

Shram
Sarathi



Annual Progress Report

2017 - 2018



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, a section 8 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. Both approaches complement each other in enabling financial inclusion of migrant workers.

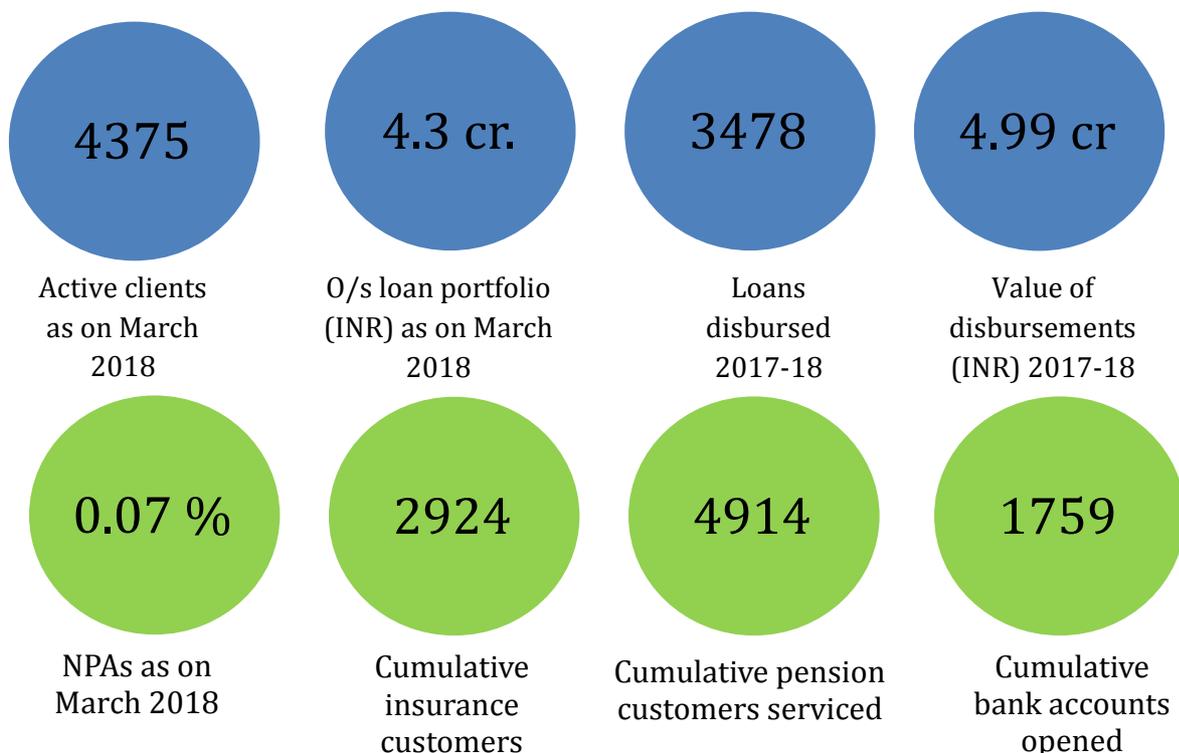
2.0. Major Highlights (April 2017- March 2018)

During the first six months of 2017-18 Shram Sarathi overcame several challenges and emerged stronger. The year began with a national recognition of Shram Sarathi's work at the Inclusion Plus awards organised by Metlife foundation. Shram Sarathi was also one of the winners of the Customer Centricity Challenge 2018 organised by CGAP, Dvara, Leapfrog Investments and SPTF. In the first quarter, expansion plans were temporarily affected due to the challenge in raising debt capital, however towards the end of the six month period several financial commitments were received with promising conversations for the future as well. This created greater momentum in operations and expansion to new geographies. As a result of such expansion, the team size increased during the past 12 months. New operational processes were introduced that aimed to reduce the turnaround time for clients and encourage greater usage of bank accounts. As we expanded our credit services to newer migrant groups, new and specialised needs such as education financing also came to light. The team launched a significant financial literacy campaign on uniformity in KYC documents which has long term benefits for workers and their families to access financial services and other

entitlements. Pilot programs with women entrepreneurs and migrants affected by TB also gained greater momentum and structure during the one year period. An important piece of work during this period was a thorough assessment of Shram Sarathi's suitability to be an NBFC and much needed additions to the MoA to enable smoother scaling up. Towards the end of the financial year, Shram Sarathi forged two new technology partnerships with Dvara solutions and Pay Nearby to enable smoother scaling up and a platform to introduce new digital products for our client segment. In 2017-18, we initiated our engagement with several players in the industry, the most significant being becoming a member of Sa-dhan, a Self-Regulatory Organisation (SRO). This report summarizes our work on the ground in the last one year, its impact on the lives of our clients, new developments, dialogues and future plans.

