

Annual Progress Report

2014 - 2015



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1.0. Financial Services for Migrant Households

Labour migration has emerged as a major livelihood strategy in south Rajasthan. Growing agricultural distress and limited local employment opportunities have led to young men migrating to cities through their social networks in search of a livelihood. The most common destinations include Ahmedabad, Surat, north Gujarat and Maharashtra. Such migrant households are affected by seasonal fluctuations in income, cash flow volatilities at source, high initial costs of migration and an inability to tide over risks such as death, disability, illness and old age. In response to their growing financial needs Rajasthan Shram Sarathi Association (RSSA), a section 25 company, was established in 2007 as a Migrant Financial Services Institution. Shram Sarathi's vision is *"to become a leading agency working towards ensuring secure, dignified lives of communities dependent on migration and labour"*. This vision is realised through the following mission:

- To enable financial inclusion of communities dependent on migration and labour via provision of financial services so that they are able to increase incomes, manage cash flows, and reduce the cost of migration
- To establish a sustainable model that will serve as a glass house for financial service providers to engage with migrants

Shram Sarathi seeks to achieve its goal of improving the economic well-being of migrant households through two key approaches – (i) delivery of financial services such as savings, credit, insurance and pension and (ii) delivery of financial literacy and counselling through the Samrudhi programme. Both approaches complement each other in enabling financial inclusion of migrant workers.

2.0. Major Highlights of the Year (April 2014- March 2015)

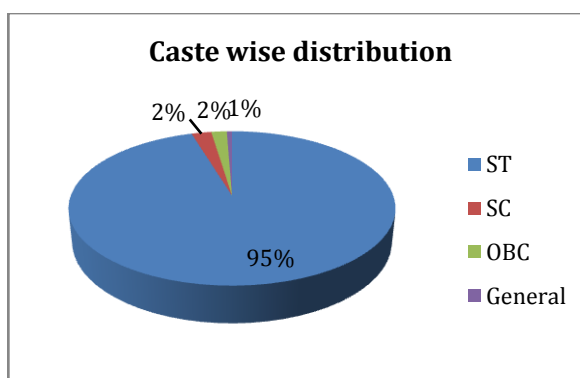
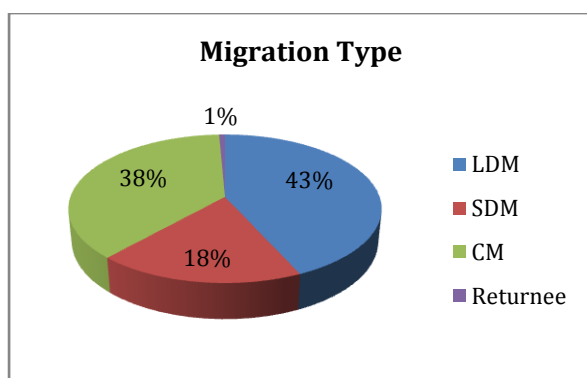
The year 2014-15 has been a period of steady growth for Shram Sarathi in its existing branch locations of Gogunda and Salumbar. After a measured beginning of Salumbar branch in 2013-14, the operations gained pace in 2014-15 and were stabilized in two zones. Across both branches, there was an increase in the uptake of the Swavalamban pension scheme as a result of improved outreach and counselling services. During the financial year 2014-15 Shram Sarathi also explored the demand for housing and savings products among migrant communities. Another new area of exploration has been the role of technology in delivering financial services efficiently. The recruitment of a General Manager during the previous financial year has provided much needed leadership support to the branch operations of Shram Sarathi. During this period, Shram Sarathi also launched its own website www.shramsarathi.org. 2014-15 has been a significant year in forging key partnerships with varied institutions, which has created greater recognition of Shram Sarathi's unique model for seasonal migrant communities.

3.0. Credit services for Migrant Households

Shram Sarathi's credit service for migrant families has witnessed steady growth in the previous financial year. A total of 1591 loans amounting to Rupees 1,32,65,500 were disbursed to migrant families. As a result of significant feedback received from existing credit customers of Shram Sarathi, the ticket sizes of loans across loan cycles were raised during the previous year. Thus the initial loan amount that a migrant family may avail has been raised from 5000 to 7500 rupees.

