

Rapid Analysis Report & Development of Financial Product and Process

Designing ICS Financial Products for Self-Help Groups under the SWITCH - Asia – II: BACHAT Project



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Summary

CARE India under its BACHAT initiative is implementing a project “Evolving a women-cantered model of extension of Improved Cook Stoves for Sustained Adoption at Scale” in Jashpur district in Chhattisgarh, Kalahandi & Kandhamal districts in Odisha, India. As a part of implementation, an exclusive ICS adoption is envisaged through the promotion of financial products.

This study covers the current situation at the ground level in terms of the existing challenges and opportunities for adoption of ICS and possible financial products which may be made available through SHGs and Federations in the project area.

The respondent profiles show that in most of the cases people are heavily dependent on the forest for their livelihoods and cooking needs. Labor under MGNREGA and Forest Department is also a major source of livelihood. The average income level of the respondents is INR 3100 per month and is highly variable depending upon the NTFP seasonality. However, almost all of the respondents have their own bank account as they receive their payments from MGNREGA and Forest Department directly in their bank account.

The level of awareness about benefits of ICS is high mainly because of CARE staff and SHE champions who have been able to educate and motivate people in the project areas. Respondents who have purchased ICS have not faced any problem in terms of availability of ICS mainly because of intensive support from CARE staff. However, for ICS entrepreneurs it is not a profitable business mainly because of low margins and credit sales which take a long time to realize. As a result, only two ICS Entrepreneurs are currently operating.

Federation of SHGs exists in Odisha project location mainly due to the efforts of Odisha Livelihood Mission but not in Chhattisgarh project location. Federation in Odisha have been provided grant of INR 700,00 by the government, however, there have been capacity issues in terms of servings and managing financial products.

No financial product is currently available through formal financial institutions for purchase of ICS. However, almost 43% of the respondents have taken loans from MFIs for livelihood generating activity.

Almost 100% of the respondents who are not currently using ICS, want to purchase ICS on credit. However, only 18% of the respondents said that they would save and purchase ICS. Monthly repayment in the range of INR 100 to 140 is preferred both for savings and credit products. Respondents are familiar with standard SHG interest rate of 2% per month and are willing to pay that for the loan.

Demand estimates of ICS shows that only 36% and 18% of households have been converted to using ICS in Odisha and Chhattisgarh respectively. The project area has almost 100% dependence on forest for cooking therefore there is a huge potential for conversion to ICS.

In terms of coverage there exists a sizeable number of active SHGs in both the areas but in comparison with number of households who have not been converted to ICS, it is not very significant. Therefore, moving beyond SHGs would help in rapid uptake of ICS in the project areas is a strategic consideration which needs to be taken.

Based on the suggestions of the respondents, credit and savings product for SHGs and credit product for federation for ICS entrepreneurs have been developed and accompanying processes have been detailed.

However, based on the challenges from the ground there are three key recommendations which is necessary while offering these financial products. These recommendations include:

- intensive capacity building and handholding support for the SHGs through training,
- developing institutional mechanism at SHG and federation level, and
- moving beyond existing SHGs in the project area to achieve project targets and sustainability of ICS entrepreneurs.

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Abbreviations Used

Acronym	Details
BPL	Below Poverty Line
CLM	Chhattisgarh Livelihood Mission
FDH	Forest Dependent Households
FGD	Focus Group Discussion
HH	Households
ICS	Improved Cook Stove
IDI	In Depth Interview
INR	Indian Rupees
MNREGA	Mahatma Gandhi Rural Employment Guarantee Act
NTFP	Non-Timber Forest Produce
OLM	Orissa Livelihood Mission
PAN	Permanent Authentication Number
RPR	Relative Preference Ranking
SHE	Self Help Entrepreneurs
SHG	Self Help Group
TCS	Traditional Cook Stove

1.0 Introduction

CARE India under its BACHAT initiative is implementing a project “Evolving a women-cantered model of extension of Improved Cook Stoves for Sustained Adoption at Scale” in Jashpur district in Chhattisgarh and Kalahandi & Kandhamal districts in Odisha, India. The project seeks to promote sustainable adoption of improved cook stoves among forest dependent households (FDHs) in Odisha and Chhattisgarh. Towards this, the project is directly engaged with women and men of forest dependent households (FDH), women’s collectives in the above-mentioned districts and states. The project aims to engage with and influence ICS Value Chain (VC) actors (e.g., financiers, ICS manufacturers and suppliers, distributors, retailers, field technicians) for strengthening the VC and making it inclusive through women entrepreneurs’ participation. Besides, this the project has adopted innovative ways for the promotion of sustainable household energy by engaging women in extension, education and entrepreneurship for sustainable consumption and production of clear energy. Along with change in awareness, attitude and behaviour of target households towards the sustainable household energy; finance plays a critical role in enabling and fast-tracking the switch from traditional cook stoves (TCS) to the improved cook stoves.

1.1 Background

The project envisages enhancing women’s decision-making capacities and capabilities and improves their say in household decision to procure and use ICS. This would contribute to capacitating women from FDHs to adopt ICS as a clean cooking energy option and promote adoption of ICS at scale. To further facilitate the shift to ICS, the project is undertaking actions to assess the financial products and services required by women from FDHs and ensure relevant financial products and services are made available for enabling and fast-tracking their switch to the ICS option of their choice.

Exclusive ICS adoption through promotion of financial products is envisaged. It is expected that the SHGs’ social and financial capital will help the women who are in the group in making a shift to clean energy option, so simultaneously actions are being planned to support the SHGs in the project villages to explore saving and credit products and services enabling ICS acquisition at speed by women members who hold membership in SHGs and are willing to purchase ICS.

Another critical constraint around adoption of ICS by FDHs is the lack of suitable ICS options in local markets as well as post sales/support services that can support sustainable shift to clean cooking energy transitions i.e. ICS extension, distribution, repair and servicing of the devices, etc. at the grassroots level. Further, women from FDHs who are the end users of the stoves are nearly absent from other segments in the ICS value chain. This situation along with lack of efforts by market actors to understand the gender dimension of cooking constrains, affects the availability of socially relevant ICS options in rural markets. Considering this situation, the project plans to develop a cadre of local entrepreneurs (a significant number of whom would be women) who will initiate ICS based micro-enterprises to provide services to the users in the region. Community level entrepreneurs, besides their trainings and mentoring, would require an easy and affordable access to finance. Thus, the project is planning to develop exclusive financial products for ICS entrepreneurs.

