

# Findings of the SRTT Funded Cash Flow Study- District Pithoragarh, Uttarakhand

This report presents the findings of the above-mentioned study and a set of recommendations based on such findings. The findings of the study suggest that the nature of poverty in the hills is different from the abject poverty found in some parts of India. As such, the standard microfinance model has a limited role in the Central Himalayas. That being said, there appears to be a key role for SHG-Federation model as a catalyst for development of the region and provider of services including financial services.

CEDAR

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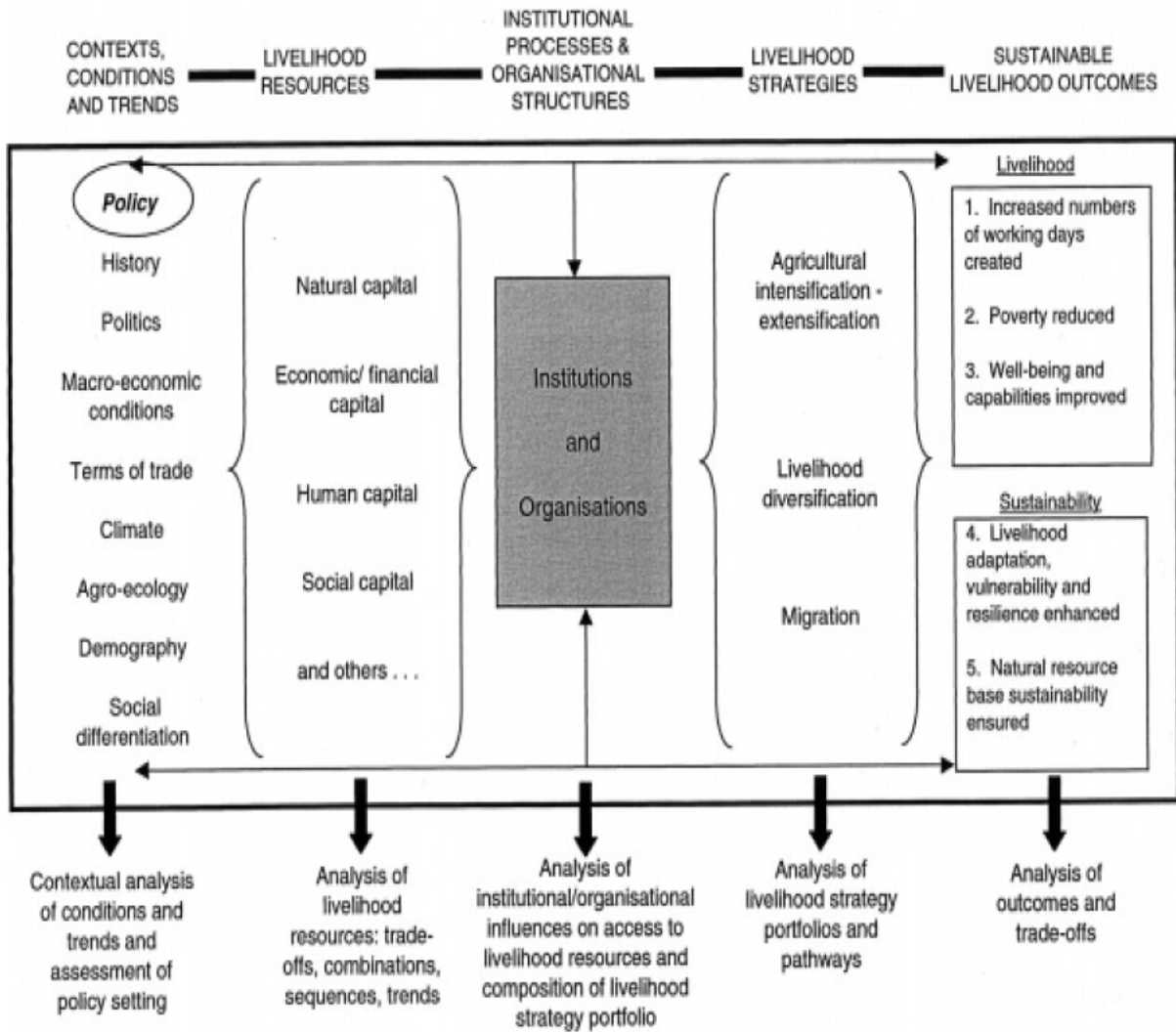
## Acknowledgements

This project has been long in conception and execution. In the course of its evolution, we has benefited from inputs from inputs of various individuals. We would like to thank Vartika Jaini and Narender Kande of SRTT for their constant involvement and inputs, Jaipal Singh of cmf for helping with technical issues of questionnaire design, Rajendra Singh Bisht and other members of HGVS for facilitating the work of data collection, and Malavika Chauhan and Vinod Kothari for detailed feedback on the findings of the household survey.

## Glossary and Abbreviations

|       |   |
|-------|---|
| APL   | Above poverty line                          |
| BPL   | Below poverty line                          |
| CEDAR | Centre for Ecology Development And Research |
| GC    | General Caste                               |
| HGVS  | Himalaya Gram Vikas Sansthan                |
| HLS   | Household Livelihoods Security (Framework)  |
| RNFS  | Rural Non-Farm Sector                       |
| SC    | Scheduled Caste                             |
| SHG   | Self help group                             |
| SRTT  | Sir Ratan Tata Trust                        |
| ST    | Scheduled Tribe                             |
| VDC   | Village Development Committee               |

# SRTT-CEDAR CASH FLOW STUDY-PITHORAGARH



## Executive Summary

This report presents the findings of the SRTT funded Cash Flow Study conducted in Pithoragarh district of Uttarakhand. The study aimed to look at financial needs of the people and the extent to which they are being met. The topic assumes importance in the light of the view that financial exclusion reinforces others kinds of exclusion.

The study comprised data collection in two phases: in the first phase 600 households spread across 24 villages were surveyed with the help of a structured questionnaire. In the second phase, the findings of the household survey were used to develop a qualitative study methodology. Various stakeholders were interviewed on the key findings of the household survey to understand the findings.

The survey findings revealed that most households live in nuclear families of medium size and are dependent on various livelihoods options, practiced simultaneously. While there is hardship and poverty, the nature of deprivation is rather different from the harsh poverty of the plains of India. Most households have access to basic amenities such as water, fuel, food, and shelter. Subsistence agriculture provides for household consumption but is not enough to meet year round food requirements. Decline in agriculture and a history of serving the Armed Forces has led to large scale migration of able bodied males from the area. This has led to an economy quite dependent on remittances. Remittances combined with other livelihood strategies such as non-agricultural labour, sale of surplus (in rare cases), pension, and access to common property resources to rear livestock has resulted in surplus cash at the household level.

While most households have bank or post office accounts, not all their financial needs are being met. Where households have taken loans, formal sources of loans are more important than the informal sources even though relatives are an important source of credit. Loans are generally taken for productive purposes and the average loan size is large. This means that there is a rather limited scope for the standard microfinance model.

## SRTT-CEDAR CASH FLOW STUDY-PITHORAGARH

Having, said that, not all financial needs of people are being met. Insurance, especially of livestock, is sorely needed. A suitable savings instrument to channel surplus at the household level could also be quite popular. In addition products for, health and education, two areas of reasonable expenditure, could also be successful.

These services could be made available through the SHG-Federation-NGO model, whereby a number of SHGs, not tied to one project or another, are linked to a federation, which in turn is linked to and supported by an NGO. The model could be a conduit for various inputs, including financial services as well as a conduit for surplus generated at the household level.

Developing this model would require both time and effort. Institutions take time to evolve and gather momentum. In addition, in the past SHGs were set up rather recklessly and were guided by ad hoc practices. This has generated a lot of cynicism in people. It is very important, therefore, to ensure that this cynicism is addressed at the outset and not allowed to crop up again.

## **1. INTRODUCTION**

This report presents the findings of the Sir Ratan Tata Trust (“**SRTT**”) funded study on financial inclusion and practices of the people of Pithoragarh district of Uttarakhand within the larger context of their socio-economic and geographical settings. The study was designed and supervised by the Centre for Ecology Development And Research (“**CEDAR**”) and facilitated by Himalaya Gram Vikas Sansthan (“**HGVS**”), Gangolihat. This report gives an overview of the area, the rationale for the study, the research design employed, and the findings. The findings are presented under various sections – demographics including migration patterns, amenities including housing, asset portfolio, crises encountered and coping strategies, income and expenditure patterns, and financial dealings including loans, savings, major expenses, and insurance.

### **1.1 Objective of the Study**

The study was designed to understand financial needs in the remote and rugged areas of the Central Himalayas. Such understanding would lead to recommendations to conceptualize new projects and to improve existing ones.

### **1.2 Rationale for the Study**

Financial exclusion has been at the centre of policy and development debates for some time now and is variously defined. What is it? While many in India continue to take a narrow view of financial exclusion as a lack of access to deposit accounts, the Rangarajan Committee on Financial Inclusion views financial inclusion as lack of access to diverse and relevant financial services and products at an affordable rate.

Financial exclusion has attracted the attention of policy makers in the light of a growing recognition that financial exclusion puts the underprivileged at a disadvantage and reinforces other forms of exclusion such as social, political, and economic. Financial exclusion acquires three broad dimensions in India. One of

these is geographical whereby South, West, and North India report a better scenario of financial inclusion than East, North-East, and Central India. Within this category, remote and rugged areas such as the hilly areas of Uttarakhand report a high level of exclusion.

### 1.3 Context<sup>1</sup>

Pithoragarh district is the easternmost district of Kumaon, Uttarakhand. It is located between Nepal to its East and Tibet to its North. Bageshwar and Garhwal form the boundaries on the West while Champawat and Almora flank the district on the South. Pithoragarh has an area of 7169 Km square and a population of 4,62,149<sup>2</sup>. The district is divided into five *tehsils*: Munsiri, Dharchula, Didihat, Gangolihaat, and Pithoragarh. Large parts of Pithoragarh are characterized by rugged terrain and remote locations.

The climate of Pithoragarh is diverse, depending on the location of the place and the altitude. The altitudinal variation in the district is enormous, ranging from slightly over 500 meters above sea level to over 7000 meters above sea level. The district receives monsoon rains in summers and snow and rain in winters.

The population of Pithoragarh is diverse and includes two tribes: *Van Rawats* and *Bhotiyas*, the former being hunter gatherers and the latter practising transhumance. There is a large presence of the residents of Pithoragarh in the armed forces. In addition, a substantial number of people work outside the district. A good number of people are engaged in tourism related enterprises. Agriculture is also important to a large number of households. The literacy rate is 76.5%.

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<sup>1</sup> 2001 census

<sup>2</sup> 2001 census

#### 1.4 Research Design

The instrument used for data collection, a structured questionnaire (see appendix I), was influenced by the Household Livelihoods Security (“HLS”) Framework. HLS examines the social, economic, political, and historical contexts in which people make a living<sup>3</sup>. The approach is akin to systems approach wherein sectors are integrated and any change in one component of the system has a bearing on the entire system.

The village selection was done on two criteria - familiarity of HGVS, the facilitating organization, with the villages to solicit cooperation of possible respondents, and the logistical limit of enabling the survey teams to finish a day’s work and get back to the headquarters of HGVS, their base. In all, 600 households spread across 24 villages were surveyed from the middle of February 2009 to the beginning of March 2009. The villages were evenly spread across three concentric circles of 10 kilometer each from the headquarters of HGVS. 25 households were surveyed in each village. As the list of households was not available for prior selection of sample households, the survey teams would start from the centre of the village with each enumerator going in a different direction, skipping households randomly to maintain randomness of the sample.

Two survey teams, each comprising five enumerators and one supervisor, were oriented on the questionnaire and study design by CEDAR staff and the staff of HGVS. After a two day orientation, the survey teams tested the questionnaire and their skills in two villages each. Their feedback and field observations formed the basis for appropriate changes in the questionnaire as well as another day of orientation.

With each questionnaire containing an inbuilt mechanism for tracing it back to the enumerator, supervisor, and household, quality assurance was left to supervisors at the field level. The first check was done in the field, followed by discussion and

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<sup>3</sup> Please see the figure at the beginning of the report. The figure is derived from IDS Working Paper 72, 1998

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finalization of questionnaires at the end of each day of survey. The final quality check was done at the time of data entry through means of observation and standard statistical checks of ranges and outliers. The data was fed into SPSS version 15.0 and analyzed by the same software.

The preliminary findings of the household survey were widely circulated. The preliminary findings generated a considerable interest among the audience and attracted wide ranging comments and inputs from the audience, which included programme staff of SRTT. These inputs formed the basis for the subsequent qualitative exploration of the study topic. The key areas of interest that emerged from these discussions were<sup>4</sup>:

1. Below Poverty Line (“**BPL**”) Households
2. Migration and Remittance
3. Traditional Support Mechanisms and self help groups (“**SHG**”)
4. Financial Issues
5. Livelihoods and Crisis

The Various stakeholders contacted for qualitative exploration are listed in the table below

| <b>Stakeholder</b>  | <b>Description</b>   |
|---------------------|--|
| Local Population    | Sample and non-sample households                               |
| NGO                 | HGVS, Avani, KAGAS   |
| Government          | SBI, NABARD  |
| Local Institutions  | Village Development Committee (“ <b>VDC</b> ”), Gram Panchayat |
| Rapid market Survey | Gangolihat, Raiagar, Berinag, Nachni                           |

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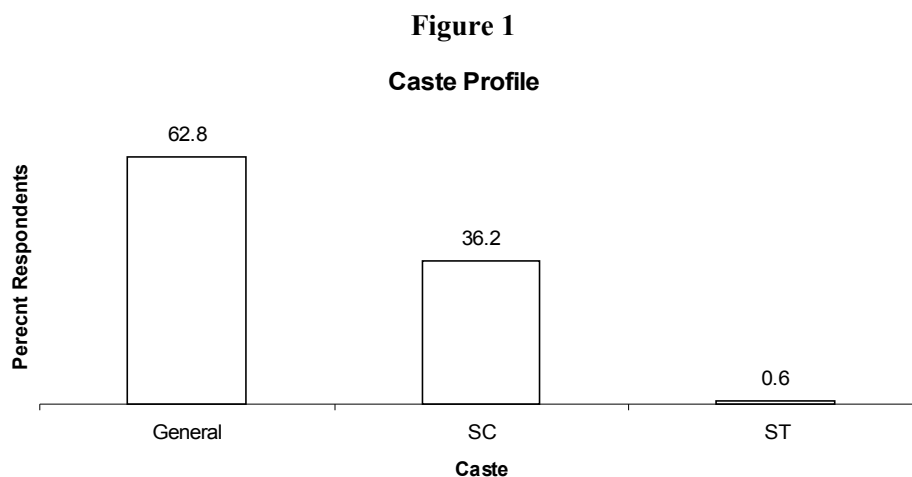
<sup>4</sup> For details, please refer to appendix II

## 2. STUDY FINDINGS

### 2.1 Demographic

#### 2.1.1 *Religious and Caste Affiliations*

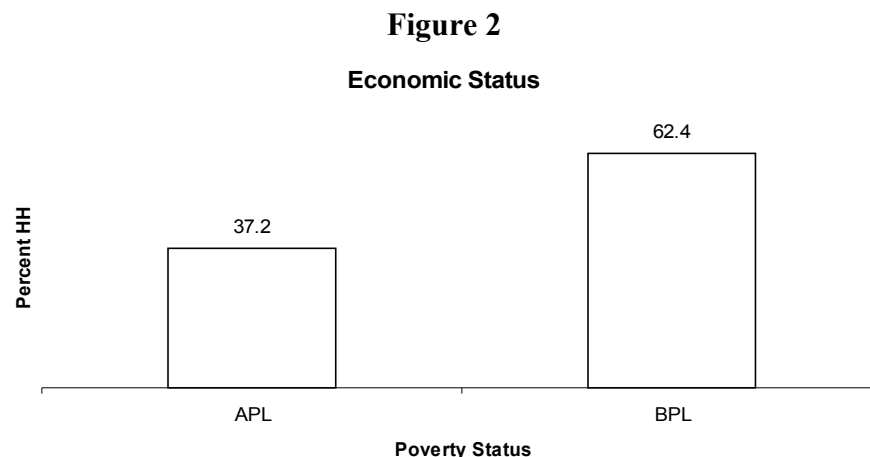
Though the household survey did not ask respondents their religious affiliation, secondary data suggests that the population is overwhelmingly Hindu. 63% of the households belonged to the general caste (“GC”) category while 36% were scheduled caste (“SC”).



