach, combining financial services with non-financial services. The L3F approach is positively contributing to Mann Deshi Bank's business through greater integration of clients and lending with a paradigm shift from microfinance to micro-enterprise financing. This approach has larger policy implications for a country like India, where many (mainly female) micro-enterprises are not getting the formal banking services and skills enhancement they need for successful entrepreneurial activities. The L3F approach would help unemployed women embark on entrepreneurial activity, help small entrepreneurs expand their existing business and help the banks to increase their business growth through greater client outreach and better financial performance.

Conclusion

To conclude, COL's L3F approach has brought a wide range of benefits to the target beneficiaries and their households, Mann Deshi and society at large. The programme has been successfully implemented by Mann Deshi, its dedicated officers and its field-level volunteers. L3F is a long-term sustainable business proposition with significant social and economic returns for clients, banks and society.

This demonstrates the power of inclusive lifelong learning. When the relevant skills and learning opportunities are brought to populations that need them, the results are more than palpable; they bring increases in self-confidence, self-reliance and quality of life and elevate society. The economic and social empowerment of the women affected by the L3F model and nurturing handholding by Mann Deshi Bank are creating a new clientele - resourceful women - and triggering the transition of deprived households via higher education, greater asset ownership and reach to other facilities. This in turn creates a virtuous circle of inclusion for sustainable development. L3F is a successful model and needs to be replicated in as many places as possible to achieve national prosperity, equality and rural emancipation.

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