3.0. Operational Snapshot

Shram Sarathi offers a suite of financial services to seasonal migrant communities. These comprise of credit, life insurance, NPS contributory pension services and an informal savings programme called *gullak bachat*. This is combined with a counselling and financial literacy initiative. A new cash-in, cash-out service was launched in Q4 which is described in subsequent sections of the report. An operational snapshot is provided below:



A total of 3478 migrant families were disbursed loans amounting to 4.99 crore rupees in 2017-18, a 36% rise from the same period in the previous financial year. Of these, 77% of the families comprised of long duration and short duration migrants who are absent from source for longer periods of time; 63% were daily wage workers and contractual

labourers and over 95% clients belonged to schedule tribe communities. During the year, 53% of loans were availed for creation of assets such as concrete houses, silver and livestock; 22% loans were used to free up mortgaged assets such as land and silver from informal moneylenders; 16% loans were utilized for agricultural investments and over 5% loans were utilized for promotion of local enterprises. With 4375 active clients at the end of the year, the overall repayment rate was 97.5% with PAR %(>30 days) at 0.59%. The NPAs are extremely low at 0.07% and is an indication of strong client identification and due diligence processes.

Client demand remained high during this period, however due to shortage of funds for on-lending between May-July, the operations was able to meet only a proportion of the actual demand. With promising lender commitments after August 2017, the momentum in operations picked up during the last two quarters. During the last quarter of the year, Shram Sarathi also established a new branch at Kherwara in Udaipur district and opened up two new zones in Sabla, currently under Salumbar branch. Our presence in Kherwara opens up new opportunities to work with migrants primarily moving to Ahmedabad and north Gujarat, while Sabla demonstrates potential to spin off into a new branch in the near future. After a promising start in the last quarter, these new geographies have begun to contribute significantly to overall operational growth and outreach.

| Particulars | 2016-17 | 2017-18 | % Change |
|--------------------------------------|-------------|-------------|----------|
| Number of Disbursements | 2565 | 3478 | 36% |
| Value of Loans Disbursed | 3,07,20,300 | 4,99,77,500 | 63% |
| Average Ticket size | 11,875 Rs. | 14,370 Rs. | 21% |
| Active clients as on March 31 | 2977 | 4375 | 47% |
| Outstanding Portfolio as on March 31 | 2,39,94,071 | 4,30,94,902 | 80% |

New operational processes were also introduced in the last quarter, the most significant one being the introduction of credit disbursements through NEFT transactions. This has helped reduce the cost and time involved in disbursement processes. More importantly however, it has improved bank account usage among migrant workers and their family members who avail loans from us. This has also created opportunities for helping workers with inactive or dormant bank accounts to reactivate and regularly start operating their bank accounts.