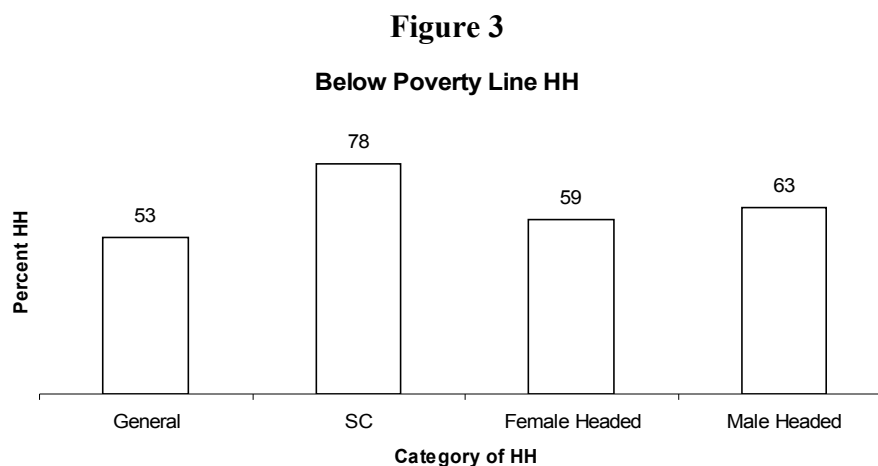
The proportion of scheduled tribe (“ST”) household in the sample is lower than their proportion in the population of the district. This is because they reside in the high elevation areas of Pithoragarh, which were not covered by the study. The population of such areas is sparse.

2.1.2 *Economic Status*

62% of the households reported being below the poverty line.



Disaggregating by caste and gender of the household head, the findings reported a higher incidence of poverty among SC households and, surprisingly, male headed households.



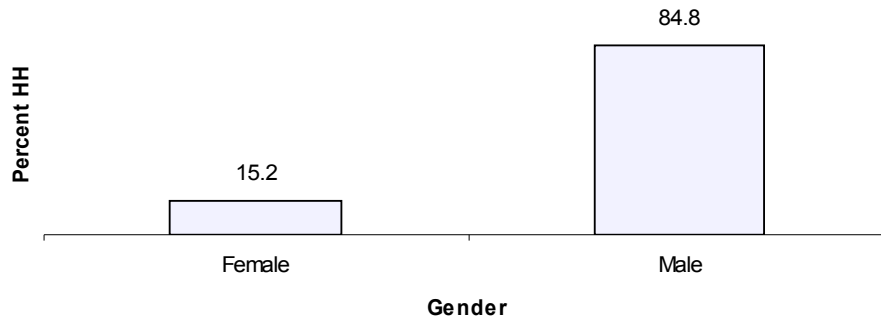
As we shall show later in the report, reliance on ‘Below Poverty Line (or BPL)’ as an indicator of the socio-economic well being of a household could be tricky.

2.1.3 *Gender of Household Head*

85% of the households were male headed and the remaining 15% of the households were female headed. For the purposes of this study, female headed households are those households that do not have an adult male whether for reasons of migration or mortality.

**Figure 4**

**Gender of Household Head**



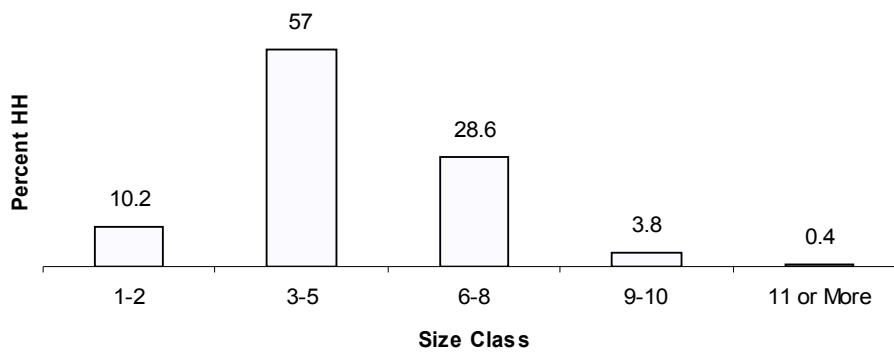
It should be borne in mind that female headed households are a result both of the marital status as well as migration<sup>5</sup>. The latter explains why the incidence of poverty should be lower in female headed households as they are often recipients of remittance.

2.1.4 *Household Size*

The average size of the household was 4.87 with the size ranging from 1 to 11. The size distribution of households is presented in the following graph.

**Figure 5**

**Household Size**

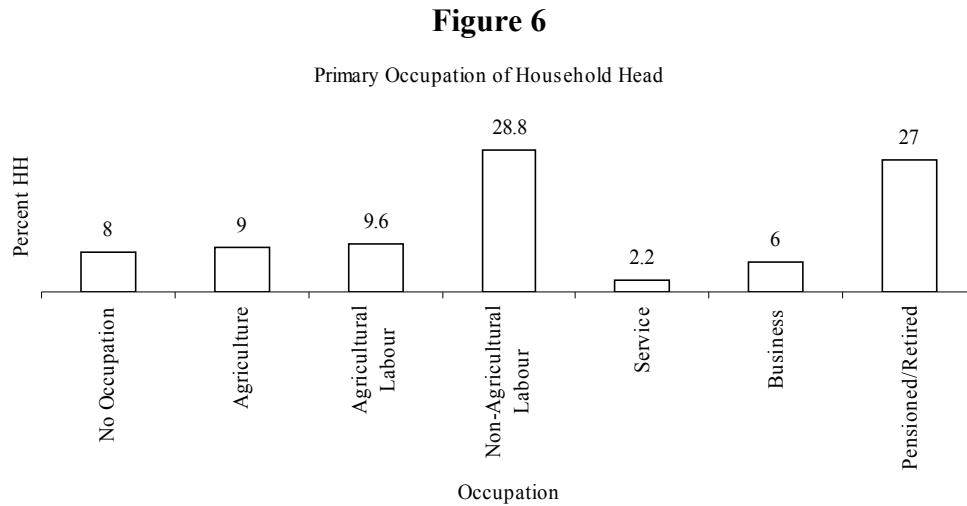


Male headed households, scheduled caste households, and BPL households are significantly larger than female headed households, GC households, and above poverty line (“APL”) households respectively.

<sup>5</sup> Whenever a household did not have a male member 21 years of age or more, the household was considered female headed.

2.1.5 *Occupation and Employment*

Rural Non-Farm Sector (“**RNFS**”) is the single most important source of employment. This is followed closely by people who once worked but have now retired and receive a pension. While there is a vibrant agricultural sector, it is essentially subsistence in nature and, therefore, is not a major source of employment by itself. A large proportion of people receiving pensions suggests that while there is a diversity of occupations, there is a high degree of reliance on external job market for employment.

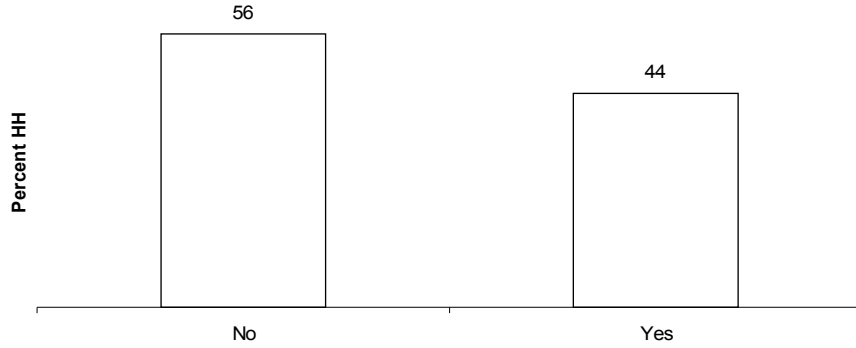


**2.2 Non-Resident Members**

The reliance on work outside is also reflected in the preponderance of non-resident members.

**Figure 7**

**Non-Resident Member**



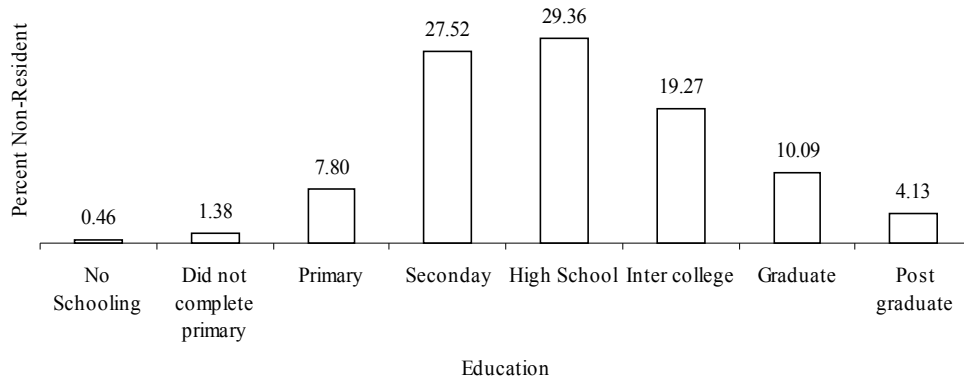
Non-resident members are invariably males though in very rare cases they might be accompanied by their spouses.

**2.2.1 Education**

An overwhelming majority of non-residents is high school graduate or less. This has implications for the kind of jobs they can hope to get

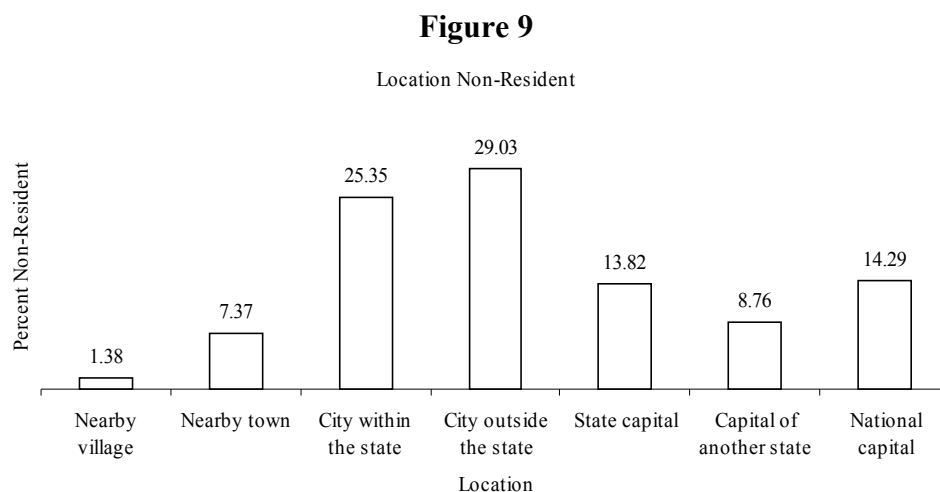
**Figure 8**

**Education Level of Non-Residents**



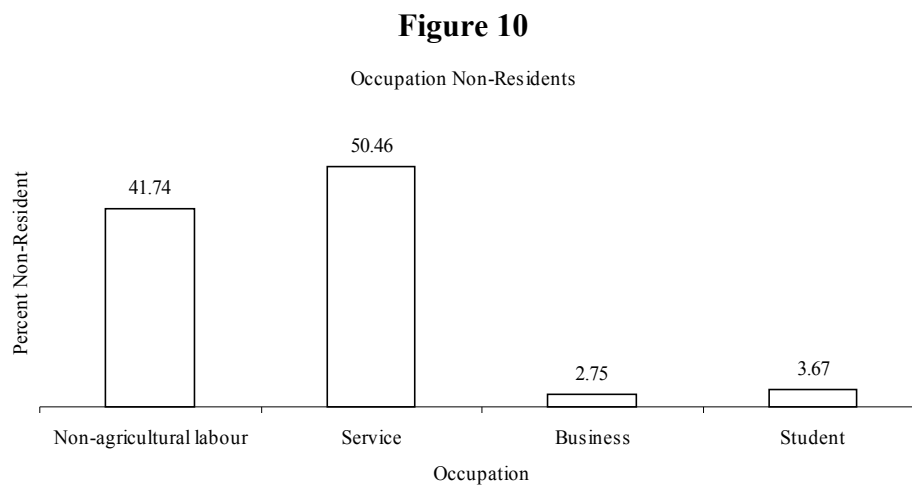
2.2.2 Location

Most non-residents have moved to urban areas. This points to stagnation of rural economy and lack of prospects, perceived or real, in villages. Over 50% of the non-residents are outside the state, close to 15% in Delhi.



2.2.3 Occupation

Non-residents are working as non-agricultural labour or in the service sector



2.2.4 Non-resident by disaggregates

72% female headed households reported non-resident members as against 39% of male headed households. 50% of GC households had non-resident members while

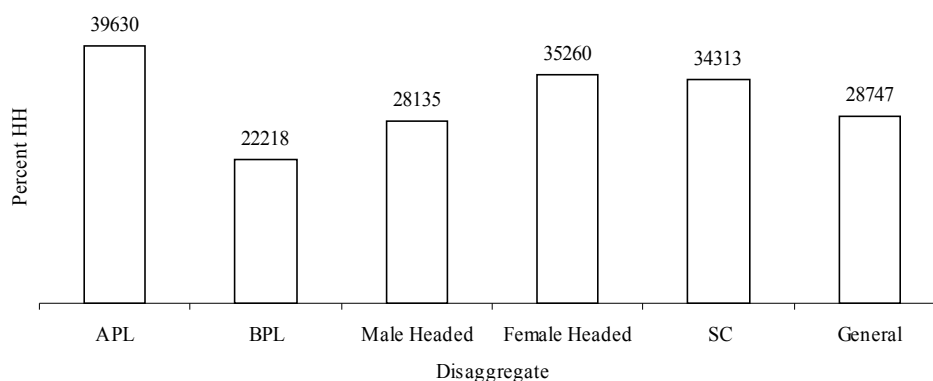
only 33% SC households had non-resident members. 56% of APL households had non-resident members. The figure for BPL households was 37%

### 2.2.5 Remittance

An overwhelming majority of non-resident members are engaged in income generating pursuits while being away from home. This, along with pensions flowing in, further reinforces the importance of ties to the external economy for employment and income. 74% of the non-residents send money back home in the form of remittance. The average remittance per year was calculated at Rs. 30,347 per household.

**Figure 11**

Average Remittance



The results on average remittance per year are as expected. The SC households receive a higher remittance than GC households, a finding contrary to expectations. However, it should be noted here that both range and standard deviation are quite high for remittance in the case of SC households.

Men of Uttarakhand have been going out of their villages in search of work for a long time. They would work and at some point come back to their villages. A number of them worked in the armed forces. Of late, recruitment in armed forces has declined, incidence of migration has increased, and migration has become permanent in nature. Most non-resident members are in the age group 20-50

years, in other words, the most productive component of the workforce. This has negative consequences as well as positive.

#### 2.2.6 *Trigger for migration*

Limited employment opportunities - stagnant agriculture and non-existent industry - coupled with lack of amenities such as health and education facilities act as the main trigger for migration.

#### 2.2.7 *Positive Consequences*

Migration has given employment to individuals who have been able to send money home. This has sustained households and communities. Migration of adult males has also prevented the division and sub-division of already small plots of land. Some have brought new ideas with them.

#### 2.2.8 *Negative Consequences*

The migration of able bodied males has increased the workload of women. In spite of the hard work put in by the hill women, agriculture is in a state of decline. One could see a vicious cycle operate here: limited avenues in agriculture trigger migration, which leads to neglect of agriculture and further decline in productivity, which triggers more migration. Migration has also deprived the hills of socio-cultural leadership, entrepreneurs, and skilled workforce. This has stalled the development of the hill communities and deprived them of local leadership. Finally monetization of economy has led to problems of alcoholism, domestic violence, and refusal to work. It has also increased the disparity between the rich and the poor and, in the process, damaged the egalitarian structure of the hill communities. A large part of remittance is used for building cement houses, which do not benefit the local communities. The material and labour come from the plains while traditional designs and material, the use of which could have benefited local communities, gradually disappear.

In the past, most men from the hills worked in the armed forces and other government services. This entitled them to a number of benefits including pension as reflected in the high proportion of pensioners in the sample. However, increasingly men are taking up private jobs, which do not have the pension component. In such a scenario, the incidence of migration will only increase in the absence of pension to support families. The only solution to the problem is innovative, high value agriculture and entrepreneur driven small enterprises. Both can benefit from the SHG-Federation model as we shall discuss later.

