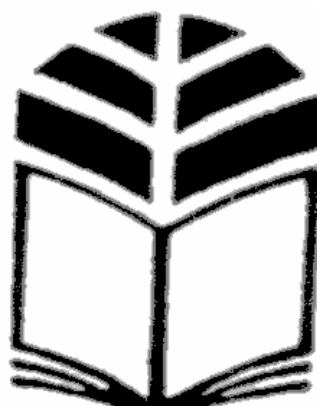


DPIP Process Monitoring Report No 3

**Income generation through Sub Project Activities
A Report**

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**Institute of Development Studies
8-B, Jhalana Institutional Area
Jaipur-302004**

Income generation through Sub Project Activities

Introduction

One of the objectives of the DPIP is to support Sub Project Activities (SPAs) among CIGs to improve their living standards. The DPIP provides financial support to the CIGs to purchase the required assets as well as arrange skill training to use the assets for generating income.

The purpose of this study is to review the physical asset position, namely whether the assets have increased, decreased or remained the same; resource mobilisation through SHGs; and income generated by productive use of the assets. Since the inception of the DPIP, a large number of CIGs have initiated production in the chosen SPA. A total of such 124 CIGs were covered in this study. A set of questionnaires was developed to capture activity wise information. Group discussions and interviews with members of the CIGs were carried out in the villages covered. The district-wise number of CIGs covered and the number of CIG members therein is given in Table 1.

Table 1: District-wise number of CIGs and members in the sample

District	Number of CIGs	162
Baran	17	243
Churu	20	
Dausa	16	166
Dholpur	15	151
Jhalawar	20	194
Rajsamand	19	210
Tonk	17	144
Total	124	1270

Objectives of the study

This study focuses on the following specific concerns:

I. Engagement and disengagement of CIG members in SPA

Some CIG members may drop out from SPA due to a number of reasons. This study documents the number of dropouts from various activities.

II. Net worth of CIGs, income from SPAs and returns on Investment

The net worth of CIGs is defined as the difference between their assets and liabilities. The net worth therefore, is the difference between (a) the assets: total fixed capital and present stocks, including savings and cash-in-hand, and (b) net liabilities: bank credit and self-investment less repayments. Returns on investment is the ratio of (a) value of output less expenditure and (b) the initial investment. This ratio would indicate the rate of return on investment. The study documents the change in net worth of the CIGs, the incomes to the CIGs from various SPAs and the return on investment.

III. Formation of SHGs and linkages with credit institutions.

The DPIP is making an effort to organise CIG members into Self Help Groups (SHGs) and subsequently linking the groups to a bank for credit requirements. The study documents the number and proportion of active SHGs and the number and proportion of SHGs linked to formal credit institutions.

IV. Support from NGOs and the SPMU

This study documents the support received by CIGs from the NGOs and the SPMU in the last one month.

Main findings

I. Engagement and disengagement of members in economic activity

The engagement of CIG members in economic activity is contingent on a number of factors. These include the status of the fixed assets, the skill to use the assets, sustained interest of a member in the activity, group dynamics that may force the exit of a member, and unforeseen circumstances such as death of a member.

The study reveals that CIGs engaged in animal husbandry and land based activities could make productive use of their assets and skills, therefore, were actively engaged in their respective activities. A large number of people engaged in micro-enterprise or other activities could not get associated with the activity for a longer period as either the activity was not suitable to their interest or they could not master the skill required for sustainable livelihood. In village Umreh, Dholpur, all the 7 members engaged in poultry work withdrew from the activity. The members said that broilers provided by DPIP could not survive in the environment available, and hence the members could not generate income through the activity. Since the members had no alternative, they were unable to invest further in the activity. Finally they had to withdraw.