1.2 Project Objectives

- Undertake rapid analysis of market scope of the product and services profile of the financial products pursued by the early adopters (HHs already switched to ICS from TCS)
- Design following exclusive ICS Financial Products:
 - i. ICS credit products (detailed product package starting from market size, estimation of loan size, recovery option, payment schedule, interest rates, terms and conditions, market estimation, credit maximization for SHGs/ lending agency, etc.) for users which can be offered by existing SHGs to their members and non-members
 - ii. ICS saving products for SHGs which can be offered by existing SHGs to their members to increase loan extension services to members
 - iii. ICS credit products for users and entrepreneurs which can be offered by existing SHG Federations at GP/Block/District level
- Train/orient relevant stakeholders such as SHG leaders and members, leaders of SHG federations, other women users and entrepreneurs on the new ICS products/services/channels

1.3 Methodology

The study was conducted by using tools like In Depth Interviews (IDI) schedules and Focus Group Discussion Guides (FGD) with key stakeholders. In all **seven tools** (refer to [Annexure II](#)) and guides have been prepared for different stakeholders.

1. IDI for State Office Head
2. FGD Guide for State Office Staff
3. FGD Guide for SHGs
4. FGD for Federation Office Bearers
5. IDI for Early Adopters of ICS
6. IDI for Non-Adopters
7. IDI for ICS Entrepreneurs

In addition to the above-mentioned stakeholders and tools thereof, we used Relative Preference Ranking (RPR) tool for ranking of loan product attributes to fine-tune ICS loan product in the local context. Moreover, interaction with microfinance staff in Chhattisgarh and project staff from Orissa Livelihood Mission were done to triangulate the data collected from the field as well as to find additional relevant information. The broad areas of investigation to be covered through these tools relate to the following:

- Profile of the respondents
- Awareness and benefits of ICS
- Availability and Serviceability of the ICS
- Individual income, expenditure and savings pattern
- Group based savings and credit pattern
- Functioning of the Federation
- Financial product attribution
- Impact of availability of Financial Products on ICS adoption

Depending upon the key stakeholders, different components of the above-mentioned broad areas of investigation were used. Following table gives the details of the sample covered during the qualitative study.

Table 1: Sample Covered

No.	Target Group	Study Tools	Chhattisgarh (Kunkuri)	Odhisia (Bhawanipatna)	Total Sample
1	BACHAT project lead - state office	IDI	1	1	2
2	BACHAT project team - field staff	FGD	1	1	2
3	Self Help Group	FGD	5	4	9
4	SHG Federation - office bearers	FGD	0	1	1
5	Early adopters of ICS	IDI	5	5	10
6	Non-Adopters of ICS	IDI	5	5	10
7	ICS entrepreneurs	IDI	1	1	2

2.0 Findings

Findings of the study are based on the consolidated findings of both the locations covered during the study. Relevant inputs from different stakeholders are also included and organized as per the key focus areas of the study. The findings of the study are also organized as per the key focus areas and are detailed in the sub-sections below.

2.1 Respondent Profile

The average family size of the respondents in both the locations does not vary much and comes out to be 4.6 per household. Average number of earning members per family comes out to be 2 per household. This is mainly because the livelihood opportunities in these villages is based on the forests and thus NTFP collections along with subsistence farming is the key economic activity. This further means that in most of the cases both the parents go out to collect forest produce. Traditionally, dependence on fire-wood from the forest is also high even though most of the households already have gas connection and gas-based stoves under the 'Ujwala Scheme' of the government

The income pattern of respondents in the project area is highly variable and depends on the

Figure 1: Federation Office Bearers



seasonality of the NTFP. There is very high dependency on MNREGA as a source of income. Therefore, the concept of average monthly income is very difficult to assess. Seasonality mapping of **income estimates comes out to be an average of INR 3100**, which is mainly used for day-to-day expenditure. Another key source of subsistence has been the very

low cost of food grains, mainly rice, provided to respondent through government schemes. The **main source of earning for respondent is labour**, which is provided either by the Forest Department under the MNREGA work or through payouts for NTFP. The expenditure pattern is also highly variable and it was difficult to derive monetary value for the expenses of the respondents. However, **main areas of expenditure are food, clothing, education of children** who go to nearby towns to study.

Respondents in the project area almost universally have an active bank account as MNREGA payments and Forest Department payments are directly credited into the bank accounts and not given in cash. All of the SHGs also have a bank account in which they deposit their group savings. The members have an incentive to keep their SHG bank accounts operational since the state governments provide different types of grants from time to time to them through the SHG account, which are operational.

2.2 Awareness and Benefits of ICS

“The forest officials told us that the ICS has a potential to save about 50 crores worth of forest wood annually” Project Lead, Kunkuri

Awareness levels about the benefits of ICS are high and in **all the** interactions respondent were able to identify the benefits of using ICS. The **source of awareness is mainly CARE staff** that go to the village and motivate respondent to switch to using ICS. Besides, the Sustainable Household Energy (SHE) champions have been successful in generating awareness among the SHG members. There are other options available like Liquefied Petroleum Gas (LPG) cylinders provided under Ujjwala Scheme by the Government but its high upfront cost for replacement cylinder and logistics limits its use to emergency cooking. Still large section of SHG members are using TCS due to ease of availability of fuel at no cost and lack of interest shown by the family head.

Figure 2: Women using Sarala Chulha



The Vanishing ICS Entrepreneur

Operation margin for ICS Entrepreneurs is 50 rupees per ICS. Again, sale of ICS is highly price sensitive and there is very little scope for increasing margin for the entrepreneur. Attempts were made to increase the margin of the entrepreneur by reducing the number of the tiers between the manufacturer and the retailer entrepreneurs and increase the margin to Rs 100 per ICS. However, even at this level the operations of entrepreneurs were not sustainable since most of the sales in the rural areas is on credit and respondent pay as per their convenience rather than on a fixed schedule. This means that respondent working as ICS entrepreneurs have to go to the villages multiple times to collect the dues. With already meager margins this makes the business untenable. Another dimension to it is that the **most of the respondent** in the villages already have gas stoves and LPG connection under the ‘Ujjwala’ scheme of the government. This has resulted in reduced demand for ICS.

2.3 Availability and Serviceability of ICS

A number of ICS entrepreneurs were created during the project period who used to supply ICS locally as per the demand generated by CARE project staff. However, with little margin in the business most of the ICS entrepreneurs have dropped out. In each of the locations visited during the study only one ICS entrepreneur was operating. He was able to sustain his business because of extensive support from CARE staff and few large orders from Forest Department in which he was able to make profit. In the present scenario ICS is available to the respondent through these

entrepreneurs who are not based locally.