Poorti – Home completion loans

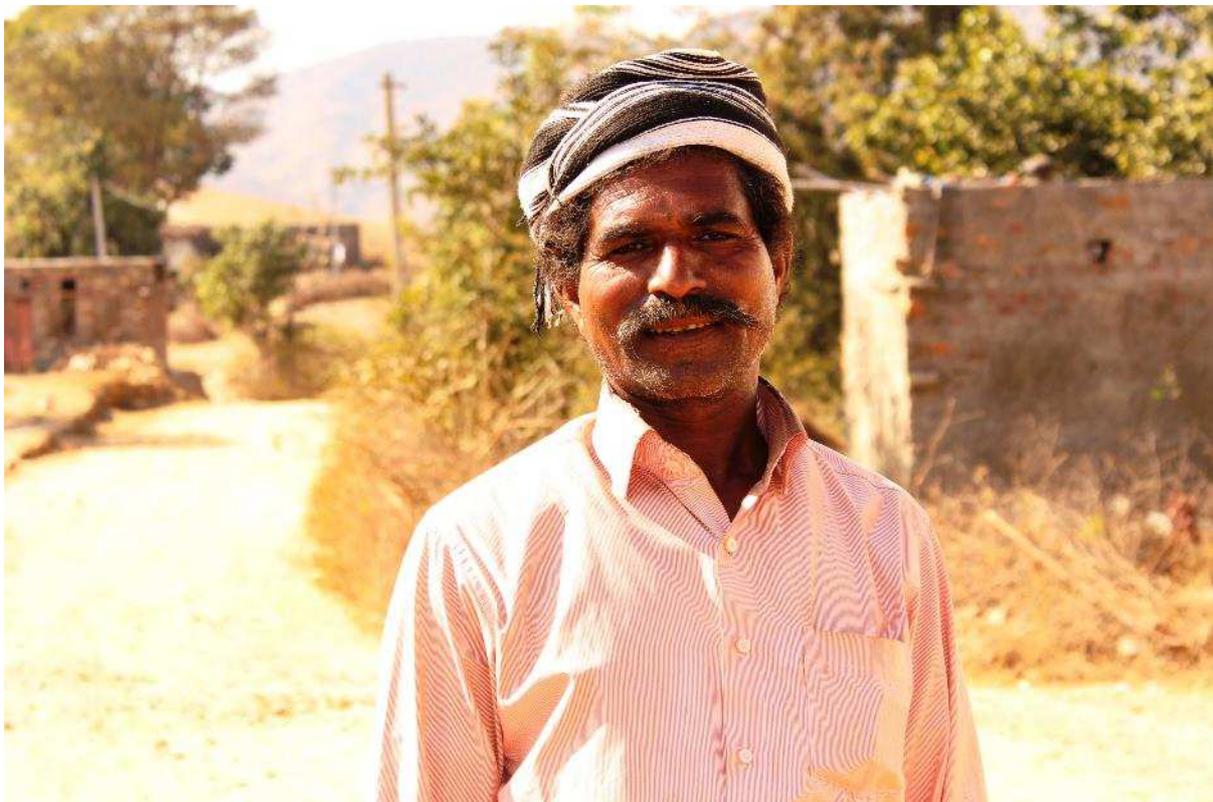
Poorti or the home completion loan product is a credit product ranging from 25,000 – 60,000 rupees to enable workers complete the construction of their house within three months and make it liveable. 35 new clients were disbursed loans under the *Poorti* product during the previous year, bringing the total number of active clients under the program to 87. With over 90% on-time utilization rates, this loan has enabled them to save at least two years' worth of construction time and corresponding increase in costs. The role of the mason here has become quite indispensable and we need to on-board and train more masons for both our branches in Gogunda and Salumbar. We now need to explore savings and health insurance products that will secure their lives during the loan tenure period.

Some operational challenges that we foresee are expansion of an individual large-ticket-size product in a group (JLG) based environment. Clients still shy away from applying for a loan that is two-three times of what they borrow from a single individual/entity. The team is working on improving communications around the product and re-enforce the tranche based structure that breaks down the loan into smaller amounts.



In 2017-18, Shram Sarathi also successfully settled two pension claims amounting to Rs. 18,052. These claims arose due to the death of the pension account holder. 27 insurance claims amounting to Rs. 3,51,709 were settled which included individual life insurance and credit-linked insurance policies.

An important point to note is that the number of female financial service officers has been the highest ever in Shram Sarathi and significant efforts were made to ensure their inclusion and well-being. A forum for female staff members was created during the last year which offers a platform for them to share their experiences working in the field and support each other through their unique challenges.



4.0. Financial literacy

There have been several new developments in Shram Sarathi's financial literacy initiatives. A focus during the previous year was on tapping the wide volunteer base of Aajeevika Bureau to increase the reach of financial literacy messages in some of the most interior regions of south Rajasthan. New financial literacy tools and modules were also tested during this period. We have conducted intensive financial literacy workshops with community volunteers impacting migrant communities across four districts of south Rajasthan.