In a bead-drilling group of Dausa, all the 11 women members were presently not engaged in the activity, but were involved in their traditional occupation of leatherwork. They said that the activity was imposed on them by the C.F. They could not master the skill of drilling beads in a limited training period and were not able to make use of it efficiently. This hampered the earnings they used to receive through their traditional occupation so they had to quit. Similarly, several stitching groups discontinued the activity, as they could not generate enough income with the little skills of training and non-availability of market linkage.

Group dynamics play a critical role in sustained interest of members in an activity. In a group of tent house in Rajsamand, two members were found monopolizing over 8 other members in the group. As 8 members were not in a position to deposit their contribution, these two had taken advantage and deposited their contribution. Presently these 8 members are working as casual labourers in the tent house activity.

Table 2: Activity-wise distribution of members not engaged in the activity

Activity	Total members engaged initially	Number engaged at present	Percent dropouts
Micro enterprise	138	108	21.7
Animal husbandry	763	756	0.9
Land based	112	112	0.0
Others*	257	242	5.8
Total	1270	1218	4.1

* include tent and light decoration, poultry, bee keeping, band, welding, *masala udyog*, RCC shuttering

II. Activity-wise net worth of units, income generated, and returns on investment

In this Section we shall examine the status of the asset, increase or decline in asset base, liabilities and the net worth of CIGs in the sample.

Land based activities

Land based activities of the sample CIGs include irrigation well, anicut, well deepening, land development and engine and pipe schemes.

The 11 sample CIGs have a total of 112 members and all are actively engaged in land based activities. Only one CIG failed to take advantage, failing to harvest their crop due to hailstorm.

Table 3: Returns on investment in land based activities

	Returns
Initial value of assets acquired (Rs lakh)	39.24
Other assets acquired (Rs lakh)	0.79
Increase in net worth (Rs lakh)	0.79
Per cent increase in net worth (per cent)	2.0
Increase in irrigated area (hectares)	85.3
Value of production (Rs lakh) attributed to increase in irrigated area	12.55
Expenditure on production (Rs lakh) (not including own labour)	4.90
Additional income generated per annum (Rs lakh)	7.65
Returns per hectare per annum (Rs)	8968
Income generated per CIG per annum (Rs)	
Income generated per CIG member per annum (Rs)	6830
Net returns on investment per annum (per cent)	19.5
Number of CIGs	11

Five out of 11 CIGs made further investment in the assets created, the aggregate amount being Rs 78, 750. These investments were made in further deepening of wells or purchase of engine and pipes.

A total of 383 bigha (85.3 hectare) land has been brought under irrigation. The returns per hectare attributable to irrigation are Rs 8968. The income generated per member is Rs 6830 and the net returns per unit of investment are 19.5 per cent.

Animal Husbandry

The sample in the dairy activity comprises 38 CIGs with 448 members, of which 446 members are presently engaged in the dairy activity. All members acquired one buffalo with a calf, but 48 members acquired 2 buffaloes and 2 calves. Thus in the sample there are 494 buffaloes and as many calves. Only 32 buffaloes are reported to be dead, sold or lost. The decline in number of buffaloes and calves is 6.5 per cent and 23 per cent respectively. The decline in total value of assets is 7.1 per cent. After accounting for liabilities, the net worth of CIGs is estimated to have declined by 9.3 per cent (from an initial value of Rs 75.75 lakh to Rs 69 lakh).

The sample in the goat rearing scheme comprises 33 CIGs with 315 members. They acquired 4729 goats and added 1235 lambs. The number of goats and lambs reported dead were 1710. The decline in numbers is 13 per cent, After accounting for liabilities, the decline in net worth is 19 per cent (from an initial value of Rs 79.8 lakh to 64.8 lakh). See Table 5. In FGDs, CIGs complained of lack of veterinary support as the main cause of decline in numbers of goats.