Most of the respondents visited during the study were using a version of the ICS, which has very basics components, and therefore repairs, if any, were done locally. It is also noted that most of the respondents did not face any problem with the ICS they purchased mainly because of its basic nature. Moreover, the ICS technicians have also been promoted and trained under the project thus making servicing easier for the respondent.

2.4 Role of Federation

The SHGs promoted by CARE under the previous and current projects, have not been federated. In the project intervention area in Chhattisgarh, no federation of SHG has been formed, therefore no interaction was possible. In Odisha, by the efforts of OLM, the SHG federations have been formed. Interaction with one such federation reveals that the federation structure and its operations are at a very early stage and they have not started any lending activity. Though the office bearers want to start lending, there are serious capacity issues and would require intensive handholding support. Moreover, since the government mainly contributes the corpus of the federation, there is a government representative managing the federation accounts and meetings, therefore the credit product offering will have to follow the government mandate.

2.5 Financial Product Attribution

Most of the respondents covered during the study agreed that one key reason for them to not to buy ICS was that they didn't have the money to do so. They also indicated that if financing is available, they will buy the ICS. Same question was asked to them if they would be willing to save for buying ICS. The result of the study shows that not more than 18% of the respondents were willing to save and purchase ICS instead almost 100% of those who did not have ICS were willing to purchase on credit. However, in both the cases, they will be **willing to contribute on a monthly basis**. For credit product an **interest of not more than 2% per month** is assumed by the respondents which is also the norm in case of inter-lending by SHGs. In terms of amount for credit and savings product, respondents were **willing to pay in the range of INR 100 to 140 per month**. More details of the product attributes of credit and savings products are given in section 4 of this report.

The Manikera Federation, Orissa

Manikera Federation of Orissa is composed of 74 SHGs and has been functional for almost a year now. SHGs constituting federations come from 10 nearby regions of which 7 regions fall in the project area of CARE. Each SHG contributes INR 20 per month to the federation's corpus as its contribution. Each of these SHGs is represented in the federation by their office bearers and constitutes the general body of the federation. The president, secretary and treasurer have been elected among the members of the general body to operate the federation. In addition to the elected representatives, there is a **government representative** who manages the day to day affairs of the federation. His salary for book keeping and management of the federation is paid from the corpus grant of INR 700,000 provided by the government under OLM. Moreover, meeting expenses of the federation is also met from this corpus. All the records of the federation are with the government representative and the elected members of the federation were not aware of the transactions and the amount of money in the federation's bank account.

2.6 Availability and Impact of ICS financial product

No financial product is currently available either through the SHGs, Federations or other formal financial institutions. While interaction with MFI staff in Chhattisgarh location indicates

Limitations of Financial Institutions

The product head of and MFI, Annapurna Finance Pvt Ltd, Mr. Ramkrishna, told us that the ICS undoubtedly has huge benefits in terms of health and environment but often-financial institutions has difficulty in financing the individual buyers due to following reasons:

- ✓ The loan size is very small to make any economic sense for the financial institutions
- ✓ The ICS product itself is a push product and not a product demanded by the users. Since fuel is available free of cost they always look for alternatives like induction stove or LPG.

At the same time when the financial institutions are not eager to finance individual ICS buyers, they are happy

that there is some interest to offer loan product. However, loan amount for ICS is very small from an MFI point of view and it may not be profitable for them. Moreover, in the project area, at-least 5 to 6 MFIs are working in both the locations and **almost 43% of all the respondents have taken loan** from different MFIs. The **average amount of loan among the respondents who have taken loan is approximately INR 28,700**. Such large loan size indicates that these loans are given for income generation purpose and start or augment the existing enterprise. Such a loan size also indicates that the amount

of loan for ICS will be of little interest for MFIs.

An innovative work around this situation has been found in cases where **SHGs have withdrawn grant of INR 15,000 provided by OLM for enterprise generation to buy ICS**. Since this was a grant amount with almost no condition, most of the SHGs with whom interaction was done had withdrawn this amount and distributed the amount among the interested members to purchase ICS.

2.7 Market Estimation

As per the data provided by the local offices of Bhawanipatna and Kunkuri, not a single unit of ICS has been sold since February 2019 and April 2019 respectively. This shows that currently the demand for ICS has stagnated. The issue around this situation has been highlighted in the previous sections. However, if we analyze the situation on the basis of demographic details as given in table 2 and 3, following details emerge from the project locations in Odisha and Chhattisgarh.

Table 2: Odisha Details

Development Blocks	Bh Patna	G. Udaygiri	M. Rampur	Phiringia	Th. Rampur	Tika bali	Grand Total
Total no. of HHs	1018	705	1005	1110	889	1284	6011
Total No. of HHs adopted ICS (Till March, 2019)	546	72	495	272	481	287	2153
Total No. of SHGs	40	33	54	48	54	68	297
Number of Active SHGs	28	33	18	46	35	49	209

Table 3: Chhattisgarh Details

	Development Blocks	Bagicha	Kunkuri	Grand Total
Total no. of HHs		2370	1654	4024
Total No. of HHs Adopted ICS (Till-March-2019)		353	375	728
Total No. of SHGs		90	57	147
Number of Active SHGs		79	45	124

If we consider the total number of households in both the location then **the coverage of ICS has been 36% in Odisha and 18% in Chhattisgarh**. This represents very low level of adoption of ICS in both the locations and therefore offers huge potential for future adoption. The data from both locations represents that the HH in these project villages are almost 100% dependent on TCS thus there exists a huge potential for conversion.

Another important thing to consider in serving credit and savings products is number of active SHGs. In both the locations the number of active SHGs as a part of the total SHG is high. In Chhattisgarh it is as high as 84% while Odisha it is 70%. This high percentage of Active SHGs can be a source of immediate adoption of ICS and means for providing related financial products.

However, in comparison with the total number of HH in both the locations the number of HH is much higher than the number of SHGs. Even if assuming a multiple of 10 HH per SHG coverage of HH is not more than 30 to 40% through these SHGs with overlaps of HH who have already adopted ICS. Therefore, as a strategy, efforts will have to move beyond the existing SHGs for rapid adoption of ICS. Further if the SHGs offer savings and credit products to the non-members, it would certainly expand the opportunity to cater to the large section of FDH, but at the same time it would entail a strong handholding support to the SHGs as they have not financially served the non-members in the past.

