PRACTISES OF
SHREE KSHETHRA DHARMASTHALA
RURAL DEVELOPMENT PROJECT ®

SUBMITTED BY

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Shree Kshethra Dharmasthala Rural Development Project ®

*Shree Kshethra Dharmasthala* is a renowned Hindu religious shrine having 700 years of history of conducting charity. The deity of Dharmasthala is Lord Manjunatha Swamy and the temple is run by the Heggades. The present Heggade is Dr. D. Veerendra Heggade, Dharmadhikari of Shree Kshethra Dharmasthala.

**Dr. D. Veerendra Heggade** set up a charitable institution in the year 1982 named *Shree Kshethra Dharmasthala Rural Development Project ® (SKDRDP)* to direct financial and material charity for rural development activities.

To reach the benefits of the programme one worker each in a village would work with 500 families and motivate them to develop their assets wherever required with grant assistance from Dharmasthala. On the basis of this, the requirements needed for the families like tiles, agricultural plants, money for agriculture development, house repair, etc. was provided through the field workers.

Later in the year 1992, the organisation realized that charity coupled with self help would hasten the process of empowerment, the group concept was evolved. The men groups called *pragathi bandhu groups* were promoted in the initial year. In the later part of the year 1993, the *jnanavikasa mahila groups* were also initiated and then onwards all programmes of SKDRDP are implemented through group concept. And in the year 1996, SKDRDP initiated *microfinance* programme.

One field worker is engaged for one village for implementation of the programmes of SKDRDP and therefore selection of field worker (called as Sevaniratha) was a crucial point for SKDRDP.

**Appointment of Sevaniratha:** The process of appointing Sevaniratha involves three steps. The youths with metric or Degree qualifications are eligible for sevaniratha post.

1st **Step: Interface:** The initial interface has three steps. (1) Written test to assess the general knowledge of the candidate. (2) Self introduction to understand the strength and weaknesses of the candidate and (3) a group discussion to assess the qualities of the candidate. Face to face interview is conducted in order to assess the knowledge, vocability, interest in the work, manners, etc. Successful candidates would be selected for the next process.

2nd **Step: Field Practice for 10 days:** In order to make an introduction to the working system of SKDRDP regarding implementation of various projects, the selected candidates would be sent for 10 days field training (to a place already working). During the training period, the Sevaniratha would take him to the field and allow him to conduct certain programmes, attend meetings, counsel group members and he observes and send performance report to the Project Office. The candidate’s grit and adaptability his love for field work and other qualities are quickly assessed.

3rd **Step: 3 days class room training:** On the basis of performance report, the candidates would be selected for class room training for 3 days. During the training programme, assessment regarding writing skills, ability to grasp, responsibility taking, accounting knowledge, general knowledge, ability to speak and counsel is done. At the end a small test is conducted to understand the knowledge he has grasped in the above process.
On the satisfactory performance in all above, the candidate would be appointed on training period for 3 months and his service would be confirmed afterwards.

**Deployment:** On adoption of new villages, Sevaniratha would open an office in the village. He contacts village panchayath and gets all details of the village. He contacts VIPs, political leaders of the village and meets villagers and requests for their support in the implementation of the projects.

Then, he would call gram sabha when the people of the village attend and explain about the objectives of the project. Again bailuvaru sabha is also conducted. Then he would take steps to promote groups. Training to the groups would be arranged to SHGs on SHG concept, book keeping, record maintenance, internal lending. Further, groups having members from agricultural background would be provided training on agricultural issues and would be guided by the agriculture officers of SKDRDP.

The groups without landholding and which are interested in self employment ventures would be trained on the venture selected by them through RUDSETI or by SKDRDP through resource persons from expert institutions. Then groups would be credit linked with local banks or directly by SKDRDP.

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**ORGANISATIONAL PROFILE**

The day to day administration of SKDRDP is managed by an Executive Committee consisting of

- The President and Board of Governors
- Chief Auditor → The Executive Director → Chief Manager
- The Directors
- Branch Auditors → The Project Officers (Head of Project Office) → Manager
- Project Supervisors (“Melvicharakas”)
- Sevaniraths
- Self Help Groups (SHG)
Group Types: SKDRDP is implementing all its projects through SHGs. There are two major types of SHGs:

a) **Pragathibandhu Model (Male groups):** 5 to 7 members with small land holdings from groups and they undertake labour sharing. That is each member works for all the members once in a week for all the members.