34 financial literacy workshops were conducted with three different community volunteer groups. These include:

- Para-legal volunteers – This is a cadre of volunteers for Aajeevika Bureau’s legal services having deep roots within the community with relatively better educational levels and skills in delivering technical advice.
- Collective members – These are labour collectives facilitated by Aajeevika Bureau which comprise of workers and petty contractors, who are influencers in their communities.
- *Ujala mitras* – This is a cadre of female volunteers who work closely with Aajeevika Bureau’s Family Empowerment Program (FEP). They work closely with women’s solidarity groups formed by women of migrant households to seek better access to entitlements.



These groups live and work closely with migrant communities living in the hinterlands of rural Rajasthan. Such volunteers are also role models for the community at large. Our belief is that when equipped with the right set of literacy tools and platforms, these volunteers can be a powerful force in building financial literacy and capabilities among low-income migrant communities.

Shram Sarathi’s own cadre of officers that cater to nearly 4500 migrant workers were also part of these workshops. Our officers are from the same region and are role models within their own communities. Training in financial literacy tools therefore enables them to confidently work on building financial literacy and capabilities among clients. During the year, our officers conducted over 61 financial literacy meetings in the community. The team also identified operational processes during which brief, yet impactful financial literacy messages could be delivered to Shram Sarathi clients.



Some financial literacy tools and modules that were tested during this period are given below:

- A credit agreement tool – Migrant families in the region often avail bridge loans from moneylenders without any formal documentation. Our tool enables them to track details such as loan amounts, interest rates, value of collaterals and tenure among other details. This tool has been piloted with our own loan clients.
- Streamlining of KYC documents – A significant initiative in the past six months was a campaign to ensure uniformity across KYC documents. Alongside financial literacy sessions on this subject, the team also tied up with Aadhaar centres to ensure that banking documents, Aadhaar cards, voter ID cards and ration cards bear the same spelling. This initiative, although time-intensive has long term impact on ensuring that migrant workers are better integrated into the formal financial system.

In addition to these, financial literacy sessions were conducted on topics such as the importance of a savings bank account, regular savings, insurance, linking of mobile numbers with bank accounts and the importance of maintaining a good credit history.



5.0. Pilot programs

***Anokhi* – Promotion of women-led enterprises in high migration communities**

In 2017-18, Shram Sarathi piloted *Anokhi* – a pilot program to promote women entrepreneurs in high migration geographies through training and financial support. This program was designed for women who were already running a business but could not expand further. In 2017-18, we began two cohorts under this pilot. A cohort of 49 women were trained during this time period of which 29 women received financial assistance to expand their businesses. The women received credit amounting to a total of Rs. 7,85,500 – an average amount of Rs. 27,000 per entrepreneur. These business expansion loans range from Rs. 20,000 to Rs. 45,000 for these cohorts.



The training sessions enabled the entrepreneurs to set visions and targets on where they want to see their businesses in the near future. The entrepreneurs also realized the importance of infrastructure expansion in their businesses. Almost half of the women invested in the creation of fixed assets. The training modules also had a one-on-one business planning module, where a highly skilled member of the staff assisted them in understanding where they want to be in future and then built their business projections for three years. All these modules have been jointly designed by field teams from Shram Sarathi and Aajeevika Bureau using principles of Walker's cycle. In the next year, these modules shall be documented and used for expansion of the pilot to newer geographies and more number of groups.

The women entrepreneurs showed excellent skill in managing the deployment of the fund infusion. And end line assessment of the first cohort showed that their stock levels increased by 2.3 times of their original stock and their daily sales also increased by 1.9 times of their baseline sales levels. Although the exceedingly high multiples are a result of the low baseline it still requires tremendous skill, confidence and ability to manage and deploy large fund infusions.



Himati Bai, a resident of Amalwa village in Udaipur district. She runs a diversified business and has managed to increase her daily sales by 1.8 times in a year's time. She is one of the few women in the area who can fix a tyre puncture by herself!