3.0 Recommendation for implementing financial products

The findings of the study indicate number of associated challenges in implementing credit and savings product in the targeted community. Offering of financial products through the Federation to the ICS Entrepreneurs or to the interested SHGs has its own constraint because of fledgling or non-existent federations. Therefore, in such a situation if financial product is to be offered following aspects must be taken care of to create impact.

1. **Comprehensive training** – Extensive handholding training would be required to the functionaries of the SHGs in the areas related to book-keeping, credit assessment, repayment, interest calculation, liquidity management so that they can manage and offer the financial services effectively. Such a handholding support should be intensively extended to the office bearers through the animators.
2. **Develop Institutional Mechanism at SHG and Federation level** – It is envisioned to offer credit products through the SHGs and Federation and savings product through the SHG. Besides handholding support mentioned in the previous comment; an institutional mechanism has to be developed for both the SHGs and the Federations for following up and collecting the money from the respondent availing the services both inside and outside of the SHGs. In absence of such an institutional mechanism managing the financial service delivery will not be possible.
3. **Moving beyond existing SHGs in project area**–As indicated in the previous section the estimated potential demand for ICS does appear to be very high but could not be covered through the existing active SHGs. Therefore, for an entrepreneur to be successful and for offering financial services to the respondent sustainably moving beyond the SHGs in the project areas would be necessary.

4.0 Suggested Financial Products

4.1 SHG Financial Products (Credit and Savings)

8 Ps	"P" Description	Attributes	Credit	Savings
Product Design	Includes specific product features like financial instruments term, financial instruments amount, installment frequency, other conditions etc.	<ul style="list-style-type: none"> Name of financial product 	ICS Loan	ICS Savings
		<ul style="list-style-type: none"> Financial product terms and conditions 	All the eligible SHG members can receive credit from the group. The eligible member should have good track record in terms of regular savings, attendance, and payments of any credit for the past six months.	All the eligible SHG members of a group
		<ul style="list-style-type: none"> Financial products size 	It will depend upon the model and associated cost of ICS. Based on the findings from the field, three loan sizes will cover most of the requirements of the respondent to purchase ICS. The three loan sizes will be – INR900, INR1400, INR2500 for prevalent model of ICS.	Maximum INR 100 per month over and above the regular and compulsory savings. Duration of savings will be dependent on the price of the model being purchased
		<ul style="list-style-type: none"> Purpose of financial products 	Purchase of ICS	Purchase of ICS
		<ul style="list-style-type: none"> Repayment frequency /Deposit frequency 	Monthly (Refer Annexure 3 for repayment schedule)	Monthly
		<ul style="list-style-type: none"> Financial products tenure 	9-18 months	9 – 18 months
		<ul style="list-style-type: none"> Repayment flexibility (equated periodic repayment, bullet payment or flexible repayment) 	Equated monthly installment (EMI)	NA

8 Ps	"P" Description	Attributes	Credit	Savings
		<ul style="list-style-type: none"> Eligibility of client (age, gender, residence location, income and social status, etc.) 	Only SHG group members Lending outside is allowed when member of the SHG recommends an outside member and her name is approved unanimously by all the SHG members. The loan will be in the name of the nominating member and other terms and conditions will be the same. It will thus be treated as credit to the nominating member	Only SHG group members
		<ul style="list-style-type: none"> Collateral – social or physical 	Group guarantee	Not required
		<ul style="list-style-type: none"> Place of deposit for installment amount 	Group Meeting	Group Meeting
	Population / Target client eligibility	Socio-economic profile of target client	Rural and tribal populations; dependent on Forest for their livelihood; mainly members of the SHG	Rural and tribal populations; dependent on Forest for their livelihood; the Poor; associated with SHG
Price	What the customer must pay to access the products and services being offered. Includes the cost levied directly by the financial institution as, interest rate, other charges such as financial instruments processing fee and other indirect costs to the client for accessing the service.	<ul style="list-style-type: none"> Interest on financial products Service fee or processing fee Terms for pre-payment, advance payment, early closure 	<p>Similar to the existing on-lending norms of 2% but on reducing balance.</p> <p>NIL</p> <p>Members can pre-close their loan account at any point of time subject to the approval of the group. Entire balance outstanding has to be cleared. Interest to be charged only for</p>	<p>Interest rate as paid by the bank</p> <p>NIL</p> <p>Minimum holding period of 9 months for receiving the deposits as the cost of lowest priced ICS is INR 900. Since this amount might have provided for on-lending the</p>

8 Ps	“P” Description	Attributes	Credit	Savings
		<ul style="list-style-type: none"> Transaction cost in terms of time and proximity 	the duration for which the amount was outstanding.	holding period is a must. Interest to be paid for the minimum holding period of 9 months only. No interest on early withdrawal.
Physical Evidence	Includes the presentation of the product: how the branch physically looks, whether it is tidy or dirty, newly painted or decaying, the appearance of the brochures, posters and financial instruments cards etc. Includes the tangible, visible presentation of products and services offered.	<ul style="list-style-type: none"> Banners, bills, etc. that need to be designed to display for the promotion of financial instruments product and service 	Proposal register, Attendance register, On-lending register. Existing formats of the SHGs to be used to save printing costs	Proposal register, Attendance register, Savings register Existing formats of the SHGs to be used to save printing costs
Positioning	This is an effort by an institution to occupy a distinct competitive position in the mind of the target customer. This could be in terms of credibility, low interest rate, professional service, etc. It's the perception in respondent's mind. (e.g., low cost, high quality, security of remittance, etc.)	<ul style="list-style-type: none"> Enquire from the CARE India (BACHAT project team) what strategy will be adopted to attract the mind of target customers towards the financial product and service 	Loan for ICS Immediate loan approval in the group	BACHAT for ICS Savings linked to a goal

8 Ps	"P" Description	Attributes	Credit	Savings
Promotion	Includes advertising, public relations, direct marketing, publicity, and all aspects of sales communication	<ul style="list-style-type: none"> What effort will be made by SHGs and their federations (along with CARE India - BACHAT project team) in the promotion of the financial products and services? 	<p>CARE India needs to explain the products information to the group and help them in initiating it.</p> <p>SHG leaders to explain the product details to the members and encourage them to take the loan.</p>	<p>CARE India needs to explain the products information to the group and help them in initiating it.</p> <p>SHG leaders to explain the product details to the members and encourage them to start savings to meet their goal of purchasing ICS.</p>
		<ul style="list-style-type: none"> Will SHGs and their federations look for support from CARE India – BACHAT project team in product and service promotion? 	CARE India needs to provide training on the product and process under SHE program.	CARE India needs to provide training on the product and process under SHE program.
		<ul style="list-style-type: none"> Will CARE India (BACHAT project team) design any promotion materials (marketing collaterals) such as pamphlets, canopy materials? 	Product details in local language to be provided to the SHG	
Place	Refers to distribution and making sure that the product/service is available where and when it is required.	<ul style="list-style-type: none"> Where will the financial products be offered? 	In the group. Monitored by CARE team	In the group. Monitored by CARE team
		<ul style="list-style-type: none"> Will it be through a branch office or in the client location or both? 	NA	NA