This is a very successful model which is replicated in the special central Govt. Project i.e. SGSY Project. This model has special merits, where understandings between the members are very high. Members even attend to the personal problems of co-members on account of affection between them. The name itself refers “Pragathi Bandhu” means “partner for progress”. This has contributed for the overall development of prgathibandhus and thus leading to successful model.

b) **Jnanavikasa women SHGs:** SKDRDP promotes women SHGs involving landless women in the villages. Under this category we can classify:
   - Jnana vikasa SHGs
   - Group enterprises SHGs
   - Simple SHGs.

**Jnanavikasa SHGS:** Under this, members of 10 to 15 SHGs join in a centre every week and conduct programmes which improves their knowledge like awareness programmes and workshops on health and hygiene, education, child care, family matters, home maintenance, nutrition food preparation, etc. In addition to this they participate in skits, dramas, singing, group discussion on the occasion of certain cultural programmes. The idea behind this is to engage the village women in certain activities which keeps away them from own time house affairs.

The members of Jnanavikasa SHGS avail credit facility for general purposes like gold purchase, marriages, repayment of old loans, etc.

**Group enterprises SHGs:** The members of 3 to 4 groups engage in production of certain items like phenoil, soap, detergent power, washing powder, pickles, squashes, condiments, textiles, etc. They are provided with backward and forward linkages by Shri Dharmasthala Siri Gramodyoga Samsthe. SKDRDP provides the credit needed to such SHGs.

**Simple SHGs:** The members meet once in a week, do internal lending business avail loans for general consumption, infrastructure development, housing, etc. These SHGs are promoted for the individual development of the members. That is the members engaged in coolly work, from groups and get loans for housing, agriculture, diary, small scale poultry farming and other purposes.

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**Micro Finance (Pragathi Nidhi Programme):** SKDRDP has started its micro finance operations in the year 1996 in a very small scale to know the impact. As such, Rs. 4.00 crores were dispersed to the groups as revolving fund for 8 years tenure. The performance of the groups was excellent. There was 100% recovery rate every month from the groups to SKDRDP.

Influenced by this, SKDRDP increased its volume of micro finance and presently, the total outstanding loan is Rs. 60.00 crores with 100% recovery rate.
Steps in Micro Finance Programme:

1. **Application Generation:** In the weekly meetings of the group, the discussion takes place as to whom/ how much/ for what loan is needed. The field worker (Sevaniratha) participates in the meeting and guides the group members. After discussion the application would be generated and submitted to the field worker.

2. **Eligible amount:** The groups of more than 9 months old and upto 3 years are eligible to get finance from SKDRDP upto 1:4 of their savings as revolving fund. And the groups of above 3 years old would be provided with the credit to the extent of 1:40 of their savings provided. i.e.

   - **Revolving fund to the extent of 1:10 for 3 years**
   - **Infrastructure fund loan to the extent of 1:20 for 4 years**
   - **Non-Farm Sector loan to the extent of 1:20 for 5 years**
   - **Group activity loan to the extent of 1:30 for 5 years.**

   That is, a group could avail maximum amount to the extent of 1:40 of its savings. Similarly, members are also eligible to get finance in the same ratios.

   **It must be noted that only A and B rated groups are eligible to get finance from SKDRDP.**

**Assessment of Repayment capacity:**

However, for sanction of loans to the group, the repayment capacity of the group (i.e. of the members) is taken into account. That is repayment capacity for group eligibility amount whichever is less is considered for the ultimate sanction.

The repayment capacity of the group is calculated based on the ratio total no. of member to the annual income of these members. The following procedure is adopted for calculating it.

| 1. No of members in the group |
| 2. Annual income from all the available sources of every member in the group. |
|---|---|---|---|---|---|---|
|1. No of members in the group | | | | | | |
|2. Annual income from all the available sources of every member in the group. | 1 | 2 | 3 | 4… | 10… | Total |
| Agriculture | | | | | | |
| Daily wages | | | | | | |
| Self-employment | | | | | | |
| Other sources | | | | | | |
| Total | | | | | | A |
|3. The balance repayment to be made by every member in the group for the earlier loans | | | | | | B |
4. **The income generation capacity of the group (C)\(^{(C)}\)=\((A-B)\)**

5. **Five year income, repayment capacity of the group (D)\(^{(D)}\)=C \times 205**

6. **Repayment capacity of the group**
   - If the group is operating from one year then, repayment capacity\(^{(D)}\)= \(D \times 0.25\)
   - If the group is operating from two years then, repayment capacity\(^{(D)}\)= \(D \times 0.5\)
   - If the group is operating from three or more years then, repayment capacity\(^{(D)}\)= \(D \times 1\)

As a norm the repayment capacity of the group is calculated once a year. In case of necessity then the animators/Karyakarths would re-calculate the same.