### **Section Summary**

- *Majority of households belong to general castes. 36% are scheduled castes.*
- *62% of the households claim to be below the poverty line, an unlikely figure but one that points to the leakages in the system*
- *15% of the households are female headed, a higher than normal proportion and one that can be attributed to out migration of able bodied adult males.*
- *67% of the households have 5 members or less pointing to nuclear family structure*
- *Occupational structure is diverse and reflects a high dependence on money coming from outside in the form of pension*
- *Dependence on external employment and remittances this arrangement generates is high. 44% of the households have non-resident members and 74% of these send money back.*

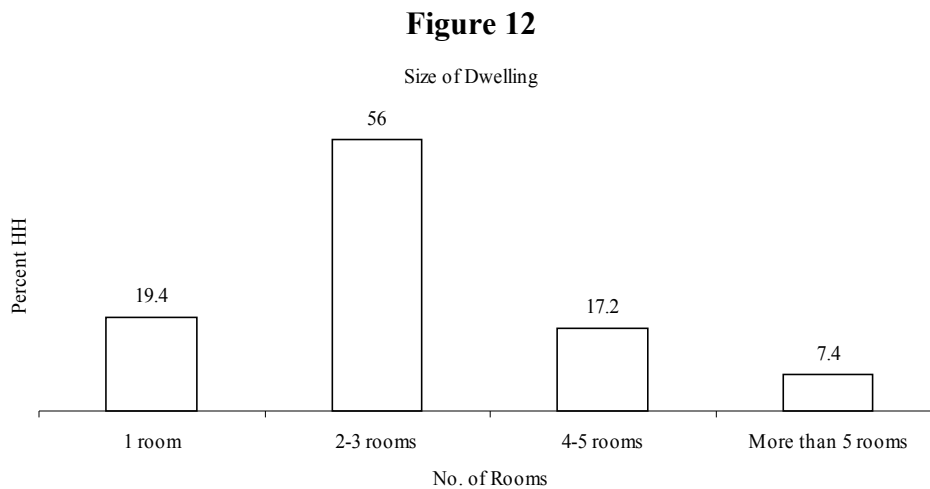
### 3. HOUSING AND AMENITIES

92% of households live in single family dwellings, which suggests that they are nuclear in nature. The remaining 8% are in multiple family dwellings. 94% of the dwellings are inherited while only 4% are purchased or built by the households currently residing in them. Mud, wood, cement, and stone are the most commonly used construction materials. There is a reliance on locally available material but use of outside materials such as bricks, iron, and cement is increasing. This could be due to increasing connectivity via roads, paucity of local construction material, government restriction on quarrying, and external influence exerted through non-resident members.

#### 3.1 Housing

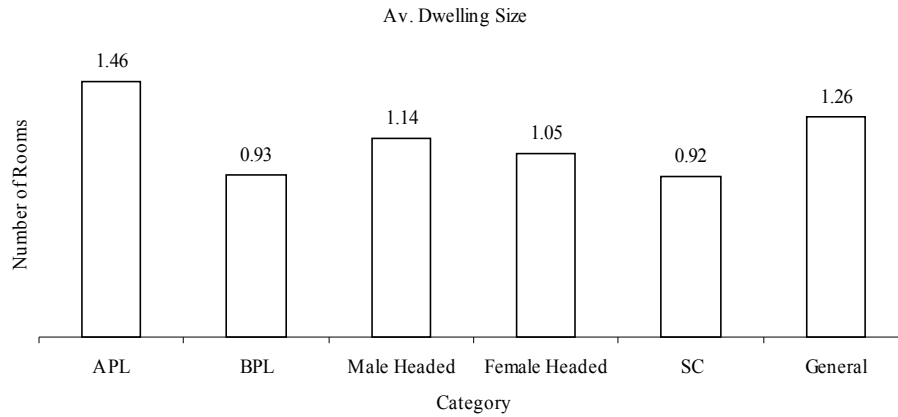
##### 3.1.1 Size of Dwellings

Most dwellings are of medium dimension as the graph below shows.



While the average size of dwellings is 1.13 rooms, there are significant differences between groups. These are presented in the chart below:

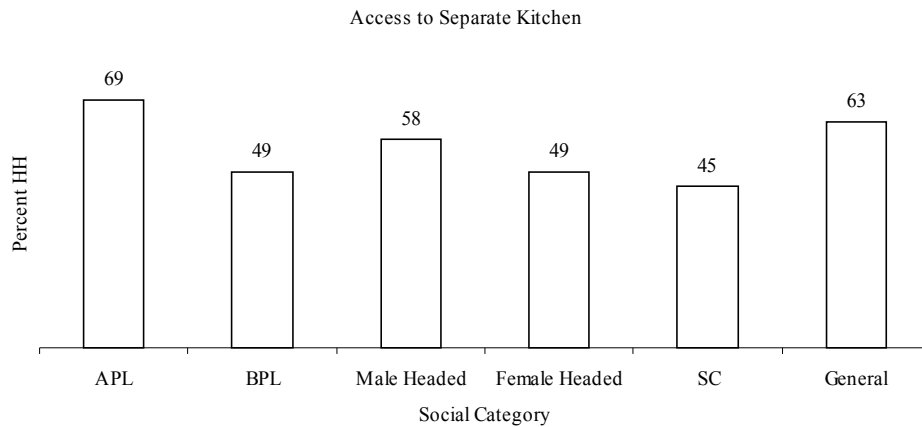
**Figure 13**



3.1.2 *Kitchen and Shed*

Only 56% of the dwellings have separate kitchens whereas 93% have separate sheds for animals. Such a high proportion of sheds for animals is indicative of their importance in the livelihoods of the communities studied. Access to kitchen varies significantly by social groups. These differences are presented in the chart below.

**Figure 14**



**3.2 Amenities - Fuel, Water and Toilet**

91% of the dwellings have electricity connection and 9% use LPG as the main fuel for cooking. The remaining 89% rely on firewood for cooking purposes. The work of gathering firewood is left to women and has repercussions for time

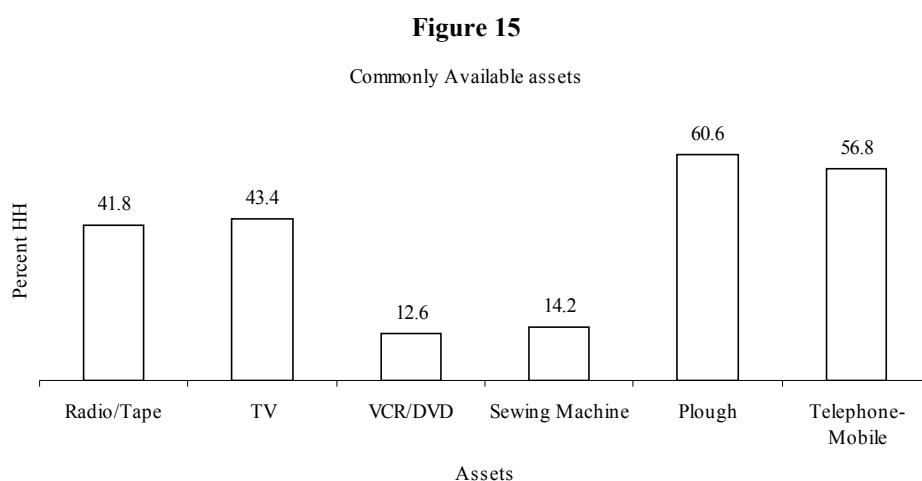
available to them to participate in other activities, such as SHG meetings. On a positive note, 99% of the households spend less than an hour on a round trip to fetch drinking water. 96% rely on gravity pipe schemes for drinking water. 85% of the households have modern toilets though without flush facility. Such high incidence of water and sanitation facilities is also because of the participation of these villages in *Swajal* project and water and sanitation projects of SRTT.

### **Section Summary**

- *92% of the households live in single family dwellings*
- *94% of the dwellings are inherited by the families living in them*
- *There is an increasing dependence on outside construction material*
- *93% of the households have separate sheds for animals underlining the importance of livestock to the lives and the economy of the communities.*
- *91% of the households have electricity connection*
- *89% of the households rely on firewood for cooking. Coupled with the fact that only 56% of the households have kitchens, this is a potentially dangerous situation.*
- *99% of the households spend an hour or less on a round trip to get drinking water*
- *96% rely on gravity pipe schemes for drinking water*
- *85% households have modern toilets without flush.*

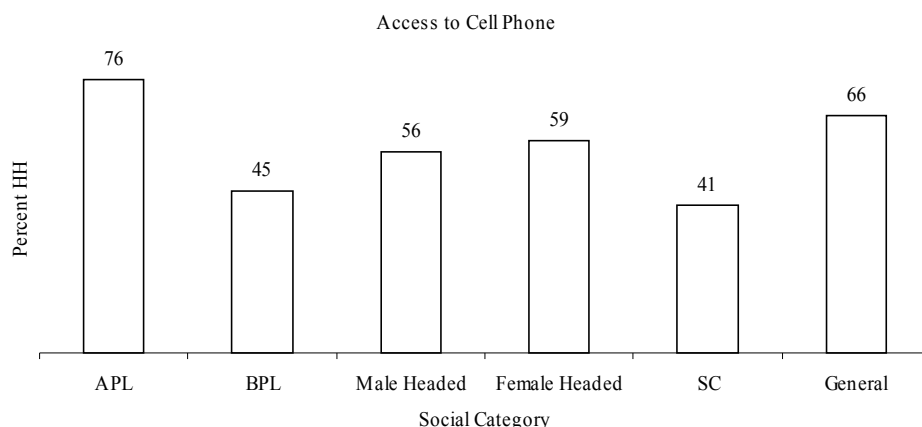
#### 4. ASSET PORTFOLIO

The survey probed for commonly available and used assets to correlate asset portfolio with income and expenditure. The advantage of this approach is that if a strong correlation between asset portfolio and income/expenditure is detected, subsequent studies can use asset portfolio scores to place households in various income/expenditure categories without having to worry about collecting income/expenditure data, which is generally considered tedious and tricky. The asset distribution is presented in the following graph



##### 4.1 Commonly Held Assets

Radio/Tape, TV, plough, and mobile phone are some of the most commonly held assets. Whereas radio/tape and TV are more consumerist in nature and suggest a degree of economic well being, plough reflects the importance of agriculture, and mobile phones suggest a gradual penetration of modern technology and opportunities that technology brings along. The distribution of cell phones across social groups is presented below

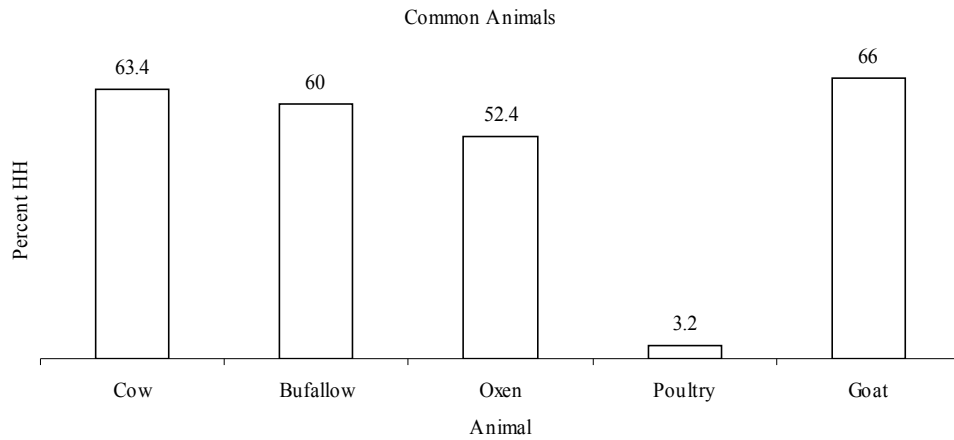
**Figure 16**

The role of technology, especially telecommunication, in development has been of interest to development practitioners. In the remote hilly areas, telecommunication, especially cell phone, has alleviated the sense of isolation. However, it has also made local produce and markets more accessible to outside traders, who can, with the help of better means of communication, come to buy and sell at the time best suited to them. If technology can benefit traders from outside the area, it can also help the local communities. But technology does not function in isolation. It can only function as a part of a larger scheme. So, for example, while it would help a farmer to know what is the best time to sell his or her produce, that information is of little use if farmers do not have the means to store produce and release it at the most profitable time.

## 4.2 Livestock

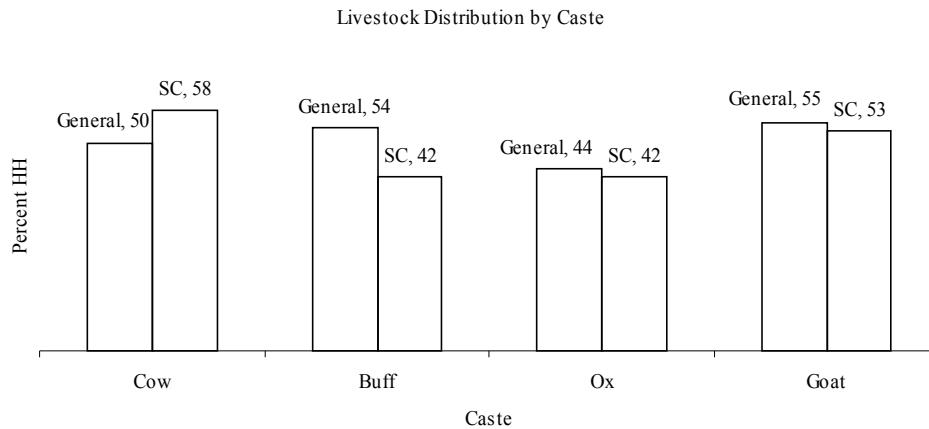
95% of the households have livestock of some kind. The most important are cows and buffaloes, ox for agriculture, and goats for meat. The distribution is shown below:

**Figure 17**



A look at distribution of different animals and poultry brings out some interesting facts. For instance only 16 households out of 600 reported keeping poultry. This could be for various reasons but social reasons appear to be quite strong in influencing this pattern. Of the 16 households that reported poultry 15 were SC households. Similarly the cow rearing and buffalo rearing is inverse for GC and SC households. Buffalo cost more to keep and that might explain the higher proportion of buffaloes in the GC households as opposed to SC households.

**Figure 18**



### **4.3 Land and Agriculture**

#### *4.3.1 Landlessness*

4% households are landless. Surprisingly 63% of the landless households are GC and only 37% are SC. 79% of the landless households are BPL. Incidence of landlessness is highest among the age group 21-50 and then 60 years or more. Only 21% of the landless households are female headed. The incidence of landlessness is rather low when compared with other parts of India, especially the plains, this is a major factor in preventing abject poverty and dependence on systems of patronage.

#### *4.3.2 Agricultural Land*

94% of the households have agricultural land of some kind and operate it. 2% households have agricultural land but do not operate it. Those who have land but do not cultivate it are those who have a salaried job, a business, or are too old to cultivate land. The average size of landholding is slightly over 12 *nalis*.

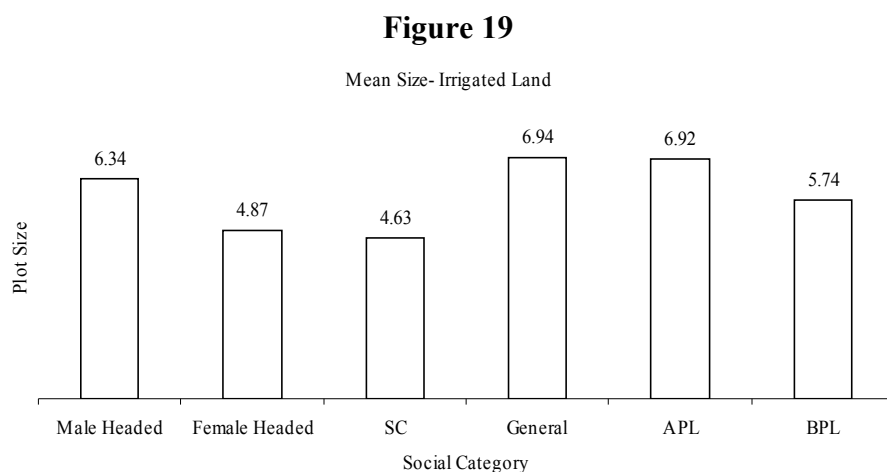
#### *4.3.3 Orchard*

47% of the households reported having orchards (which is a homestead in most cases) while 34% did not have orchards. 19% did not respond. The average size of an orchard is 1.2 *nalis*. Important crops grown are potato, onion, vegetables, banana, mango, lemon, *malta*, and orange. Access to orchard is significantly lower for SC and BPL households as compared to GC and APL households respectively.