8 Ps	“P” Description	Attributes	Credit	Savings
Process	Includes the way or system in which the product is delivered: how the financial instruments are processed and documented, the waiting involved, the forms to be filled etc.	<ul style="list-style-type: none"> • Enquire from SHGs, their federations, CARE India (BACHAT project team) about the process for delivery of the financial products and services such as: <ul style="list-style-type: none"> ○ Awareness building ○ Client selection and application ○ Financial appraisal ○ Disbursement of financial products ○ Repayment of financial products ○ Delinquency management ○ Exceptional processes (pre-closure, advance payment, settlement in case of death of ICS loan borrower) 	<p>Loan application in the form of proposal as mentioned in the minute register (proposal),</p> <p>Loan appraisal and approval is based on the decision of the group to extend loan to the member in their group meeting. If approved group president and secretary will sign on the loan proposal or prastav.</p> <p>Loan disbursement to the member will happen on the day on which group members go to the bank for deposits. There they will withdraw the loan amount and pay to the member.</p> <p>Payment of loan amount to the member will be updated in the minutes book with her signature along with the signature of the office bearers. Loan repayment will be done monthly by the member in SHG meetings.</p> <p>In case the member fails to pay then his savings will be adjusted against the monthly</p>	SHG’s Monthly group meeting, proposal, deposit and withdrawal

8 Ps	“P” Description	Attributes	Credit	Savings
			installment. If the savings is not enough then the member is motivated to pay within the next month before the SHG meeting. Loan foreclosure can be done at any point of time by the member without any penalty.	
People	Includes how the clients are treated by the respondent involved in delivering the product or service offered	<ul style="list-style-type: none"> • Define who all will be involved in the delivery of the financial instruments • Define maker and checker of financial instruments service 	SHG members and their leaders Other members of the group will act as a checker and can check in any SHG meeting with the president and secretary of the SHG	SHG members, SHG leaders Other members of the group will act as a checker and can check in any SHG meeting with the president and secretary of the SHG

4.2 Federation Credit Product

8 Ps	"P" Description	Attributes	Credit
Product Design	Includes specific product features like financial instruments term, financial instruments amount, Installment frequency, other conditions etc.	<ul style="list-style-type: none"> Name of financial product 	ICS Loan for Entrepreneur
		<ul style="list-style-type: none"> Financial product terms and conditions 	Two levels of criteria will be fixed: 1. Only SHGs whose members come regularly to the federation meetings and regularly contribute to the federation's corpus 2. Among these SHGs only those members will be eligible who save regularly and if they already have an SHG loan have been paying the installment without any delay for the past six months
		<ul style="list-style-type: none"> Financial products size 	Rs. 50,000 maximum This amount has been derived from the business experience of the ICS entrepreneurs who say that they have to stock up the ICS and also pay the manufacturers. Another additional expense which is not realized upfront in rural settings is credit sales.
		<ul style="list-style-type: none"> Purpose of financial products 	Purchase of ICS in wholesale
		<ul style="list-style-type: none"> Repayment frequency /Deposit frequency 	Monthly with moratorium of 2 months as payout for sale of ICS is not immediate.
		<ul style="list-style-type: none"> Financial products tenure 	18 months
		<ul style="list-style-type: none"> Repayment flexibility (equated periodic repayment, bullet payment or flexible repayment) 	Equated Monthly Installment (EMI) (Refer Annexure 4 for repayment schedule)
		<ul style="list-style-type: none"> Eligibility of client (age, gender, residence location, income and social status, etc.) 	Only SHG group members who are Entrepreneur
		<ul style="list-style-type: none"> Collateral – social or physical 	Social guarantee by the SHG group to which the Entrepreneur belongs to
		<ul style="list-style-type: none"> Place of deposit for installment amount 	At the Bank in the Federation's bank account. The deposit slip should be provided to the Federation office.
	Population / Target client eligibility	Socio-economic profile of target client	Entrepreneur engaged in selling ICS; associated with SHG

8 Ps	"P" Description	Attributes	Credit
Price	What the customer must pay to access the products and services being offered. Includes the cost levied directly by the financial institution as, interest rate, other charges such as financial instruments processing fee and other indirect costs to the client for accessing the service.	• Interest on financial products	Similar to the existing on-lending norm of 2% but on reducing balance.
		• Service fee or processing fee	NIL
		• Terms for pre-payment, advance payment, early closure	The entrepreneur can pre-close loan account at any point of time subject to the approval of the SHG federation. Entire balance outstanding has to be cleared. Interest to be charged only for the duration for which the amount was outstanding.
		• Transaction cost in terms of time and proximity	At least 7 days after the recommendation from the SHG groups to which the Entrepreneur belongs to.
Physical Evidence	Includes the presentation of the product: how the branch physically looks, whether it is tidy or dirty, newly painted or decaying, the appearance of the brochures, posters and financial instruments cards etc. Includes the tangible, visible presentation of products and services offered.	• Banners, bills, etc. that need to be designed to display for the promotion of financial instruments product and service	Loan card refer Annexure 4
Positioning	This is an effort by an institution to occupy a distinct competitive position in the mind of the target customer. This could be in terms of credibility, low interest rate, professional service, etc. It's the perception in respondent's mind. (e.g., low cost, high	• Enquire from the CARE India (BACHAT project team) what strategy will be adopted to attract the mind of target customers towards the financial product and service	Loan for ICS Entrepreneur
			Immediate loan approval

8 Ps	"P" Description	Attributes	Credit
	quality, security of remittance, etc.)		
Promotion	Includes advertising, public relations, direct marketing, publicity, and all aspects of sales communication	<ul style="list-style-type: none"> What effort will be made by SHGs and their federations (along with CARE India-BACHAT project team) in the promotion of the financial products and services? 	CARE India needs to explain the products information to the Federation and the SHG group leaders. SHG leaders to explain the product details to the members and encourage them to take the loan.
		<ul style="list-style-type: none"> Will SHGs and their federations look for support from CARE India – BACHAT project team in product and service promotion? 	CARE India needs to provide training on the product to the federation.
		<ul style="list-style-type: none"> Will CARE India (BACHAT project team) design any promotion materials (marketing collaterals) such as pamphlets, canopy materials? 	Loan application form (refer Annexure 5), Loan card and product details in local language to be provided to the federation
Place	Refers to distribution and making sure that the product/service is available where and when it is required.	<ul style="list-style-type: none"> Where will the financial products be offered? 	At the federation office
		<ul style="list-style-type: none"> Will it be through a branch office or in the client location or both? 	