***a-kshya* - Financial interventions for better TB treatment adherence among affected migrants**

The *a-kshya* product enables migrant workers afflicted with tuberculosis to complete treatment by availing a soft loan, disbursed in monthly instalments to meet consumption and nutritional expenses. These disbursements are contingent upon timely adherence to treatment. This programme is run jointly with AMRIT clinics under the Aajeevika Bureau consortium. The health workers ensure that patients adhere to treatment and take adequate nutrition.

During the previous year, we added a total of 14 new patients under this pilot program, taking the total number of active clients under the program to 19. Out of these 19 clients, 13 have successfully completed their treatment and 12 of them have already rejoined the workforce. There have been no drop-outs from treatment during this phase (which was our primary achievement marker). The increase in client weight has ranged from 2 kg to 5 kg during the period of the loan.



The biggest challenge has been to increase the number of migrants enrolled in this programme. A challenge from the patients' perspective has been dealing with family emergencies during the time of treatment. For instance, if there is another health emergency in the family then the cash received during the treatment period has to be diverted to meet the emergency. Another large operational challenge was that all the patients enrolled under this programme fall outside Shram Sarathi's current operational areas. Thus the incremental time and effort required to service this segment is quite high. The above challenges notwithstanding, the team was motivated by the impact of this intervention and the effects were quite striking. There is a distinct positive change in the weight of the client, confidence and body language. Clients expressed that the increase in cash-flow enabled them to adhere to the strict and rich nutrition regime where they had to acquire eggs, fish and milk. Prior to the cash infusion, the patients were dependent on doles handed out by friends and family, which were mostly in the form of wheat. This was therefore a more dignified means of overcoming the disease over a period of time.

6.0. Awards, recognition and partnerships

Awards & recognition

Shram Sarathi began the financial year on an extremely positive note. In April 2017, Shram Sarathi bagged two awards at the Inclusion Plus competition organised by MetLife Foundation in India. As part of this national level competition, Shram Sarathi won the People's choice award and the Second runners up award for innovations in financial inclusion. The award was a strong validation of our impact on the ground and innovative business model.



Following the competition, we received several press mentions and testimonials from our mentors during the competition. Shram Sarathi also made a concerted effort to share more on our work on social media and online blogs. A few posts that received significant online outreach are mentioned below:

- <https://www.youthkiawaaz.com/2017/06/pass-huey-toh-zindabad-fail-huey-toh-ahmedabad/>
- <https://www.thebetterindia.com/112303/death-of-a-camel/>
- <https://migrantscape.wordpress.com/2018/02/16/i-only-crave-a-peaceful-life-stories-of-uncertainty-and-risk-in-rural-rajasthan/>
- <https://vimeo.com/218968433>

During the year, Shram Sarathi was recognised as a winner at the Customer Centricity Challenge organised by CGAP, Dvara, Leapfrog Investments and SPTF. Edelgive Foundation also felicitated Shram Sarathi recognizing the immense impact of our financial solutions on the lives of migrant families.



Partnerships

In June 2017, Shram Sarathi was registered as a member of Sa-dhan – a self-regulating organisation (SRO) recognized by the RBI. As a member of Sa-dhan, Shram Sarathi now provides quarterly data to the RBI and is also committed to the voluntary code of conduct.



In the last quarter of 2017-18, Shram Sarathi partnered with Dvara solutions for a new technology solution. This shall go a long way in enabling paperless operations and greater efficiency in operations. Over the next year, the team shall work on migrating to this solution and test it out in the field.



Another significant technology partnership was with Pay Nearby solutions. Through this partnership Shram Sarathi shall now be able to provide domestic money transfer solutions, AEPS services and account validation services among others. This shall help us significantly improve usage of formal banking among migrant communities both at source and destination.



New partnerships were also forged with TATA TRUSTS, Dalyan foundation, Tata Trust, Edelweiss Retail Finance Group and Micro-Housing Finance Corporation Ltd. to support pilot programs on and scale up existing operations as well.