Particulars	2013-14	2014-15	% Change
Number of Disbursements	1176	1591	35%
Amount of Loans Disbursed	89,55,500 Rs.	1,32,65,500 Rs.	48%
Average Ticket size	7,615 Rs.	8,337 Rs.	9%
Active clients as on March 31	1148	1793	56 %
Outstanding Portfolio as on March 31	68,39,921 Rs.	93,03,022 Rs.	36%
PAR. (%) [>30 days]	1.12 %	0.61 %	- 45%

During the year 2014-15 61% of loans were disbursed to long and short duration migrants who remain absent from source for relatively longer periods of time. 69% of the customers were daily wage labourers and contract labourers, while 95% of the customers belonged to scheduled tribes.



There have been several significant changes in the borrowing behaviour of customers. The following table summarizes changes in loan utilization since the previous year:

Loan Purpose	2012-13(%)	2013-14 (%)	2014-15 (%)
House Repairs and Construction	40%	53%	54%
Agriculture and Allied activities	18%	22%	16%
Repayment of Old Debts	24%	13%	17%
Enterprise Promotion	11%	7%	8%

Operations data of the last three years indicates that there is a significant rise in demand for housing loans, from 40% in 2012-13 to 54% in 2014-15. At the same time, distress borrowing for repayment of old and expensive debts has seen a slight decline in the last 3 years. As a result of these trends in the field, Shram Sarathi engaged interns



from XIMB in the previous year to further study the demand for housing loan products. While an initial assessment of housing needs in the region was conducted, a more detailed inquiry to inform new product design shall be conducted in the coming year.

In 2014-15, there have been noteworthy efforts in recruiting and training of

Financial Service Officers (FSOs) who have created a strong middle management cadre at the branch level. Such investment in mentoring FSOs has enabled greater support to Branch Managers and Financial Service Providers (FSPs) as well as stability of branch teams. Certain operational decisions have also helped improve the efficiency of our work. For instance, collection dates across zones were realigned in order to complete collections before the 10th of each month. This has now provided more dedicated time to source new customers while also helping us manage internal cash flows more effectively.

With two zones in Salumbar maximising operations, cross-learning opportunities between the Gogunda and Salumbar branches were created in the previous financial year. Such an exercise has enabled teams adopt best practices from each other and has also improved motivation levels of high performing team members.

Freedom from debt...



Tila ram Gameti, 28 years a resident of Gaayfal village in Sayra is the main bread earner for his family of six. His elderly father occasionally works on local soapstone mines and earns around 150 rupees a day.

As a teenager, Tilaram had first migrated to work as a sari cutter in Surat's textile markets, where he earned 1000 rupees a month. 5 years later, he left for Daman to work at a plastic manufacturing unit for 5000 rupees a month. 6 years later, his wife and mother both fell ill and he had to abruptly leave his job and return home. After 2 months when he went back to

the factory, he was denied work. Since he did not even have enough money for a return journey home, he found work at a small canteen in the same area. This was the beginning of a string of unfortunate events for him and his family. 7 months later, his mother was yet again critically ill. He returned home and spent all his earnings on her treatment, inspite of which there were no signs of improvement. He struggled to find work locally but only managed to find work as a helper in a small restaurant 10 kms. away. 4 months later, he had to let go of this job as well to tend to his mother's health.

He was thus compelled to borrow from a local moneylender, a Soni, where he had to offer 200 grams silver as collateral for a 3000 rupees loan at 5% monthly interest. He admitted his mother in a hospital in Udaipur where he was informed that she required a hysterectomy. For this purpose, he borrowed yet again from another moneylender. Here he had to offer his wife's 14 gram gold nose ring as collateral for a 5000 rupees loan at an outrageous interest rate of 20% per month.