8 Ps	“P” Description	Attributes	Credit
Process	Includes the way or system in which the product is delivered: how the financial instruments are processed and documented, the waiting involved, the forms to be filled etc.	<ul style="list-style-type: none"> • Enquire from SHGs, their federations, CARE India (BACHAT project team) about the process for delivery of the financial products and services such as: <ul style="list-style-type: none"> ○ Awareness building ○ Client selection and application ○ Financial appraisal ○ Disbursement of financial products ○ Repayment of financial products ○ Delinquency management ○ Exceptional processes (pre-closure, advance payment, settlement in case of death of ICS loan borrower) 	Loan application, loan appraisal, loan approval, loan disbursement (refer Annexure 7), repayment, and delinquency management. These processes are detailed in section 4.3
People	Includes how the clients are treated by the respondent involved in delivering the product or service offered	<ul style="list-style-type: none"> • Define who all will be involved in the delivery of the financial instruments • Define maker and checker of financial instruments service 	Federation’s Office Bearers, Federation’s Accountant. Entrepreneur, SHG leader

4.3. Loan Process of SHG and Federation Credit Product

Process Name	SHG Credit Product	Entrepreneurship Credit Product
Loan application	<p>The member who wants to take loan for ICS product needs to inform the group about the decision in the monthly group meeting. She also informs the model of ICS that she wants to purchase and the amount she needs to purchase it.</p> <p>For people outside the SHG a member of the SHG will have to nominate that person. Besides, the loan will be in the name of the nominating members and the repayments will be through the nominating member. This is done to ensure strict discipline on the outside person and assigning responsibility within the group. Other processes remain the same as the loan is in the name of the nominating member.</p>	<p>The entrepreneur who wants to take loan for ICS product needs to inform the federation office bearer. The office bearer asks her to submit a written application with details of loan, purpose of loan, duration of business, and amount of loan required. The key documents that needs to submitted along with the written applications are as follows:</p> <ul style="list-style-type: none"> ✓ Photograph ✓ Copy of ID (BPL card, MNREGA card, Aadhar Card, PAN card, Ration Card) ✓ Total savings with her SHG group ✓ Copy of the on-lending register showing that there is no loan outstanding on the member ✓ Recommendation from the member's SHG President verifying her address. ✓ Bank accounts detail
Loan Appraisal	<ul style="list-style-type: none"> • The secretary puts the loan proposal of the members in the meeting. • Based on the proposal the treasurer informs the group about the existing loan that the member has taken from the group, if any, and her past repayment record from the on-lending register. • If there is any existing loan, the treasurer asks her to repay the existing loan and thereafter apply for a new loan. • If there is no loan, then the treasurer informs the group that her application for the loan for ICS product can be accepted. 	<ul style="list-style-type: none"> • The office bearers of the federation discuss the proposal in their monthly meeting. • If the entrepreneur is going to start her business, then the maximum amount that can be disbursed is Rs. 50,000. • The office bearer contacts the group leader of the applicant member's SHG to verify the repayment history of the members. • Two levels of filters are used as described earlier – at the SHG level and at the member level
Loan Approval	<ul style="list-style-type: none"> • The entire group based on the recommendation of the treasurer approves the loan. 	<ul style="list-style-type: none"> • If everything is satisfactory, the office bearers approve the loan. (refer Annexure 8 for sample loan approval minutes)

Process Name	SHG Credit Product	Entrepreneurship Credit Product
	<ul style="list-style-type: none"> • All the members and the group leaders sign the meeting register where the following details related to the loan is clearly mentioned. <ul style="list-style-type: none"> ✓ Amount requested by the member ✓ Amount approved by the group ✓ Decision related to approval or rejection of the loan application <p>The president directs the secretary to provide the loan in cash.</p>	<ul style="list-style-type: none"> • The details of the loan approval are noted in the minute’s register of the federation and signed by all the office bearers. All office bearers also sign the written application (refer Annexure 5) submitted by the entrepreneur and is filed. • The secretary of the federation informs the entrepreneur about the loan approval and asks her to come after 3 days to collect the check from the federation’s office. • The details are updated in the Minute’s Register (refer Annexure 9) and Loan Register (refer Annexure 10)
Loan Disbursement	<ul style="list-style-type: none"> • The loan has to be disbursed within 5 days of the loan approval. • If there is sufficient cash during the meeting, the treasurer disburses the loan to the member during the group meeting. • If there is not sufficient cash then the group leaders along with the treasurers withdraws the money from the bank and disburse the loan at the members premise. • At the time of disbursement, the treasurer hands over the repayment schedule to the member, informs her about the monthly installment and collects her signature on the on-lending register. • The secretary updates the date of lending in the minute register and collects the signature of the member along with the other group leaders. • The President also informs that she should purchase the loan within a week from the date of disbursement. 	<ul style="list-style-type: none"> • The check is prepared by the accountant of the federation and is signed by the authorized signatory of the federations. The check detail is noted the check-book register (refer Annexure 6). • The entrepreneur arrives at the federation’s office to collect her check. • The accountant explains the entrepreneur following things: <ul style="list-style-type: none"> ✓ Repayment schedule (refer Annexure 4) ✓ Mode of repayment • The accountant collects her signature on the check book register and hands over the check to the entrepreneur. • The accountant also gives the bank account details of the federation where the entrepreneur has to deposit her monthly repayments.
Loan Repayment	<ul style="list-style-type: none"> • The member repays the loan in the monthly group meetings. The treasurer collects the 	<ul style="list-style-type: none"> • The loan is repaid monthly in the bank account of the federation.