#### *4.3.4 Irrigated Land*

Agricultural productivity is contingent upon irrigation, especially in countries that have seasonal rainfall. The hills are no different in this respect. However, in the hills irrigated land is scarce and avenues to increase land under irrigation limited and costly. 47% households did not have access to irrigated land while 41% reported having access to irrigated land. The data suggests that there is little correlation between access to irrigated land and social categories. However, the

proportion of female headed households with access to irrigated land is significantly lower than male headed households. There is also difference in size of plots.



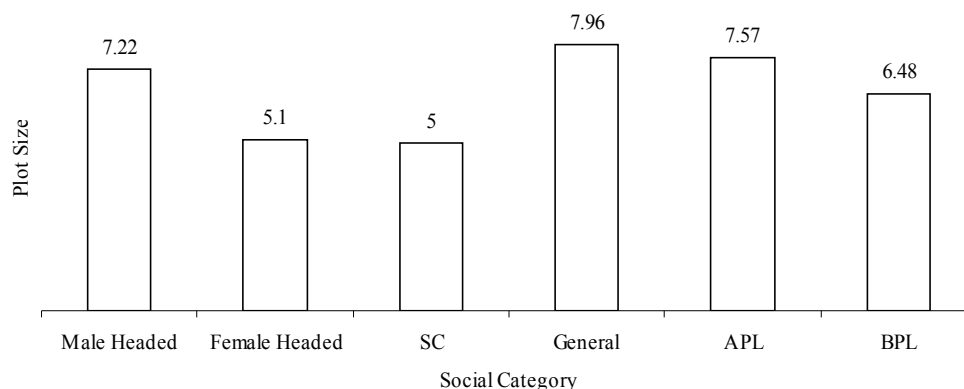
The mean size of irrigated land plots is 6.15 *nalis*. Female headed and SC households have the smallest mean plot size for irrigated land. There is a difference between APL and BPL households as well, with APL reporting larger irrigated plots than BPL but the difference in size is not substantial. Finally, standard deviation of mean plot size is quite large for male headed and GC households. This indicates presence of outliers which are inflating the mean for these two categories.

#### 4.3.5 Rain fed Land

In the absence of irrigation facilities, a large proportion of agricultural land in the hills is used for rain fed agriculture. 73% households reported access to rain fed land while 9% households reported lack of access to rain fed land. 18% respondents did not respond. The mean size of rain fed plots is 6.89 *nalis*. However, large standard deviation suggests presence of outliers.

**Figure 20**

Mean Size-Rain Fed Land



Once again GC, APL, and male headed households have larger plots than SC, BPL, and female headed households respectively. However, they also have a bigger standard deviation. Therefore, the difference may not be as large as it appears to be.

#### 4.3.6 *Barren Land*

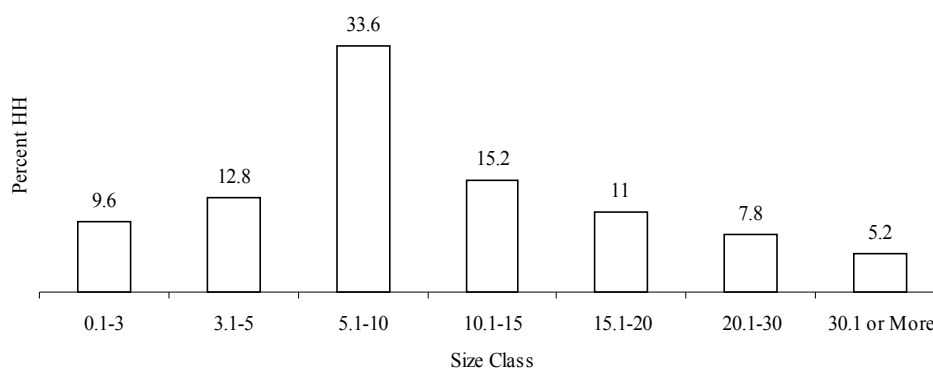
38% of the households reported access to barren land while 44% of the households reported not having access to barren land. Barren land is used, almost exclusively, for grass cultivation. Access to barren land has consequences for the ability of a household to rear livestock.

#### 4.3.7 *Landholding Size*

As stated earlier, the average landholding is 12 *nalis*. It is 12.4 *nalis* for male headed households and 9.4 *nalis* for female headed households. The mean size of landholding is 14 *nalis* for GC households and 8 *nalis* for the SC households. The difference in the mean size of landholding is small when APL and BPL households are compared. The APL report a mean size of 13 *nalis* while the BPL report a mean size of 11.5 *nalis*. The distribution of total landholding by size is presented below. As the graph above shows, a majority of households have landholdings ranging between 5.1-15.0 *nalis* and has a near normal distribution pattern.

**Figure 21**

Landholding Size



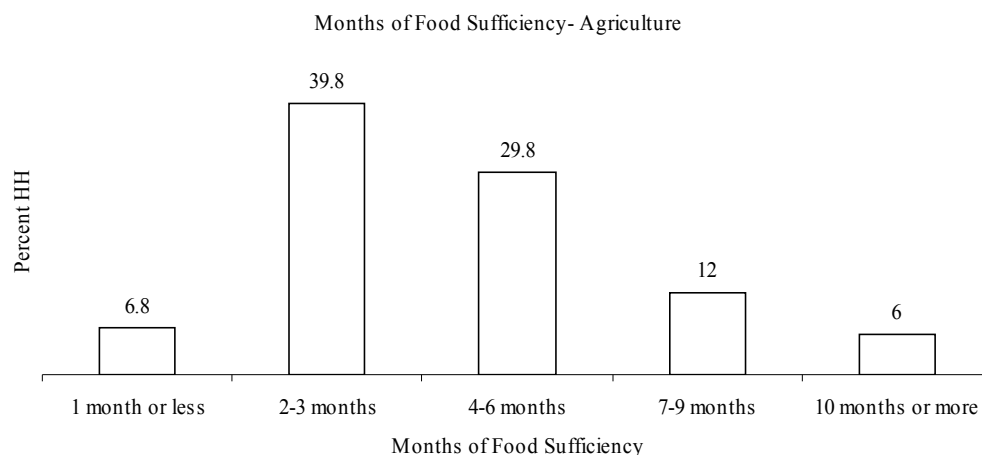
#### 4.3.8 Consumption of Produce

10% of the households sell some of their produce in the nearby markets but for most land owning households, the agricultural produce is consumed within the household. Where produce is taken to the market, it is sold either within the village or in nearby villages and towns.

#### 4.3.9 Food Sufficiency

On an average, agriculture meets the food requirement of the people for less than two months. However, there are variations in this variable as the chart below reports. These variations are due to differences in the size of the landholding, quality of inputs, irrigation, and agricultural techniques. Household size is also an important determinant of the extent of food sufficiency from agriculture. The correlation between the size of landholding and months of food sufficiency from agriculture is 0.5 and is significant at 0.01% level.

**Figure 22**



### SECTION SUMMARY

- *Radio/tape, television, plough, and mobile phone are the most common assets*
- *Common availability of plough suggests a high degree of reliance on agriculture and small farm size.*
- *95% of households have some kind of livestock*
- *The most common livestock types are cows and buffaloes for milk, ox for agriculture, and goat for meat*
- *Poultry is surprisingly rare.*
- *94% of the households own some form of agricultural land and practice agriculture*
- *The average farm size is 12 nalis and close to 50% of the farms are between 5.1 and 15.0 nalis.*
- *Agriculture is subsistence in nature though about 10% of the households sell agricultural produce in the nearby markets*
- *Agricultural produce provides for partial food security for most of the households.*

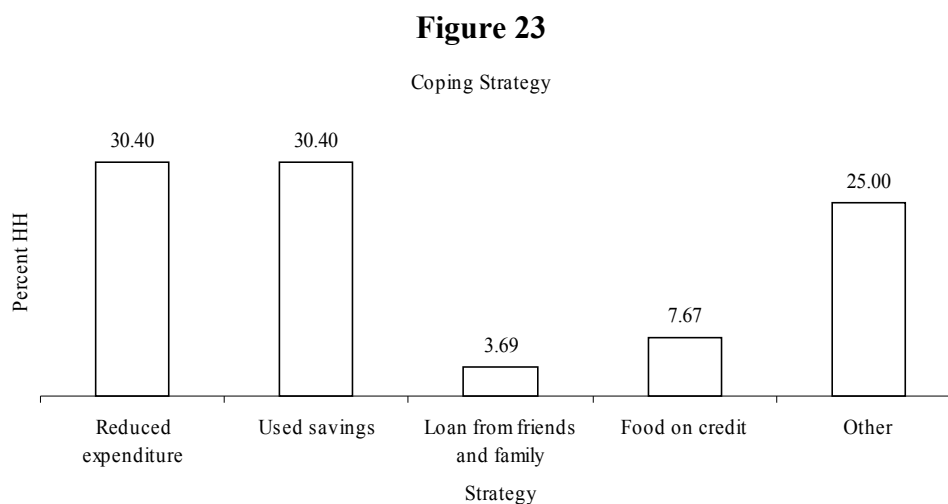
## 5. CRISIS AND COPING

### 5.1 Crisis

Households were questioned about the crises they faced in the last twelve months, if any, and their response to it. About a third of the households reported not facing any crises. The others reported diverse crises situations. It should be noted here that when households said they had suffered a crisis situation, they were actually referring to a period of discomfort or, in most cases, a state of shock. About 31% of the households reported having suffered from high prices of food items, 11% from inadequacy of pastures, 6% from prevalence of human disease and 7% from prevalence of crop disease. Animal disease, water scarcity, and poor health of earning members were also reported by about 3% of the households each.

### 5.2 Coping

Just as crises were diverse so also were coping strategies. These are presented in the table below:-



Most households used savings to tide over crises or else reduced expenditure. Others refers to a plethora of strategies such as buying fodder, seeing a doctor, getting water from other sources, etc. As is clear from the graph, loans are not very important to tide over a crisis situation. This also suggests low intensity of crisis situation and availability of resources to tide over a crisis situation.

### **SECTION SUMMARY**

- *About 30% households reported no crisis situation over the last 12 months*
- *Various crises situations face including increase in the prices of food.*
- *Use of savings and reduction in consumption were the most important coping strategies*
- *Loans do not appear to be an important coping strategy*

## 6. INCOME AND EXPENDITURE

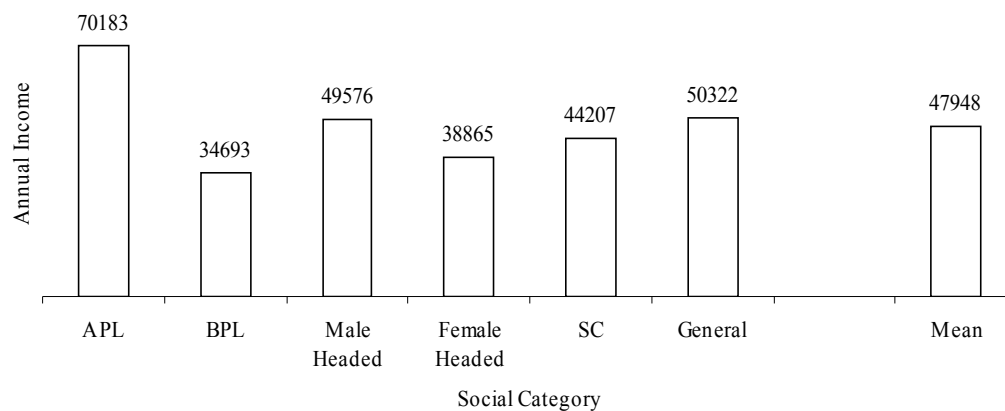
### 6.1 Income

#### 6.1.1 Mean Annual Household Income

Income data was collected at the levels of individual and household activities. The two were added to arrive at the total household income. The most important sources of income are pension, remittance, non-agricultural labour, agricultural labour, and business. Agriculture is not a major source of income. It is primarily subsistence in nature. Mean annual income is Rs. 47,948/-. There are wide variations between social groups with APL, GC, and male headed households earning more than BPL, SC, and female headed households respectively.

**Figure 24**

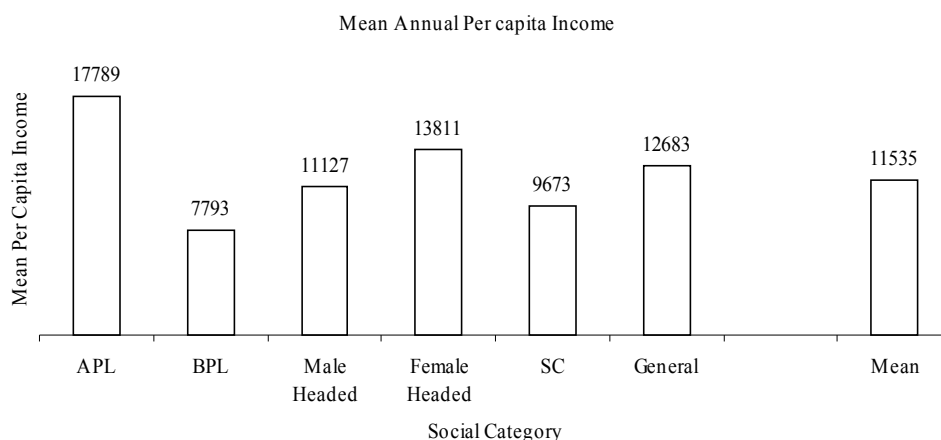
Mean Annual Income- HH



#### 6.1.2 Per Capita Income

Income estimates at the household level can be quite deceptive and misleading. Therefore, it makes sense to calculate per capita income. The mean per capita income is estimated at Rs. 11,535 per annum. Comparing household income with per capita, we find that female headed households are actually better off than male headed even though in terms of household income female headed households come across worse off than the male headed households. The findings are presented in the chart below.

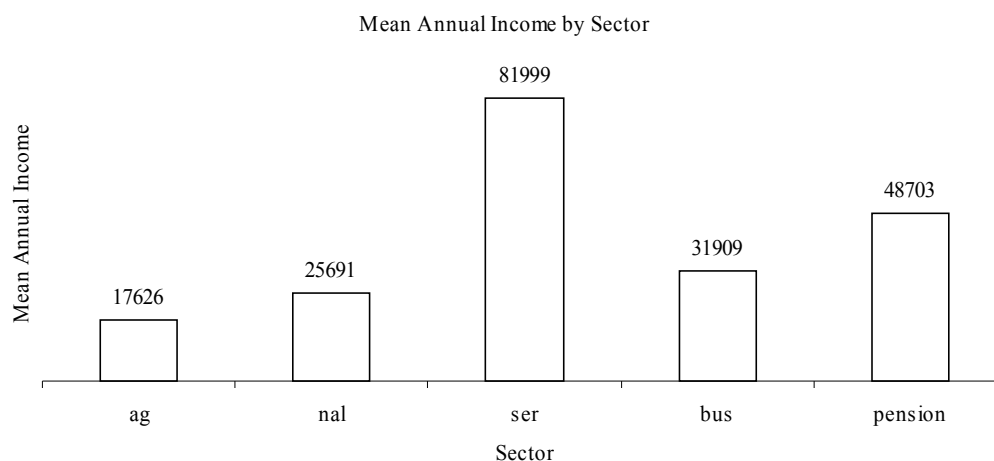
**Figure 25**



6.1.3 *Mean Annual Income by Sector*

There are also differences in income by sector. The mean annual income is highest for the service sector and lowest for agricultural labour.