7.0. Future goals, challenges and opportunities

2017-18 has been an eventful year for Shram Sarathi with several new pilots, expansion of operations and strong partnerships. We are confident that these developments will help us in creating social impact and achieving a scale that makes our presence in the sector significant. In the next year, Shram Sarathi will focus its attention on reaching larger numbers of migrant families across various geographies. Digital literacy and inclusion is major topic of interest for Shram Sarathi and with our new technology partnerships, we shall realize this goal in 2018-19. Fundraising continues to be a challenge for innovative models such as ours and we hope to forge newer funding partnership in the next year. As we scale our existing work, we plan to further delineate the needs, strengths and weaknesses of various client segments within the larger group of migrants so that we continue to create innovative and high impact financial services that are appropriate for each sub-group.



Stories of Impact

Housing for Dignity

Dharmi bai and Hurji Meena are residents of Paroda village in Salumbar and have been blessed with seven daughters. Hurji works in a small hotel in Ahmedabad that serves sweets, samosas and other snacks. Two years after after his first marriage in 1995, Hurji migrated to Ahmedabad and earned a meagre 300 rupees per month in wages. During this time, due to a domestic dispute and abuse at the hands of his wife's family, the



community leaders and Hurji mutually agreed to a divorce. Soon after Hurji remarried. Hurji lived in the village and worked on the farm to look after his parents, wife and children, however the income and produce was never sufficient. After they passed away, he began migrating to Ahmedabad again every summer. As his family grew bigger, he began saving whatever small amount that he could in order to build a bigger house for his family of 9. He began with creating the foundation with stones and incrementally constructing the house whenever he had the money. During this time, they kept living in the same old mud house. In 2013, he was sanctioned a government housing subsidy of 50,000 rupees under the Indira Awaas Yojana and in November of that year, he availed his first loan from Shram Sarathi for 7,500 rupees to erect walls on all four sides. While he was constructing this new house, his older mud house collapsed during the rains and he and his family were forced to live under a plastic sheet. He availed 10,000 rupees in 2014 from Shram Sarathi to purchase stone slabs and another 15,000 rupees loan in 2015 to plaster the walls. The house was still incomplete though. The roof still leaked during monsoons and he hadn't affixed doors and windows yet. He used to worry about his family's safety and felt reluctant to migrate to Ahmedabad leaving them behind in an incomplete house.



In 2017, due his strong credit history, he became eligible for a 50,000 rupees loan and mason advisory services under the new housing program *Poorti* piloted by Shram Sarathi. With this he completed the construction of his house, by strengthening the roof, affixing doors and windows and a safety wall on the roof. Hurji says that the biggest impact of the *Poorti* loan has been his peace of mind. He no longer worries for his family's safety at night or during the monsoons when he migrates. His income had increased 12,000 rupees as a result of this and above all, a complete house offered a dignified way of living for him and his family.



A Narrow Escape from Bondage

Only 25 kilometres to the south of Gogunda block is the small scattered hamlet of Damro ki Gavdi situated on the top of a hill and inhabited by 40 tribal families. Each of these families has at least one migrant. The older migrants mostly commute to Udaipur daily in search of construction work, while the younger men migrate to Gujarat to work as cooks, cleaners and headloaders. The predominant group however is that of headloaders who work in the cumin markets of Unjha, Gujarat.

Mangilal Gameti, 32 years, lives in this hamlet with his wife Harmi bai, his aged parents and five children. Mangilal is one of the headloaders who migrates to Unjha for around 7 months in a year and earns approximately 400-600 rupees a day after back-breaking work. Harmi bai contributes around 5000 rupees to the household that he earns from MNREGS work. With an average monthly income of only 10,000 rupees per month for a family of 8, they are barely able to make ends meet.