He soon learnt about Shram Sarathi's micro-loan service in his hamlet and approached the FSP in his area. He wished to repay both moneylenders, release his silver and gold jewellery and relieve himself of a huge future liability, which he was sure he would be unable to service. Shram Sarathi also learnt that Tilaram had a bank account with savings of 3000 rupees, but it had been deactivated and Tilaram had assumed that his money had sunk. The local Shram Sarathi team helped him activate his bank account and access it and also sanctioned a loan of 7000 rupees. Tilaram quickly repaid both his loans to the moneylenders, recovered his jewellery and resumed work locally.

A few months later, he slipped from a hill top and fractured his right hand and ankle. He spent much of his earnings being hospitalized for 12 days. However, he was able to reschedule his repayment installments with Shram Sarathi since this was an exceptional circumstance. He now plans on migrating back to Gujarat where he can earn better wages for his family. In the meanwhile, his father has been supporting the day to day needs of the household.

The journey from money to wealth...

Takhta ram Gameti, 43 years, is a returnee migrant from Diyaan village, Gogunda. He used to migrate to Mumbai, however returned home due to his wife's prolonged illness. While he decided to work on local construction jobs, his son migrated to Surat to work as a helper in a canteen.

Takhta ram is able to earn 4000 rupees a month for 8 months in a year through erratic construction jobs in nearby panchayats. He had twice availed loans from Shram Sarathi in the past. The first loan was to make simple house repairs just before the monsoons, while his second loan was taken 7 months ago to purchase seeds for a type of cattle feed grass, locally known as 'rajgaa'.

An upper caste acquaintance owns 15-16 bighas of land in his village for whom Takhta ram works on a sharecropping basis. Takhtaram receives 50% of the crop. He only used to cultivate regular food crops since he had no initial capital to invest in crops with expensive seeds like rajgaa. Thus, when he had access to a 10,000 rupees loan from Shram Sarathi, he invested it purchasing in rajgaa seeds and fertilizers. Takhtaram had decided that he would sow crops that were easier for women to cultivate so that his wife and daughter-in-law could engage in such work while he could focus on earnings from construction.



He prepared 80 plant beds of rajgaa and sold the final produce for 300 rupees per bed, raking in 24,000 rupees in revenue. On the rest of the land he also cultivated wheat, mustard seeds and chick peas. He has been able to produce 10 sacks of wheat, 6 sacks of chick peas and 4 sacks of mustard seeds. After dividing up all the produce with his landlord and deducting the cost of inputs, he will be able to generate a total of 25000 rupees in profits this year from agriculture alone, thus resulting in a significant rise in his family's income. The rajgaa crop that he has sown this year will continue to give him returns at least for the next 3 years without the need for any fresh investments or sowing.



When asked how he will utilize his earnings, he says "My family is growing and needs a safe home. I'll invest the money in building a bigger and safer home". When the Shram Sarathi team visited his home, they noticed the poor condition that it was in, with gaping holes in walls and no permanent roof and just 2 small rooms housing 7 family members. Thus Takhta ram will be able to make much needed repairs and construction of his home due to his increased earnings this season.



4.0. Samrudhi: Financial Literacy, Counselling and Services for Migrant Households

Shram Sarathi has endeavoured to provide a whole suite of financial services keeping in mind the short term and long term goals of migrant families. For this purpose Shram Sarathi has strived to source newer social security products and encourage formal savings among migrant families. A financial literacy programme with interactive tools and exercises also forms an integral part of Shram Sarathi's offering.

Financial Literacy and Counselling

Financial literacy meetings comprising of information of various products, personal household financial planning and wage calculations were conducted by Shram Sarathi teams. A total of 365 financial literacy meetings on various topics were conducted across Gogunda and Salumbar, reaching out to nearly 7200 participants in 2014-15.

Women's Savings groups

The women's savings groups called *Gullak Bachat samooths* were a pilot initiative undertaken by Shram Sarathi in 2011. This has now grown into a popular savings programme for women from migrant families. The tag line of this initiative is "*Gullak thaare paas, chaabi mhaare paas*".