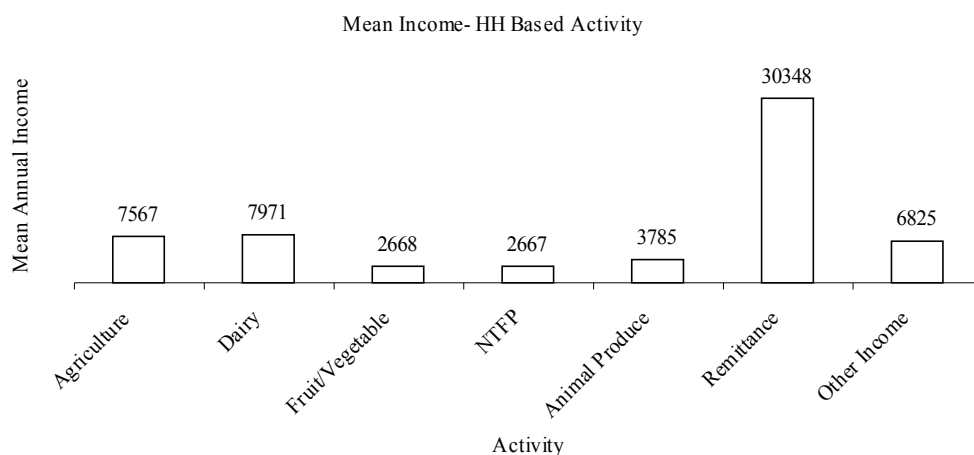
**Figure 26**



6.1.4 *Household Economic Activity*

Households also supplement their income by engaging in various household based income generating activities. Important among these include dairy, fruit and vegetable, and sale of animal produce, largely meat. Remittance, which is not a household based economic pursuit, is also included here for reasons of ease of presentation. The findings are presented in the chart below.

**Figure 27**

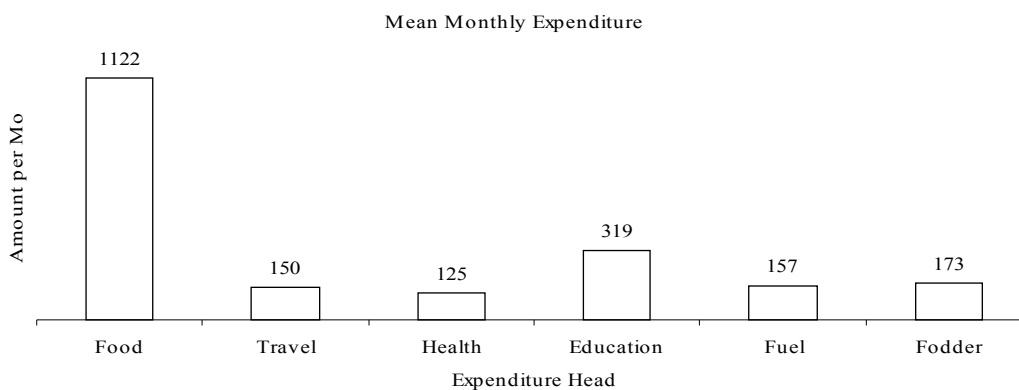


## 6.2 Expenditure

### 6.2.1 Mean Annual Expenditure

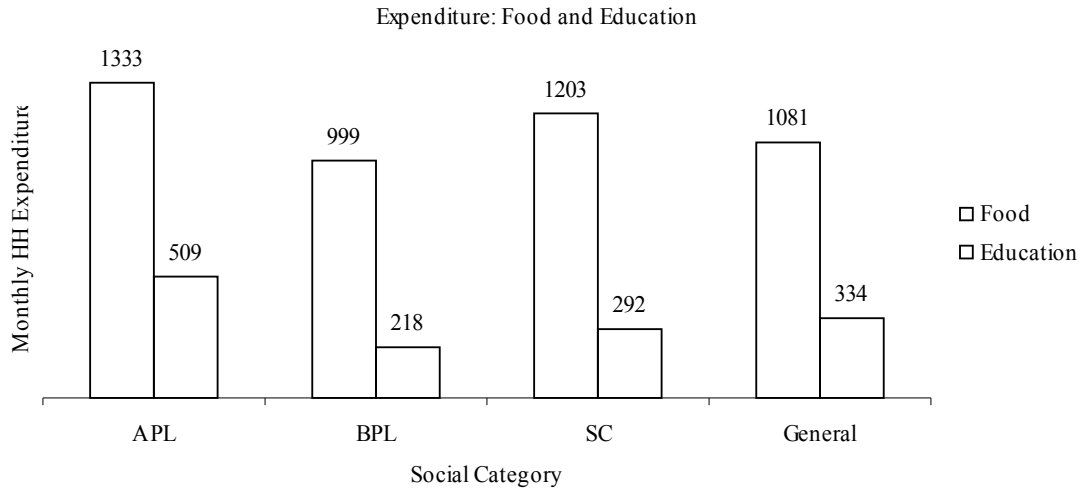
Mean annual expenditure is Rs. 21,450/-. The major categories of expenditure include food, education, health, travel, and fodder. The mean monthly expenditure on these is presented below

**Figure 28**



There are wide variations in these expenses between different groups. In the chart below, we present the monthly expenditure on food and education across APL-BPL and SC-GC households.

**Figure 29**

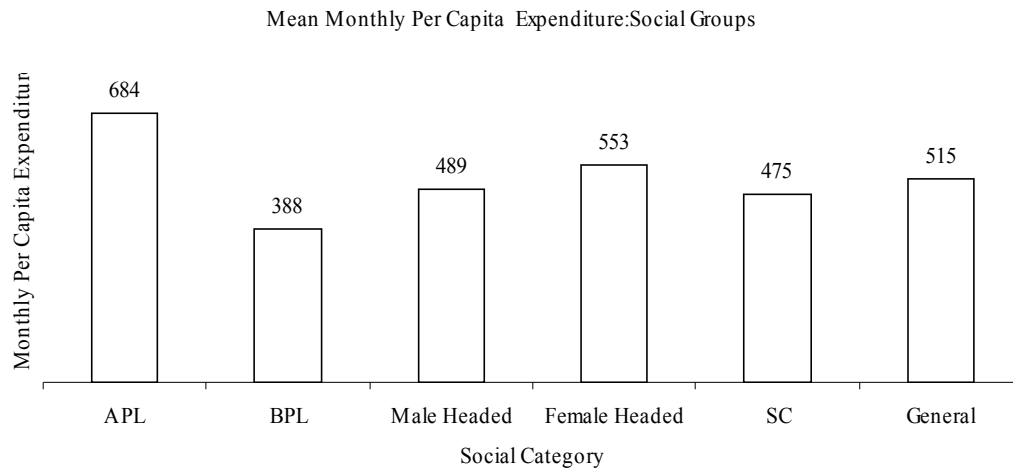


The differences in these expenses have serious consequences for human capital formation in the weaker sections.

### 6.2.2 Per Capita Expenditure

The mean monthly expenditure was calculated at Rs. 498/- a month or Rs. 5976/- a year. There are differences by socio-economic categories which are presented in the table below:-

**Figure 30**



### 6.2.3 *Surplus*

A comparison of the mean per capita annual income and the mean per capita annual expenditure reveals a per capita surplus of Rs. 5739/- per annum. This surplus is saved and used for procuring assets or to meet the expenses incurred at major life events such as marriage, birth, and death. The quantum of surplus is higher for GC, female headed and APL households.

#### **SECTION SUMMARY**

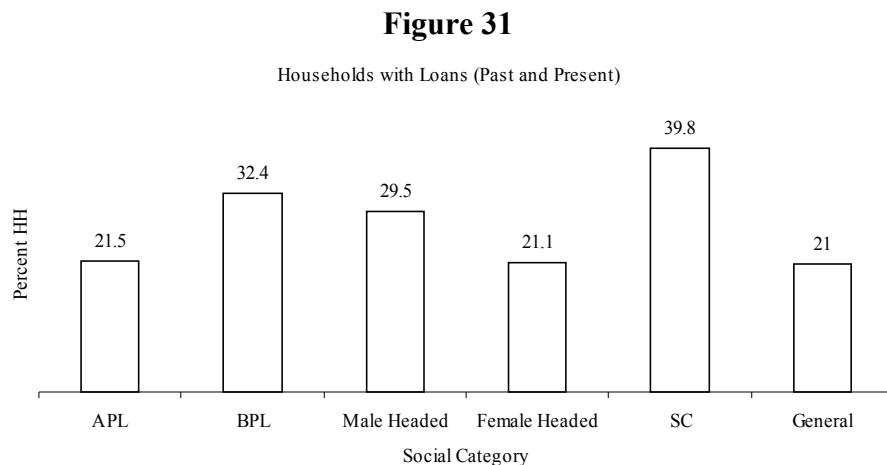
- *Annual income was a combination of the income of individual members and collective household income.*
- *The average per capita annual income was Rs. 11,535/-*
- *The most important sources of income were pension, remittance, non-agricultural labour, agricultural labour, and business.*
- *The average per capita annual expenditure of households was Rs. 5976/-*
- *The most important heads of expenditure were food, education, health, travel, and fodder.*
- *The difference between aggregated average income and aggregated average expenditure showed a surplus of Rs. 5739/- per capita per annum.*

## 7. FINANCIALS

### 7.1 Loans

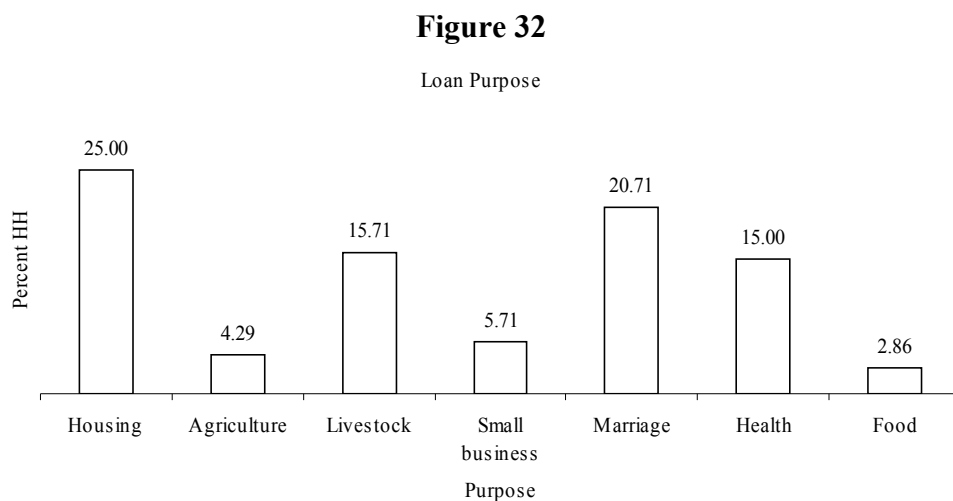
#### 7.1.1 Incidence of Loan

28% of the households reported having ever taken a loan. There are variations in incidence loan across social groups. The economically weaker sections report a far higher incidence of loans.



#### 7.1.2 Loan Purpose

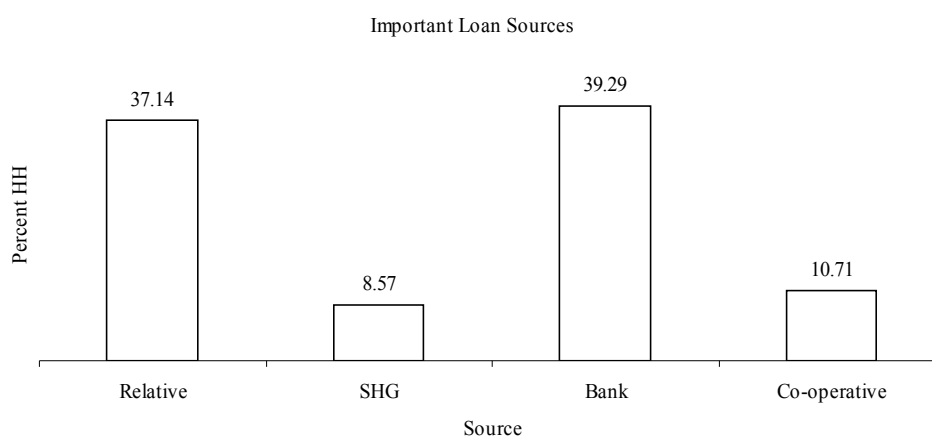
These loans were taken for various reasons. The important loan purposes are presented in the following chart<sup>6</sup>



<sup>6</sup> Within the category that has ever taken a loan

Most loans were taken for housing, followed by marriage, livestock purchase, and health purposes. The purpose of loans does not vary significantly across social groups. However, the proportion of SC households taking loans for health related expenses (18.3%) is higher than the mean proportion. Similarly 4% of BPL households reported taking loans to meet food expenses. The same figure for female headed households was 18%. Having said this, the loans for food and health notwithstanding, the loans are mostly taken for productive purposes. Accordingly this shows a low likelihood of a households getting into a debt trap in the current social and economic circumstances. The debt trap issue is further clarified by source of loans as presented below.

**Figure 33**



### 7.1.3 Loan Source

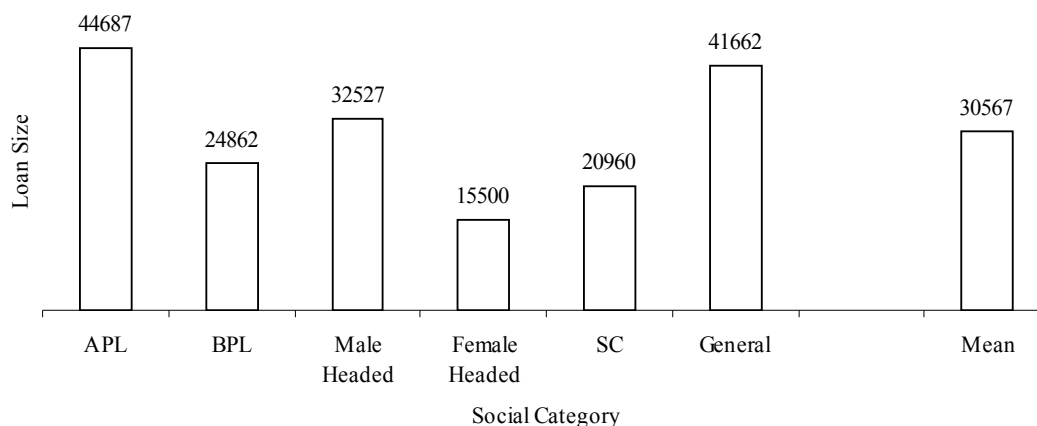
Close to 40% of the loans came from banks, 11% from co-operatives, and 8.5% from SHG sources. This along with 2% for government department takes the total from formal and semi-formal sources to about 61%. 37% of the loans came from relatives. The importance of different sources of loan varies across social groups. Loans from relatives are overwhelmingly important in the case of female headed households and BPL households. For BPL households 42% of the loans came from relatives. Similarly, in the case of GC households 45% of the loans were sourced from relatives. Banks are the single most important source of loan for APL households accounting for 62% of the loans.

7.1.4 *Loan Size*

The average loan size was Rs. 30,567/-. Size of the loans is important and that is looked into next. However, there are significant differences in average loan size across social groups. These are presented

**Figure 34**

Average Loan Size



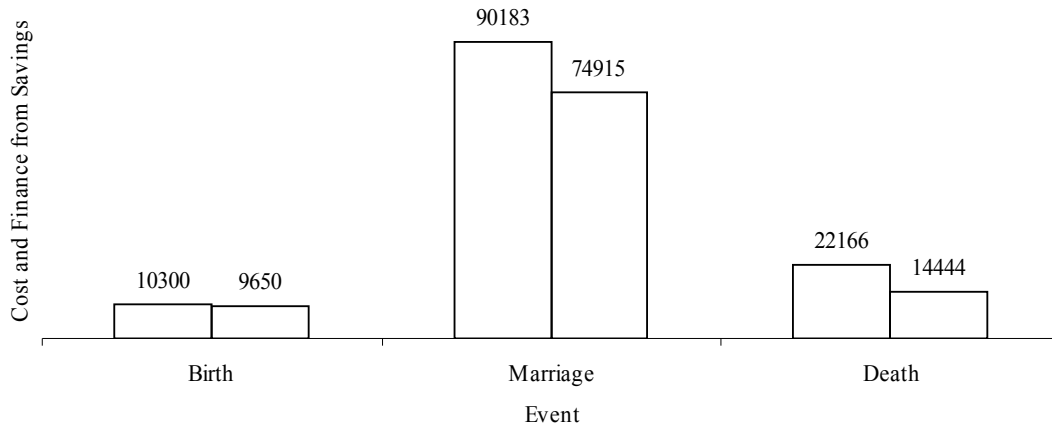
The difference in average loan size notwithstanding, the figures give an idea of the loans demanded by people and what delivery mechanism would work or not work. At the current level of demand, 86% of the households with loans said that their credit requirements had been met.

**7.2 Financing of Life Cycle Events**

Major expenses that people incurred were on purchase of livestock (namely cows, buffaloes, and goats), marriage, birth, death, and housing. To give an example, the average cost of weddings reported was Rs. 90,183/- of which Rs. 74915/- was paid for by savings. Where loans were taken, they came from mostly from relatives and, in some instances, from Banks. The following chart presents expenses on major life cycle events and the financing of the same from savings.

