

## 2.4 Dovetailing Livelihood Promotion and Financial Services

The situation in the Central Indian Tribal belt is very different from other parts of the country. The missing links for good productivity and better livelihood are far too many. Along with very poor availability of credit and other financial services, the technical know-how among people about various livelihood options is also minimal. Basic infrastructure (electricity, irrigation, veterinary health care, etc.) is either missing or abysmal. The accessibility of markets is poor. The cost of inputs is exceedingly high and price realization for output is low because of various layers of traders. The quality of the inputs is also not consistent. In such a situation, a comprehensive strategy for convergence of a number of services in an area is required to provide sufficient impetus to take the poorer out of the poverty cycle. Services like credit should go in tandem with providing good inputs, knowledge building and hand holding during the first few production cycles, along with marketing support. People's institutions need to be promoted to sustain the benefits of scale by aggregation of small farmers and also to ensure back-end services like quality inputs and front end services like marketing on a continuous basis.



## 2.5 Key Strategies for CINI in Dovetailing Livelihood and Financial Services (The credit + approach)

CINI works with poor tribal population residing in Central India that requires an umbrella of services, along with credit, for livelihood intervention. Therefore, CINI has adopted the following strategies:

- Food Security first: Attainment of food security should be the first priority. Financial services such as credit for purchase of quality inputs and technical knowledge, along with hand holding for first few production cycles to reduce the production risk will be the key.
- Enhancing exiting livelihoods: The focus would be on enhancing whatever livelihoods the families are pursuing, by providing credit for better input, improving skills through trainings and incorporating systems to reduce incumbent risks.
- Sector Building Approach for promoting new livelihood options: If new livelihood options are to be created in an area where there is untapped potential, then interventions in terms of asset creation, livelihood financing, skill building, quality input and marketing support need to be intensified, along with institution building, with a view to sustaining these services socially and economically over a period of time.

### Collectives for Integrated Livelihood Initiatives (CINI)

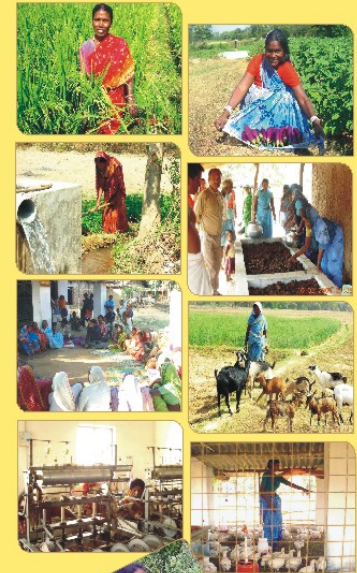
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## FINANCIAL SERVICES TO SUPPORT LIVELIHOOD OF POOR



Collectives for Integrated Livelihood Initiatives  
(CINI)

## 1. Collectives for Integrated Livelihood Initiative (CINI)

The Central India Initiative is one of the flagship initiatives of the Trust. The initiative basically works towards: (i) ensuring year round food security of tribal communities across the central Indian states; (ii) promotion of allied livelihood interventions such as forest based livelihoods, animal husbandry, improved agriculture, etc. for income enhancement; (iii) supporting pro-active community based institutions for long term management of livelihood resources; and (iv) striking strategic partnerships with various stakeholders for livelihood promotion of tribal communities.

The themes defined for enhancing tribal livelihoods within the initiative are: (i) Kharif Paddy Stabilization; (ii) Kharif Maize Stabilization; (iii) Non Timber Forest Produce Promotion; (iv) Diversion Based Irrigation Promotion; (v) Strengthening Community Based Organizations; and (vi) Microfinance and Livelihoods.

In order to ensure a long term commitment in the region, along with focused sectoral engagement for the tribal communities, the Trust has promoted an institution called 'Collectives for Integrated Livelihood Initiatives (CINI)' that was registered in 2007.

Headquartered in Jamshedpur, with a field office in Ahmedabad, CINI is promoted to play a key role as a nodal agency for the Central India Initiative. The raison d'être of the institution is to engage with the livelihoods sector, work in close consultation with donors, government departments and field NPOs for increasing food security and reduce distress migration and minimize vulnerability of the tribal communities.



## 2. Financial Services to Support Livelihood

One of the chief impediments for promotion of livelihoods in the central India region has been limited or no access to quality financial services. Partners within the Central India Initiative have promoted about 12,000 Self Help Groups (SHG), with an outreach of 150,000 families, as part of different livelihood interventions. Some of the challenges in providing access to sustainable microfinance (mf) services in the region include improving quality of SHGs, lack of suitable products and financial services to support livelihood activities and establishing linkages with banks and mainstream institutions. CINI believes that livelihood promotion cannot be sustained until and unless appropriate financial services are developed in a particular area. Hence, CINI has taken up "Financial Services to Support Livelihood of Poor" as a focused theme within the Central India Initiative.

### 2.1 Goal :

Given the focus of the theme, the goal will be towards facilitating access to sustainable financial services to support livelihood activities of the poor. To achieve this goal, sectoral engagement needs to be undertaken, which includes supporting partner organizations through capacity building programs, conducting appropriate research which is disseminated through workshops and networking with the Government and Banks. CINI endeavors to play the role of a nodal agency to achieve this.

### 2.2 Key Initiatives:

**2.2.1 Integration of Mf with overall CINI:** The challenge lies in improving the quality of all the 12,000 existing and new SHGs to be promoted under the Central India Initiative. Consequently, all the stakeholders would be oriented towards facilitating better SHG promotion and building a sustainable community based micro finance program.



**2.2.2 Deoghar Initiative:** A microcosm of all the issues and programmes relating to dovetailing financial services and livelihoods is being piloted in Deoghar district, part of the poorest pocket in Jharkhand namely "Santhal Pargana" to translate the vision into action. The initiative would focus on developing appropriate financial products for supporting Kharif Paddy, Kharif Maize and other agricultural interventions to promote livelihoods. The initiative will also demonstrate financial sustainability of SHG based people's institutions, reach out to the excluded communities and promote strategic partnerships with mainstream financial institutions to facilitate an enabling environment.

### 2.3 Key Strategies for CINI towards improving the financial services:

The different partners working with CINI have different approaches in addressing the issue of financial services for the poor. The different models are: (a) SHG- Bank Linkage Model (followed by PRADAN); (b) NGO MFI- SHG Linkage Model (followed by NBJK, SUPPORT, NEEDS); (c) MFI-JLG Linkage Model (followed by BASIX-IGS); etc. The different perceived roles for SHGs are: (a) as a financial service provider; (b) as a platform for women empowerment; (c) as a platform to organize the communities; and (d) as a platform to initiate other development programmes. Among all these diversities, CINI has plans to promote community based financial services for poor. To do this CINI has planned the following strategies

- Documentation of the best practices for SHG promotion across different partners and standardization of practices by developing critical interventions which must be followed in SHG life cycle. Developing quality indicators to monitor that the quality parameters are achieved.
- Developing standard training products for the SHG promoters and also for SHG members and capacity building of CINI partners through these training
- Developing systems to improve the quality of book keeping of the existing SHGs.
- Developing partner wise, SHG wise MIS for recording SHG data and recording the changes in the quality.
- Sensitizing Banks towards SHG issues, facilitating an enabling environment of mutual help.