3. **Approval of Federation:** Once the group decides and submit the application for finance, the same would be presented at the meeting federation for approval. The committee takes note of the particulars of loan and if, satisfied, recommends for sanction of loan.

4. **Sanction at Project Office:** After the approval of the federation, the area supervisor pool the applications and makes his recommendation for the sanction of loan to the Project Officer. The loan would be sanctioned by the Project Officer upto his limit on satisfaction of the loan paper an loan would be released through cheques. The equal monthly installments for repayment of loan would be intimated to the groups at the time of release. Once the group receives amount, the same would be released to the members.

5. **Security:** SKDRDP do not insist to security to loans below Rs. 50,000/- per member. But, for loans more than Rs. 50,000/- member, land documents, vehicle/animal hypothecation, LIC Bonds and other security are insisted.

6. **Recovery:** SKDRDP provides 60 days time as gestation period for repayment of loan. The recovery starts from the 2 months after release of loan to the groups. The group repays loan in monthly equal installments.

The group recovers loan from the members in weekly installments. During the meeting day, members pay their savings, loan installments which are deposited in the groups bank account.

Sometimes, members avail loan from the groups for shorter periods than they avail from SKDRDP and rotate the surplus amount available in their account keeping two installments as resume.

The loan payment and loan recovery are done through bank transactions without having scope for hard cash transactions.

7. **Book keeping:** A lot of training is imparted to the leaders, members of SHGs on book keeping. Meeting is held at different member’s houses on weekly basis. The This facilitates rotation of roles and skill building in everybody.

8. **Monitoring:** Sevaniratha visits groups every week. He insists weekly report from the group
regarding the performance. A simple report is delivered to the Sevanirathas by the group.

Melvicharaka and Project Officers periodically visit the groups.

Auditors audit the records of the groups annually.

Federations conduct monthly meetings, general body meetings once in three months in order to review the performance of the groups.

9. **Overdue Tracking:** For the repayment of the loan, the groups submit standing instruction to the banks requesting banks to remit the installment amount to SKDRDP. In the meantime, the SKDRDP sends a statement in duplicate to the banks having S.B. account of groups showing the deductions to be made from the group accounts towards loan repayment. On the basis of the statement the bank would deduct the amount and send one copy of the statement to SKDRDP stating the amount remitted to SKDRDP.

   In case of any insufficiency of funds in the group account, the same is written on the statement and that would be immediately tackled through the supervisor. Thus, the statement received from the bank would be a sufficient record for knowing the cases and overdue the necessary steps would be taken to recover the overdue amount.

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**Auditing:** SKDRDP has developed audit team for auditing the records of the groups as the groups themselves maintain books of accounts of their transactions. In addition to the maintenance of records, the group performance in attendance, regularity of the meeting, co-ordination between members are also considered. On the basis of the performance of the groups, they are related as A, B, C and D grade.

**Grade ‘A’:** Excellently managed groups. Minor irregularities in documentation will be corrected immediately from the members at the time of audit. This earns the group the privilege of handling internal credit activities and the bank transactions independently.

**Grade ‘B’:** Though the groups are managed good, existence of minor inaccuracies are common. The balance dues from the members are recovered at the time of audit and the documentation is updated. With these rectifications the group earns a ‘B’ grade. But then, the groups do not enjoy the freedom of managing their internal credit activities independently. The group should get an authorization from the Sevanirathas for their internal credit activity.

**Grade ‘C’:** Though well managed the groups face few setbacks in loan recovery and similar other problems. Irresponsible behavior of an individual and at times from the host is expected to write the accounts and remit the amount to the bank next day. Members too contributes towards the setback. With implementation of proper measures the group may be promoted to ‘A’ or ‘B’ grade.

**Grade ‘D’:** The overall management of the group is a total failure. Labour exchange, loan recovery, inaccurate documentation, delay in bank remittance and so on … is seen in these groups. It hardly is possible to bring an improvement and discipline in these groups and hence awarded with ‘D’ grade.

