FINANCING LIVELIHOOD ACTIVITIES FOR MEMBER IN THE WATERSHED PROJECTS IN SOMARAJUKUNTA AND VEERNAMALA WATERSHEDS

by,
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(2014-31-110)

MAJOR PROJECT REPORT

Submitted in partial fulfilment of the
requirements for the post graduate degree of

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Faculty of Agriculture

Kerala Agricultural University

COLLEGE OF CO-OPERATION, BANKING AND MANAGEMENT

VELLANIKKARA, THRISSUR-680656

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Declaration

DECLARATION

I, hereby declare that this project report entitled "**FINANCING LIVELIHOOD ACTIVITIES FOR MEMBER IN THE WATERSHED PROJECTS IN SOMARAJUKUNTA AND VEERNAMALA WATERSHEDS**" is a bonafide record of work done by me during the course of project work and that it has not previously formed the basis for the award to me of any degree/diploma, associateship, fellowship or other similar title of any other University or Society.

Vellanikkara
29-08-2016

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CERTIFICATE

Certified that this project report entitled **"FINANCING LIVELIHOOD ACTIVITIES FOR MEMBER IN THE WATERSHED PROJECTS IN SOMARAJUKUNTA AND VEERNAMALA WATERSHEDS"** is a record of project work done independently by Ms. Aswani Mani under my guidance and supervision and that it has not previously formed the basis for the award of any degree, fellowship, or associateship to her.

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We, the undersigned members of the advisory committee of Ms. Aswani Mani, a candidate for the degree of **MBA in Agribusiness Management**, agree that the project work entitled **"FINANCING LIVELIHOOD ACTIVITIES FOR MEMBER IN THE WATERSHED PROJECTS IN SOMARAJUKUNTA AND VEERNAMALA WATERSHEDS"** may be submitted by Ms. Aswani Mani, in partial fulfilment of the requirement for the degree.

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Course Completion Certificate

This is to certify the Ms. Aswani Mani from Kerala Agricultural University, Kerala has satisfactorily completed their summer internship project titled "Scope of Exploring Possibility of Financing in Livelihood Activities for the Member in the Successfully Completed Watershed Project at NABFINS" from 28th March to 26th May 2016 at NABARD FINANCIAL SERVICES LIMITED, Bengaluru.

With Best Wishes.

For NABARD Financial Services Limited

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For any errors or inadequacies that may remain in this work, the responsibility is entirely my own.

Aswani Mani

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Chapter - 1

Design of the Study

Chapter - 1

DESIGN OF THE STUDY

1.1 Introduction and background of the study

India is the country in which more than two third of the population as well as the agriculture lies in rain shed areas. The rain water is the primary source of water for all its irrigation and allied activities. Thus, in India agriculture is largely depending on the monsoon it gets every year. If the monsoon is less, then it will intern reduce the agricultural productivity of the country. This will further result in the increase in the price of agricultural products and thereby leads to inflation. This creates more trouble to the economy due to the stringent measures from RBI and other regulatory agencies. The possible solution for all of these is to conserve water for the agriculture by constructing watersheds in drought areas. This will help the people in getting water even in summer seasons by refreshing the water bodies nearby.

The NABARD is the funding agency for most number of watersheds in the country. The watershed programs became successful in many parts of the country with the help of many NGO's who worked as the implementing agency for the same. Through the success of watersheds each and every family in the watershed is benefited by getting more water for their agriculture purposes. Thus, with the watershed projects, NABARD constructed good infrastructure in these areas, which is helpful for the overall development of the watershed community. In order to get the maximum advantage from the watersheds, people need to expand their agriculture and allied activities. For this finance is a great concern for the individuals as well as the SHG's in this area.

The NABFINS which is the leading Micro Financing (MF) institution in the country can make use of this opportunity by providing them adequate credit facilities. This will be beneficial to both the parties. The farmers will be benefited by getting a good source of fund at an affordable rate within their reach. The NABFINS which is currently running with just three products can utilize this opportunity in getting more business. Since the watershed improved the agriculture in these areas, it will be risk free for NABFINS to enter in these watersheds and they can expect full repayment because of the improved cash flows of the people.

1.3 Statement of the problem

The Mutually Aided Cooperative Societies (MACS), Village Watershed Development Committee (VWDC) etc. are having revolving funds from NABARD, governmental and non-governmental agencies. But this is not enough to cater the needs of the entire population in the committee. Thus there arises a huge credit gap between the actual credit need of the people and the available credit.

The people in the WMC are largely coming under middle or lower income group. Due to this reason financial institutions fear to extend their operations in watershed areas. The people in watershed area need to travel a lot of distance to get banking facilities. The private money lenders are utilizing this opportunity and exploiting the poor farmers in the region. Some of them depend on money lenders, interest rate at triple and more than of financial institutions and MACS. Which in future create financial problem in their family. Thus the benefits from the watersheds are not utilized by the people at the expected level due to the inadequate credit facilities. Some legal problems regarding the title of the property prevent the farmers in accessing the crop loans or Kissan Credit Card (KCC). Due to all these reasons it is not possible for farmers to expand their agricultural activities and livelihood activities.

At the same time NABFINS which is currently running with limited products like PTSLP, Second Level Institution and Self Help Group loans can expand their business in the watershed areas. Thus the study addresses the needs of both NABFINS as well as the people in the watershed.

1.4 Objectives

The Objectives of the study are as follows:-

1. To examine the feasibility of NABFINS in financing watershed areas.
2. To identify the credit requirement the beneficiaries in selected watershed areas.

1.5 Methodology

Pilot study was conducted to acquire brief details regarding the activities, functioning, benefits and importance of watershed activities. This research work was an empirical research design

1.5.1 Sampling

Successful watershed projects are selected from Andra Pradesh –Chittoor & Anandapur district. From Chittoor district Veernamala watershed and Somarajukunta watershed from Anandapur are the sample of the study. As per the requirement of NABFINS these two samples were purposively selected.

1.5.2 Method of Data Collection

The primary data is being collected from the individuals of watershed areas, SHG's, implementing agencies etc. The secondary data were collected from the NABFINS official website, journals, reports and other published sources. The primary data regarding the credit requirement are collected as two parts that is from beneficiaries and SHG's. This sample is taken purposively by the recommendation of member of Non-Government Organizations and member of MACS.

a) ***Somarajukunta Watershed***

Primary data collected by personal interview through field surveys and the total sample frame for our study is 270 families, and 28 SHG's in Somarajukunta watershed Personal Interview was conducted among 71 individuals representing their families. Focus Group Discussion was administrated to collect data from 3 SHG's. The information from MACS and VWDC was collected by conducting a personal interview with the chairman and supervisor of MACS and VWDC respectively. The information from the financial institution is collected by interviewing the Manager of Andhra Pragathi Grameena Bank.

b) ***Veernamala Watershed***

Primary data are collected by personal interview through field surveys and the total sample frame for our study is1173 families, and 69 SHG's in Veernamala watershed Personal Interview was conducted among 135 individuals representing their families. Focus Group Discussion was used to collect data from 5 SHG's. The information from MACS and VWDC

was collected by conducting a personal interview with the chairman, supervisor of MACS and VWDC respectively.

1.5.3 Data Analysis

Analysis was done by percentage analysis.

1.6 Observations made

i. Demographic data of the people in watershed areas
ii. Infrastructure facilities (Transportation, Banking, etc)
iii. Details of Financial inclusion/ Bank account
iv. KCC- Kissan Credit Card
v. Land holding
vi. Assess the role of implementing agencies influencing people in watershed areas
vii. Credit availability
viii. Livelihood of the people
ix. MACS & SHG Loan history and repayment status of the individuals
x. Areas of credit requirement
xi. Pattern of agriculture activities
xii. Repayment capacity of the people
xiii. Availability of irrigation facilities
xiv. Availability of external supports (Government and Non-governmental)

1.7 Scope of the study

The study will help the NABFINS to know the highly demanded credit on activity basis so it also helps in designing the product accordingly. As far as the risk management is concerned, this study can help in assessing the risks associated with the new product and it can suggest some risk free techniques to NABFINS. The study will help the NABFINS to identify whether it is feasible to go for new product. Providing credit to new areas like water sheds can create new business for NABFINS and it can be a support for people who are in need.

1.8 Limitations of the study

Due to the time limit an elaborate study in a wider extends could not be adopted. The information given by the respondents was not consistent but it was taken care by asking cross questions. Language was a barrier for communication and with the help of translators study was conducted.

1.9 Chapterisation

The study has been designed into the following chapters:

Chapter 1- Design of study

Chapter 2- Review of literature

Chapter 3- Theoretical framework

Chapter 4- Organisation profile

Chapter 5- Credit analysis and risk assessment

Chapter 6- Summary of findings, suggestion and conclusion

Chapter - 2

Review of Literature

Chapter - 2

REVIEW OF LITERATURE

The literature pertaining to the current study on "Financing livelihood activities for member in the watershed projects in Somarajukunta and Veernamala watersheds" are reviewed under the following

Watershed was defined as a topographically delineated area draining into a single channel. It was a geo-hydrological unit draining at a common point by a system of streams. Conceptually, watershed development was nothing but a risk management strategy which was meant for protecting the inhabitants of the fragile and deplorable ecosystems of rural India from acute distress caused by recurring droughts and intensity of floods. Watershed management was the process of formulating and carrying out a course of an action in a right perspective to exploiting full potential of natural, agricultural and human resources of a watershed to provide resources that were desired by and suitable to watershed community (Reddy,1990). The basic objectives of watershed development programme are stated below:

a) To improve the productivity of the soil under rain fed condition through improved soil and water management practices.
b) To impart stability to crop yields through proper run-off management, restructuring of cropping pattern and land use.
c) To restore the ecological balance through resource conservation, afforestation and pasture development and
d) To improve the socio-economic conditions of the inhabitants.

Watershed development and management, rather a multi-disciplinary activity represents a dynamic strategy, which was much more multifaceted than mere soil and water conservation.

Dutt, R.K. (1987) in his study on "Role of Groundwater for the Development of Agriculture in India", pointed that the groundwater development in conjunction with surface water in the command areas could be planned to achieve optimum development of water resources, and ultimately to improve the agricultural situation in our country achieving self-sufficiency and creating export potential in food grains and other agricultural commodities. With

the use of modern technology and high speed computers, it is now possible to study the water resources and management problems in a broader perspective and evolve solutions for the optimum benefits taking into consideration the simples and complex problems along with economic, social and environmental aspects.

Kanade, et al., (1989) focused the optimal utilization of available irrigation water in the command area of Mula Irrigation Project in Maharashtra using linear programming technique. The irrigation requirement of different crops considering the effective rainfall was calculated. The water availability from canal was worked out from the values of discharge. The study revealed that the available water was fully utilized during the three seasons in the optimal plan. The optimal plans were also developed deleting sugarcane, the heavy water requiring crop for four irrigation conditions. In those plans the utilization of water was 100 per cent. The cropping intensity was more than 200 per cent in these plans. However, per hectare net profit was reduced.

Ramakrishnan, C. and Sivanantham, M (1989) studied the water use pattern in Tambaraparani irrigation systems. The study revealed that the cropping intensities were 300 per cent and 260 per cent in the head and tail reaches respectively, indicating significant difference between the farms in the two reaches in input use. The co-efficient of variation of water supplied in channels in tail reach was higher than that in the head reach indicating the uncertainty of water to the farmers at the tail reach. The crop water use efficiency and the field water use efficiency were higher in the tail reach due to low consumption of water. The farmers in the head reach had a surplus of water than their demand, which ranged between 21.20 to 33.25 per cent between the seasons. But the farmers in the tail reach faced deficit during both the seasons. Hence a longer percentage of farmers in the tail reach favored the adoption of water management practices and formation of water user organization.

Nagaraj, N. (1989) estimated the economics of investment in drip irrigation for coconut orchard of a 12 hectare farm. The investment in coconut was evaluated with drip irrigation and without drip over a 40 year time horizon, using discounted cash flow techniques. It was observed that the area covered under drip yielded better quality nuts in terms of size, copra content and quality which in turn was reflected in the price received per nut. Further, the area under irrigation had substantially increased on account of savings in water.

Sonnad, et al., (1989) in their case study on "Economics of Cropping Pattern and Farm Income in Relation to Conjunctive Use of Water in Bijapur District (Karnataka)", analyzed 296 farmers in year 1985-86.The study revealed that the shift in cropping pattern was in favour of commercial crops and considerable improvement in cropping intensity with the advent of conjunctive use of water which in turn had resulted in higher income levels. The per hectare net income from lands with the conjunctive use of water was about six times more than that realized on lands without conjunctive use of water.

Panda, et al., (1998) analyzed the impact of integrated watershed development programme on dry land farming in three districts of Orissa. The study revealed that potentials of watershed development in dry land areas had made a positive change on cropping pattern by means of crop shifting from traditional crops to more valuable cash crops. Perceptible changes were noticed in the yield rate of almost all the crops and the gross return per hectare of land was found satisfactory. Adoption of HYV seeds, though moderate, still marginal changes were encouraging. The overall impact of watershed on cropping pattern was encouraging; still there was very large-scale food insecurity, to the extent of 84 per cent in the project area and 100 per cent in the non-project area.

Ratna Reddy V (2000) observed that watershed development programme had brought fortunes for the rural development in India by improving the socio-economic status of the rural people. Watershed development were designed to harmonize the use of water, soil, forest and pasture resources in a way that conserves these resources while rising agricultural productivity, both through moisture conservation and increased irrigation through water harvesting. Watershed development had been conceived basically as a strategy for protecting the livelihoods of the people inhabiting the fragile eco- systems experiencing soil erosion and moisture stress.

Sunil Kumar Babu, et al., (2000) analyzed the use and productivity of water through a canal irrigation system in Andhra Pradesh. The study pointed that irrigation intensity and cropping intensity were more in large sized farms. The per cent of area under wet crops was high if canal constitute the main source of irrigation. In the case of tube well irrigated farms, the per cent of area under irrigated dry crops were more predominant. The study revealed that with increase in the size of the farm, the area under irrigated dry crop also increased. The number of installation of tube wells increased with increase in the distance of the farm from the outlet of the supply channel. The farm size and location wise analysis revealed that the productivity of wet

irrigated dry crops were higher, wherever irrigation from canal and tube well water existed. The study suggested large scale ground water development to supplement the canal water. Further farmers also needed a continuing programme of information, guidance and education on water management and irrigated agriculture under existing irrigation systems.

Bisrat Alemu, et al., (2001) in their study on "The Impact of Watershed Development Programme in Augmenting Groundwater Resource in Drought Situation", revealed that the watershed development programme had proved its contribution towards reducing the effect of drought. The negative externality due to partial and complete failure of irrigation wells had been reduced due to watershed development programme. Construction of water harvesting structures through watershed development approach enhances the groundwater recharge in hydrogeological situations even if there was cumulative interference effect among irrigation wells. The watershed development programme contributed richly to physical and economic access to groundwater resource for irrigation. It had helped to reduce the gap between the small and large farmers in respect of physical access to groundwater resource. The small farmer in fact was able to reap higher net returns per acre of gross irrigated area.

Shiyani, et al., (2002) in their study on "Socio-economic Impact of Watershed Development in South Saurashtra Region of Gujarat", stated that watershed development played pivotal role in increasing cropping intensity, productivity of various crops, profitability and employment generation. The watershed development also reduced the income disparity among the beneficiaries. Reduction in yield gap and in unit cost of production was the added advantages of watershed development.

Kerr and Pangre (2002) evaluated the participatory watershed management. Watershed management in India had undergone change to include greater stake holder's participation for management of natural resources in a sustainable way. It was increasingly recognized that community participation was central to watershed development. More participatory approaches have achieved greater success in enhancing livelihoods in an equitable fashion.

Reddy, et al., (2003) in their case study on "Role of Institutions and Institutional Constraints in Watershed Programmes- Karkara watershed Hazaribagh, Jarkand", stated that institutional development at village level as well as self-help group level within the village should be promoted for mobilization of local resources. That would also be necessary for

cultivating management and utilization of the resources generated and assets developed. Institution as development should also cover other villages which were not benefited by bigger efforts such as irrigation and fisheries in storages behind check dams. Here thrust should be on promoting better management and utilization of small water storages for irrigation as well as fishery, horticulture, tree planting for fuel and fodder and for adopting planting based new income generating activities. Creation of revolving funds, opening of bank accounts and credit linkages should be included in the list of activities of a WSM (Water Shed Management) project for providing impetus to local organizations. That would encourage them to take new initiatives on income generation within the watershed.

Sivanappan, R.K. (2004) in his study found the feasibility of farm ponds as a device to supply protective irrigation to rain fed crops at critical stages of growth. A pond was built in the middle of the study area where the upper part served as the catchments and lower part as cropped land, where a crop of finger millet was raised. Five critical phases were identified and water from the pond was supplied during three of them coinciding with rainless periods. An indigenous human powered lifting device was used to lift water. After harvest it was found that the grain yield in the largest area was higher by 90 per cent than in the control plots and straw yield by 80 per cent. The result indicated that farm ponds for dry land agriculture were a worthwhile proposition. Although pond occupies some area which was lost to cultivation, the net benefit obtained even in near normal rainfall year was substantial and in severe drought years it could make an enormous difference to crop production.