At present there are groups spread across Gogunda, Salumbar, Kelwara and Aspur. Since the previous year, efforts to converge these savings groups with Aajeevika Bureau's Family Empowerment Programme have intensified with some initial successes. The groups in Gogunda and Kelwara are now independently managed by the respective Aajeevika teams. Given the scale of the programme in Salumbar, the groups are managed jointly by the Shram Sarathi and Aajeevika team in Salumbar. At present there are 39 savings groups in Salumbar comprising of 628 members. 12 new groups comprising of 174 members were added in 2014-15. The average monthly savings of these groups in the past one year were 173 rupees. 385 counselling meetings were conducted with these groups in 2014-15. There is now growing evidence that such savings have resulted in greater expenditures on health and education in addition to bank linkages. In several groups, the social impact has been far greater. For instance, the activity has created a platform for women to interact as a group and discuss common issues faced by them in the village in addition to providing group support in dealing with prolonged male absence.

Social Security and Bank Linkages

Shram Sarathi has been a designated facilitator for the NPS-lite Swavalamban scheme since 2012. While the uptake of old age pension products was challenging at the outset, intensive financial literacy and outreach efforts have now made this scheme popular among unorganised workers in the region. In 2014-15 a total of 1928 new workers were registered under the Swavalamban scheme bringing the cumulative number of customers to 4695. During the period Shram Sarathi also linked 442 workers with micro-life insurance services and facilitated the opening of 199 bank accounts for migrant workers. 10 social security campaigns that were organised in 2014-15 helped improve the outreach of pensions and insurance products to workers in remote villages.



Investing in Skills

Chika ram Meena, 21 years, belongs to a family of six in Ghated village, Salumbar. His father works as an unskilled worker in local construction sites, while his younger brother works as a head loader in Ahmedabad. After completing 12th grade, Chika ram was compelled to migrate to Mumbai due to financial troubles in his family. He worked for an electronic products manufacturing company for six months, but soon returned home since the working and living conditions were adversely affecting his health. Having experienced the hardships of city life as a migrant, he consciously decided to find work near his village.



In 2014, he learnt of the skill training programme at Aajeevika Bureau and enrolled as a trainee under the tailoring training programme. On successful completion of the training, he worked as an apprentice with a local tailor near his village and earned 200 rupees a day. After gaining confidence in his skill and ability to manage customers independently, he approached Shram Sarathi to avail a loan for purchasing his own sewing machine. He had saved up 5500 rupees which he spent along with a loan of 7500 rupees to set up his own tailoring business in his village.

3 months after starting his enterprise, his daily income has risen from 200 to 400 rupees and is also able to save up an additional 300 to 500 rupees per month in his gullak.

5.0. Partnerships & Dialogues

A notable feature of 2014-15 was the development of newer partnerships for Shram Sarathi. During the year, Shram Sarathi partnered with the LAMP fund, Indian Grameen Services and UnLtd. India to further strengthen operations and improve the quality of the portfolio. IGS provided useful inputs in strengthening field operations and financial discipline, while UnLtd.'s inputs focussed on the management of scale. Edelgive Foundation, an older partner of Shram Sarathi helped create platforms for collaborative work with other organisations working in similar development contexts. Edelweiss and IFMR also jointly conducted a swift HR review for Shram Sarathi and imparted valuable information on strategies for recruitment and retention.

6.0. Addressing Challenges and Future Steps

2014-15 has been a positive year for Shram Sarathi with steady operational expansion and growing stability within the team. Some of the challenges around sourcing of newer insurance and savings products however continue to persist. Some attempts have been made in this regard. In the previous year, two interns from XIMB conducted micro studies on the demand for housing finance and credit cooperative societies in Gogunda and Salumbar respectively. Their initial findings can serve as a basis to further explore the need for innovative credit services and savings products. While attempts at convergence have provided some early successes, Shram Sarathi hopes to work more closely with Aajeevika and the STEP academy in formulating newer products suited to our target community. Similarly development of newer financial literacy tools will be the focus in the coming year.

With the expansion of operations and social security outreach, the need for new technologies is now evident. Shram Sarathi's team has initiated a search for new MIS systems, PoS machines and applications to improve efficiency and manage costs as the organisation grows. In addition to newer technologies Shram Sarathi will also have to focus on revising its HR systems to address the concerns of a growing operation.