Table 4: Net worth of dairy units

	Number	Value (Rs lakh)
Assets acquired		75.75
Buffaloes	494*	
Calves	494	
Assets added		
Calves	50	0.30
Assets dead		
Buffaloes	14	2.17
Calves	93	0.56
Assets lost		
Buffaloes	1	0.15
Assets sold		
Buffaloes	17	2.64
Calves	21	0.13
Present assets		70.40
Buffaloes	462	
Calves	380	
Per cent increase/ decrease in assets		-7.1
Buffaloes	-6.5	
Calves	-23.0	
Liabilities		1.36
Net worth		69.0
Per cent change in net worth		-9.3

- 48 members acquired two buffaloes each

Table 5: Net worth of goatry units

	Goat	
	Number	Value (Rs lakh)
Assets acquired	4729	79.8
Assets added	1235	8.3
Assets sold	475	3.7
Assets dead	1352	17.6
Present assets	4137	66.8
Per cent increase/ decline		-13
Liabilities		2.1
Net worth		64.8
Per cent change in net worth		-19
Net worth of CIGs	Number of CIGs	Per cent
Decline in net worth	3	9
Net worth unchanged	1	3
Increase in net worth	29	88
Total number of CIGs	33	100

The estimated net returns per CIG member owning one buffalo is Rs 8687 per annum. The annual return on investment in buffaloes is 51.4 per cent. See Table 6.

There are two CIGs with 15 members who have two buffaloes each acquired 7 months before the date of survey. The net returns per member per annum are Rs 13754. Two other CIGs acquired the second buffalo three months before the survey.

The estimated net returns per CIG member owning goats is Rs 2160 per annum. The annual return on investment in goats is 8.1 per cent. See Table 6.

Table 6: Returns on investment in dairy activities

Value of annual output	Buffalo	Goat
Milk (Rs lakh)	63.25	6.18
Manure (Rs lakh)	6.69	6.83
Sale of ghee and calves (Rs lakh)	1.21	3.68
Total value of output (Rs lakh)	71.15	16.69
Estimated expenditure per annum (Rs lakh)	32.23	10.21
Annual net returns (Rs lakh)	38.92	6.48
Annual net returns per CIG (Rs)	1,02,000	19,636
Annual net returns per member (Rs)	8687	2160
Per cent annual returns per unit of investment	51.4	8.1
Number of CIGs	38	33
Number of buffaloes and goats	448	4729

Micro-enterprises

Micro-enterprise activities include Stitching, Bead Drilling, *Amber Charkha* and *Munjbaan*. The 14 sample CIGs had a total of 138 members but at present only 87 were actively engaged in the activities. Only 9 out of these 14 CIGs were found functional/undertaking production at the time of survey. Net income per active member is Rs 2803 per annum and the net returns per unit of investment is 26.1 per cent.

Table 7: Returns on investment in micro-enterprise activities

	Returns
Number of CIGs	14
Number of members	138
Number of active members	87
Number of CIGs in production	9
Value of assets acquired (Rs lakh)	9.72
Value of assets added (Rs lakh)	0
Liabilities (Rs lakh)	0.02
Total saving (Rs lakh)	0.05
Net worth	9.78
Per cent increase in net worth	0.6
Net income (Rs lakh)	2.54
Net income per member (Rs distributed)	1767
Net income per active member	2803
Net returns per unit of investment (per cent)	26.1

Table 8: Activity-wise returns on investment per CIG member and per active CIG member per annum

Activity	Number of members		Income (Rs)	
	Initial	Active	per member	per active member
Stitching	70	46	872	1327
Bead drilling	48	21	1950	4458
Amber Charkha	9	9	6521	6521
Munjbaan	11	11	3681	3681
All	138	87	1767	2803

Other service activities

Other activities include welding, tent house, masala udyog, RCC shuttering, poultry and bee keeping. A total of 28 CIGs were covered. The sample CIGs initially had 257 members, out of which 15 members withdrew from the activity. Net returns per member are Rs 5623 and the net returns per unit of investment per annum are 20.7 per cent. See

Table 9. Members involved in welding work were found to be having significantly higher returns per unit of investment followed by the Band activity. All the 20 Tent unit CIGs were functional and were investing their earnings to the initial set base. Members involved in poultry could not get any returns from the activity, as the broilers were reported to have perished. See Table 10.