Budumuru, Y. and Gebremedian, G. (2006) in their report on "Participatory Watershed Management for Sustainable Rural Livelihoods in India", pointed that participatory watershed management projects have been raising income, agricultural productivity, generating employment and conserving soil and water resources. The study suggested that watershed development brought several positive trends including diversification of the rural economy, development of new institutions, increasing cropping intensity, improved fodder production, increased availability of drinking water with rising ground water table, capacity development of the community etc. Based on the evidence found, it had been suggested that participatory watershed management could be a viable strategy of rural development for achieving sustainable rural livelihoods in India.

Tapan Adhikari, et al., (2006) in their article on "Prospects and Promises" stated that watershed approach implied wise use of soil, water and vegetation of watershed to obtain optimum production with minimum hazard to the natural resources and to provide a systematic way for integrated development in any given area. It involves the exploration and development of the complex interrelationship between the resources of watershed and people of the area. It had also opened up new vistas in agricultural development and helped improving stabilizing agricultural production.

Narashiman, T.N. (2008) suggested that ground water would be best managed cooperatively through local user groups and panchayathraj institutions with technical inputs from the groundwater boards at central and state level. Artificial recharge and rainwater harvesting should be actively encouraged through the use of modern methods.

Palanisami, K. and Suresh kumar, D. (2008) stated that the government policy focus must be for the development of water harvesting structures particularly percolation ponds where ever feasible. In addition to public investments ,private investments (farmers) through construction of farm ponds may be encouraged as water harvesting structures helping a big way to harvest the available rain water and hence the groundwater recharge.

Ramappa, et al., (2008) on their case study on "Watershed development and its impact", revealed that in India majority of the people living in rural areas still depend on rain fed agriculture for their livelihood. But large tracts of rain fed areas were prone to drought and characterized by low productivity, high risk and vulnerability to degradation of natural resources. Hence it was necessary to present the degradation of soil, water and other related resources in order to enhance agricultural productivity and incomes of the people of dry land areas. In pursuance of this watershed development programme was viewed as the key programme which could meet the challenges of rain fed and drought-prone areas.

Jain, A.K. (2008) in his study analyzed that the impact of organizational instruments on livestock activities of watershed developments in Andhra Pradesh. The study revealed that livestock population had increased varying from 68 to 83 per cent in cows, 57.5 to 73 per cent in buffalos and 63 to 149 per cent in sheep and goats across the watersheds. The milk yield improved by 84.5 , 62.7 and 73.2 per cent on number of milking days increased by 20,10 and 20 in NGO , government organization and research organization managed watershed respectively. Across the watersheds, landless have improved their incomes through milk sales by 155 to

168per cent. Similarly, small and marginal farmers have improved their incomes through milk sales making dairying as a viable alternative for improving their economy.

Palanisami, k. and Suresh Kumar, D. (2009) in their case study on "Impacts of Watershed Development Programmes": Experiences and evidences from Tamil Nadu", reported that watershed development programmes had become the main intervention for natural resources management. The study found that watershed development was a key to sustainable production of food, fodder, fuel wood and meaningfully addressed the social, economic and cultural status of the rural community.

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Chapter - 3

Watershed management - A Theoretical Framework

Chapter - 3

THEORETICAL FRAMEWORK

3.1 Introduction

Water is a biological need for all the living beings. It is one of the most important natural resources which play a vital role for holistic and sustainable development of an economy. It is well-known fact that majority of the population in rural India depends on agriculture and the agricultural sector depends on water and irrigation facilities. However, availability of water depends on different climatic conditions, such as soil and rich vegetation. Therefore, sustainable socio-economic development in general and development of agriculture in particular depends on natural resource like water. Development of agriculture can be possible and feasible only through a well-planned and executed watershed programme especially in rain-fed areas. Hence, watershed programmes, today, are conceived as strategies both at national and international level aiming at development of forests, pasturelands, raising soil conservation, improved and diversified land use pattern and host of other socio-economic development programmes.

3.2 Concept of watershed

The concept of Watershed Development in India has been proposed by Shri (Late) Y.P. Bali in 1974. When the Ministry of Agriculture, Government of India has proposed the programme of soil and water conservation adopting watershed as a planning unit. Watershed is defined as an area enclosed in a catchment boundary of a river basin. It is enclosed by two ridgelines and it has a natural outlet. It is also defined as a land area from which the water drains to a given point. In other words, the word catchment and drainage basin were considered as synonymous with watersheds. It can also be viewed as an Ariel expansion of land from the runoff flows, through a drain, stream of river. Further, it is defined as a hydrological entry and an area above a given drainage point where the total area contributes water flowing into a single outlet. In other words, watershed is a resource region where the ecosystem is closely interconnected around a basic resource- 'water'. Thus, watershed is an ecosystem or bio-geo-physical unit in which the interdependency of renewable and non-renewable environment is closeted.

3.3 Need and importance of watershed programme

The Watershed Programme is the basic need for integrated development and management of the land and water resources which provide life support for rural communities. Thus the prospects for agriculture in the dry land areas are severely constrained by the specific feature of their natural resource endowments and the changed context. In a situation of low pressure on resources, viability was possible through traditional land cultivation practices. Watershed Programme ensures supply of water to every field, removes hunger and poverty from poor areas, provide green cover over denuded areas, bring in more rains and improve the environment. Watershed Programme is also described as a programme that holds the key to solve problems of employment, ecology, export and equity. The watershed development programme holds significance for individual village as well as national development. The attention has been focused on this programme in order to provide impetus to development in the country. Through the watershed development programme, we can achieve the following:

1. The problem of drinking water can be solved, and to some extent, the problem of water for irrigation will also be solved.
2. Increase in agricultural production due to watershed development can create employment within the village and make food available to them.
3. Migration to urban areas can be checked, which will also arrest the problem of growing cities.
4. Due to soil and water conservation, ecological balance can be restored.
5. Heavy siltation in dams will give rise to many problems related to electricity supply, urban water supply. Industries depend on this water are also facing problems. Soil and water conservation can arrest the flow of silt into the dams.

The Watershed Development Programme evolved out of large number of experiments carried by Member Organisations to eliminate drought. Today the programme takes into account the soil, the rocks, the water, the geography, the biomass living within and above the earth. Thus as many as 6000 impounding structures were constructed during the period of learning along with borewells, lift irrigation schemes etc. today, Action for Agricultural Renewal in Maharashtra (AFARM) proposes participatory watershed development where people are using their traditional knowledge, available material, imagination and creativity to plan their watershed and implement a programme.

3.3.1 Watershed Programme in India

Traditionally, India depends on agriculture and the Indian farmers themselves maintained the watersheds like ponds, tanks and other irrigation systems for centuries. As noted activities such as desiltation of water channels and ponds, protection of vegetative and soil conservation activities were affected collectively under the guidance of village councils. Increase in population pressure and erosion of socio-religious and political institutions degraded the land, water and vegetation. The importance of micro Watershed Programme was recognized and is being practiced in the country since 1973 due to the recommendations of the Task Force on Integrated Development of Drought Prone Areas. From 1979-80, the Watershed Programme was transferred to the State Governments as per the recommendations of the National Development Council. The farmers and villagers themselves undertook the programme through direct participation. Watershed Programme in India appears both fantastic and frightening. After 73rd Constitutional Amendment, Watershed Programme has been included in the schedule of subjects to be handled by the Panchayats. This provides opportunities for combining development of grassroots democracy and natural resources in a systematic manner.

Watershed Management would ensure supply of water to every field and restore ecological balance. The Watershed Management was started in India in 1962-63 with the launching of the government scheme, "Soil conservation works in the catchments of River Valley Projects." The chief aim of it was the prevention of siltation of reservoirs built with huge government funds. The National Watershed Development Programme for Rain fed Agriculture (NWDPRA) started in 1995-96. Watershed community is now being encouraged to participate in the government/ donor/Non-Governmental Organizations (NGOs) projects and contribute labour or cash. Watershed Programme technology should meet the watersheds of the community if the government has to be accepted and replicated by the people. The priority of water should be in the following order – potable water, domestic use, animal drinking, agriculture, horticulture etc.

Watersheds sustain life, in more ways than one. According to the Environmental Protection Agency, more than $450 billion in foods, fibres, manufactured goods and tourism depend on clean, healthy watersheds. That is why proper watershed protection is necessary to you and your community. Watershed protection is a means of protecting a lake, river, or stream by managing the entire watershed that drains into it. Clean, healthy watersheds depend on an

informed public to make the right decisions when it comes to the environment and actions made by the community.

Watershed management practices in terms of purpose

1. To conserve moisture
2. To increase water holding capacity
3. To prevent soil erosion
4. Control floods
5. To collect surplus runoff
6. Enhance water quality
7. Protect soil & water resource
8. Recharge ground water or to increase water table in wells

In brief various control measures are:

1. Vegetative measures (Agronomical measures)
2. Strip cropping
3. Pasture cropping
4. Grass land farming
5. Wood lands
6. Engineering measures (Structural practices)
7. Contour bunding
8. contour trenching
9. Terracing
10. Construction of earthen embankment
11. Construction of check dams
12. Construction of farm ponds
13. Construction of diversion
14. Gully controlling structure
15. Rock dam
16. Establishment of permanent grass and vegetation
17. Providing vegetative and stone barriers

18. Construction of silt tanks dentension

3.3.2 *Integrated Watershed Management Programme (IWMP)*

Watershed Development Programs (WDPs) have been accorded high priority in India's development plans (Singh, 1991). These programs have been initiated in India to improve and sustain productivity and the production potential of the dry and semi-arid regions of the country through the adoption of appropriate production and conservation techniques. As it is a holistic approach which improved the economic and natural resource base of dry and semiarid regions. After the implementation of Final Implementation Phase (FIP) stage potential for growth, improvement in income levels and augmenting the natural resource base of the disadvantaged regions of the country is evident. By-products of watershed activities are as follows quality of water harvesting structure, reduction of soil erosion, increase in surface water and ground water, change in land use pattern, reduction of work burden, reduction of migration, women empowerment. But some of the landless communities and weaker section of the society is not recognized by the financial institutions and the majority of them are reluctant or shy to approach financial institutions for availing credit facilities. The money lenders explored this break and they are exploiting this community.

The main objectives of the IWMP are to restore the ecological balance by harnessing, conserving and developing degraded natural resources such as soil, vegetative cover and water. The outcomes are prevention of soil run-off, regeneration of natural vegetation, rainwater harvesting and recharging of the ground water table. This enables multi-cropping and the introduction of diverse agro-based activities, which help to provide sustainable livelihoods for the people residing in the watershed area. In addition, there is a Scheme of Technology Development, Extension and Training (TDET) is also being implemented to promote development of cost effective and proven technologies to support watershed management. Till 1.4.2008, Department implemented 3 watershed programmes viz. Integrated Wastelands Development Programme, Drought Prone Areas Programme, Desert Development Programme. Since then, they have been brought under a comprehensive programme named Integrated Watershed Management Programme (IWMP) to be implemented under Common Guidelines for Watershed Development, 2008.

3.4 Conclusion

Theoretical framework helps to understand the concept, need, importance, benefits, activities of watershed programme and watershed programme in India. Watershed management practices will facilitates in recharging ground water, conserve moisture, prevent soil erosion, control floods, collect surplus runoff, and enhance water quality. As this takes place the beneficiaries of those localities will be looking for different source of credits for expanding the current livelihood activity as well as for entering into new ventures. '''

Chapter – 4

NABARD Financial Services Limited - A Profile

Chapter - 4

ORGANISATION PROFILE

4.1 Introduction

NABARD Financial Services Limited, [NABFINS] is a subsidiary of National Bank for Agriculture and Rural Development (NABARD) with equity participation from NABARD, Government of Karnataka, Canara Bank, Union Bank of India, Bank of Baroda, Dhanalakshmi Bank and Federal Bank. It is a non-deposit taking NBFC registered with the Reserve Bank of India and shall operate throughout India. The main objectives of the Company are to provide financial services in two broad areas of agriculture and microfinance. NABFINS provides credit and other facilities for promotion, expansion, commercialization and modernization of agriculture and allied activities. NABFINS shall engage in the business of providing micro finance services (with or without thrift) and other facilities to needy and disadvantageous sections of the society for securing their prosperity in both rural and urban areas.

In an environment where micro finance largely lost its stardom, where future policy was still unfolding and uncertainty reigned, where investors were concerned with re-scheduling loans rather than increasing exposure, and where potential clients were faced with reduced choices, NABFINS managed to grow in terms of outstanding from Rs.42.7 crores in 2010-2011 to Rs.183 crores in 2011-2012. It was able to achieve this progress due to the support of its partners including 67 Business Correspondents/ Facilitators, 3 Producer collectives and 8969 SHGs. The growth during 2011-12 was partly due to the staff and infrastructure setup in late 2010 which became operational during 2011-12. As on March 31, 2012, NABFINS has established offices in 31 Districts in 3 States, with 87 staff. It availed of Rs.200 crores refinance from NABARD during the year; the average cost of funds in 2011-2012 was 8.08 percent; its net owned funds stand at Rs.48.47 cr. NABARD, since its inception, has been entrusted (amongst other major responsibilities) with the responsibility of providing small loans to the priority sector. It fulfils this responsibility by supporting several schemes for the small and marginal farmers and since 1992 (by which time "micro finance" replaced "small loans") by promoting the SHG-Bank Linkage Model which has spread all over the country.

Further it promoted in 2008 a subsidiary called NABFINS (with equity from NABARD, Government of Karnataka and several Commercial Banks) and positioned it in a field which till then was dominated by models of NBFC-MFIs which started with good intentions; some of the largest ones however were increasingly driven by private and venture capital, where profits, high growth rates and high remunerations became the dominant drivers because governance took a back seat. NABFINS and the SHG-Bank Linkage program are not in conflict. Both are required in order to offer the client a choice. NABFINS on it part does not enter areas where the SHG-Bank Linkage program is doing well due to pro-active Bank managers who visit the SHGs regularly and mentor them. Unfortunately such areas are declining. There are also large areas where people find it difficult to access a bank due to distance and lack of transport facilities; NABFINS operates in these areas. Over all, Banks' involvement in the SHG-Bank Linkage program is decreasing, as reports clearly indicate. The reasons for this decline are many –ranging from acute staff shortage at Branches to amalgamations of Banks which tend to make small loans required by SHGs unviable.

NABFINS brief is to establish and run a NBFC-MFI model which would promote and sustain:

i) Good governance leading to transparency in accounting, remuneration and disclosure,

ii) Reasonable rates of interest and other costs which earn a profit but do not maximize profits or profiteer at the expense of the clients at the bottom of the pyramid,

iii) Investment in activities that generate income in the short, medium and long term and increase capital with the poor family; since these activities chosen by the group members are not only diverse in terms of sectors/categories but also in purpose, size, and repayment periods within a sector/category, it requires a business model which is able to customize loans and repayment schedules in order to respond to the diversity of livelihood situations; standardization therefore cannot be the main driver even though it results in higher profits for the NBFC-MFI, and

iv) Fair practices which ensure that there is no over/ multiple lending or coercion in collection which, experience has shown, results from business models driven by speed and scale to maximize profits and in many cases to provide space for quick exits of investors. NABFINS is in this business for the long term.

Keeping in mind these guiding norms, NABFINS decided in 2010 to promote a culture, organizational and financial systems and software which would -- "Balance business with inclusion in growth". Inclusion here focuses on the poor and marginalised. To maintain this balance is the prime responsibility of the Governing Board. As a for profit entity, it endeavours to earn enough to cover all costs related to management and expansion, to design and absorption of appropriate technology support systems, to training and reasonable incentives to staff and management and to cover its risks especially arising from investment in second level institutions like producer collectives. All this is well accepted in the for profit sector But NABFINS also seeks to promote inclusion of the poor and marginalised in growth - not only financial inclusion which has been reduced to opening "no frill accounts". Inclusion of the poor and marginalised in the growth sector in a sustained way, requires support from a variety of institutions involved in building confidence and management skills of the poor and their ability to lobby for change and build linkages with others; it also requires technical, organisational and infrastructure support in production, aggregation and marketing of products; these in turn require financial support like grants, term loans, cash credit, working capital, revolving funds and appropriate infrastructure.

In the field of dry land agriculture- a high risk operation - where a large part of the loans of SHGs/JLGs are invested, support is required to reduce the clients risks and make her/his investment productive and sustainable. They need to be insured against crop failure - but even more the production risk has to be reduced. Hence NABFINS loans to groups involved in dry land agriculture are focused in areas where watershed management programs are being implemented by NABARD, Government and NGOs. This reduces the risk of investment in this sector. To build confidence and management skills, NABFINS provides grants sourced from NABARD for institutional capacity building and to improve the organizational and financial management of SHGs, JLGs and Producer collectives. Likewise where investment is in livestock, it partners with an institution that has the expertise and outreach to provide animal health care. It responds to diversity in livelihood needs instead of standardizing loan sizes and products and staggers repayment schedules to cope with (customize) different cash flows of income generating activities; developing a software to support this diversity took time as those available off the shelf suited a standardised model which largely benefits the NFC-MFI not the client. All these interventions require extra investment and a longer period of gestation, thus reducing profits to NABFINS; but they also help to develop a network and support system for the poor client to build a sustainable

livelihood base and to be "included" in the growth sector. The conflict between business driven by self-interest, on the one hand, and inclusion of the poor in growth on the other (which implies a social objective to alleviate poverty), has been a subject of debate since the middle of the 19th century. On the one hand some philosophers and economists hold a position that empties the market of all moral considerations; others hold that, left to it, self-interest can go too far and therefore needs regulation.