   In situations where the rate of loan recovery is comparatively low, the auditors, counsel the groups to repay the loan dues to the groups. All the members of these groups are called in for a meeting and discussions on their savings, loan repayment / recovery, bank deposit and labour exchange etc are held.
If the group is facing a setback due to one or two members then the auditors meet these individuals personally to understand their problem and counsel them to repay loan dues. Later in the meeting the auditors explains clearly the members the advantages of regular loan repayment and the facilities the group can avail. The office bearers of the federation present in the meeting, stresses the members the necessity to repay the loan regularly or loose the grading.

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**Shree Dharmasthala SIRI Gramodyoga Samsthe**

Experienced with 20 years in rural development activity SKDRDP nurtured many groups in producing commodities of various types. But on account of severe competition in the market, the pricing of commodities and quality maintenance has become challenging issue to SHGs. As a backbone to SHGs, the SKDRDP established ‘Shri Dharmasthala SIRI Gramodyoga Samsthe’, a Section 25 Company with share capital from SHGs, in order to provide forward and backward linkage to them for taking up income generation activities. The products are sold under brand SIRI and through various marketing networks products are sold throughout Karnataka. More than 5,000 women are engaged in production activities producing more than 75 items like chemical items, food products, ready made garments, pickles, areca leaf cups, fancy items, condiments, agarbathis, squashes, vermi compost, etc.

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**Janajagruthi Vedike:** The major hindrance for development is no doubt alcoholism prevailing in the villages. In order to achieve the real development, the SKDRDP thought to fight silently against alcoholism through Janajagruthi Vedike, a forum formulated by the public under the guidance from SKDRDP.

The Forum conducts awareness programmes, mass campaigns, jathas against alcoholism. Apart from this, one week de-addiction camp is also arranged for treatment of addicts. The camp is arranged in association with local institutions by creating a de-addiction camp committee. During the camp, an attempt is made to change the mind set of the addicted through various motivational activities like recognition of good qualities, inspiration of their capacities, involving them in dramas, turning their mind towards dhyanas, bhakthi, bhajana, yoga, educating them regarding leading into good life through moral stories, Ramayana, Mahabharatha, etc. encourage them to love their family members, importance of relationship with mother, father, wife, children etc. That is to say, only transformation of mind is done during the camp. The SKDRDP has maintained 70% success rate.

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**SKDRDP’s co-ordination with various Govt. Departments:**

**Dakshina Kannada Zilla Panchayath:** SKDRDP is implementing the special SGSY Project in Dakshina Kannada district with Dakshina Kannada Zilla Panchayath.

**Karnataka Urban Development and Coastal Environment Management Project (KUDCEMP):**
SKDRDP is also implementing KUDCEMP project in 6 coastal urban towns in association with Karnataka Urban Infrastructure Development and Finance Corporation (KUIDFC).

**Agriculture Extension Department, New Delhi:** for implementing agriculture extension programme in certain selected talukas of South Canara district.
KVIC, Bangalore: mainly in improving vermin culture and preparation of bio-manure in agriculture. Awareness creation and training programmes are conducted in the villages in association with KVIC at the project area.

Horticulture Department: For providing trainings and workshops regarding urban and rural horticulture, the SKDRDP and Horticulture Department is working together.

Coconut Development Board: For developing coconut nursery, suggesting remedy for various disease attacking to coconut, distribution of coconut tree climbing machine, Coconut Development Board and SKDRDP has conducted many programmes.

Nationalized Banks: Syndicate Bank is a partner to SKDRDP in implementing Special SGSY Project in Dakshina Kannada district. Swarojgaries are getting loans from Syndicate Bank for their self employment activities.

SKDRDP has collaborative project with Corporation Bank in promotion and linkage of 1,500 SHGs in Mangalore Taluka for 3 years. The SHGs will be directly credit linked with Corporation Bank branches.

In addition to all the above, SKDRDP has secured co-operation for all the nationalized banks like SBI, Vijaya Bank, Canara Bank and SCDCC Bank all the service Co-operative banks.

Apart from all the above, SKDRDP is conducting various social awareness programmes like environment programmes, watershed development programmes, irrigation systems, adoption of alternative sources of energy, agriculture development programmes, religious festivals from planning etc. for the benefit of the rural people. That is SKDRDP has single window solution to the beneficiaries for their daily life.

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