Table 9: Returns on investment in other service activities

	Returns
Number of CIGs	28
Number of members	257
Number of active members	242
Value of assets acquired (Rs lakh)	69.65
Value of assets added (Rs lakh)	4.08
Value of assets depreciated (Rs lakh)	3.43
Liabilities (Rs lakh)	1.02
Total saving (Rs lakh)	3.50
Net worth	7.28
Per cent increase in net worth	4.5
Net returns (Rs lakh)	14.45
Net returns per member (including saving and investment)	5623
Net returns per unit of investment (per cent)	20.7
Net income (Rs lakh)	4.82
Net income per member (Rs distributed)	1874

Table 10: Activity-wise net returns per unit of investment (per cent)

Activity	Number of CIGs	Net returns per unit of investment
Welding	1	90.4
Tent house	20	18.1
Band	2	52.0
Masala udyog	1	12.5
RCC	2	17.1
Poultry	1	0
Bee Keeping	1	26.7
All	28	20.7

III. CIGs graduating to Self Help Groups

The DPIP is making an effort to organise CIG members into Self Help Groups (SHGs) and subsequently linking the groups to a bank for credit requirements.

The number of CIGs organised into SHGs is given in Table 11. Though 68 per cent CIGs in the sample were initiated into forming SHGs, only 7 per cent could be linked to banks for their credit requirements. Indeed, if these CIGs have to sustain, increase their net worth and their production, they may have to organise themselves into active and functioning SHGs.

Table 11: Activity wise distribution of CIGs graduating into SHGs (Numbers)

Activity	Total CIGs	CIGs initiating SHGs	SHGs functional at present	SHGs received Bank credit	Loan repaid
Micro enterprise	14	10	5	1	0
Animal husbandry	71	51	28	4	3
Land based	11	9	4	0	0
Tent /others	28	15	12	4	1
Total	124	87	50	9	4

IV. Support from various agencies

The CIGs look forward to support from DPIP, NGOs and various service providers for a variety of reasons: exploring markets, acquiring new skills and for solution to other problems. The most frequent visitor was NGO representative, followed by DPIP functionaries and the service providers, as given in Table 12.

Table 12: Visits from various agencies in last one month (per cent CIGs visited)

Activity	DPIP	NGO	Service provider	Others	N
Micro enterprise	22	67	17	0	14
Animal husbandry	18	82	9	3	71
Land based	9	55	9	9	11
Tent /others	46	82	25	29	28
Total	24	77	13	9	128
Number	31	99	17	11	124

Conclusions

This study documents the engagement and disengagement of CIG members in SPA, Net worth of CIGs, income from SPAs and returns on Investment, formation of SHGs and linkages with credit institutions and Support to the CIGs from NGOs and the SPMU. The major findings may be summarised as follows:

A total of 124 CIGs with 1270 members comprise the sample of the study. Four per cent CIG members have dropped out from SPAs. The net worth of CIGs, income generated and returns on investment are summarised in Table 13. Though 68 per cent CIGs in the sample were initiated into forming SHGs, only 7 per cent could be linked to banks and obtained credit from a bank. The most frequent visitor to the CIG was NGO representative, followed by DPIP functionaries and the service providers.

Table 13: Net worth of CIGs, return on investment and net annual returns per member

Number of CIGs	124
Number of members	1270
Number of active members	1218
Initial investment:	276.16
Value of assets acquired (Rs lakh)	
Present value of assets (Rs lakh)	288.37
Liabilities (Rs lakh)	4.50
Present Net worth	283.87
Per cent Increase in net worth	2.8
Net annual returns (Rs lakh)	70.04
Net annual returns per member (including saving and investment)	5515
Net annual returns per active member (including saving and investment)	5750
Net annual returns per unit of investment (per cent)	21.9