In general two streams could be identified: one that maximises profits and later sets aside part of the profits "to pay back to society". The other stream tempers the impact of market forces by several measures that reduce the stress on employees, improves their living conditions and ensures a standard of living while opening choices to customers; this model was the result of social movements that became enshrined in law. The first believes in growing the cake before it is shared, the second focuses on: growing the cake together or "creating value together", which – in the case of NBFC-MFIs, implies provision not only of credit and other financial services, but of a larger number of livelihood opportunities, improving skills and governance. NABFINS has no quarrel with the first approach as long as those involved do not claim to "alleviate poverty" and at the same time seek favours and benefits. In this case it is both immoral and unsustainable, NABFINS, however, would like to anchor itself firmly in the second category. But it realizes the extra challenges that this approach has to cope with. It does not accept that the first model is appropriate to include the poor in the growth sector In fact maximization of profits, in the final analysis, reduces capital in the hands of the poor and results in an increase in their vulnerability and often in their exclusion from the growth sector. Capital has been extracted from the bottom of the pyramid where it is in short supply and not controlled by the poor. It was commonly proclaimed that competition between NBFC-MFIs would bring down the interest rates as is the trend where market forces operate; in the case of micro finance, this was not the case, the customer obviously was not :"king/queen". NABFINS tries to keep the balance between "market forces geared entirely to earn profits" and "development finance" which attempts to open more opportunities to the marginalised.

As a business model which promotes development finance, it levies interest at reasonable rates but also ensures that the overall cost to the client remains low by providing door step services and quick turnaround. Up to March 31, 2012 the rate of interest to SHGs/JLGs was 13.5percent; to second level institutions, like producer collectives, it was 11.5percent; the margin cap was

4.66percent - both well below the RBI norms of 26percent interest and 12percent margin cap respectively. The average cost of funds, thanks to NABARD, was 8.08percent.

NABFINS endeavours to promote the following seven important features:

i) Governance- it plays a critical role in promoting inclusion of the poor especially in for profit NBFCMFIs. The drive to maximize profits does not arise only in for profit MFI-NBFCs, It also exists in many Not for profits. Ultimately the difference is established by the policy and practice of the Members of the Governing Body of the NBFC-MFI. History of the large NBFC-MFIs provides adequate evidence that the "transformation" from not for profits to for profits which was assisted by various institutional mechanisms held up as "innovations" , was also accompanied by a transformation from standard salary packages to pay packages higher than earned by the CEO of the largest private sector Bank, high bonuses, stock option plans and stock purchase schemes at highly preferential rates which when en-cashed brought in super profits in a very short period. If the Chairman and Directors create an environment where profit maximization at any cost is rewarded; others in the organization follow and the objective of providing adequate and customized credit at reasonable costs as well as other support to enable the poor client to build a sustainable livelihood base is forgotten. NABFINS Board is aware of this danger and is taking steps to ensure that it's Chairperson and independent Board members are not eligible for bonuses, loans or any payment arising from performance and related to incentives, which however the staff and BCs are entitled to. It is expected that these decisions will have an impact on the quality of overall governance.

ii) Staffing: NABFINS has a staffing pattern which helps it to reduce costs resulting largely from salaries, training and housing. Head Office is staffed by a team aged between 25 and 45 years drawn from other financial institutions and by three senior staff on deputation from NABARD, two of whom remain in NABARD's payroll. At the Districts, it recruits just retired commercial bankers who have worked in the District and have a sound reputation, who have experience in working with the SHG bank Linkage program and relate well with NGOs; they need to have a House in the District headquarters in which they reside. A separate NABFINS office is provided; they are assisted by 2-4 Field Service officers. This team headed by the District officer deals with the first vertical, namely with SHGs/JLGs. This is a small team and is adequate since NABFINS lends directly to groups/institutions, not to individuals. The other vertical dealing with second level institutions like Cooperatives, Producer Collectives is managed by Institutions with experience in

this area that function as Business Facilitators. During 2012-13 decentralisation will also take place through regional offices in Karnataka and Tamil Nadu, which, among other outcomes, will also reduce costs.

iii) Working in Partnerships: The poor cannot be included in growth only through provision of credit and other financial services. To promote inclusion in growth NABFINS decided to work in partnerships. with NGOs, Cooperatives, producer Collectives, Federations which not only function as Business Correspondents and Facilitators, but more importantly are able to provide technical and other support services critical to make investment productive and/or to reduce production risk, to aggregate, add value and market commodities. NABFINS does not propose to take on all these activities when others can do them more efficiently. In the case of life insurance for example, given the various subsidies provided by States, NABFINS is engaged with the BCs in identifying pro-active Insurance Companies in their areas of operation and will provide any support required for insurance companies to extend their coverage. NABFINS will provide only those services which others cannot provide at NABFINS level of costs, quality and social concern; it will however endeavour to actively promote institutions providing insurance (life insurance to begin with and later health); it must be noted that the SHGs advance loans for purchase of medicines and medical care while savings is a product of the SHGs. There is no doubt that there is a higher risk in working with BCs as partners.

NABFINS believes that this risk must be shared by supporting the partners to become more organizationally and financially sustainable, by maintaining a transparent relationship, responding to their justifiable demand, rewarding them for good performance and at the same time by ensuring that its own staff maintain a close relationship with the groups. . This is easier said than done. NABFINS has taken the first steps in this direction and will continue to expand its support to BCs by mobilizing funds for organizational and financial management and, by introducing incentives for good performance. As on March 31, 2012 the average yield on NABFINS' loans was 14.74% out of which 2% was passed on to its BC partners leaving 12.74% with NABFINS.

iv) Personal interaction between staff and SHGs/JLGs: NABFINS staff together with the BC staff assesses the SHGs/JLGs together and those eligible are advanced loans directly by NABFINS staff who later keep in touch with the groups. The responsibility for ensuring repayments lies with the

SHG itself; the responsibility for collection of repayments lies with the BC. Personal contact with the groups helps in maintaining and building mutual trust.

v) Support for second level institutions like Producer collectives, Cooperatives: If the poor are to be integrated in growth in a sustainable and incremental manner, provision of credit to the SHGs/JLGs and support for production is not enough. Since most of them are small and marginal farmers their produce needs aggregation, value addition and marketing. As on March 2012, NABFINS has invested Rs.2.42 cr. cumulatively in second level institutions as working capital to support aggregation, value addition and marketing in cotton, handicrafts and fisheries. The risk increases and diversifies with second level institutions. Efforts are being made to cover this risk through mobilizing support from financial institutions (unsuccessfully so far) as well as through building a risk fund from profits. Investing in second level institutions has taken time to take off because there are few functioning and the experience and expertise to support and mentor them is limited. NGOs who have devoted time and effort in promoting this sector find it difficult to mobilize financial support to build these institutions. Unfortunately there is no integrated organizational and financial scaffolding in the country to support aggregation value addition and marketing of agricultural commodities –the only example where such integration functions is in milk. NABFINS intends to give priority to support the formation and functioning of second level institutions. It has sought NABARD's support to achieve this objective. Its attempts to mobilize resources to cover the higher risk involved have so far not been successful. The Board decided to allocate a sum of Rs.5 lakhs for this purpose at the end of March 2012.

iv) Respect for diversity is a major requirement for inclusion in growth. Inclusion in growth demands customization to cope with the variety in purposes, sizes and repayment schedules. Recognising this diversity, in the early 90s before the SHG Bank Linkage program was launched; a major policy decision was taken by NABARD and supported by RBI to allow banks to lend one loan (bulk loan) to the SHG allowing the SHG to decide on the size, purpose and repayment schedule of the loans. This major policy decision enabled the SHG members to ask for what they could manage and the training provided to the group as well as their local knowledge equipped the group to decide whether the member was serious and able to manage the loan effectively. This was a major reason why the poor respond so well to the SHG program. Briefly NABARD did not mainstream the functioning of the SHGs by imposing pre-determined products and a cost structure.

It left these decisions to the group and this resulted in "innovations" which no bank could have coped with. Since NABARD respected this diversity, it did not prescribe or plan "products" in the context of the SHG-Bank Linkage program. Recent communications from NABARD however are asking NABFINS for its "products". Savings is listed as a "product" of NABFINS. It is really a product of the SHG. Studies of SHGs formed by NGOs show that members save and invest in the SHG common fund up to a certain point and then opt to open individual Bank accounts and deposit their savings there. What also emerged from the decision to allow the group to decide was that a family had a livelihood strategy comprising of several small activities and not of one or two large activities which many of our anti-poverty programs assume they have. Loans from the SHG provided finance for these small activities some of which expanded while others were dropped after a year or so.. The group also knows whether some unexpected event has taken place which interrupts the cash flow or channels it elsewhere to meet an emergency, hence it is best suited to decide whether and how to reschedule the loan. Unfortunately this is where most financial institutions hesitate to respond since it demands time and reduces their profits. Standardisation of sizes, purposes and repayment periods is easy to monitor no matter what its impact on the client or customer.

NABFINS realizes, as NABARD did in the early 90s, that inclusion in growth demands that the last mile has to be an institution which can cope with this diversity. ICT (which has been accorded a role far above its potential in this last mile) can help to collate and analyse the data after the SHG has decided. The data on the decisions taken by the group on the purpose, size etc. of the loans to individuals must be taken from the Minutes Book of the SHG and not asked for in advance (before the loan is given) by the MFI-NBFC. In most cases the latter is the case, and experience has shown that this data does not give the real picture. Since NABFINS gives one bulk loan to the SHG/JLG (as in the SHG-Bank Linkage program) it reduces transaction costs as well as enables the member to borrow according to her/his requirements. The tenure of loans is not uniform or standardised; it ranges from 12 months to 36 months depending on the purpose of the loan and the cash flow. However as of April 1, 2012 the shortest tenure will be 24 months in compliance with RBI norms.

vii) Institutional Capacity building (ICB before ICT) If the poor are to acquire skills to manage their own institutions (the last mile) like SHGs/JLGs/Producer collectives etc., they need

training in institutional capacity building (ICB). Modules comprising how to meet, resolve conflict, foster participation, how to analyse the causes of poverty, how to build linkages etc. have been designed by NABARD and other NGOs and put to use. But conducting this ICB training takes time –at least 4- 6 months before loans are extended. Few for profit NBFC/MFIs will agree to provide this space even though funds are available from NABARD, Government programs and from institutions like IFAD and the World Bank. Even the private sector is now providing grants for ICB. NABFINS hopes that when SHG-2 is launched, adequate funds will be provided for ICB and NGOs with experience in ICB selected to train the groups. Looking back, however, what is more relevant is to go "back to the basics" on which the SHG movement was built.

Chapter – 5

Credit analysis and Risk assessment – An Analysis

Chapter - 5

CREDIT ANALYSIS & RISK ASSESSMENT

The present study attempts to analyze and assess the credit and risk, along with this socio-economic profile of the respondents of selected watersheds namely Somarajukunta & Veernamala were also studied.

5.1 Brief profile on Somarajukunta watershed

Somarajukunta is located in Dhaniyanicheruvu Panchayat in NP Kunta Mandal in Anantapuram district, Andhra Pradesh. Somarajukunta watershed includes four habitations namely Somarajukunta, Gollaplle, Kuntlavaripalle and Kotireddyvaripalle. The total area under the watershed project is 837 hectares. This watershed is located in Papagni river sub-basin and Pennar river basin. The demographic details of the watershed are as follows, Agriculture, animal husbandry and agriculture labor are the main livelihood options for the people. The average annual rainfall of this area is 585mm. Borewell is the most common source of irrigation. The entire region is classified as Semi-arid due to the climatic and geographical conditions. A major portion of the land in this area is Dry Land. There are 270 families residing in the watershed area. The total population in the watershed is 937 which includes 472 Males and 465 Females.. Backward Communities (Vaddi, Sakala, Mangala, Ekila and Boya) have more than 80% of the total population. There are six ST families in the village. Kapu and Balija are the other communities. Kadiri which is located 27 Kms away from the watershed is the closest town.

The Foundation of Ecological Safety (FES) is the implementing agency for five watersheds in Anantapur district including Somarajukunta. The Somarajukunta Watershed Development Project (SWDP) started its Capacity Building Phase (CBP) in the year 2008. The total grant sanctioned and released by NABARD for CBP is Rs. 717382. The actual utilisation of the fund was Rs.715645. The Final Implementation Phase (FIP) started in the year 2010 and Rs.8808594 was released during the phase, in which Rs.8781738 was utilised. The Balance amount from both phases along with the contribution from families, transfers to the Maintenance Fund (MF) of watershed development committee.

The Somarajukunta Integrated Watershed Development Mutually Aided Cooperative Society Ltd. Has been registered by the Registrar of Mutually Aided Co-operative Societies / District Cooperative Officer, Anantapur with No.AMC/ATP/DCO/2012/3947, together with its byelaws, on 8th December, 2012. After the registration, gramsabha was conducted with participation of members from Somarajukunta, Kotireddygaripalle, Kuntlapallevaripalle, and Gollapalle. The Gramsabha decided that the existing WDC would continue to be the Board of Directors of MACS. The MACS received Rs.6.95 Lakhs from NABARD for the Livelihood and Agriculture Productivity Enhancement Measures.

5.3 Brief profile on Veernamala watershed

The Veernamala watershed is located in the middle of a forest area in Ramakuppam Mandal of Chittoor district. The total area of the watershed is 732.99 hectares and the treated area is 673.78 hectares out of which 284 hectares is under cultivation with 153.78 hectares are under irrigated and 385.66 hectares are under un-irrigated. The average rainfall of this watershed area is 774mm. The watershed is located in Palar river sub-basin and Pennar river basin. Veernamala watershed includes 18 habitations with 1173 households. The total population in the watershed is 6076, which includes 3047 male and 3029 female. The landless people are 9.11% of the total population and about 45% of the total population belongs to the SC/ST category. Around 754 farmers are coming under the category of small and marginal farmers in this watershed area. Their main occupation is agriculture, sericulture and cattle rearing. Major crops cultivated are Paddy, Mulberry, Groundnut and Tomato.

Mitra Association for Social Service (MASS) a registered Non-Governmental organization working for sustainable, participatory and inclusive rural development is the implementing agency for the project. Veernamala Village Watershed Development Committee though it has a majority of Sugali tribes and backward caste population, it has demonstrated a high degree of involvement. MASS has started facilitating of implementation of the project through qualifying Shramadan and implementation of CBP in 2005, preparation of FSR in 2009 and started implementation of Full Implementation Phase from 2010 onwards.

Part 1: Socio-economic profile of the respondents

For analyzing the socio-economic profile of the respondents the below tables can be used. Socio-economic profile of the respondents is essential for the further studies and analysis. This table reveals the basic profile of the respondents that will be helpful for credit analysis and risk assessment. From the below table the detailed view regarding the socio-economic profile of the respondents of Somarajukunta & Veernamala watershed areas can be acquired. Gender, age, education background, bank account details, nature of family members, type of house, land holding, income and source of income of the respondents are depicted in this table.

Table: 5.1 Socio-economic profiles of the respondents of Somarajukunta & Veernamala watershed areas

Particulars	Somarajukunta		Veernamala	
	Frequency	Percentage	Frequency	Percentage
Gender				
Male	64	90	115	85
Female	7	10	20	15
Total	**71**	**100**	**135**	**100**
Age(year)				
20-29	-	-	11	8
30-39	16	22	41	30
40-49	15	21	43	32
50-59	24	34	23	17
60-69	9	13	14	10
70-79	7	10	2	2
80-89	-	-	1	1
Total	**71**	**100**	**135**	**100**
Education background				
Not Educated	33	46	90	66
Primary	26	37	20	15
Higher Education	5	7	16	12
Inter	7	10	5	4
Degree			1	1
P.G			3	2
Total	**71**	**100**	**135**	**100**

Bank account				
0	-	-	1	1
APGB	69	97	-	-
APGB+SBI	2	3	-	-
SGB.	-	-	83	62
SBI	-	-	10	8
SGB+SBI	-	-	33	24
SGB+SBI+Canara Bank	-	-	3	1
SGB+Vijaya Bank	-	-	4	3
SGB+Karur Vysya Bank	-	-	1	1
Total	**71**	**100**	**135**	**100**
Type of house				
RCC	70	99	113	84
Tiled	1	1	13	10
Thatched	-	-	5	3
Sheet	-	-	4	3
Total	**71**	**100**	**135**	**100**
Land holding				
Marginal	4	6	96	71
Small	35	49	28	21
Semi Medium	18	25	1	1
Medium	6	9	-	-
Large	1	1	10	7
Landless	7	10	-	-
Total	**71**	**100**	**135**	**100**
Annual Income of the respondents				
20000-39999	-	-	14	10
40000-59999	14	20	51	38
60000-79999	17	24	35	26
80000-99999	3	4	9	7
100000-199999	18	25	16	12
120000-139999	6	9	4	3
140000-159999	7	10	5	3
>160000	6	8	1	1
Total	**71**	**100.0**	**135**	**100.0**

Source of income				
Labor+Agriculture	16	24	33	24
Labour+Agriculture+Cattle Rearing	47	66	53	39
Business+Cattle Rearing+Agriculture	-	-	4	3
Skilled work +Agriculture + Cattle Rearing	-	-	6	4
Sericulture+Labor			4	3
Labour+Cattle Rearing	5	7	4	3
Skilled work+Agriculture	1	1	4	3
Fish farminng+Flori Culture + Agriculture + Cattle Rearing	-	-	1	1
Sericulture+Agriculture	-	-	8	6
Business+Agriculture	-	-	10	7
Business	-	-	7	5
Labour	1	1	1	1
Business+Cattle Rearing	1	1	-	-
Total	**71**	**100.0**	**135**	**100.0**

Source: Compiled from the primary data

About 90 percent of the respondents of the Somarajukunta are male, more than 50 percent fall under the age group of 40-59, about 54 percent of the respondents having education background, about 97 percent of the respondents having bank account with Andra Pragathi Grameena Bank (APGB) and all the respondents having the bank account, majority of them have good income level, more than 50 percent of them have annual income above Rs.1 lakh, more than 80 percent of them are engaged in labour, agriculture and cattle rearing activities.