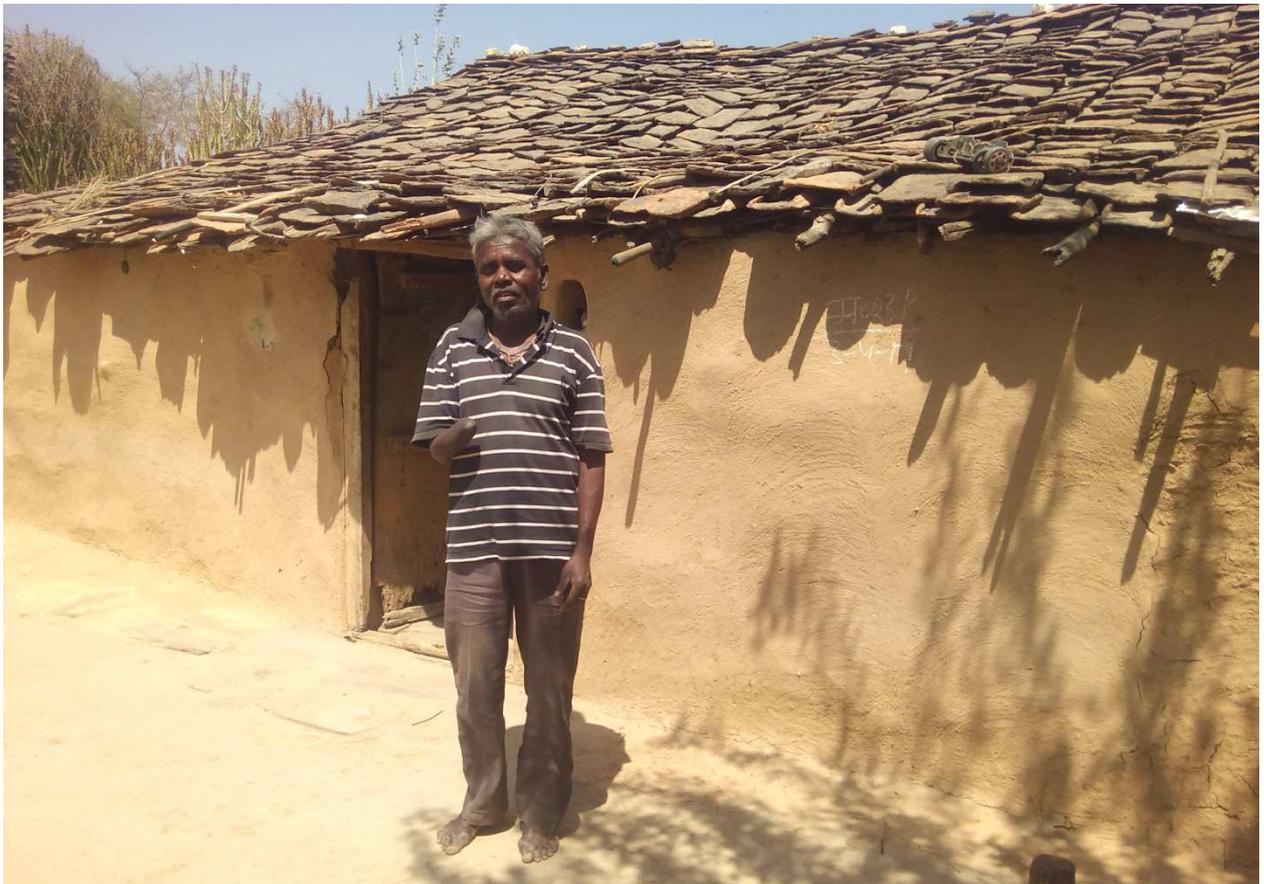
During the first half of 2017, the family had borrowed 4800 rupees from a local moneylender named Vijender Singh in order to purchase cement and slabs for repairing their house. They had promised to pay back the sum within 2 months. However, during this time, Mangilal fell very ill and was unable to go to work and consequently defaulted on his payment to the moneylender. Vijender Singh in turn grabbed Mangilal's bank passbook and Aadhaar card and refused to return the documents unless Mangilal agreed to work off his debt by doing free labour for him. Shambhu lal, a neighbor and friend referred Mangilal to Shram Sarathi. After completing all formalities, Mangilal and Harmi bai received a loan of 7,500 rupees from Shram Sarathi. They paid back Vijender Singh's dues (4800 rupees + 200 rupees interest) and used the balance amount to strengthen the roof of their house. Mangilal was also able to recover all his documents from the moneylender.

Both Mangilal and Harmi bai say they're lucky that they escaped a life of bondage. Apparently it was not uncommon for the moneylender to enter into such labour arrangements when people failed to repay a lumpsum amount on time. Mangilal was able to regain his health and has migrated back to Unjha for work. Harmi bai manages the transactions in his absence and also refers other such migrant families from their village.