**Figure 35**

Expenses of Events and Finance from Savings

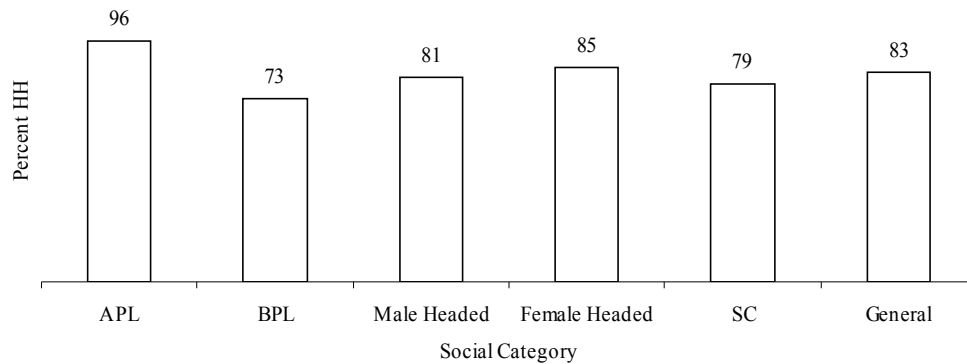


### 7.3 Access to Banks

81% of the households have bank or post office accounts. There are minor variations in access across socio-economic groups.

**Figure 36**

Access to Bank/PO Account



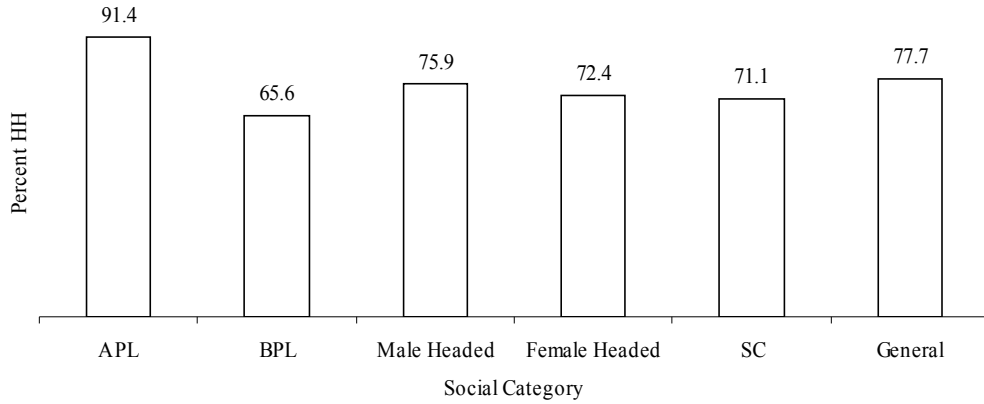
Most of these exist either because pension is transferred via these accounts or remittance comes in through these accounts. In any case, this is a fairly high rate of financial inclusion. Where households do not have bank/post-office accounts, the lack of accounts is attributed to difficulty in operating the account including lack of finances/savings.

**7.4 Savings**

75% of the households reported savings. Incidence of savings varies across socio-economic groups and is presented next.

**Figure 37**

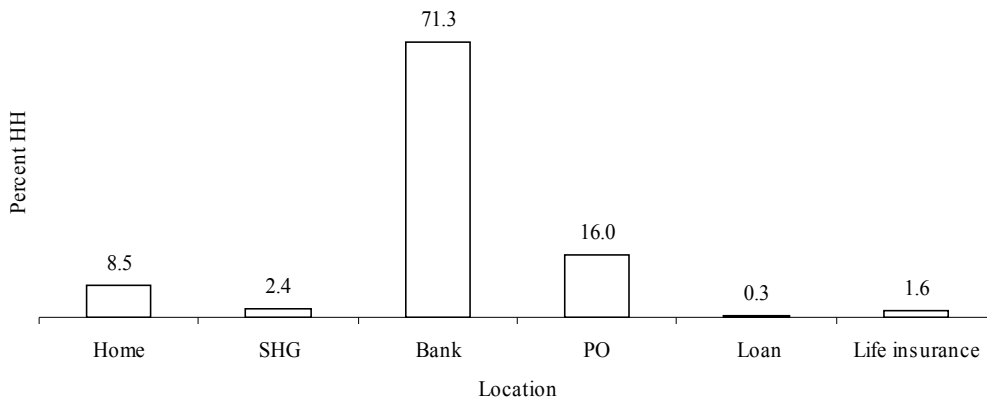
Incidence of Savings



Savings are mostly kept in banks and post offices.

**Figure 38**

Location of Savings



### **Section Summary**

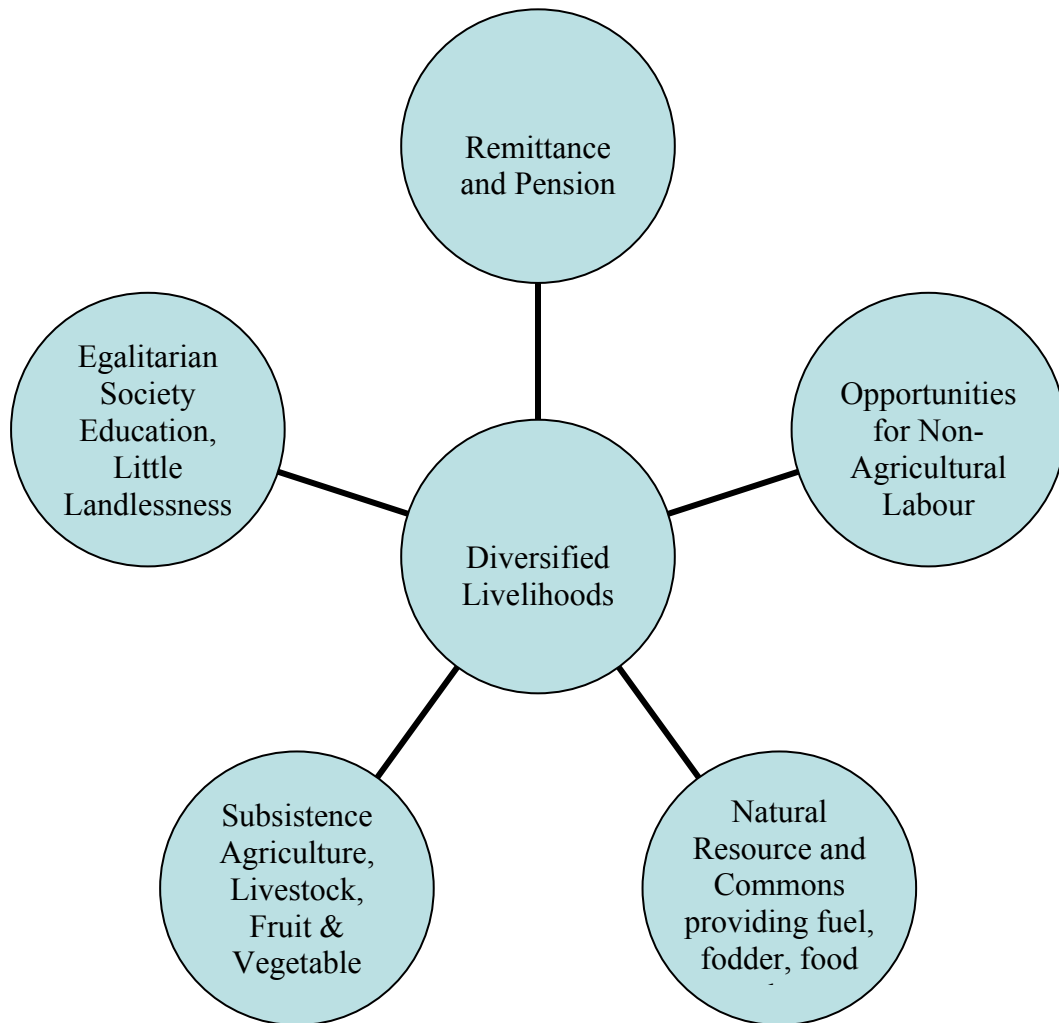
- *28% of the households have taken out loans*
- *60% of these loans are from formal and semi-formal sources while 37% of these loans are from relatives*
- *Loans are taken mostly for productive purposes with rare instances of consumptive loans. Housing and livestock purchase are two important purposes*
- *The average size of loans is Rs. 30,567/-*
- *This has implications for loan products and loan delivery mechanisms*
- *75% of the households have savings*
- *These savings are used to acquire assets and for life cycle events.*
- *81% of the households have bank or post office accounts*
- *These are largely motivated by transfer requirements of pension and remittance*
- *Savings are in banks and post offices in almost 90% of the cases*

## 8. SUMMATION AND CONCLUSION

### 8.1 Livelihoods Model

While there is hardship and deprivation in the hill communities, the nature of poverty is different from poverty experienced in the plains. In the hills the poverty is less extreme and there is a lower degree of inequality both in terms of gender and social class. This difference in this poverty can be understood when we consider the context in which the diversified livelihoods of the people of the hills have developed.

**Figure 39**  
**Livelihoods in the Hills**



8.1.1 *Remittance*

Most households would have one or more members living and working away from home. They would send money home in the form of remittance. This transfer is not regular but sporadic. Most workers would bring money home when they visit or would send it home with their friends. Wire transfers, money orders, etc. are not unheard of but quite rare. Pensions are transferred directly to the bank/ PO accounts of the practitioners.

8.1.2 *Non-agricultural labour*

The rural non-farm sector (“RNFS”) engages a large proportion of people working locally. Most would do physical labour. Some would be working in shops and other service sector enterprises in nearby small towns. The cash flow from non-agricultural labour is more regular than remittance, though, during the rainy season and the peak agricultural seasons, income from non-agricultural labour declines.

Together, remittance, pension, and income from non-agricultural labour together form the cash component of the household livelihoods strategy.

8.1.3 *Agriculture*

Agriculture is largely subsistence in nature. In the few cases where agricultural produce is sold in the market, only limited quantities are sold and the income from such proceeds is seasonal. Agriculture does provide sustenance to households by meeting the food requirement partially. Having said this, agriculture appears to be in a state of decline and is increasingly unable to meet the food requirements. This means that food has to be procured from the market, which, in turn, leads to increased monetization of the economy and the consequent need to migrate or move to RNFS. Most agricultural work is done by the women of the house.

8.1.4 *Access to Commons*

Women also take care of the livestock. Almost all households would have livestock. Among these, cows and buffaloes are the most common and are mostly reared to meet household needs for dairy though, in some cases, milk and milk products might also be sold locally. One reason why livestock is common is the access to common property resources and forest. Together the two provide fodder and fuel to meet household needs. Some households also supplement their income by collecting non-timber forest produce.

8.1.5 *Egalitarian Society*

Hill communities have traditionally been more egalitarian than the communities in the plains. Women can participate in public domain and caste consciousness, while present, is not as severe as in the plains. All this, coupled with prevalence of education, very low incidence of landlessness, and relatively participatory decision making has meant that one does not see the kind of underclass that exists in the communities of the plains.

8.1.6 *Below Poverty Line*

Even though the level of deprivation in the hills is not as severe as in the plains, there are groups that are considered poor. The 'best' indicator of the poverty status of a household is the economic category it falls in. BPL or below poverty line households are considered economically deprived. Is BPL a good indicator of the poverty status and can it be used for programming purposes? The answer is NO. Even though, BPL households are worse off than the APL households, as reflected in the size of landholding, the number of non-resident members, the size of remittance, etc., the difference is not as substantive as one would expect. The BPL households are definitely not necessarily the poorest households in the villages. In any case the proportion of these households is so large as to make the category useless for purposes of targeting. Each BPL household has a card issued by the state. When these cards were issued all households that did not have a member in permanent job were termed BPL. The poor households are those that

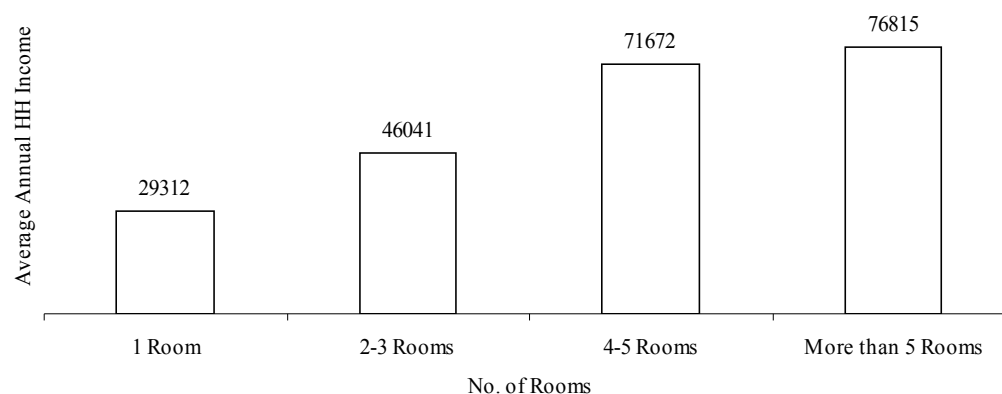
do not have a regular income, are landless or near landless, old age households, or widowed households.

### 8.3 Identification of Poor Households

Can the poor households be identified through participatory assessment? It should be possible to do so. One indicator, the size of the dwelling, which is quick and easy to assess has been identified by this study as being an effective indicator of economic well being.

**Figure 40**

Income and Dwelling Size



In addition, there are other indicators, which when used in combination could give a quick and cost effective assessment of economic status of the households. Female headed households that are a result of mortality and without pension are likely to be poor. Old age households with no pension or remittance are, similarly, likely to be poor. Very small and very large households are more likely to be poorer than mid-sized households. Landless households, unless supported by service/remittance are more likely to be poor.

These indicators will have to be tested in a few more cases but we strongly feel that indicators such as these should be more effective in targeting the poor households.

#### **8.4 Participation in Development Projects**

While there is little opposition to the involvement of the poor in development projects, the poor have little time, confidence, or resources to be able to actively participate in these projects. As a result many of them become indifferent or drop out. They have limited skills, social networks, support systems, and risk taking capacity. They would therefore need a degree of handholding and intensive project support.

#### **8.5 Traditional Support Systems and SHG**

“One interesting aspect about the people in hills is that a lot of mutual systems do exist and they operate informally...for example people do borrow for occasions such as marriage, house construction, health and other social occasions from friends and relatives and surprisingly it is only a mutual arrangement and no cost is involved per se. Similar thing exists in sharing the milk and ghee or agricultural produce, if I have surplus I share with you and when you have surplus you support me. These things I learned during my recent visits to villages in Pithoragarh”<sup>7</sup> Traditionally village communities in the hills have acted as one large, multi-purpose self help group. Large public works such as building retaining walls, laying pavements, cleaning of water sources were taken up by the village as a whole. Help to individual household during house construction/repair, marriage, agricultural labour, etc. were and to some extent are still provided on a quid pro quo basis. However, these arrangements are on the decline. State machinery and NGOs have made the village and its institutions redundant. Help to individual households is still extended but that too is on the decline. Increasing inequality, out migration, and monetization are responsible for these changes.

An example of this change is that people prefer not to take loans from informal sources if they can help it. There is a hidden cost to such loans, which can never be repaid. People who extend loans benefit from free labour, social support

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<sup>7</sup> Narender Kande: Field Visit Report, 2009.

against will, and, in some cases, matrimonial matches. The non-financial cost of informal loan is very high.

## 8.6 Role for SHG

Can SHG replace the existing institutions? YES, in theory they can. However, for that SHGs will have to move away from the realm of a tick box in the checklist of a project to being the cornerstone of development interventions.

Most SHGs are formed because they are a project requirement. They fold up or become defunct once the project ends. A new project comes and the cycle repeats itself. The same is the case with the village development committees (VDC). This has led to a lot of cynicism in people.

SHG can help build social capital; they can be a platform for dissemination of ideas, debate, and a platform for social and economic development. They have an important role to play. *Mahila Mangal Dals* have been quite active in the campaign against alcohol. On the economic front, there is a large unmet demand for dairy products and vegetables. Similarly the quality of products that are locally available is bad. Good products do not offer shopkeepers high rates of commission and shopkeepers feel no need to store them. Quality of agricultural input is also bad. An HGVS backed federation tried to experiment with retailing. It bought *ghee* and umbrellas in bulk and they were sold in a day.