About 85 percent of the Veernamala watershed are male, 60 percent fall under the age group of 30-49, in here about 8 percent of them are come under the age group of 20-29, more than 60 percent of the respondents not having education background and about 7 percent of them are having inter, degree, post graduated, 1percent of the respondent is not having bank account, more than 90 percent of them having bank account with either State Bank of India(SBI) or Sapthagiri Grameena Bank (SGB), more than 50 percent fall in the annual income of Rs.20,000 to Rs.79,999, more than 60 percent of them are engaged in labour, agriculture and cattle rearing activities and some of them are engaged in sericulture, fish farming, flori-culture, Skilled work.

More than 80 percent of the respondents of both areas having RCC type of housing facility. More than 80 percent of the respondents of Veernamala are fall under the category of marginal and small farmers, more than 60 percent of the respondents of Somarajukunta belong to small and semi-medium farmers, and 10 percent of them are not having their own land.

Part B: Credit Analysis of Somarajukunta & Veernamala watershed areas

Credit analysis will help NABFINS in designing appropriate products according to the loan amount requirements of the respondents. The total loan and activity wise loan demanded by the respondents of Somarajukunta & Veernamala watershed areas are examined in this section.

Credit analysis was attended at the individual level as well as Self-Help Group level were studied with respect to:

A) Individual level

1. Total loan requirement
2. Activity wise loan requirement
    a) Water resource development
    b) Livestock development
    c) Land development
    d) Self-employment & micro enterprise development
    e) Agriculture loan requirement
    f) Consumption

B) Self-Help Group level

1. Loan requirement of SHG

Detailed view regarding the category wise credit requirement of both watershed areas will help to examine and assess which watershed area having good scope for financing livelihood activities.

A) Individual level

1. Total loan requirement in Somarajukunta & Veernamala watershed areas

Total loan requirement of the individuals of both watershed areas are plotted according to the credit amount demanded. These were useful for knowing the highly demanded credit amount which will be highly useful for determining the credit plans and product for NABFINS regarding the loan amount, repayment schedule and so on.

Table 5.2 Total loan requirement in Somarajukunta & Veernamala watershed areas

Amount of loan requirement (in rupees)	Somarajukunta		Veernamala	
	Frequency	Percentage	Frequency	Percentage
No Loan Requirement	1	1	4	3
25000	-	-	3	2
50000	3	4	62	46
75000	1	1	12	9
100000	41	58	36	26
150000	14	20	5	4
200000	7	10	9	7
300000	2	3	4	3
500000	2	3	-	-
Total	**71**	**100**	**135**	**100**

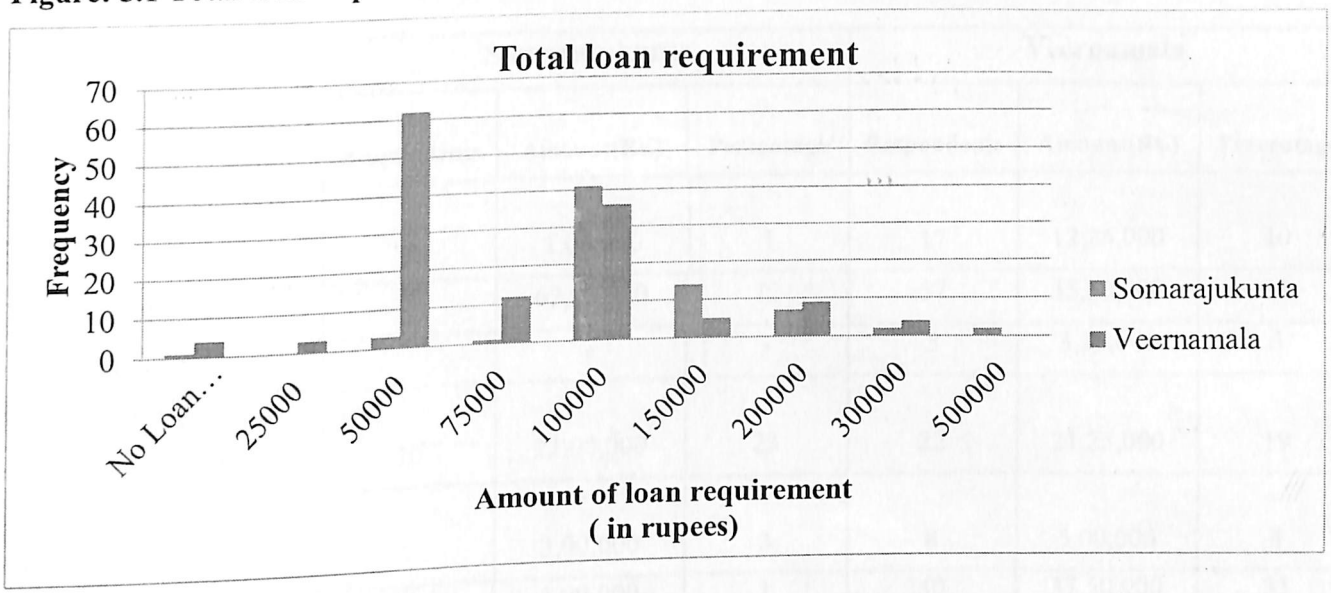
Source: Compiled from the primary data

From the survey conducted in Somarajukunta, it was found that almost 99 percent of the respondents required loan, only 1 percent of the respondents was not demanded for credit facility. About 58 percent of the respondents demanded loan of Rs.1 lakh and the activity is for livestock development. It is shows from the table that 88 percent responded has credit demanded between 1 lakh to 2 lakhs mainly for expansion of their existing activity of agriculture and cattle rearing.

From the survey conducted in Veernamala, it was found that 97 percent of the respondents demanded loan and Rs.50,000 is the loan amount highly demanded. It is shows from

the table that 81 percent of the respondent demanded between Rs.50000 to Rs.1 lakh mainly for livestock development and consumption activity.

Figure: 5.1 Total loan requirements in Somarajukunta & Veernamala watershed areas.



2. Activity wise loan requirement of Somarajukunta & Veernamala watershed areas

The loan requirement of the respondents is classified under six types of activities. It was done on the basis of the purpose for credit demanded by the respondents. According to the respondents' credit requirement, similar activities are combined together and this was done for easy analysis. They are as follows

a) Water resource development: - Open well, Bore well, Drip irrigation.

b) Livestock development: - Cow, Goat, Sheep, Bullock.

c) Land development requirement: - Land leveling, Lease land.

d) Self-employment & micro enterprise development: - Petty shop, Tailoring, Studio, Stationary, Store, Hotel, Mill, Autorishaw, Agri-Machinery, Service, Basket making, Tractor, Trade.

e) Agriculture Loan Requirement: - Groundnut, Vegetables, Seed, Sericulture, Fish farming.

f) Consumption: - Housing, Education.

These categories and purposes will be helpful to determine the category of activity which demands the major portion of credit.

Table 5.3 Activity wise loan requirement of Somarajukunta & Veernamala watershed areas

Sl. No.	Activity	Somarajukunta			Veernamala		
		Respondents	Amount(Rs.)	Percentage	Respondents	Amount(Rs.)	Percentage
1	Water Resource Development	1	1,00,000	1	17	12,25,000	10
2	Livestock Development	58	67,25,000	72	57	35,50,000	31
3	Land Development	-	-	-	5	3,25,000	3
4	Self Employment & Micro Enterprise Development	10	22,00,000	23	22	21,25,000	19
5	Agriculture Loan Requirement	2	3,00,000	3	8	5,00,000	4
6	Consumption	1	1,00,000	1	40	37,50,000	33
Total		**72**	**94,25,000**	**100**	**149**	**1,14,75,000**	**100**

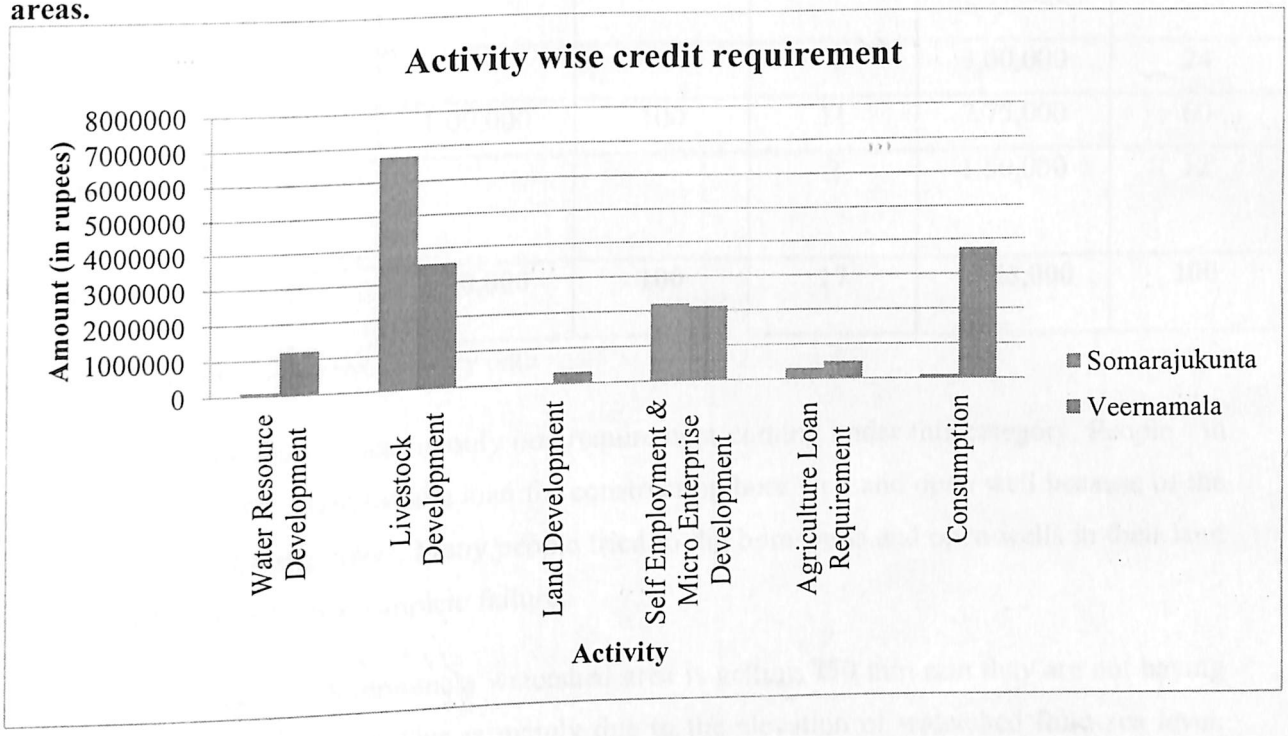
Source: Compiled from the primary data

The above table shows the actual requirement of individuals' different categories. The total loan demanded by the individuals estimated in the survey was Rs.94,25,000 for Somarajukunta watershed areas. However, it was observed that most of the respondents exaggerated there requirements and demanded by the respondents had beyond their capacity. In Somarajukunta, more than 95 percent of the respondents demanded loan for livelihood activities.

The total loan demanded by the individuals estimated in the survey was Rs.1,14,75,000 Veernamala watershed areas. However, it was observed that most of the respondents exaggerated there requirements and demanded by the respondents had beyond their capacity. In Veernamala, 90 percent of consumption demand of was for house construction and modification which is not an income generating activity so credit to this purpose will be much riskier as there is a chance of default and non-repayment will be very high. The majority of loan requirement is coming under housing purposes (33 percent). The requirement for livestock follows with 31 percent of the total

requirement. The demand for consumption loan is high because of the unavailability of credit for the consumption activities.

Figure: 5.2 Activity wise loan requirement of Somarajukunta & Veernamala watershed areas.



a) Water resource development- Somarajukunta & Veernamala watershed areas.

Especially some of the farmers in both watershed areas were facing problem with their available water resource facilities and some found difficulty while expanding their agricultural activities. So knowing the correct credit requirement of those areas in this aspect will be beneficial and this type of lending will be comparatively less risky. Open well, Bore well and Drip irrigation are the activities demanded by the individuals of both areas. Water is the base and important requirement as far as farmers are concern.

Table: 5.4 Water resource developments of individuals in Somarajukunta & Veernamala watershed areas.

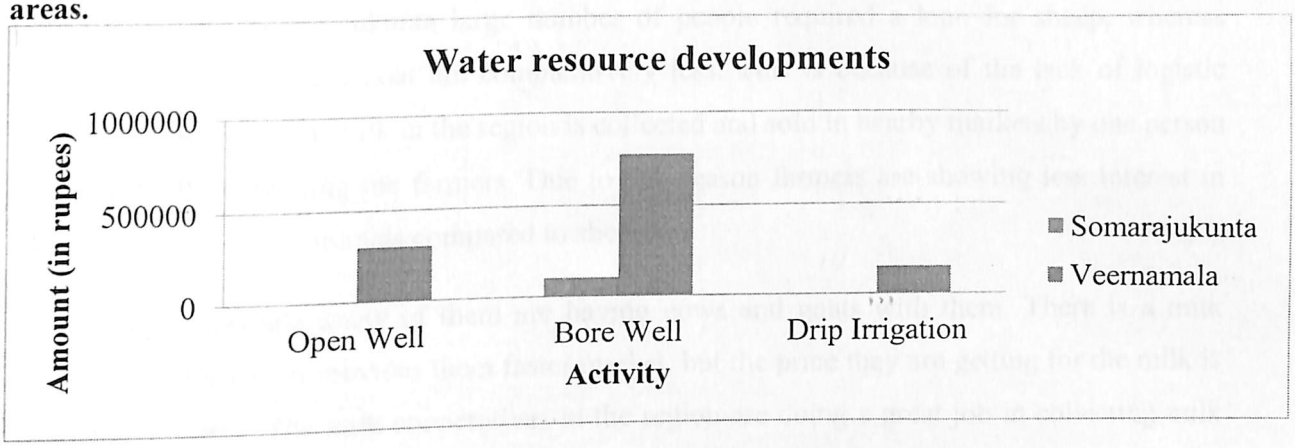
Si No	Activities	Somarajukunta			Veernamala		
		Frequency	Amount(Rs.)	Percentage	Frequency	Amount(Rs.)	Percentage
1	Open Well	-	-	-	4	3,00,000	24
2	Bore Well	1	1,00,000	100	11	7,75,000	60
3	Drip Irrigation	-	-	-	2	1,50,000	12
Total		**1**	**1,00,000**	**100**	**17**	**12,25,000**	**100**

Source: Compiled from the primary data

In Somarajukunta there is only one requirement coming under this category. People in the watershed are reluctant to take loan for constructing bore well and open well because of the fear of failure in getting water. Many people tried to dig bore wells and open wells in their land which eventually ends in a complete failure.

Even though the Veernamala watershed area is getting 750 mm rain they are not having water in the summer season. This is mainly due to the elevation of watershed from sea level. Most of them who asked loan for open well and bore well wanted to deepen their water source. Some of the farmers facing difficulty to continue their cultivation due to water scarcity so they are not going for 2^{nd}cropping during summer season. So they are planning to have borewell, through this water resource development is possible. This would create an opportunity for farmers go for 2^{nd} cropping which brinks them additional earnings. That would be safer as well as riskier if they fail to find water.

Figure: 5.3 Water resource developments of Somarajukunta & Veernamala watershed areas.



b) Livestock development of Somarajukunta & Veernamala watershed areas.

Majority of the farmers of the both areas are having cattle and they treat it as liquid asset. Main source of income of the individuals in both watershed areas are agriculture and cattle rearing, so their credit requirement in this aspect will also be very high. As a part of development and expansion in their present condition and for better standard of living they found this as an opportunity to demand in this activity. Credit to this activity will ensure prompt repayment and comparatively less risky. Credit requirement on cow, sheep, goat, piggery, bullock, buffalo etc. are included in this activity.

Table: 5.5 Livestock development of individuals in Somarajukunta & Veernamala watershed areas.