Process Name	SHG Credit Product	Entrepreneurship Credit Product
	<p>installment in cash from the member, counts it, and updates lending register.</p> <ul style="list-style-type: none"> The member then signs the on-lending register in front of all the members. The secretary updates the minute book with details of the repayments made. At the end of the group meeting all the members signs the minute register. 	<ul style="list-style-type: none"> The entrepreneurs make a cash deposit in the federation's bank account every month. The member has to give a copy of deposit slip to the accountant at the federation's office.
Delinquency Management	<ul style="list-style-type: none"> In case of the non-repayment of the loan, the group leaders follow up with the members and asks her to repay the loan by the next monthly meetings. If the member still fails to repay the loan, the GL informs the member that her loan will be adjusted with her savings if she fails to loan by next group meeting. If the member does not pay her loan for 3 consecutive months, her savings is adjusted against her overdue amount. The Presidents brings the proposal for the overdue adjustments against the savings in the monthly group meeting. Once the group members approve the proposal, the president asks the treasurer to adjust the amount. The secretary updates the proposal details and decision taken in the monthly meeting register. All the members sign the monthly meeting register. 	<ul style="list-style-type: none"> In case of non-repayment, the office bearer calls the members to repay the loan within a week. If the member fails to repay the loan within a week then one of the office bearers along with the president of the SHG to which the entrepreneur belongs visits the entrepreneur's residence and asks her to repay the loan amount. In case of non-repayment of the loan, the federation members continuously follow up with the entrepreneur.
Loan monitoring	<ul style="list-style-type: none"> The President visits the member's residence to verify if she has purchased the ICS. She also verifies the receipt. 	<ul style="list-style-type: none"> The office bearer of the federation visits the business place of the entrepreneur and verifies the stocks and invoice to see whether the loan has been utilized.
Loan foreclosure	In case of eventuality like death, the ICS loan is waived.	<ul style="list-style-type: none"> In case of eventuality like death, the loan is waived.

Process Name	SHG Credit Product	Entrepreneurship Credit Product
	<p>If a member wants to close her loan, she has to bring a proposal for loan closure in the group meeting along with the balance outstanding.</p> <p>Once the members approve the foreclosure, the treasurer recalculates the interest amount due till date and collects the outstanding amount and enters the detail in the loan register</p>	<ul style="list-style-type: none"> If a member wants to close her loan, she has to submit a loan application for loan closure in the federation office. The accountant calculates the outstanding amount and asks the entrepreneur to deposit the amount the in the federation's bank account.

4.4 SHG Credit Product - Loan Process in Summary

"Should Be" Process						
Process	Who	Where	When	Tools / Documents Used	TAT	Cumulative TAT
Loan application (Proposal)	Member	Group meeting	Monthly Group meeting	Minute Register	30 minutes	
Loan Appraisal	Treasurer, Group members	Group meeting	Monthly Group meeting	On-lending register and Savings register	15 minutes	
Loan Approval	Group member	Group meeting	Monthly Group meeting	Minute Register	10 minutes	
Loan Disbursement	Treasurer/Group Leaders	Group meeting/Member's Residence	Monthly Group meeting/ member's residence after withdrawal of cash from the bank	Minutes Register/On-lending Register, Bank pass book, Repayment schedule	5 days	
Loan Repayment	Member	Group meeting	Monthly Group meeting		10 minutes	
Delinquency Management	Group Members	Group meeting/member's residence	Non repayment of loan	Minutes register/On-lending Register/Savings register		

4.5 Federation Credit Product – Loan Process in Summary

"Should Be" Process						
Process	Who	Where	When	Tools / Documents Used	TAT	Cumulative TAT
Loan application	Member (Entrepreneur)	Federation's office	Anytime	Written Application letter, photograph, Copy of ID (BPL card, MNREGA card, Aadhar Card, PAN card, Ration Card), Total savings with her SHG group, a Copy of the on lending register showing that there is no loan outstanding on the member, recommendation from the member's SHG President verifying her address, Bank accounts detail	30 minutes	
Loan Appraisal	Federation's Office bearers	Federation's Office	Monthly meeting	Minute Register	15 minutes	
Loan Approval	Federation's Office bearers	Federation's Office	Monthly Group meeting	Minute Register, Loan Register	10 minutes	
Loan Disbursement	Treasurer/Accountant	Federation's Office/Bank	After approval through bank	Minutes Register, Loan Register, Bank Register, Repayment schedule	5 days	
Loan Repayment	Entrepreneur	Federation's Office/Bank	When due	Bank Slip	10 minutes	
Delinquency Management	Federation's Office bearers	Monthly meeting, client's residence	Non repayment of loan	Minutes register/Loan Register	10 minutes – 3 hours	

Annexure 1: Methodology and Sampling Frame

No.	Target Group	Study Tools	Chhattisgarh (Kunkuri)	Odhisa (Kalahandi)	Sample Covered
1	BACHAT project lead – state office	In-Depth Interview	✓	✓	1 IDI of the project lead in both the locations. Total 2 IDIs
2	BACHAT project team – field staff	FGD guide	✓	✓	1 FGD of the project team in both the locations. Total 2 FGDs
3	Self Help Group	FGD guide	✓	✓	4 FGD in each district. Total 8 FGDs
4	SHG Federation – office bearers	FGD guide	✓	✓	1 FGD in each location. Total 2 FGDs
5	Early adopters of ICS	In-Depth Interview	✓	✓	At least 5 in each district Total 10 IDI
6	Non-Adopters of ICS	In-Depth Interview	✓	✓	At least 5 in each district Total 10 IDI
7	ICS entrepreneurs	In-Depth Interview	✓	✓	At least 3 in each district Total 6 IDI

Annexure 2: Tools Used

IDI for State Project Lead

Greetings!!

As you are aware that developing financial product for ICS customers and Entrepreneurs is as an integral part of the project. We are from Samavit Vikas Pvt. Ltd. and working with CARE India to develop financial product for them. As a part of the assignment we are meeting all the stakeholders engaged in the project. We have few questions for you as you all are at the forefront and must have valuable information related to the community and the project. Are you willing to participate in the discussion? If the majority of them say then start the discussion!!