Distress migration and recovering assets

Vala Meena, 49, and his family of three live in a quiet hamlet call Dhundha fala in Salumbar situated nearly 100 kilometres from Udaipur. Most families in Dhundha fala have at least one migrant working in Surat, Mumbai, Barmer etc. in occupations such as construction, cooking and hospitality.

Nearly 25 years ago, Vala himself used to migrate to Ahmedabad and worked as a domestic help in a bungalow. At that time, he earned a meagre 400 rupees per month. After 12 years of working as a domestic help, he heard of a job opportunity in Ambika marble mines which was to closer home. He thought it would prove to be a good opportunity for him to earn more and stay with his family instead of migrating. One unfortunate day, Vala's hand was stuck while operating a marble cutting machine and he lost his right hand. As a result of this handicap, he was suddenly rendered unemployed. His daughter, who was born with a handicap was unable to contribute to the family income and his son was studying in the 7th grade at the time.



Around the same time, Vala got his daughter married and two years later had to admit her to a hospital in Udaipur for the birth of her first child. Tragedy struck again and her daughter gave birth to a still born. In order to pay for these medical expenses, Vala had to borrow 10,000 rupees from a moneylender named Bhanwar lal Jain by pawning his wife's silver anklets and jewellery weighing nearly 700 grams. In spite of the collateral, he still owed the moneylender a compounding interest of 2% per month.

With the expensive loan and Vala's handicap, his family could no longer survive on his wife's income alone. He could not even afford to pay for notebooks and school fees for his son who was then studying in the 9th grade. As a result of such financial distress, Vala's son, Mohan, dropped out of school and migrated to Ahmedabad in order to support the family. Mohan, who works for around 9 months in a year earns 7000 rupees per month, while his mother manages to contribute 2000 rupees each month through local labour. In spite of a modest saving each month, Vala was not able to put together enough money to repay the moneylender in lump sum. With accumulated interest, Vala now owed the moneylender 19,500 rupees. He had some savings and with his son's earnings, he only has 12,000 rupees. Vala soon learnt about Shram Sarathi's work in the area and availed a loan of 7,500 rupees. With this he was able to repay his debt to the moneylender and free up his mortgaged silver. The team also counselled his son Mohan on training courses provided by Aajeevika Bureau and referred his daughter and himself to the centre to initiate a process of receiving state disability pensions. While Vala still regrets the fact that his son had to drop out of school to support the family, he hopes that with some skills, Mohan can have a more secure future. He also hopes to build a concrete someday and for a better quality of life.

Credit relationships

In the scattered village of Patiya in Udaipur district, a large number of workers commute to Udaipur's construction *nakas* and the Kelva marble mines each day in search of work. While older migrants commute, the younger men migrate to various cities in Gujarat to work in cooking, textiles and headloading. Gita bai Gameti and her husband Kheta Gameti are one such family in Patiya. While their son drives a Jeep and earns 6000 rupees a month, Kheta migrates to Udaipur and earns 300 rupees a day as an unskilled construction worker. The family of five survives on approximately 9000 rupees a month alone. Gita and her husband have availed four loans from Shram Sarathi thus far. The very first loan of 5000 rupees was used to plaster the walls of their house; they used the second loan of 10,000 rupees to purchase stone slabs for the roof; another 15,000 rupees for plastering walls and most recently, they availed 10,000 rupees to pay off an old debt.

When they got their son married earlier in 2017, Gita and Kheta had borrowed 15,000 rupees from a relative at no interest, of which they had repaid 5,000 rupees but were unable to put together the remaining sum. Their relative repeatedly kept asking them to repay the balance amount since he was in urgent need of money. Although the debt did not bear any interest, Gita and her husband were very keen on returning the money since they wanted to maintain a cordial relationship with their relative. Furthermore, had they not repaid him on time, any future possibility of seeking help from the relative would be completely out of question. With a fourth loan from Shram Sarathi, they repaid the relative on time. They were thus able to ensure that they would continue to have a convenient source of credit (i.e. their relative) while at the same time honouring the relative's request to make his funds available on time. Having the choice to borrow from multiple sources therefore was of great value to Gita and Kheta and with the help of Shram Sarathi's loan, they were able to ensure that.

X-----X-----X-----X-----X-----X-----X