But it is also important to note that SHG cannot be shaped on the lines of traditional institutions. Times have changed, economy has become monetized, and people have economic and social aspirations. For example, the study findings suggest that only 11% of households use LPG as the main source of cooking fuel. Women who are the primary collectors of fuel wood spend a lot of their time collecting fuel wood. This means that they have less time for activities such as attending SHG meetings. An SHG could lend for procuring LPG facilities on the one hand, and by procuring LPG facilities in bulk from suppliers. This would give

an income to the SHG while at the same time strengthen it further by giving members more time for SHG activities.

### **8.7 Changing Livelihoods**

There has been a decline in the agricultural sector. This has been due to erratic rains and water shortage, and poor quality of inputs. This has decreased food self sufficiency from agriculture, which has come down from 6 months to 3 months. Growing fruits and vegetables is a profitable business but it is constrained by paucity of water. Migration has resulted in fallow land, which has come under grass. Decline in agriculture has increased out migration and the consequent dependence on agriculture. People move to the plains where they work in the private sector. There was a time when recruitment in the armed forces was quite high but that has changed. When people cannot or do not want to move out, they work in the rural non-farm sector including tourism, transport, retailing, construction, etc.

### **8.8 Monetization**

Remittance, pension, and income from non-agricultural labour have created a cash based economy. This has increased the demand for products but has also led to problems of alcoholism, refusal to work, etc. People have invested in building new houses. This has created employment opportunities, but the benefit of these investments has gone to outsiders. The construction material is procured from the plains as also is a lot of labour.

### **8.9 A Model for Intervention**

It is in this context that interventions have to be designed. Is there a role for traditional microfinance, where small loans are extended and repaid over time?

#### *8.9.1 Credit*

Small loans have a limited utility in this area as indicated in the average loan size, and satisfaction with the existing financial arrangements. Credit component could

be thought about gradually once the demand increases. Demand for credit is a function of avenues and capacity for investment. However, it is more likely that small and medium enterprise (SME) loan window would work better in the hills. However, finance is not credit alone. If one could move away from credit to designing products around savings, education, health, insurance, etc. there is a substantive market.

#### 8.9.2 *Health and Education Products*

An average household spends in excess of Rs. 300/- on education and more than Rs. 150/- on minor health issues every month. This will only increase. For example, only the poorest send their children to government school. Private schools are expensive. Similarly with increasing private health care, health expenses are also likely to increase.

#### 8.9.3 *Insurance*

Very few households have insurance and where they do have, it is exclusively life insurance. Insurance of livestock is one area where there is a large unmet demand.

#### 8.9.4 *Savings*

There is a fairly substantial surplus in the households as indicated by the difference between income and expenditure. This can be absorbed through appropriately designed savings products.

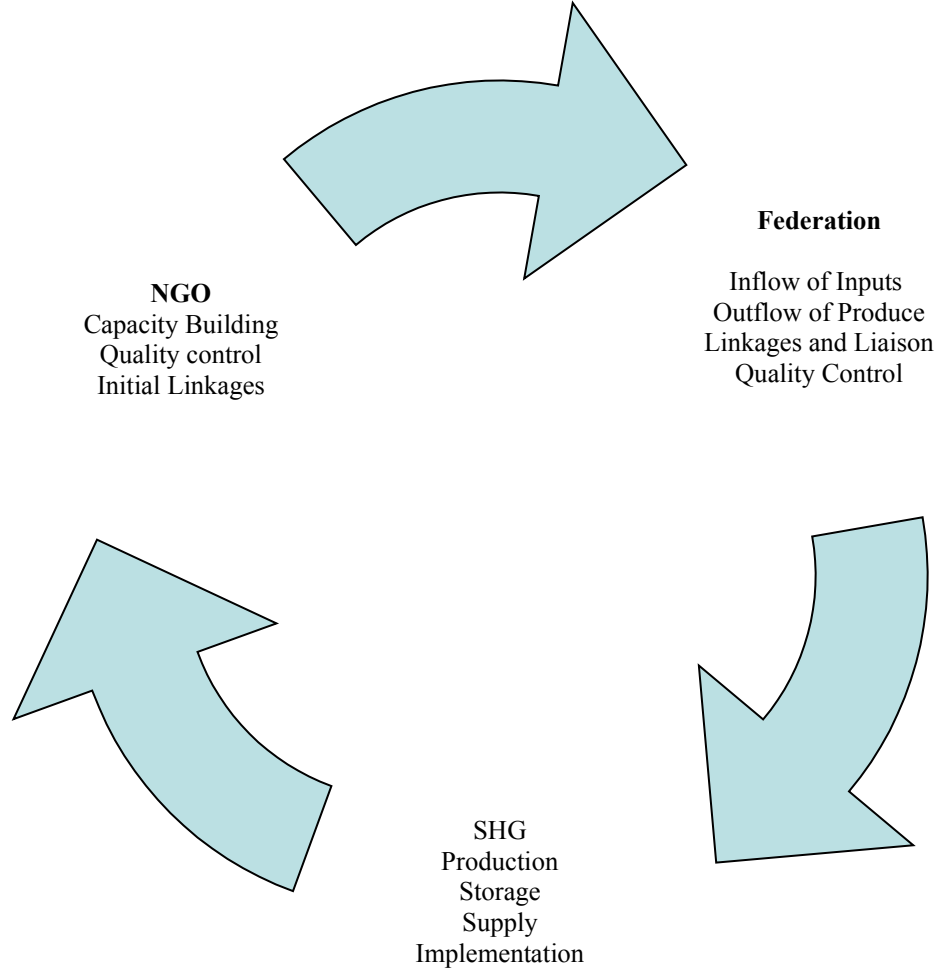
#### 8.9.5 *Way Forward*

One way forward is to impress upon NGOs and local communities, the need to have only one SHG per village. Each SHG should be affiliated to an NGO. All SHGs under one NGO should be federated. The work of the NGO, federation, and each SHG should be reviewed annually and a rating assigned to all three. Funding should be made contingent on the rating received. SRTT could also persuade other donors and government to think on these lines and evolve a commonly

accepted and effective evaluation mechanism. The NGO-Federation-SHG alliance becomes the conduit for the inflow of inputs and the outflow of local produce.

Why should this work? As we noted above, there is a considerable degree of cynicism that SHGs last only as long as the project that forms them. While there may be an element of truth in this, there also a number of examples of successful SHG-Federation models. The hill communities suffer from isolation, poor infrastructure, poor connectivity, poor processing facilities, and poor storage systems. There is lack of skills, lack of information, and a lack of linkages. NGO-Federation-SHG model can address these bottlenecks.

**Figure 41  
Model for Intervention**



However, it is important to bear in mind that building an NGO-federation-SHG model is like building an institution. It cannot be done in one or two years. It will require intensive effort over a considerable period of time. One way to do this to select the best partner NGOs and their best SHGs and work intensively with them for a few years, refine the model, document the best practices, and replicate the model. Finally a model is sustainable only when people feel involved, have a voice, and feel they benefit from the interventions. Where SHG-Federation model did not work it was not because of the problems with the model but with the opportunities it was generating. Capacity, enterprise and linkages is the way forward.

**APPENDIX I- QUESTION SCHEDULE**

|                                    |  |   |  |
|------------------------------------|--|---|--|
| Interviewer code                   |  | Household code  |  |
| Name of interviewer                |  | Gender of the household head: <b>Female-0; Male-1</b>   |  |
| Date of interview                  |  | Marital status of the household head:<br><b>Unmarried-0; Married-1;<br/>Divorced/separated-2;<br/>Widow(er)-3</b> |  |
| Block Code                         |  | Relationship of respondent to head of household ( <b>Refer to relationship code on the next page</b> )            |  |
| Village Code                       |  | Caste: <b>General-0; SC-1;<br/>ST-2</b>   |  |
| Name of the <i>tok</i>             |  | Poverty status: <b>APL-0;<br/>BPL-1</b>   |  |
| Checked and approved by Supervisor |  | Checked by Computer Op.   |  |

### 1. Social and Demographic

| 1. Male household head  |  | 13. Female head household |                             | 1.5 What is highest grade level attained in school for those household members more than 5 yrs old. (i.e. <b>currently enrolled in or grade when left school</b> ) | 1.6 For <b>children 6-15 years old only</b> , are they currently enrolled in school? | 1.7 What are the main reasons of non-enrolment or lack of attendance? Please rank in order of importance up to 2 reasons. |   | 1.8 Main Occupation       |   |  |                            |                                  |                                  |                              |                     |           |                     |                  |                     |                         |                          |            |             |
|---|--|---------------------------|-----------------------------|--|--|---|---|---------------------------|---|--|----------------------------|----------------------------------|----------------------------------|------------------------------|---------------------|-----------|---------------------|------------------|---------------------|-------------------------|--------------------------|------------|-------------|
| 1.1 Relationship of all household members to head of household. Put head of household as #1 |  | 1.2 Gender of the member  | 1.3 Age of household member |  |  | 1.4 Can the household member read and write?<br>0. No<br>1. Yes   | 0 School too far away / no school to enrol in | 1 Works at home or nearby | 2 Didn't like school / wasn't learning anything | 3 Went as far in school as they need to learn useful skills / education not a priority | 4 Poor health / disability | 5 Not allowed to enrol by family | 6 Not allowed to enrol by school | 7 Marriage during school age | 8 Cost of schooling | 0 Nothing | 1 Agriculture (Ag.) | 2 Animal rearing | 3 wage labour (Ag.) | 4 Wage labour (non Ag.) | 5 Salaried job (service) | 6 Business | 7 Education |
| 1   |  |                           |                             |  |  | 1 <sup>st</sup> reason  | 2 <sup>nd</sup> reason                        |                           |   |  |                            |                                  |                                  |                              |                     |           |                     |                  |                     |                         |                          |            |             |
| 2   |  |                           |                             |  |  |   |   |                           |   |  |                            |                                  |                                  |                              |                     |           |                     |                  |                     |                         |                          |            |             |
| 3   |  |                           |                             |  |  |   |   |                           |   |  |                            |                                  |                                  |                              |                     |           |                     |                  |                     |                         |                          |            |             |
| 4   |  |                           |                             |  |  |   |   |                           |   |  |                            |                                  |                                  |                              |                     |           |                     |                  |                     |                         |                          |            |             |
| 5   |  |                           |                             |  |  |   |   |                           |   |  |                            |                                  |                                  |                              |                     |           |                     |                  |                     |                         |                          |            |             |
| 6   |  |                           |                             |  |  |   |   |                           |   |  |                            |                                  |                                  |                              |                     |           |                     |                  |                     |                         |                          |            |             |
| 7   |  |                           |                             |  |  |   |   |                           |   |  |                            |                                  |                                  |                              |                     |           |                     |                  |                     |                         |                          |            |             |
| 8   |  |                           |                             |  |  |   |   |                           |   |  |                            |                                  |                                  |                              |                     |           |                     |                  |                     |                         |                          |            |             |
| 9   |  |                           |                             |  |  |   |   |                           |   |  |                            |                                  |                                  |                              |                     |           |                     |                  |                     |                         |                          |            |             |
| 10  |  |                           |                             |  |  |   |   |                           |   |  |                            |                                  |                                  |                              |                     |           |                     |                  |                     |                         |                          |            |             |
| 11  |  |                           |                             |  |  |   |   |                           |   |  |                            |                                  |                                  |                              |                     |           |                     |                  |                     |                         |                          |            |             |
| 12  |  |                           |                             |  |  |   |   |                           |   |  |                            |                                  |                                  |                              |                     |           |                     |                  |                     |                         |                          |            |             |
| 13  |  |                           |                             |  |  |   |   |                           |   |  |                            |                                  |                                  |                              |                     |           |                     |                  |                     |                         |                          |            |             |
| 14  |  |                           |                             |  |  |   |   |                           |   |  |                            |                                  |                                  |                              |                     |           |                     |                  |                     |                         |                          |            |             |

# SRTT-CEDAR CASH FLOW STUDY-PITHORAGARH

**1.9** Does the household have members who live and/or work elsewhere (**married daughters and married sisters not to be included**)?

- 0. No → 2.1
- 1. Yes

**1.10** Please give details of the migrant members of the family?

| Name | Age | Gender             | Relationship to the HH head | Education attained   | Location  | Occupation  |
|------|-----|--------------------|-----------------------------|--|---|---|
|      |     | Female-0<br>Male-1 |                             | 0 No school<br>1 Did not complete primary<br>2 Primary<br>3 Secondary<br>4 High school<br>5 Inter<br>6 Graduate<br>7 Post-graduate | 0 Nearby village<br>1 Nearby town<br>2 Town in the state<br>4 Town outside state<br>5 State Capital<br>6 Capital of another state<br>7 National Capital | 0 Nothing<br>1 Agriculture<br>2 Animal rearing<br>3 wage labour (Ag.)<br>4 Wage labour (non Ag.)<br>5 Salaried job (service)<br>6 Business<br>7 Education<br>8. Pensioned<br>9. Household tasks |
|      |     |                    |                             |  |   |   |
|      |     |                    |                             |  |   |   |
|      |     |                    |                             |  |   |   |
|      |     |                    |                             |  |   |   |
|      |     |                    |                             |  |   |   |

**1.11** Does the migrant member send money home?

- 0. No
- 1 Yes

## 2. Income and Expenditure

**2.1** Please fill the following table by listing average annual income of each member (estimated) against different occupations.

|          | Wage labour (Ag.) | Wage labour (non Ag.) | Salaried job (service) | Business | Pension |
|----------|-------------------|-----------------------|------------------------|----------|---------|
| Member 1 |                   |                       |                        |          |         |
| member 2 |                   |                       |                        |          |         |
| Member 3 |                   |                       |                        |          |         |
| Member 4 |                   |                       |                        |          |         |
| Member 5 |                   |                       |                        |          |         |
| Member 6 |                   |                       |                        |          |         |

**2.2** If the household is involved in any of the following economic activities, please list the average estimated expenditure and revenue (gross income)

|  | Average annual expenditure | Average annual Income | Net Annual Income |
|--|----------------------------|-----------------------|-------------------|
| Agriculture                              |                            |                       |                   |
| Milk, milk products, animal product sale |                            |                       |                   |

## SRTT-CEDAR CASH FLOW STUDY-PITHORAGARH

|   |  |  |  |
|---|--|--|--|
| Horticulture/ vegetable                   |  |  |  |
| Minor forest produce                      |  |  |  |
| Wood                                      |  |  |  |
| Regular animal sale for income generation |  |  |  |
| Family remittances                        |  |  |  |
| Rent                                      |  |  |  |
| Other income                              |  |  |  |

**2.3** Please fill the following table to summarize expenses

| Head                     | Monthly expenses | Annual expenses |
|--------------------------|------------------|-----------------|
| Food                     |                  |                 |
| Local conveyance         |                  |                 |
| Minor health problems    |                  |                 |
| Fuel                     |                  |                 |
| Clothes                  |                  |                 |
| Social expenses          |                  |                 |
| Education                |                  |                 |
| Alcohol                  |                  |                 |
| Animal feed              |                  |                 |
| Agricultural input       |                  |                 |
| House repairs and upkeep |                  |                 |
| Litigation               |                  |                 |
| Migration                |                  |                 |
| Misc.                    |                  |                 |

## 3. Housing

**3.1** What best describes your current dwelling?

- 1 Single family house**
- 2 Part or shared house**
- 3 Tent**
- 4 Temporary shelter/shack**
- 5 Other**

**3.2** How did you acquire this dwelling?

- 1 Inherited**
- 2 Purchased**
- 3 Occupied mortgaged dwelling**
- 4 Tenant**
- 5 Caretaker**
- 6 Relative or friend of owner**
- 7 Squatter**
- 8 Other**

**3.3** How many rooms does the dwelling have?

- 0. 1 room**
- 1. 2-3 rooms**
- 2. 4-5 rooms**
- 3. More than five rooms**

**3.4** Does the dwelling have a separate kitchen?

- 0. No**
- 1. Yes**

**3.5** Does the dwelling have a separate animal shed?

- 0. No**
- 1. Yes**

## SRTT-CEDAR CASH FLOW STUDY-PITHORAGARH

**3.6** What is the floor of the dwelling made of?

1. **Mud**
2. **Wood**
3. **Cement**
4. **Brick/tiles**
5. **Stone**

**3.7** What are the walls of the dwelling made of?

1. **Mud**
2. **Vegetative matter other than wood**
3. **Wood**
4. **Cement**
5. **Brick/tiles**
6. **Tin**
7. **Stone**

