

Case study — Kalanjiam

For Mary, member of Susaiyappar **Kalanjiam** in Shanarpatti federation, life has now taken a turn for the 'brighter'. Working as agricultural coolies in Kosavapatty village in Dindigul district of Tamil Nadu, Mary's family toiled hard to make ends meet. Moreover, when they came home to rest, it was to a house that was dark - like other houses in the village, there was no electricity connection.

"It was sheer hell," recalls Mary. "Everything had to be done in the light of a kerosene lamp. Twice, our hut nearly caught fire due to this lamp. Also, my children were bitten by insects and scorpions." Mary tried to mobilise funds to get an electricity connection, but was unable to cough up the deposit amount because of her abject poverty.



However, things changed when Mary joined the **Kalanjiam** federation, a while ago, which subsequently provided her family with a loan of Rs5,000. Along with 14 other **Kalanjiam** members in the village, Mary formed a committee, which collectively purchased materials for setting up electrical connections, besides appointing a common electrician.

The efforts of the Shanarpatti federation for securing electricity connections for members of the self-help groups (SHG) are noteworthy. An initial baseline survey carried out across 45 villages revealed that nearly 400 families spent dark nights, chiefly because they could not afford to invest in materials, and meet the costs involved in erecting electric poles through the Electricity Board.

The federation organised the setting up of committees, such as the one set up by Mary, and coordinated activities such as approaching the board, bulk purchase of electrical items, hiring a contractor to do wiring, etc. Members were provided with loan support up to Rs5,000, interest for which was set between 12 per cent and 18 per cent.

Due to collective action, costs could be minimised. On an average, members of the federation managed to save Rs3,000, as against those that got their homes electrified on their own. The federation disbursed an amount of Rs1.55 million for providing 323 connections spread over 45 villages.

Mary is an active member of the **Kalanjiam Community Banking Programme**, initiated by DHAN foundation in 1990. The Trust has supported the establishment and growth of DHAN, as a premier grassroots development agency, besides its ongoing work, since 1997.

In 2004, DHAN hived off **Kalanjiam Foundation** - a thematic institution on community banking - as a separate organisation to upscale this programme, which has played a major role in reducing the external debt of the marginalised community, whilst inculcating the habit of regular savings.

Notably, the Programme has increased its outreach to 137,139 poor families during the Trust's current phase of support, with a cumulative membership of 347,955 households, spread over 139 locations, as on September 2006. During this period, the members mobilised Rs367 million as savings, taking up cumulative savings to Rs745 million. An amount of Rs2.01 billion was disbursed to the members in the groups, adding up the cumulative credit disbursed to Rs4.2 billion.

The model has been demonstrated in diverse contexts viz. rural, urban, semi urban and tribal, spread over 27 districts in Southern India.

Access to financial services underlies most livelihood interventions. With increasing recognition of the role of savings and credit groups for livelihood promotion and socio-economic development, the Trust's grant making in microfinance encourages developing contextually relevant client-centric programmes, such as the **Kalanjiam Community Banking Programme**, for serving the marginalised, especially in underserved regions.