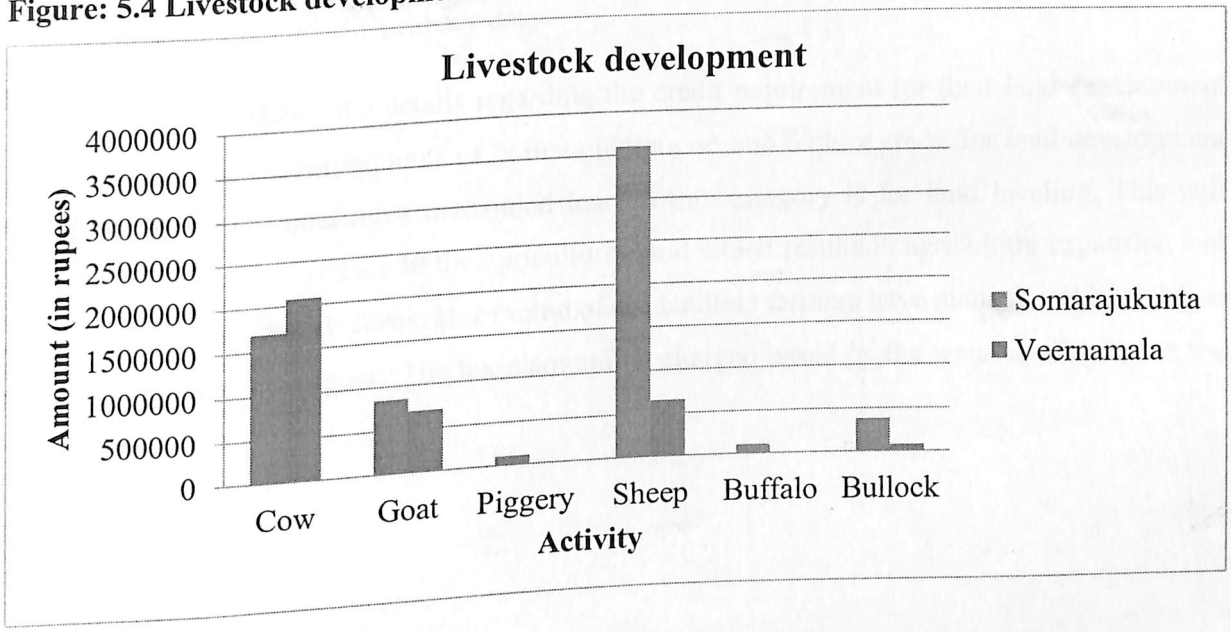
Si No.	Activities	Somarajukunta			Veernamala		
		Frequency	Amount(Rs.)	Percentage	Frequency	Amount(Rs.)	Percentage
1	Cow	15	17,00,000	25	30	20,75,000	59
2	Goat	7	8,50,000	13	13	7,00,000	20
3	Piggery	1	1,00,000	1	-	-	-
4	Sheep	31	36,00,000	54	13	6,50,000	19
5	Buffalo	1	1,00,000	1	-	-	-
6	Bullock	3	3,75,000	6	1	75,000	2
Total		**58**	**67,25,000**	**100**	**57**	**35,00,000**	**100**

Source: Compiled from the primary data

The table shows the credit requirement of the people in the category of Livestock Development. In Somarajukunta large number of people required a loan for sheep, whereas requirement for cows and goat are comparatively less. This is because of the lack of logistic facilities in the area. The milk in the region is collected and sold in nearby markets by one person who is actually exploiting the farmers. Due to this reason farmers are showing less interest in taking a loan for milch animals compared to sheep.

In Veernamala many of them are having cows and goats with them. There is a milk collection center which provides them faster market, but the price they are getting for the milk is comparatively few. The milk cooperatives in the region are doing a great job in collecting milk and providing a fair amount to the farmers. The MACS also provides most number of loans for the purchase of cow. The MACS is actually providing cattle instead of loan as cash, to avoid the diversion of funds. The MACS is providing cattle insurance along with the cattle. Thus, many of the farmers are having cattle insurance and very few are demanding cattle insurance in the region.

Figure: 5.4 Livestock development of Somarajukunta & Veernamala watershed areas



c) Land development requirements of Somarajukunta & Veernamala watershed areas

Credit for this activity was mainly included for assisting the farmers for making their land fit for cultivation and to help those landless farmers for doing farming activities and to make good earnings. Some of the farmers of the watershed areas could not do farming activity as their land is unstructured and they could not meet the expenditure for land leveling in lump sum basis. As water resource development loans are concerned this is also the basic requirement for continuing the farming activities.

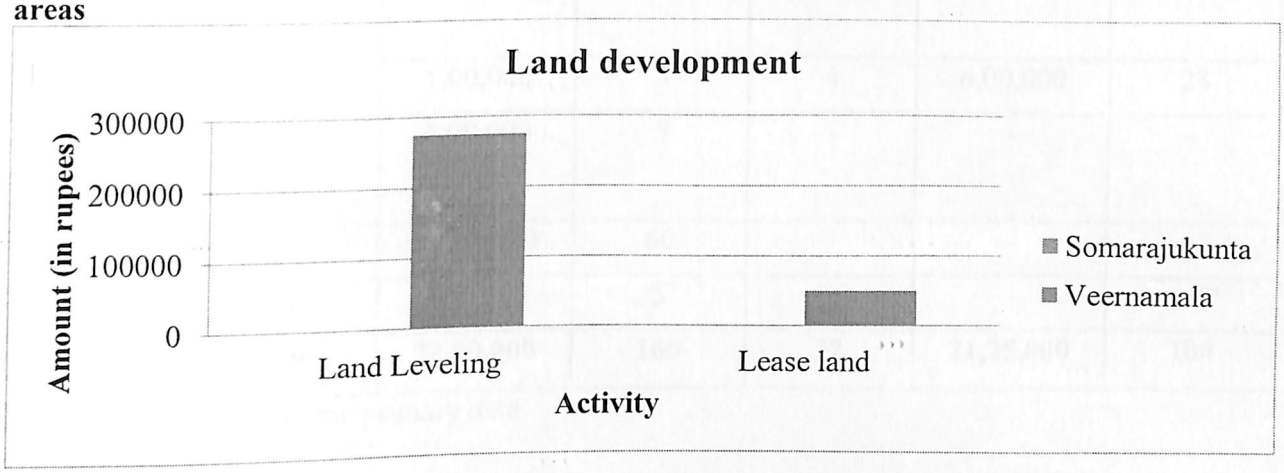
Table: 5.6Land development requirements of Somarajukunta & Veernamala watershed areas

Si. No.	Activities	Somarajukunta			Veernamala		
		Frequency	Amount(Rs.)	Percentage	Frequency	Amount(Rs.)	Percentage
1	Land Leveling	-	-	-	4	2,75,000	85
2	Lease Land	-	-	-	1	50,000	15
Total		-	-	-	**5**	**3,25,000**	**100**

Source: Compiled from the primary data

This table shows the details regarding the credit requirement for their land development activities. Among the respondents of Somarajukunta no one require credit for land development activities. In Veernamala most demanded loan in this category is for land leveling. This will increase the water availability in the agricultural land which results in agriculture expansion and enhancement of their cash flows. Here some of the landless farmers have plans for taking land on lease for agricultural purpose. The lease amount is charged based on the water availability in the land.

Figure: 5.5 Land development requirements of Somarajukunta & Veernamala watershed areas



d) Self-employment & micro enterprise development of Somarajukunta & Veernamala watershed areas

Credit to this activity is considered to be safer as it ensures regular return and these results in less chance of bad debts. The credit to this activity is included for development and expansion of their current situation. Some of them will utilize this credit facility for entering into new areas and this may result in further credit requirement and business to NABFINS in future tenure of it working.

Table: 5.7 Self-employment & micro enterprise development of Somarajukunta & Veernamala watershed areas

Si No.	Activities	Somarajukunta			Veernamala		
		Frequency	Amount(Rs.)	Percentage	Frequency	Amount(Rs.)	Percentage
1	Petty Shop	2	3,00,000	15	5	2,75,000	12
2	Tailoring	1	1,00,000	5	2	1,00,000	5
3	Studio	-	-	-	1	2,00,000	10
4	Stationary	-	-	-	1	50,000	2
5	Store	1	1,00,000	5	3	4,75,000	22
6	Hotel	-	-	-	2	1,00,000	5
7	Mill	-	-	-	1	25,000	1
8	Autorishaw	-	-	-	2	2,00,000	10

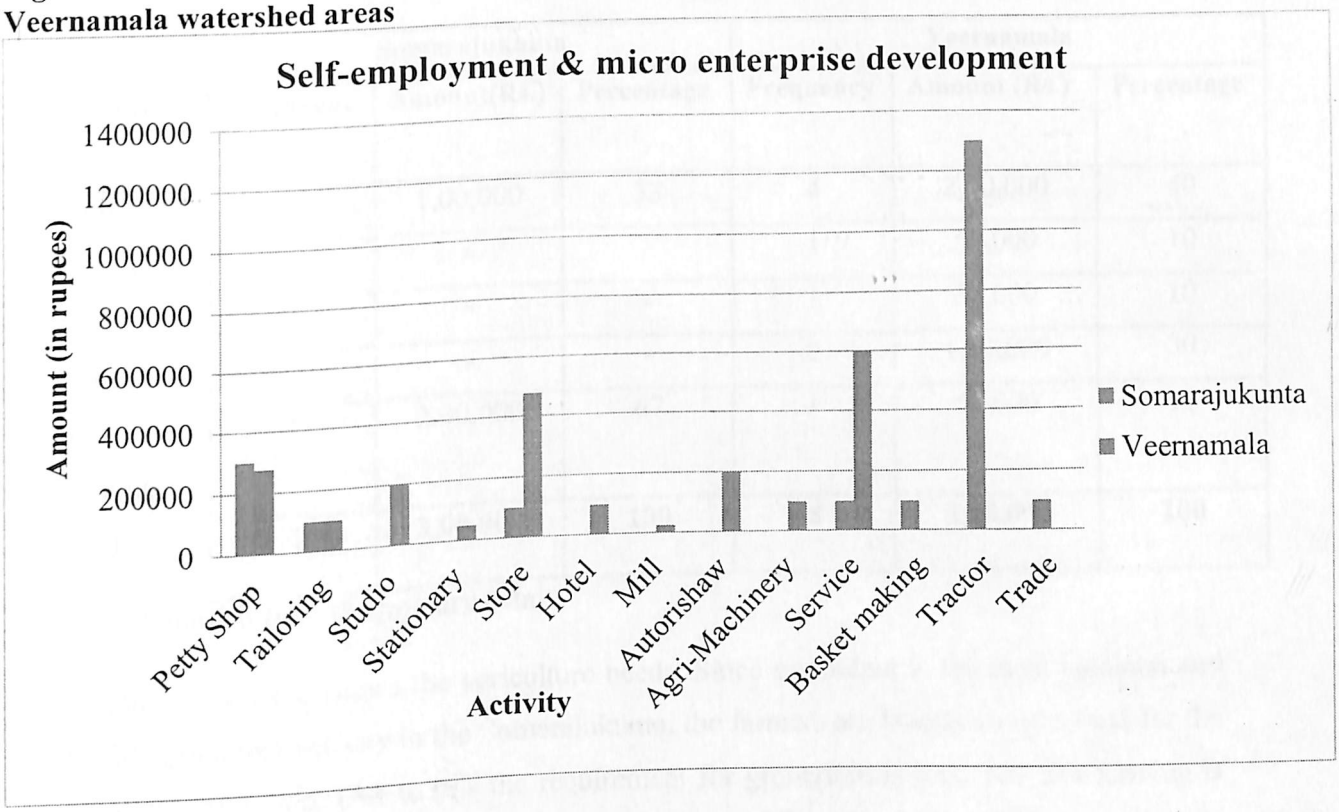
9	Agri-Machinery	-	-	-	1	1,00,000	5
10	Service	1	1,00,000	5	4	6,00,000	28
11	Basket making	1	1,00,000	5	-	-	-
12	Tractor	3	13,00,000	60	-	-	-
13	Trade	1	1,00,000	5	-	-	-
Total		**10**	**22,00,000**	**100**	**22**	**21,25,000**	**100**

Source: Compiled from the primary data

From the above table it is understood that the tractors are the most demanded in this category followed by Petty Shop requirements. This shows the huge opportunity for Agri-machineries in Somarajukunta watershed area. After the completion of watershed many people started cultivating more which creates huge demands for tractors in ploughing the fields. Presently the tractors are very rarely used by the farmers because of the high cost (Rs.700-1000/ HR). If more people are coming with tractors it will create a competition and prices may decrease. The tractors will help in improving the logistics facility in the region.

From this table it is clear that the individuals of both areas have more demand for self-employment & micro enterprise development. About 15 percent the individuals of Veernamala that we have survey demanded for financial assistance in this category for both development and expansion purpose. This category of credit will be safer as this ensures regular return and the further credit requirement will also be generated as they got initial financial support. The people here engage in diversified livelihood activities, this provides more opportunity for the expansion as there are few competitors. The requirement under this category is high and they are willing to take any amount of loan. Most of them in this category availed MACS loan and all of them repaid. But the requirement is more than the MACS capacity. This provides a huge opportunity to NABFINS. The majority of them demanded credit for having a store, petty shop, service, etc. After the survey we came to know that the villagers are very much interested in involving self-employment activities.

Figure: 5.6 Self-employment & micro enterprise development of Somarajukunta & Veernamala watershed areas



e) Agriculture Loan Requirement of Somarajukunta & Veernamala watershed areas

Majority of the farmers of both watershed areas are engaged in agricultural activity, so this loan is for development and expansion of those categories. Some of the farmers found difficulty for getting the loan in time from the financial institutions; this opportunity was exploited by the private money lenders and become a burden for farmers. So credit to this activity is mainly for supporting farmers and the activities included in this activity are groundnut, vegetables, seed, sericulture and fish farming.

Table: 5.8 Agriculture loan requirements of Somarajukunta & Veernamala watershed areas

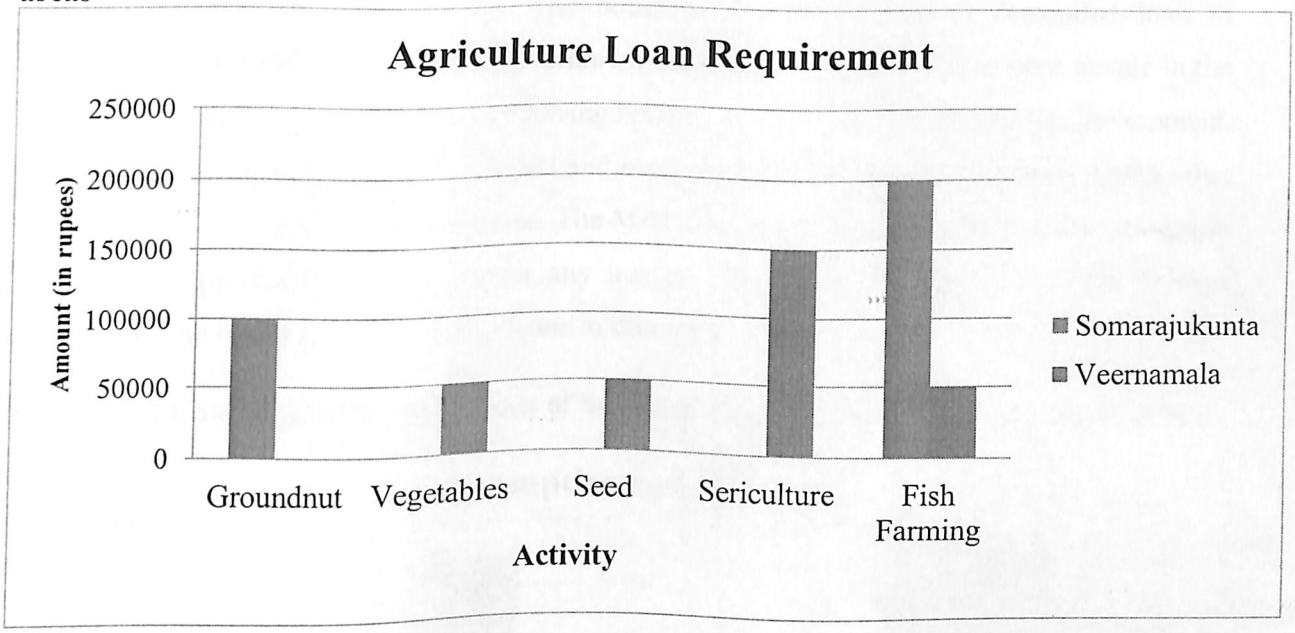
Si. No.	Activities	Somarajukunta			Veernamala		
		Frequency	Amount(Rs.)	Percentage	Frequency	Amount (Rs.)	Percentage
1	Groundnut	1	1,00,000	33	4	2,00,000	40
2	Vegetables	-	-	-	1	50,000	10
3	Seed	-	-	-	1	50,000	10
4	Sericulture	-	-	-	2	1,50,000	30
5	Fish Farming	1	2,00,000	67	1	50,000	10
Total		**2**	**3,00,000**	**100**	**8**	**5,00,000**	**100**

Source: Compiled from the primary data

The above table shows the agriculture needs. Since groundnut is the most common and successful agriculture activity in the Somarajukunta, the farmers are having an own fund for the expansion of groundnut. Due to this the requirement for groundnut is less. The fish farming is another requirement which is new to this area. At present the fish availability is very rarely available in the area, but it poses a huge demand.

The individuals of Veernamala having more credit demand for groundnut cultivation. The farmers are having more trust on Groundnut which provides them a steady income. The sericulture is really is cash cow for this watershed. The people who are already engaged in sericulture activities don't need a loan for expansion since they are having money with them for expansion. Those who asked for sericulture are newcomers who are motivated by the returns from sericulture.

Figure: 5.7 Agriculture Loan Requirementof Somarajukunta & Veernamala watershed areas



f) Consumption of individuals in Somarajukunta & Veernamala watershed areas

It was found that credit for consumption purpose is highly risky as the chance of non-repayment is high and funding to this activity won't generate income and the financial institutions won't easily provide credit for this purpose. Education and house construction & modification are the two activities which are included in it.