**3.8** What is the roof of the dwelling made of?

1. **Mud**
2. **Vegetative matter other than wood**
3. **Wood**
4. **Cement**
5. **Stone**
6. **Brick/tiles**
7. **Tin**

## 4. Amenities

**4.1** Does the household have electricity connection?

0. **No**
1. **Yes**

**4.2** What is your main source of **cooking fuel**? (Write the most important source only)

- |                       |                                    |                        |
|-----------------------|------------------------------------|------------------------|
| 1. <b>Animal dung</b> | 3. <b>Crop residues or sawdust</b> | 6. <b>Kerosene oil</b> |
| 2. <b>bushes</b>      | 4. <b>Firewood</b>                 | 7. <b>Gas</b>          |
|                       | 5. <b>Charcoal</b>                 | 8. <b>Electricity</b>  |
|                       |                                    | 9. <b>Other</b>        |

**4.3** What is the **current** main source of **drinking water** for your household?

1. **Shallow open wells – Public**
  2. **Shallow open wells – in compound**
- |  |
|--|
| 1. <b>No time – in community</b>           |
| 2. <b>Near community – 1 hour or less.</b> |
| 3. <b>&lt; ¼ day (1-3hrs)</b>              |
| 4. <b>¼ to ½ day (3-6hrs)</b>              |
| 5. <b>&gt;½ day (6-12hrs)</b>              |
9. **River Lake Canal pond**

**4.4** How much time does it take to collect water and return?

**4.5** What kind of toilet facility does your household use?

0. **None / open field / bush**
1. **Open pit**
2. **Improved latrine**
3. **Flush latrine**

## 5. Assets and Livestock

5.1 Does your household own any of the following items? *(In working condition - where appropriate)*

1. Radio / tape
2. Refrigerator
3. TV
4. VCR / DVD
5. Sewing machine
6. Plough
7. Cereal grinder mill
8. Bicycle
9. Motorcycle
10. Car
11. Truck
12. Computer – working
13. Internet users in this household
14. Telephone land line
15. Mobiles phone

5.2 Does your household own any livestock, including poultry?

0. No → 6.1  
1. Yes

5.3 Which and how many of the animals/poultry listed in the table below do you own?

|             | No-0; Yes-1 | Number |
|-------------|-------------|--------|
| Cow         |             |        |
| Buffalo     |             |        |
| Oxen        |             |        |
| Horse       |             |        |
| Mule/Donkey |             |        |
| Ducks       |             |        |
| Poultry     |             |        |
| Goat        |             |        |
| Sheep       |             |        |

## 6. Land and Agriculture

6.1 Does your household own or manage agricultural land or a garden plot (cultivated or fallow)?

6.2 Please fill the following table

| Type                | Status                | Size (in <i>nas</i> ) | Crop 1 | Output | Crop 2 | Output | Crop 3 | Output | Crop 4 | Output |
|---------------------|-----------------------|-----------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 0. No → 7.1         | 0. No access          |                       |        |        |        |        |        |        |        |        |
| 1. Yes, own         | 1. Rented in          |                       |        |        |        |        |        |        |        |        |
| 2. Yes, only own    | 2. Rented out         |                       |        |        |        |        |        |        |        |        |
| 3. Yes, only manage | 3. Share cropped      |                       |        |        |        |        |        |        |        |        |
|                     | 4. Share cropped out  |                       |        |        |        |        |        |        |        |        |
|                     | 5. Owned and operated |                       |        |        |        |        |        |        |        |        |
|                     | 6. Other (specify)    |                       |        |        |        |        |        |        |        |        |

## SRTT-CEDAR CASH FLOW STUDY-PITHORAGARH

|                             |  |  |  |  |  |  |  |  |  |  |
|-----------------------------|--|--|--|--|--|--|--|--|--|--|
| Garden plot                 |  |  |  |  |  |  |  |  |  |  |
| Irrigated agricultural land |  |  |  |  |  |  |  |  |  |  |
| Rain fed agricultural land  |  |  |  |  |  |  |  |  |  |  |
| Barren land                 |  |  |  |  |  |  |  |  |  |  |
| Total                       |  |  |  |  |  |  |  |  |  |  |

**6.3** Please fill the following table to list the usage of agricultural produce

|                             | Crop 1     |        | Crop 2     |        | Crop 3     |        | Crop 4     |        |
|-----------------------------|------------|--------|------------|--------|------------|--------|------------|--------|
|                             | % Consumed | % sold | % Consumed | % sold | % Consumed | % sold | % Consumed | % sold |
| Garden plot                 |            |        |            |        |            |        |            |        |
| Irrigated agricultural land |            |        |            |        |            |        |            |        |
| Rain fed agricultural land  |            |        |            |        |            |        |            |        |
| Barren land                 |            |        |            |        |            |        |            |        |

**6.4** How many months of your food requirement is met by household agricultural produce?

0. 1 month or less
1. 2-3 months
2. 4-6 months
3. 7-9 months
4. 10 months or more

**6.5** Where do you sell the surplus agricultural produce?

0. No surplus
1. Within the village
2. Nearby Village
3. Nearby town
4. Distant town
5. To food merchants from outside

## 7. Crisis and Coping

**7.1** In the last 12 months has the household been negatively affected by any of the following? Rank the top 3 in order of importance.

|                                |          |   |
|--------------------------------|----------|---|
|                                |          | <p><b>Coping Strategy Codes</b></p> <ol style="list-style-type: none"> <li>1. Reduced food</li> <li>2. Decreased expenditure</li> <li>3. Used savings or investments</li> <li>4. Loans from family/friends</li> <li>5. Loans from employer</li> <li>6. Loan from moneylender</li> <li>7. Loans from Bank/MFI</li> <li>8. Loan from SHG</li> <li>9. Purchased food on credit from traders</li> <li>10. Sold/mortgaged household assets</li> <li>11. Sold/mortgaged productive assets</li> <li>12. Out migrated</li> <li>13. Increased/started child labour</li> <li>14. Begging</li> <li>15. Others (specify)</li> </ol> |
| Shock                          | Affected |   |
| 0. NO SHOCKS EXPERIENCED → 8.1 |          |   |

## SRTT-CEDAR CASH FLOW STUDY-PITHORAGARH

|   |  |  |
|---|--|--|
| 1. Water shortage   |  |  |
| 2. Unusually high level of crop pests & diseases          |  |  |
| 3. Unusually high level livestock diseases                |  |  |
| 4. Reduced availability of grazing areas                  |  |  |
| 5. Landslides/avalanches                                  |  |  |
| 6. Heavy rains  |  |  |
| 7. Unusually high level of human disease                  |  |  |
| 8. Unusually high increases in food prices.               |  |  |
| 9. Unusual decrease in farm gate prices                   |  |  |
| 10. Loss of employment by a household member              |  |  |
| 11. Reduced income of a household member                  |  |  |
| 12. Serious illness accident for working household member |  |  |
| 13. Death of a working household member                   |  |  |
| 14. Death of other household member                       |  |  |
| 15. Involuntary loss of house/land                        |  |  |
| 16. Involuntary loss of livestock                         |  |  |

### 8. Finance

**8.1** Do you have or did you have an outstanding loan?

0. **no** → 8.4

1. **Yes**

**8.2** If the answer to 8.1 is **yes**, please fill the following table

| <b>Use</b>              | <b>Source</b>           | <b>Amount borrowed</b> | <b>Interest (amount or rate)</b> | <b>Amount paid</b> | <b>Amount outstanding</b> |
|-------------------------|-------------------------|------------------------|----------------------------------|--------------------|---------------------------|
| 1. Housing              | 1. Friends              |                        |                                  |                    |                           |
| 2. Agricultural Input   | 2. Relative             |                        |                                  |                    |                           |
| 3. Land                 | 3. Moneylender          |                        |                                  |                    |                           |
| 4. Livestock            | 4. Employer             |                        |                                  |                    |                           |
| 5. Small business       | 5. SHG                  |                        |                                  |                    |                           |
| 6. Manufacturing        | 6. Bank                 |                        |                                  |                    |                           |
| 7. Marriage             | 7. Govt. Dept or scheme |                        |                                  |                    |                           |
| 8. Education            | 8. Co-operative         |                        |                                  |                    |                           |
| 9. Health               | 9. Other (specify)      |                        |                                  |                    |                           |
| 10. Food                |                         |                        |                                  |                    |                           |
| 11. Repay earlier loans |                         |                        |                                  |                    |                           |
| 12. Litigation          |                         |                        |                                  |                    |                           |
| 13. Other(specify)      |                         |                        |                                  |                    |                           |
| Loan I                  |                         |                        |                                  |                    |                           |
| Loan II                 |                         |                        |                                  |                    |                           |
| Loan III                |                         |                        |                                  |                    |                           |
| Loan IV                 |                         |                        |                                  |                    |                           |

**8.3** Why do you use the source of credit that you use? Rank each on a scale of 1-5, 1 being the least important and 5 being the most important

1. **Ease of access (paper work)**

2. **Low rate of interest**

3. **Trust and faith**

4. **Long association**

5. **Fewer restrictions on loan use and supervision**

6. **Other reason (specify)**

**8.4** Were some of your credit needs left unfulfilled in the last twelve months?

0. **No**

1. **Yes** → 8.6

**8.5** If the answer to 8.4 is **No**, please fill the table below.

| <b>Need</b>             | <b>Credit needed</b> | <b>Credit obtained</b> | <b>Source</b>           |
|-------------------------|----------------------|------------------------|-------------------------|
| 1. Housing              |                      |                        | 1. Friends              |
| 2. Agricultural Input   |                      |                        | 2. Relative             |
| 3. Land                 |                      |                        | 3. Moneylender          |
| 4. Livestock            |                      |                        | 4. Employer             |
| 5. Small business       |                      |                        | 5. SHG                  |
| 6. Manufacturing        |                      |                        | 6. Bank                 |
| 7. Marriage             |                      |                        | 7. Govt. Dept or scheme |
| 8. Education            |                      |                        | 8. Co-operative         |
| 9. Health               |                      |                        | 9. Other (specify)      |
| 10. Food                |                      |                        |                         |
| 11. Repay earlier loans |                      |                        |                         |
| 12. Litigation          |                      |                        |                         |
| 13. Other(specify)      |                      |                        |                         |

## SRTT-CEDAR CASH FLOW STUDY-PITHORAGARH

|  |  |  |  |
|--|--|--|--|
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

**8.6** Were there instances in the recent past (**last five years**) when you had to sell off assets or/and mortgage assets to tide over lack of/insufficient credit?

|                  | No | Yes |
|------------------|----|-----|
| Sold off assets  |    |     |
| Mortgaged assets |    |     |

**8.7** Which of the following did you acquire or do in the last three years?

| Activity/Asset  | Total Cost Incurred | Amount paid from savings | Amount paid by loan from source 1  | Amount paid by loan from source 1  | Amount paid by liquidating or mortgaging assets |
|-----------------|---------------------|--------------------------|--|--|---|
|                 |                     |                          | <b>1. Friends</b><br><b>2. Relative</b><br><b>3. Moneylender</b><br><b>4. Employer</b><br><b>5. SHG</b><br><b>6. Bank</b><br><b>7. Govt. Dept or scheme</b><br><b>8. Co-operative</b><br><b>9. Other (specify)</b> | <b>1. Friends</b><br><b>2. Relative</b><br><b>3. Moneylender</b><br><b>4. Employer</b><br><b>5. SHG</b><br><b>6. Bank</b><br><b>7. Govt. Dept or scheme</b><br><b>8. Co-operative</b><br><b>9. Other (specify)</b> |   |
| Land            |                     |                          |  |  |   |
| Buffalo/ cow    |                     |                          |  |  |   |
| Goat            |                     |                          |  |  |   |
| TV              |                     |                          |  |  |   |
| DVD             |                     |                          |  |  |   |
| Bike            |                     |                          |  |  |   |
| Taxi            |                     |                          |  |  |   |
| Truck           |                     |                          |  |  |   |
| Death ceremony  |                     |                          |  |  |   |
| Child birth     |                     |                          |  |  |   |
| Marriage        |                     |                          |  |  |   |
| Litigation      |                     |                          |  |  |   |
| Housing related |                     |                          |  |  |   |

**8.8** Do you have a bank account or post office account?

**0. No** → 8.10

**1. Yes** → 8.9

**8.9** What prompted you to open an account?

**1. Faith in banks**

**2. Official requirement**

**3. Bank officials approached the village**

**4. Encouraged by family/village members**

**5. Other (specify)**

**8.10** Why don't you have a bank account or post office account?

**1. No bank/PO nearby**

**2. Too much paper work**

**3. Difficult to open**

**4. Not accessible**

**5. Don't trust them**

**6. Tried but did not get one**

**8.11** Do you have any savings?

**0. No** → 8.14

**1. Yes**

**8.12** Where do you keep your savings?

**1. At home**

**2. SHG**

**3. Bank**

**4. Post office**

**5. Co-operative**

**6. Loans to others**

## SRTT-CEDAR CASH FLOW STUDY-PITHORAGARH

7. **NGO**
8. **LIC**
9. **Others (specify)**

**8.13** What is most important when you decide where to save? Rank each on a scale of 1-5, 1 being least important and 5 being the most important

1. **Access**
2. **Ease of withdrawal**
3. **Interest rate**
4. **Safety and security**
5. **Trust**

**8.14** Have you heard of insurance?

**0. No** → **END INTERVIEW**

**1. Yes**

**8.15** Do you have an insurance policy?

**0. No** → **8.17**

**1. Yes**

**8.16** What kind of insurance do you have?

1. **Life**
2. **Product and asset**
3. **Livestock**
4. **Crop**
5. **Other (specify)**

**8.17** Why do you not have insurance?

1. **No need for insurance**
2. **No provider**
3. **very costly**
4. **it is difficult to get money from company**
5. **It is not of much use most of the times**
6. **There is no suitable insurance available**
7. **Tried but did not get one**
8. **Other (specify)**

## APPENDIX II: QUALITATIVE STUDY COMPONENT

### Below Poverty Line Households

1. Who is BPL? – Preponderance in terms of caste composition, gender of the household head, occupational structure, asset and land ownership
2. What are their characteristics and how are they different from APL (in characteristics)?
3. Can BPL be defined and the possibility of using a local definition- participatory poverty appraisal?
4. Are there any specific interventions that can be employed to target them- specific needs and delivery mechanisms.

### **Migration and Remittance**

1. The dynamics of migration-when, where, for what, and why?
2. What is the role of social networks in facilitating migration?
3. What is the impact of migration on local economy- productivity of the agricultural sector, small scale enterprises, and labour force availability?
4. What is the role of remittance in socio-economic development and social cohesion?
5. What are the channels through which remittance is being sent and what is the cycle of delivery?
6. How is the remittance being used?

### **Traditional Mechanisms and SHG**

“One interesting aspect about the people in hills is that a lot of mutual systems do exist and they operate informally...for example people do borrow for occasions such as marriage, house construction, health and other social occasions from friends and relatives and surprisingly it is only a mutual arrangement and no cost is involved per se. Similar thing exists in sharing the milk and ghee or agricultural produce, if I have surplus I share with you and when you have surplus you support me. These things I learned during my recent visits to villages in Pithoragarh” (Narender Kande).

1. Explore local arrangements and their functioning
2. Are there any hidden costs that the households resorting to the local informal support mechanisms have to pay?
3. Are local arrangements of support getting eroded and if so can SHG play a role in revitalizing them?
4. Timeline of activities and workload analysis of women to ascertain how much time they can spare for SHG and what time of the year is good for non-traditional, SHG related work

### **Financial Issues**

1. What are the rates of savings and what is being actually done with savings?
2. What is the nature of households that are not financially included into the formal banking system?
3. What kind of savings products can be designed for them?
4. Health and education are two major expenses. Is there a demand for a product that would help cover these?
5. Is there a demand for insurance- life and livestock?
6. Expenditure- Financing of life cycle events

### **Livelihoods and Crisis**

1. What products are being sold, by who, where, and what price? Is the demand being met?
2. Is there a possibility of developing this sector with the help of small loans?
3. How do different livelihoods strategies play out to optimize returns while minimizing risk?
4. Have the livelihood patterns and options changed over time- share of different sectors?
5. What role is IT-internet (where available) and cell phone- playing in the choices that people make?
6. How do local people define a crisis situation and what are the coping strategies?
7. Does the threshold of crisis differ from group to group?

## SRTT-CEDAR CASH FLOW STUDY-PITHORAGARH

Representative data- Spread across blocks and *tehsils*, especially Mungsiari.