Table 5.9 Consumption of individuals in Somarajukunta & Veernamala watershed areas

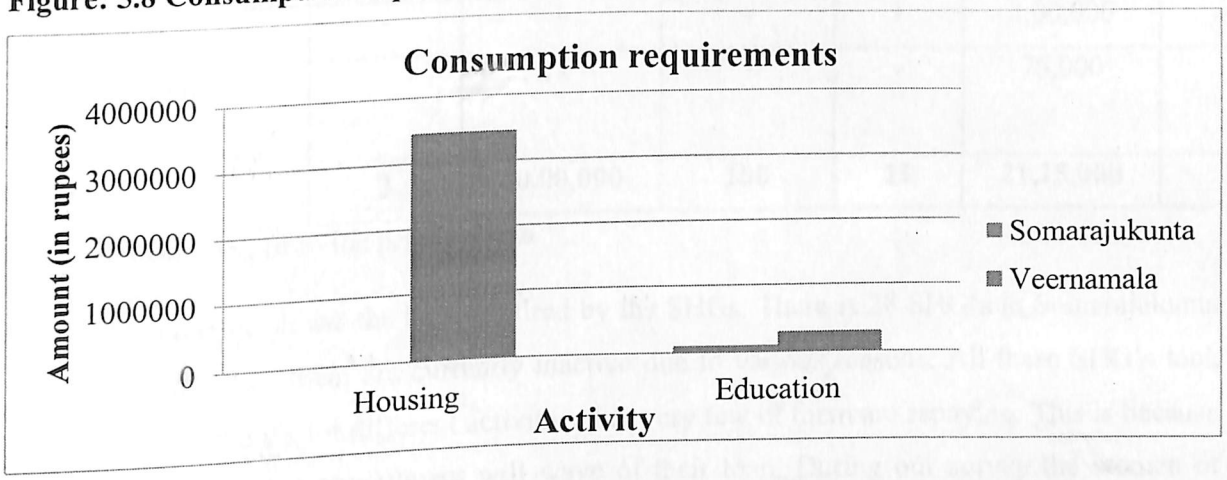
Si. No.	Activities	Somarajukunta			Veernamala		
		Frequency	Amount(Rs.)	Percentage	Frequency	Amount (Rs.)	Percentage
1	Housing	-	-	-	36	34,50,000	92
2	Education	1	1,00,000	100	4	3,00,000	8
Total		**1**	**1,00,000**	**100**	**40**	**37,50,000**	**100**

Source: Compiled from the primary data

In the above table individuals of Somarajukunta demanded for education loan. The people in the watershed give more priority to the education of their children just like MACS. The

MACS gives more priority to education and loan requirement of landless people and emergencies like medical purposes. The housing loan is the highest demanded loan in Veernamala watershed. The Andhra Government constructed house for many poor people in the area. Many people in the watershed are having houses which are constructed by the Government. Few of them were destroyed in the winds and many of them required maintenance. Due to this reason people are demanding more loans. The MACS is not providing credit to the consumption needs of the people since it is not for any income generating purpose. Thus, there is huge demand for the housing and education loans in this watershed.

Figure: 5.8 Consumption requirements of Somarajukunta & Veernamala watershed areas



2. Credit requirement of SHG in Somarajukunta & Veernamala watershed areas

Compared to individuals the groups are found to be better in maintaining and repayment of loan in time as everyone in the group are equally responsible for making payment promptly. And NABFINS is also interested to assist financially for a group rather than to individuals. So this part will to frame the product suitable for the Self Help Groups of both watershed areas.

Table 5.10 Credit requirement of SHG in Somarajukunta & Veernamala watershed areas

Si No	Activities	Somarajukunta			Veernamala		
		No. of groups	Amount(Rs.)	Percentage	No. of groups	Amount(Rs.)	Percentage
1	Livestock Development	2	10,00,000	100	5	13,50,000	64
2	Land Development	-	-	-	'''3	2,40,000	11
3	Agriculture Loan Requirement	-	-	-	1	1,50,000	7
4	Consumption	-	-	-	1	3,00,000	4
5	Water Resource Development	-	-	-	-	75,000	4
Total		**2**	**10,00,000**	**100**	**11**	**21,15,000**	**100**

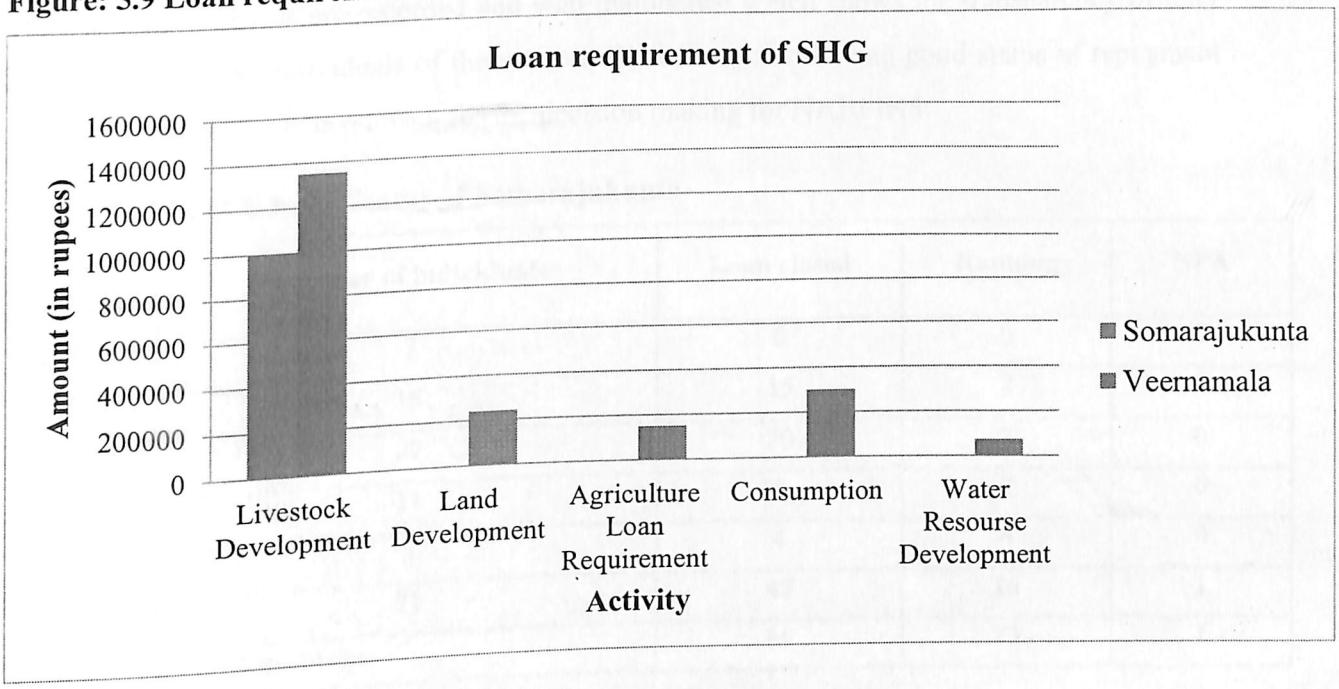
Source: Compiled from the primary data

Above table shows the loan required by the SHGs. There is 28 SHG's in Somarajukunta watershed, but all of them are currently inactive due to various reasons. All these SHG's took group loan from banks for different activities, but very few of them are repaying. This is because of the expectation that government will wave of their loan. During our survey the women of SHG's requested us to not to give them loan because the money will be utilized for some other purpose by other family members. For those who want a loan for cattle asked the possibility of getting the cattle as such instead of money as loan. This is because of the fear of the fear of diversion of funds by their husbands when they get the loan amount. Almost 72 percent of the population asked loan for buying livestock's like Cow, Sheep, Goat, Buffalo and Bullocks. The Self-employment and Microenterprise development is coming next with 23 percent. The agriculture loan requirement is just three percent. The least requirement number of requirements is coming under the category of Water Resource Development.

There are 69 Self Help Groups in this area. The majority of them are not active. We met five SHG's in the area during our survey. Very few of them are engaged in some common group activities. The majority of them formed SHG just for the sake of getting loan from a bank or from other sources. Once they get a loan, it will be divided equally among the members for their

own purposes. But most of them who took loan from these SHG have repaid the amount. The SHG named Bhuvanagiri in Podichenu was once a good group which makes Agarbhathis. The members were so active and all of them were getting a decent income also. But due to the emergence of Agarbhathi making factories in the nearby areas they lost their demand and found very difficult in continuing with the Agarbhathi. The group is not active now and the group members were engaged in some other agricultural activities. They are not willing to start Agarbhathi making again with new machines.

Figure: 5.9 Loan requirement of SHG in Somarajukunta & Veernamala watershed areas



Part C: Risk assessment of Somarajukunta & Veernamala watershed areas

Risk assessment is an important part before going for a new product or new area of business. Here both the watershed area MACS have provided credit from the revolving fund and other source of funds. The repayment status and the purpose for which they have utilized will be helpful for assessing the risk. The age and income source of the individuals who demanded credit are also compared separately for assessing the presence of risk involved with the individuals.

1. MACS Loan Status of individuals in Somarajukunta & Veernamala watershed area

2. MACS loan utilization of individuals in Somarajukunta & Veernamala watershed areas

3. Comparing age with Loan Requirement of the individuals in Somarajukunta & Veernamala watershed areas

4. Income source and loan requirement of the individuals in Somarajukunta watershed areas.

1. MACS Loan Status of Somarajukunta & Veernamala watershed area

In both watershed areas MACS is functioning very efficiently and the revolving fund and other sources of funds are recorded and well maintained which shows the transparency of their functioning. So the individuals of the watershed areas are also having good status of repayment of MACS loan and this is relevant for the decision making for NABFINS.

Table: 5.11 MACS Loan Status of Somarajukunta

Frequency of Loan availed	Number of individuals	Loan closed	Running	NPA
0	7	0	0	0
1	18	15	2	1
2	27	20	7	0
3	11	8	3	0
4	8	4	4	0
Total	**71**	**47**	**16**	**1**
	Percentage	**66**	**23**	**1**

Source: Compiled from field survey

The above table shows the status of MACS Loan availed by the people in the watershed area. The MACS distributes loan from livelihood fund it maintains in the Andhra Pragathi Grameena Bank. It is one of the important sources of credit to the people in watershed areas. Most of them have taken loan for more than one time. Almost 10 percent of the population didn't take MACS loan till the date. During the survey, we found one loan which has become bad for the person who takes the loan expire. From the MACS chairman we came to know that there is three NPA are reported till the date. Except those NPA everything is going well in MACS loan. The MACS loan has to be paid before 5th of every month. If the payment is made after the 5th, the Rs.10 will be charged as fine up to 10th of the same month. Beyond that the borrower has to

pay Rs.100 as fine. Likewise MACS will wait for 3 months to get the payment from the borrower. If a borrower is not paying after 3 months also, then MACS will form a committee and inquire about the reason for due. If the reason is genuine MACS will allow some concession in repayment

Table: 5.12 MACS Loan Status of Veernamala

Status	Frequency	Percentage
Not taken	63	47
Loan closed	57	42
Running	15	11
Total	**135**	**100**

Source: Compiled from the primary data

The table above shows the status of the MACS loan. This is essential to the NABFINS since MACS loan is the largest source of credit to the people. As of now there is only one due to the history of MACS. This is due to the criminal activity committed by the particular individual and the JLG members were not willing to take that responsibility. Except that incident the MACS is enjoying almost 100 percent repayment. This shows the efficiency of MACS as well as the attitude of people.

2. MACS loan utilization of Somarajukunta & Veernamala watershed areas

The loan amount received by the individual through MACS and the activity for which they have utilized is also important to analyze as it reveals the past purpose of loan that they availed.

Table: 5.13 MACS loan utilization of Somarajukunta & Veernamala watershed areas

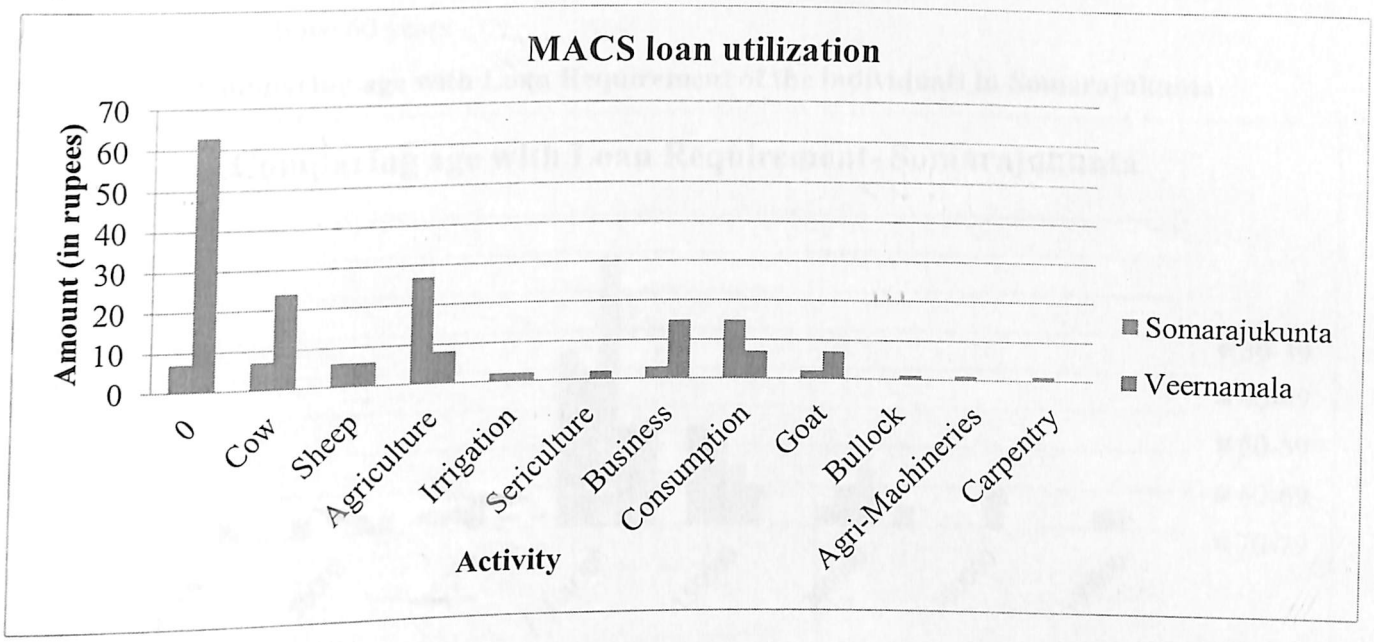
Activity	Somarajukunta		Veernamala	
	Frequency	**Percentage**	**Frequency**	**Percentage**
0	7	10	63	47
Cow	7	10	24	18
Sheep	6	9	6	4
Agriculture	27	38	8	7
Irrigation	2	3	2	2
Sericulture			2	2
Business	3	4	15	11
Consumption	15	21	7	5
Goat	2	3	7	5
Bullock	-	-	1	1
Agri-Machineries	1	1	-	-
Carpentry	1	1	-	-
Total	**71**	**100**	**135**	**100**

Source: Compiled from the primary data

The table above shows the purpose for which MACS granted loans. The MACS granted a number of loans for seeds in the category of Agriculture. This is because of the Committee Managed Seed System (CMSS) program, where every farmer who cultivate groundnut uses the groundnut seeds supplied under this scheme. The consumption is the next important category in which MACS distributed loan. The MACS provides most of the consumption loan for education and medical emergencies.

In Veernamala, the MACS loan was mainly disbursed for livestock development and self-employment. The MACS wants to make their assets secure so that they were giving loans mostly for the income generation purpose which is safe and secure.

Figure: 5.10MACS loan utilization of Somarajukunta & Veernamala watershed areas



3. Comparing age with Loan Requirement of the individuals

Age is consider as a risk factor as some of the individuals with 70 plus aged are demanded credit and by comparing the amount of credit demanded and their age better plans or schemes can be formulated for avoiding risk.

Table: 5.14 Comparing age with Loan Requirement of the individuals in Somarajukunta

Age (year)	Total Loan Required(in rupees)								Total
	No Loan Requirement	50,000	75,000	1,00,000	1,50,000	2,00,000	3,00,000	5,00,000	
30-39	0	1	0	9	5	1	0	0	16
40-49	0	0	0	8	4	2	0	1	15
50-59	0	0	1	14	3	3	2	1	24
60-69	1	1	0	5	2	0	0	0	9
70-79	0	1	0	5	0	1	0	0	7
Total	**1**	**3**	**1**	**41**	**14**	**7**	**2**	**2**	**71**

Source: Compiled from the primary data

The table above shows the credit requirements of the people at different ages. This is important during loan assessment, because aged people are more vulnerable. Large number of

people who have applied for a loan is coming below 59 years of age. It will be risky to lend loans to people who are above 60 years

Figure: 5.11 Comparing age with Loan Requirement of the individuals in Somarajukunta

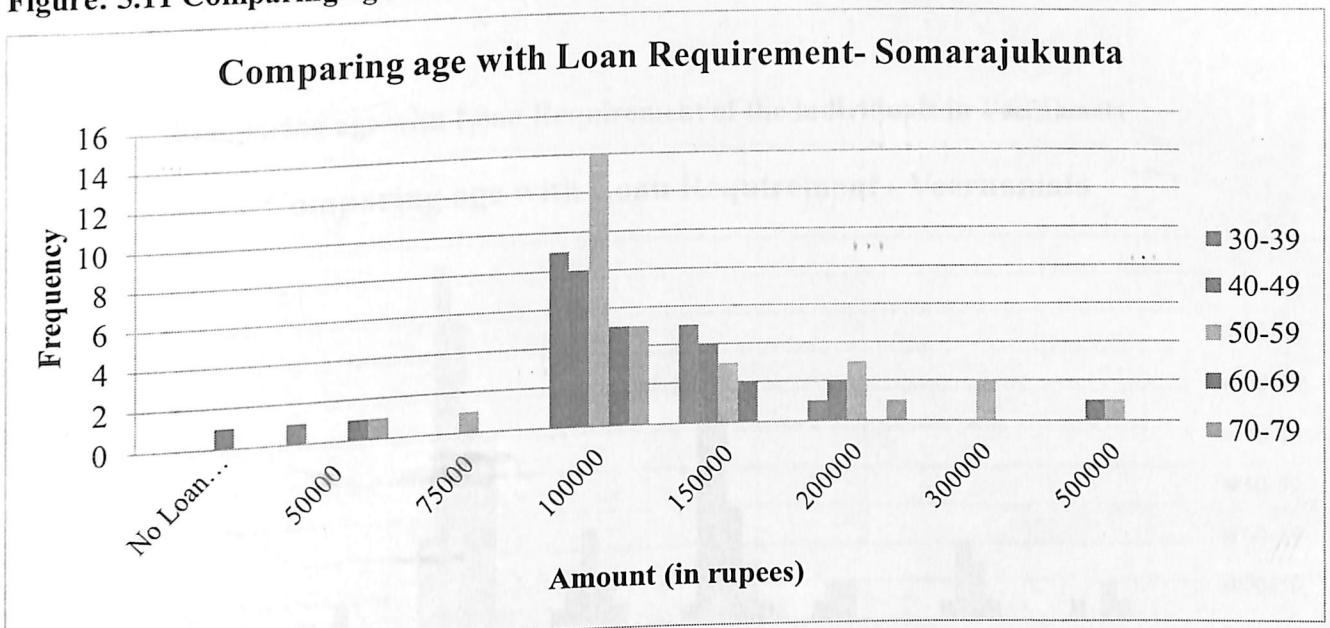


Table: 5.15 Comparing age with Loan Requirement of the individuals in Veernamala

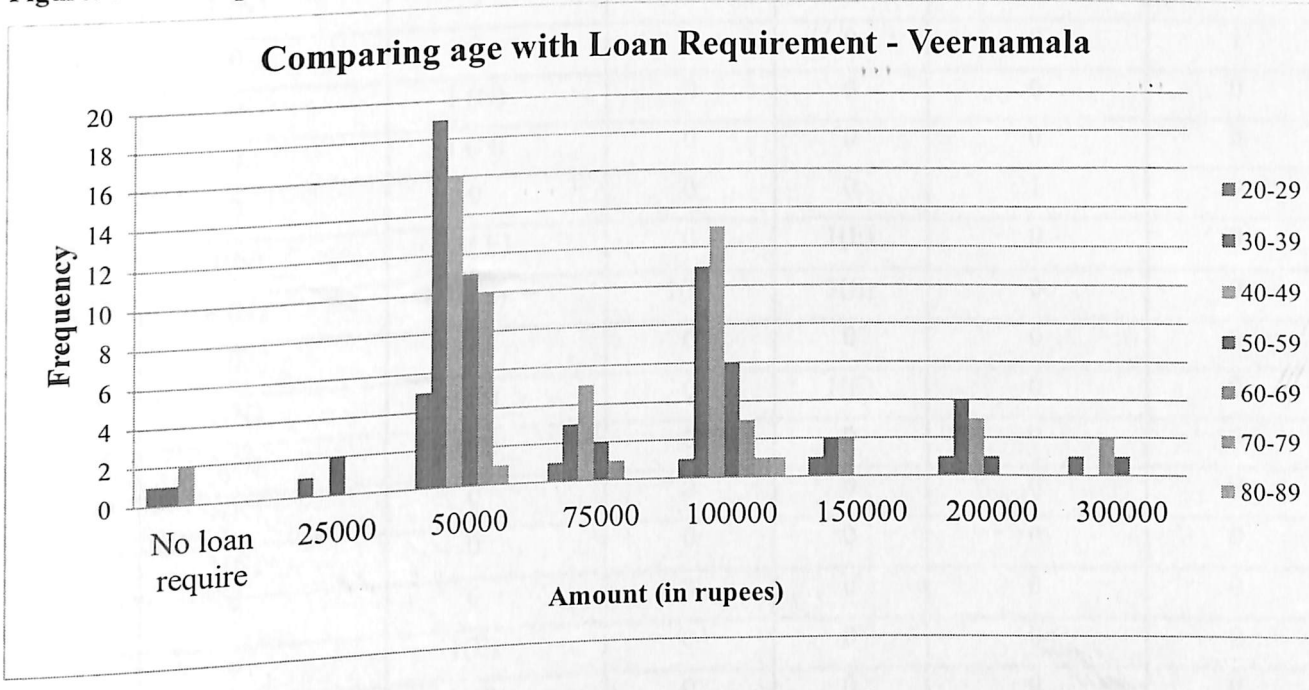
Age	No loan requirement	25,000	50,000	75,000	1,00,000	1,50,000	2,00,000	3,00,000	Total
20-29	1	0	5	1	1	1	1	1	11
30-39	1	1	19	3	11	2	4	0	41
40-49	2	0	16	5	13	2	3	2	43
50-59	0	2	11	2	6	0	1	1	23
60-69	0	0	10	1	3	0	0	0	14
70-79	0	0	1	0	1	0	0	0	2
80-89	0	0	0	0	1	0	0	0	1
Total	**4**	**3**	**62**	**12**	**36**	**5**	**9**	**4**	**135**

(in rupees)

Source: Compiled from the primary data

This table shows the credit requirement of the individuals at different age category. Mainly the loan is demanded by middle aged people who fall below 30-49. The individuals under this category are risk conscious and they are demanding loans worth Rs.50000, 75000 and 100000.

Figure: 5.12 Comparing age with Loan Requirement of the individuals in Veernamala



4. Income source and loan requirement of the individuals in Somarajukunta watershed areas.

This table will help in understanding the details of loan needed for the expansion activities (E) and the loan need for the new activities (N). Lending for the expansion purpose of an individual is safe whereas lending to any activities which is unknown is risky to the business.

Table: 5.16 Income source and loan requirement of the individuals in Somarajukunta watershed areas.

Income source requirement	Labour + Agri.	Labour + Agri.+ Cattle	Business+ Cattle	Labour + Cattle	Skilled work+ Agri.	Labour
Education	0	1 (N)	0	0	0	0
Petty Shop	1 (N)	1 (N)	0	0	0	0
Tailoring	1 (N)	0	0	0	0	0
Basket Making	0	0	0	0	0	1
Store	0	1 (N)	0	0	0	0
Trade	0	1 (N)	0	0	0	0
Service	0	0	0	0	1	0
Cow	1(N)	13(E)	0	1(E)	0	0
Sheep	6 (N)	21(E)	1(E)	3(E)	0	0
Tractor	0	3	0	0	0	0
Bullock	1(N)	1(E)	0	1(E)	0	0
Goat	3(N)	4(E)	0	0	0	0
Piggery	1(N)	0	0	0	0	0
Buffalo	1(N)	0	0	0	0	0
Bore well	1	0	0	0	0	0
Groundnut	0	1(E)	0	0	0	0
Fish farming	0	1(E)	0	0	0	0
Total	**16**	**48**	**1**	**5**	**1**	**7**

Source: Compiled from the primary data

The table above shows the loan requirement and the source of income of the individuals. During our survey 19 people asked for a loan which is new to them and 47 people asked loan for expansion purpose.

Table: 5.17 Income source and loan requirement of the individuals in Veernamala watershed areas.

Income source requirement	Lab +Agri.	Lab + Agri. + Cattle	Bus +Agri. + Cattle	Skill + Agri.+ Cattle	Seri + Lab	Lab+ Cattle	Skill +Agri.	Fish + Flori. + Agri.+ Cattle	Skill+ Agri.	Buss+ Agri.	Buss	Lab
Groundnut	1 (E)	2 (E)	0	0	0	0	1 (E)	0	0	0	0	0
Vegetable	1 (E)	0 (E)	0	0	0	0	0	0	0	0	0	0
Seed	1 (E)	0 (E)	0	0	0	0	0	0	0	0	0	0
Sericulture	1	0	0	0	0	0	0	0	1 (N)	0	0	0
Fish Farm	0	0	0	0	0	0	0	1 (E)	0	0	0	0
Bore Well	1	6	0	0	1	0	1	0	2	0	0	0
Open Well	1	3	0	0	0	0	0	0	0	0	0	0
Drip Irrigation	1	0	0	0	0	0	0	0	1	0	0	0
Cow	7 (N)	16 (E)	1 (E)	1 (E)	1 (N)	0	0	1 (E)	1 (N)	2 (N)	0	0
Sheep	2 (N)	9 (E)	0	0	0	0	0	0	2 (N)	0	0	0
Bullock	1 (N)	0	0	0	0	0	0	0	0	0	0	0
Goat	4 (N)	2 (E)	1 (E)	1 (E)	0	1 (E)	1 (N)	0	0	1 (N)	1 (N)	1 (N)
Land Leveling	3	1	0	0	0	0	0	0	0	0	0	0
Lease Land	0	0	0	0	0	0	0	0	0	0	1 (N)	0
Petty Shop	0	0	0	0	0	0	0	0	0	3 (E)	2 (E)	0
Tailoring	0	1 (N)	0	0	0	0	1 (N)	0	0	0	0	0
Studio	0	0	0	1 (N)	0	0	0	0	0	0	0	0
Stationary	1 (N)	0	0	0	0	0	0	0	0	0	0	0
Store	0	0	1 (E)	0	0	0	0	0	0	1 (E)	1 (E)	0
Hotel	0	0	0	0	0	0	0	0	0	2 (E)	0	0
Mill	0	0	0	0	0	0	0	0	0	0	1 (E)	0
Service	0	0	0	0	0	0	1 (N)	0	0	2 (E)	1(E)	0
Agri.-Mach	0	0	1 (N)	0	0	0	0	0	0	0	0	0

Auto	1 (N)	1 (N)	0	0	0	0	0	0	0	0	0	0
Housing	11	14	1	2	1	2	1	0	2	1	0	1
Education	2	1	1	0	0	0	0	0	0	0	0	0

Source: Compiled from the primary data

The table above shows the individual who demands loans for different activities and their source of income. This will help in understanding the number of individuals who wanted to enter into new activities (N) and those who want expand their existing source of income (E). There are 66 demands for the expansion purpose and 37 people wants loan for new activities. Thus we can say that the Veernamala watershed is quite safer, since lending to new activities are comparatively lesser with the expansion purposes.

Chapter - 6

Summary of Findings and Suggestions

Chapter – 6

SUMMARY OF FINDINGS AND SUGGESTIONS

6.1 Introduction

NABARD is the funding agency for most of the watersheds in the country. Watershed programs were implemented through NGO's and other agency. The ground water level and regularity of water availability and in order to utilize the maximum advantage from these watersheds, people need to expand their agriculture and allied activities. People found difficulties to fill the gap of actual credit requirement and the available credit facilities. The private money lenders are utilizing this as opportunity and exploit the farmers who belong to middle and lower income group. The study entitled "Financing livelihood activities for members in the watershed projects in Somarajukunta and Veernamala watersheds" was undertaken with the objectives to examine the feasibility of NABFINS in financing watershed areas and to identify the credit requirements among the beneficiaries in the selected watershed areas.

A pilot study was conducted to acquire brief details regarding the functioning, benefits and importance of watershed activities. The credit requirement was collected from two categories viz., from individuals and groups and the analysis was undertaken in two stages i.e., credit analysis and risk assessment. The required information was generated by personal interview, focus group discussion with individuals, SHG's, Mutually Aided Cooperative Societies (MACS), Village Watershed Development Committee (VWDC) and Manager of Andhra Pragathi Grameena Bank. Personal interview was conducted among 71 individuals representing their families out of 270 families and focus group discussion was administrated to collect data from 3 SHG's in Somarajukunta watershed and 135 individuals representing their families out of 1173 families and 5 SHG's out of 69 SHG's in Veernamala watershed. The collected data were analysed with the help of simple statistical tool i.e., percentage analysis. The study conducted to explore the opportunity and feasibility of NABFINS to start financing in new area i.e., watershed areas. The findings may helpful to the policy maker and management of the NABFINS to adopt appropriate strategies for utilizing opportunity.

6.2 PART A-SOMARAJUKUNTA WATERSHED

6.2.1 Findings

1. Majority of the respondents demanded loan for income generating activities like Agriculture, Sheep rearing, Dairy etc.
2. As the water availability and storage capacity enhanced, that resulted in second cropping of Paddy, which is widely used for own consumption.
3. From the socio-economic profile of the respondents it was found that majority of the families having good cash flows, which will ensure proper repayment.
4. Every family in the watershed is having a bank account and majority of the respondents maintains their account in Andhra Pragathi Grameena Bank (APGB)
5. About 99 percent of the respondents repaid the loan which was taken from MACS
6. The Private money lenders in the region are charging high interest rate
7. The MACS is ready to provide any help to NABFINS in starting Ultra Small Branch (USB) in the watershed and willing to lend their committee office as a temporary setup for NABFINS
8. MACS, the only source of credit to the individuals with normal interest rate. But it carries more interest than what NABFINS offers and interest rates and processing fees in MACS. The loan amount up to Rs.10,000, between Rs.10,000 to Rs.25,000 and more than Rs.25,000 the interest rate is 12%, 15%, 18% respectively with 100, 200, 300 as the processing fees respectively.
9. There is more credit available to the people in this watershed. They are from MACS, SHG, Crop Loan, BC Loan etc.
10. The possibility of diversion of funds is comparatively high since there is no coordination among different agencies.
11. The credit availed by the SHG are not yet repaid and this was mainly because of the expectation that government will waive their groups loan.
12. Many of the farmers are struggling to find markets for their products, especially dairy farmers. This will affect the cash flows of those individuals.
13. Through logical interpretation most of the respondents are exaggerating their credit requirement

6.2.2 Suggestions

1. It will be difficult for the NABFINS to start its operation in the Somarajukunta watershed without the support of MACS. Because MACS is having a good influence among the people of the watershed, which is highly essential for the disbursement and recovery of loans. It is recommended NABFINS to use the support of MACS for a period of minimum 5 years in order to get a good influence among the people. MACS offered full support to NABFINS to start its operating in the watershed. They even allowed to use the MACS building for the operations of NABFINS
2. The area of operation and scope of expansion is very limited in Somarajukunta since there are only 270 families in 4 habitations. Due to this reason it is better to lend loans to the people outside watershed to get a good business
3. For those who asked loans for the cattle rearing purpose are willing to take insurance also. If NABFINS able to collaborate with some insurance company it will be useful for the farmers as well as the NABFINS.
4. It is better to give the cattle to the people who ask for cattle loan rather than lending in cash. This will avoid the diversion of funds, and can assess the actual requirement
5. Most of the people in the areas required godown facilities for the safe storage of their agriculture products. Some people in the watershed area are willing to give land also for the godown facility. If NABFINS can fund those requirements, it will help the farmers to sell the products at a higher price and NABFINS can earn a regular income in the form of godown charges.
6. The infrastructure facility especially transport facility in Somarajukunta watershed areas is very poor and it is mostly affecting the dairy and vegetable farmers. One B. Tech graduate from Kuntlavaripalle habitation is willing to start a logistic business in the future to cater this problem. The NABFINS should encourage and fund him for starting this business. This will help the dairy and vegetable farmers in getting more revenue. This will create more demand for Cattle loans in future. Thus, it will help both NABFINS as well as the people of Somarajukunta
7. It is better to lend those who are having a clear track record of loan repayment. Don't lend loans to any person in a family which is already having a loan from any other sources. Suppose an individual from a family is applying for a loan, then we have to

check the loan status for the entire family. If any of them is having a running loan, then it is better to avoid those loan requirements or else we have to put a condition. This will prevent the loan diversion to higher interest loans.

8. Many individual asked loans for activities which are new to them. To avoid risk it is better to provide some training facilities on those activities
9. If the person who is more than 60 years of age, demanding for a loan. Then it is better to provide credit by finding someone else in the family who are younger. This will reduce the risk and ensure safety of funds

6.3 PART B – VEERNAMALA WATERSHED

6.3.1 Findings

1. The credit requirements of the respondents are very urgent. So NABFINS can get a good business in the initial year itself
2. The majority of the respondents responds that their cash flows increased after the implementation of watersheds
3. There is 100 percent repayment among individuals as well as groups
4. The credit requirements of the respondents are comparatively high and this resemble the good quantum of business
5. The large population in this area which shows business opportunity for NABFINS
6. MACS is the main credit source available for the people in the watershed. Other financial institutions are far from the watershed.
7. Large Number of people in the watershed knows Hindi, Telugu and Tamil.
8. MACS is willing to provide any help including the promotion of JLG's, Organizing awareness meetings and willing to provide their committee building as a temporary office during the operations of NABFINS
9. The water availability is comparatively good, which help the farmers in getting more yield
10. The credit demanded by the respondents is for diverse purposes like livestock development, consumption, self-employment & micro enterprise development etc. hence this will ensure diversification of risk for the business
11. The credit available with the MACS for lending is very limited to cater the needs of the entire population

12. There are families which still don't have any account in banks
13. The watershed is located in a remote area which is difficult to access. There is no road connectivity to many habitations in the watershed. Very few transportation facilities are available for this area
14. The migration rate in this area is high. As per VWDC & MACS young population are moving to Bangalore, Chennai and Kerala for finding better job and for ensuring better standard of living
15. Majority of the respondents are demanded for consumption loans
16. The income level of the people is still below even though watershed enhances their income
17. KCC is not known to many people and those whose knows are having trouble with the title deeds of land
18. The people are expecting 12 percent interest rate for the credit since the MACS is lending at the same rate

6.3.2 Suggestions

1. The MACS is having 100 percent repayment on their lending's mainly because of the personal relationship or influence among the people. Thus, it is very much essential for NABFINS to establish a personal relationship. Due to this we recommend NABFINS to use MACS as a B&DC model.
2. The MACS is providing loans at a rate of 12 percent. Due to this people are demanding loans with the same interest rate. So it is better to start lending at a reduced rate initially in order to get the best response and NABFINS can increase the interest rate after 6 – 12 months. This concession should not be allowed to the housing requirements.
3. .Even though Andra Pradesh government is supporting the people by the house construction programs and micro irrigation programs. The people in the watershed are demanding more loans for the same. Thus, there is a good chance for diversion of funds. To prevent this proper loan appraisal should be done
4. Identify the potential groups by analysing their previous loan repayment status
5. The MASS with the help of the farmers is planning to start some Farmer Producer Organizations. This will help the poor to sell their agricultural products at a higher price

in the market without any intermediaries. If NABFINS can fund those kinds of organizations or companies, it will be useful to both the parties.

6. The migration rate is high since many are going far-off places for jobs. So it is better to create a JLG group with their own relatives and friends if they want to take loans for livelihood purpose.
7. The repayment capacity of the people should be considered before lending loans.

6.4 CONCLUSION

The watersheds in the country are essential for addressing the future adverse climatic conditions. The Government, NGO s, and many other organizations and departments are keen in constructing watersheds. But there are no regulatory departments to monitor the development and functioning of watersheds. Due to this many watersheds become unsuccessful and people are not getting any benefit by those watersheds. Thus the government should take steps to monitor the watersheds more than funding the watersheds. Even though there are many funds available for the watershed construction, there is nothing available for the livelihood enhancement of the people in watershed. The livelihood enhancement of the people in watershed area is essential for the overall development of the watershed area. Thus it opens a huge opportunity to Micro Financing Institutes like NABFINS to enter in watershed areas for small scale lending's.

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Appendix

APPENDIX

COLLEGE OF CO-OPERATION, BANKING AND MANAGEMENT

KAU, VELLANIKKARA

Financing livelihood activities for member in the watershed projects in Somarajukunta and Veernamala watersheds

Interview Schedule to the individuals of watershed

1. Name of the watershed:
   State: District:
2. Name of the farmer:
3. Age:
4. Sex:
5. Education:
6. Name of the village:
7. Contact Number:
8. Economic Status
   APL ☐ BPL ☐
9. Annual income:
   <20K ☐ 20K-35K ☐ 35K -50K ☐ 50K-75K ☐ 75K-100K ☐ 100K-150K ☐ >150K ☐
10. What are the sources of Income?

Si. No.	Category	Source/Institute	Earnings	Satisfaction

11. Monthly Expenses

Sl. No	Expense	Purpose	Amount
	Recurring		
	Non-Recurring		

12. Number of family members
    - Head of the family-
    - Dependent-
    - Non-dependent-

13. Do you have any insurance coverage?

Sl.No.	Type of Insurance	Insurer	Insured item	Premium	Period	Satisfied	
						Y	N

14. Do you have electricity connection?

15. Electronic appliances?

Sl. No.	Particulars	Yes	No	Wish To Have
1)	Television			
2)	Mobile Phone			
3)	Refrigerator			
4)	Mixy / Grinder			
5)	Washing Machine			
6)	Iron box			
7)	Motor Pump			
8)	Fan / Cooler			

16. What is the type of your house?
    RCC ☐ Tiled ☐ Thatched ☐ Other .....
17. Would you like to get fund for modification or maintenance of your house?
    Yes ☐ No ☐

18. Do you have a bank account?
    a) If no, reason for not having a bank account?
    b) If yes, specify the name
    c) Do you have ATM card?

    d) Frequency of Visit to Bank?
    e) How many members in your house have bank account?
    f) Satisfied with the service from Bank?

19. Do you have a KCC?
    If Yes, Which bank?
    Amount:
    Repayment status:
    If No, Reason

20. Did you find this watershed useful or not? Yes ☐ No ☐
    a) If Yes, What all are the benefits?
        I. Employment opportunities -
        II. Irrigation -
        III. Water availability -
        IV. Agriculture expansion -
        V. Any Other.....

21. Which of the following documents do you have

Sl.No.	Documents	Yes	No
1	Aadhar		
2	Election I.D.		
3	Ration Card		
4	Driving License		

22. Did you ever avail any term loan?

a) From what source?

b) What is the time gap in sanctioning loan?

c) Did you find any difficulty in getting loan?

d) Loan Details

Sl. No	Institution or Source	Loan amount	Int.%	Purpose	Security	Period	Actual requirement	Repayment status

If borrowed from banks, which of the following reasons led to this choice?

i. Low rate of interest

ii. Was offered/arranged by the banks

iii. It is easy

iv. Trustworthy lender

v. If others, (please specify) _____

If No, What are the reasons for not getting loan from bank?

23. Did you take loans under livelihood component of Watershed?

Sl.No.	Loan amount	Interest rate	Purpose	Security	Period	Actual requirement	Repayment status

a) Did you find any difficulty in getting revolving fund?

24. Are you a member of any of the Committee, Groups, Club etc. in the village?

Sl.No.	Type of Body	Name of the body	Period

25. Are you willing to form a group (JLG) to get loans?

26. Occupation:

    1. Non-Agriculture
    2. Agriculture

        a) Total Land Holding: Irrigated : UnirrigatedCultivable Waste:
        b) Sourcesof Irrigation:
        c) Details of agriculture

Sl. No.	Name of Crop	Area under cultivation	Cost/Acre	Total Credit Required
Kharif				
Rabi				
Zaid				

d) Do you have own land or lease land
   - Own land ☐ Area ☐
   - Lease land ☐ Area ☐

e) If leased land
   - Oral/Written Agreement
   - lease rent

- lease period
- Nature of rent payment

Monthly ☐ Quarterly ☐ Half Yearly ☐ Yearly ☐ Seasonally ☐

Others…

f) Machines Used

Sl.No.	Machine	Purpose	Cost	Subsidy	Owned/ Leased	Would you like to buy	
						Y	N

g) Agriculture inputs

Sl.No.	Inputs	Supplier	Cost	Source of fund		Credit gap
				Own	Borrowed	

h) Market source for the agriculture products and its price?

27. Future plan on income generation?

a) Whether you require fund for that purpose?
b) What is your estimated fund requirement?

28. Have you ever attended any training/skill development program?

a) If yes, what is the training is all about?
b) Who conducted the training program
c) How long was the training?
d) Do you think that it is beneficial?

29. Whether revolving fund/bank loan/KCC loan etc. is not sufficient?

30. Details of credit requirements

Sl. No.	Purpose	Total Cost Involved	Farmers Equity	Loan Amount required	Amount to be met from subsidy availed under any scheme (If applicable)
1					
2					
3					
4					
TOTAL					

Financing livelihood activities for member in the watershed projects in Somarajukunta and Veernamala watersheds

Self Help Groups (SHG)

1. Name of watershed :
2. Name of the SHG:
3. Village: Thaluk :

4. Name of organization, which promoted the SHG:

Bank or Financial institution ☐ NGO ☐ Govt.Dept.☐ Cooperative Society ☐

Self ☐ Any other….

5. Total Number of members:
6. Date of SHG formation?
7. Members details

No	Name of Members	Educational Status	Skills Available	Occupational Status*	No of Children		Economic Status of members	
					M	F	BPL	APL

8. Savings of each members:

9. How frequently you conduct the meeting?
Daily ☐ Weekly Thrice☐ Weekly Twice☐ Weekly once ☐ Monthly ☐
Others…

10. Do you maintain any minutes or book of record?

a) If Yes, Which all are the registers/books?
b) Who verify the accounts?
c) Important registers being maintained?
d) Whether auditing is done?

11. What are the economic activities of SHG?

Sl	Group /Common Economic Activity taken up	No of Members taken up the Activity	Average Investment	Average Annual Profit	Remarks
1					
2					
3					

a) What rate you are selling your products?
b) Which all are the markets for selling of produce?

12. Annual return of SHG?
13. Does the group have bank account?
14. Source of Funds

Source of Funds	Name of the Organization or Bank	Purpose of revolving fun/Bank Loan/Cash Credit	Amount received/ Sanctioned	Subsidy /Grant Amount	Loan Amount	Interest rate %	Amount Repaid	Period	Security	Actual Req.
Thrift/Savings										
Revolving Fund.										
Bank Loan										
Total funds										

15. What are the different loans availed by SHG
    a) Max and Min amount:
    b) Security:
    c) Loans details in SHG

Sl. No	Particulars	Numbers
1	No of members who have taken loan	
2	No of members who have taken loans more than once	
3	Number of non SHG persons who received loans	

d) Loan Utilization and repayment

Sl No	Loan Category	Amount	No of members	Repayment status	Rate of Interest
	Consumption Loans				
1	Consumption (Domestic)				
2	Emergencies				
	Farm Sector				
3	Agriculture				
4	Animal Husbandry				
	Non-Farm Sector				
5	Income Generation Activity				
6	Asset Purchasing				
7	Others				
	Total				

16. Number of defaulters and measures of recovery?
17. What is the Cash Credit Limit (CCL) to SHG ?
18. Average credit need for a month?
19. Did you ever conducted or attended any training programs?
    If Yes, Specify the program and its usefulness

Sl No	Name of Trainings	Duration Dates	No of SHG Members attended	Sponsored/conducted by

20. Frequency of Savings
    Monthly ☐ Weekly ☐ Daily ☐ Others…..

21. Are the group members also making Extra saving (Seasonality of income)

22. What all are the future plans of SHG?

23. Do members save in cash or non-cash form
    If Non-Cash, what are the savings in lieu of cash?
24. Any requirement of fund?

Financing livelihood activities for member in the watershed projects in

Somarajukunta and Veernamala watersheds

Implementing Agencies

1. Name of the implementing agency?
2. Name of the WDC?
3. Date of Formation
4. Registered as - Registration Date Registration No.
5. Structure of the Committee?

Sl.No.	Name	Position	Responsibilities	Contact No.

6. Total population :
7. Number of households:
8. How many members in this committee?
   Male ☐ Female ☐
9. Number of farmers :
10. Small and marginal farmers:
11. Area under cultivation:
12. Major crops grown:
13. Number of farmers covered under crop loan: Amount :
14. Number of households involved in non-farm activities :
15. Major non-farm sector activities, if any, in the village :
    {Dal/oil mills, artisans, handlooms, housing, processing, etc.}
16. Service sector activities in the village :
    {Small shops, petty trading, kirana stores, hotels,
    saloons, tailoring, carpentry, mechanics, etc.}
17. Number of SHG :
18. Number of user group :
19. Number of labour group :
20. Other groups, if any :

21. Number of deposit accounts : Amount :

22. Number of loan accounts : Amount :

a) How much is found to be NPA?.....Amount :

23. What are the books maintained?

24.

Sl No	Names of the books /Ledgers	Yes	No
1	Admission Book		
2	Minutes Book		
3	Attendance register		
4	Cash book		
5	General ledger		
6	Savings ledger		
7	Loan Ledger		
8	Bank pass Book		
9	Individual Pass book		
10	Receipt Vouchers		
11	Stock book		
12	Any other (specify)		

a) Who maintains the book?

b) How frequently auditing is done?

Monthly ☐ Quarterly ☐ Half yearly ☐ Annually ☐

c) Who is auditing the books of account?

25. Construction of Watershed

Sl.No.	Funding Agencies	Intermediaries/Implementing Agency	Phase	Grant /Loan	Amount Sanctioned	Amount Received	% of Completion
Total							

26. Supervisor/ President of the committee:

27. How frequently you conduct the meeting?

Daily ☐ Weekly Twice ☐ Weekly Once ☐ Monthly ☐ Others….

28. Common place for meeting?

29. Revolving fund

Sl.No.	Agency	Contribution to Revolving Fund	Grant/ Loan
Total			

30. Loan Disbursements

Sl No	Loan Category	Amount	No of members	Repayment status	Rate of Interest
	Consumption Loans				
1	Consumption (Domestic)				
2	Emergencies				
	Farm Sector				
3	Agriculture				
4	Dairy				
5	Sheep and goat				
6	Poultry				
7	Fisheries				
8	Plantation and horticulture				
9	Pump sets or pipelines				
10	Farm machinery				
11	Others, if any				
	Total A				
	Non-Farm Sector				
12	Dal/oil mills				
13	Artisans				
14	Handlooms				
15	Pottery				
16	Processing activities				
17	Carpentry				
18	Tailoring and garment making				
19	Other activities				

	Total B				
	Total				
20	Small shops				
21	Petty trading				
22	Vegetable/ fish vending				
23	Saloons				
24	Autos				
25	Mechanics/repairs, etc.				
	Total				

31. What all are the highly demanded loans?

32. Do you have any financial support from other trusts/MNC as part of their CSR activity?
    - If yes, specify the name:
    - Amount received:
    - Purpose for which it is given or utilized:

33. Details of economic activities among members of committee?

Occupation	**Products/Services**	**Quantity**	**% of population**
Agriculture	Pulse		
	Cereals		
	Vegetables		
	Fruits		
Non- Agriculture			
Self Employment			

34. Did the farmers go for second cropping?
35. Cropping pattern?
36. Bank account of the committee?
37. How far is bank from committee office?
38. Which all are the banks and financial institutions nearby?

39. What is the agriculture inputs commonly needed among members?

Sl.No.	Inputs	Cost	Supplier

40. What are the sources of funds?

Sl.No	Source of Fund	Name of the Organization or Bank	Purpose of Grant/Loan	Amount received/ Sanctioned	Subsidy /Grant Amount	Loan Amount	Interest rate %	Amount Repaid
1	Thrift/Savings							
2	Revolving Fund.							
3	Bank Loan							
4	External Funding							
5	NGO support							
6	Govt. Agency							
7	Any others							
8	Interest charged on loans to mbers							
	Total funds							

41. Details of lending

Sl.No	Type of Loan (Purpose)	Amount		Interest rate	Securities	No of people taken
		Max	Min			

a) What are the parameters used to assess the actual requirements?
b) For what purpose loans are most commonly disbursed?
c) Number of defaulters?
d) What are the procedures for recovering loan amount?

42. Water requirements at different periods?

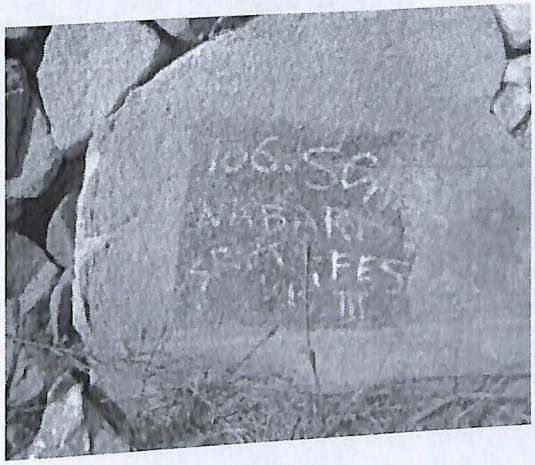
Period	Avg. Rain	Avg. water requirement	Agriculture activities during the period

43. What all are the services provided by the committee to its members?

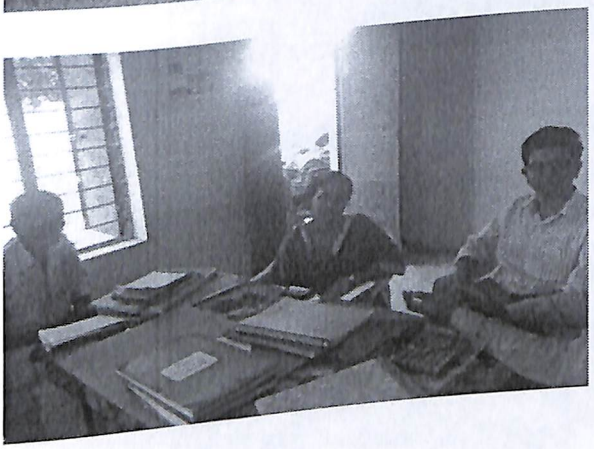
44. If NABFINS come here, how can you help us?

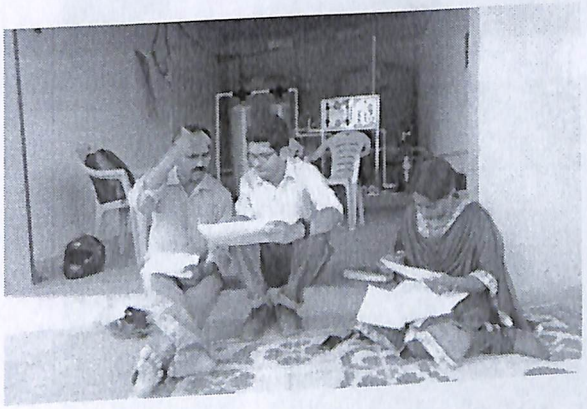
Field visits, personal interviews and focus group discussions

Watershed activity



Somarajukunta watershed area





Veernamala watershed area