	Interview Number/Conducted by/Date/Place	
	Name and Designation	
Q.No.	Lead Question	Probe Question
1	How long you are engaged with the project and what is your role?	Probe about the process of identification of the SHG members/understand SHE program and its success/ How many members have been trained?
2	Could you describe ICS project and how SHG are engaged in this project?	Probe about the processes and documentation. What is the role of SHG members/Federation? What is the level of engagement of the members and Federations
3	Do you think community realizes the benefit of ICS?	Discuss about the behavior of the members and male members of the family? Who are the early adopters and how do they differ from those who have not adopted ICS?
4	What is the success factors in adoption of ICS?	Understand the reasons that led to the successful adoption of the ICS? Find out any case studies or example related to the adoption of ICS.
5	What are the key challenges for low adoption of ICS?	Enumerate all the reasons and find out 'Why' for each of them?
6	Do you think community can pay for the ICS and its services?	Do the community have enough surplus? Find out the savings and expenses?
7	Who according to you can be a retailer or service providers?	Enumerate all the options and discuss their pros and cons. What do they think about SHG members as retailer and service providers? What effort would be required to make them entrepreneur? Is there any SHG member working as ICS Entrepreneur?
8	Access to financial products.?	Whether loan for ICS readily available? If not then probe the reasons and if available probe on the present sources of credit. Also check with the team about their interaction with the financial institutions? What could be the success factor for ideal loan product for SHG members and entrepreneur? What could be the success factor for a savings product for ICS.
9	Market Size	What do you think would be the market size for ICS and ICS product?

FGD Guide for State Office Staff

Greetings!!

As you are aware that developing financial product for ICS customers and Entrepreneurs is as an integral part of the project. We are from Samavit Vikas Pvt Ltd and working with CARE India to develop financial product for them. As a part of the assignment we are meeting all the stakeholders engaged in the project. We have few questions for you as you all are at the forefront and must have valuable information related to the community and the project. Are you willing to participate in the discussion? If the majority of them say then start the discussion!!

A.	Interview Number/Conducted by/Date/Place	
B.	Name of the Federation	
C.	Number of Participants	
D.	Office name	

E. Name of the participants

S.No.	Name	M/F	Designation
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			

F. Key Questions

Q.No.	Lead Question	Probe Question
1	Warm up question How long you are engaged with the project and what is your role?	Probe about the process of identification of the SHG members/understand SHE program and its success/ How many members have been trained?
2	Could you describe ICS project and how SHG are engaged in this project?	Probe about the processes and documentation. What is the role of SHG members/Federation? What is the level of engagement of the members and Federations
3	Do you think community realizes the benefit of ICS?	Discuss about the behavior of the members and male members of the family? Who are the early adopters and how do they differ from those who have not adopted ICS?
4	What is the success factors in adoption of ICS?	Understand the reasons that led to the successful adoption of the ICS? Find out any case studies or example related to the adoption of ICS.
5	What are the key challenges for low adoption of ICS?	Enumerate all the reasons and find out 'Why' for each of them?
6	Do you think community can pay for the ICS and its services?	Do the community have enough surplus? Find out the savings and expenses?
7	Who according to you can be a retailer or service providers?	Enumerate all the options and discuss their pros and cons. What do they think about SHG members as retailer and service providers? What effort would be required to make them entrepreneur? Are there any SHG members working as ICS Entrepreneur?
8	Access to financial products.?	Whether loan for ICS readily available? If not then probe the reasons and if available probe on the present sources of credit. Also check with the team about their interaction with the financial institutions? What could be the success factor for ideal loan product for SHG members and entrepreneur? What could be the success factor for a savings product for ICS.
9	Market Size	What do you think would be the market size for ICS and ICS product?

G. Key Questions

Q.No.	Lead Question	Probe Question
1	Warm up question Are you aware of ICS? Do you understand the harmful effects of TCS?	How did you come to know about the ICS chullah? How many of you immediately adopted the ICS? What was the reason behind adoption? Did you attend any awareness program of ICS? Does your SHG meet regularly? Those who did not adopted what was the reason for non-adoption? What are harmful effects of TCS? Was there any role of family member in adoption of ICS? Those of who have adopted ICS, what are the challenges that you are facing? Are these ICS easily available in your village? If no, then from where you get the stove?
2	Income and Expenditure	What are the major sources of expense? Where do you save? Bank/Home/Friends/others? How much do you save? Do you get any interest on the savings in the SHG? What are the major challenges in terms of savings? Could you show us your records? Does your SHG have bank account? Does your SHG deposit savings in the bank? Did SHG receive any credit from the bank? Do you think you save enough to purchase ICS?
3	Have you taken any loan?	Did you purchase ICS on credit? Who made the decisions regarding loan? What is the source of loan? SHG lending/Banks/MFI/Friends/Families/Money lender? How much loan have you taken? Which of the above institution is the most preferred one? What is the repayment frequency? Weekly/Fortnightly/Monthly? What is the interest rate? What are the major challenges in accessing credit? Do you pay the loan regularly? What is the process of SHG lending? Did you ask for loan for ICS? Did they provide?
4	What should be the ideal price for the ICS stove?	Try to get the price range
5	Do you think the adoption of ICS stove will increase if the is a loan facility?	If no, then why? If yes then conduct the RPR/PAR ranking. What are the important aspects while considering for credit? Interest rate/Loan duration/ Loan amount/Repayment frequency/Source
6	Any other suggestions/Feedback	

Product Attribute Ranking (PAR) for ICS Loan

Rank	Attributes	Explanation	Relative Importance (on a scale of 0 to 5)
	Interest Rate	It is the effective interest rate that a borrower has to pay.	
	Loan Amount	It is the total loan amount that a borrower will receive in hand at the time of loan disbursement	
	Loan Term	Total duration in which the loan has to be repaid by the client.	
	Process	How smooth is the process? People are wary about lengthy, time-consuming processes, which also seem to work only when respondent have the right connections with the staff.	
	Installment Amount	Amount that has to be paid in every installment	
	Installment Frequency	How frequently the installments are to be paid (Daily/weekly/fortnightly/monthly)	
	Security/ Guarantee	Ability of respondent to provide guarantee/ collateral to access loan	

Thanks for your response. Information provided by the group will definitely help us to serve you effectively!! (Leave the group)

G. Key Questions

Q.No.	Lead Question	Probe Question
1	Warm up question Are you aware of ICS? Do you think ICS is better than TCS? What are the major challenges in the adoption of ICS? What is the perception of ICS amongst the SHG members?	How did you come to know about the ICS? Did you attend any awareness session related to ICS? Do you think everyone should adopt this? Do you think ICS stoves are discussed in the meetings of SHG and federation?
2	Does Federation have enough savings?	Does SHG members save regularly? What is average savings per SHG/SHG member? Does SHG provide any interest on savings? What is the interest rate? Do the SHG have bank accounts? Does the SHG officer bearer deposit the SHG savings in the bank? Have they got any credit from the bank depending on the savings and where they have used it?
3	Does federation provide loan to the SHG or individual SHG member?	Does federation have enough money to lend to the SHG or local entrepreneurs amongst the SHG members so that they can sell and provide service for ICS? What is the process of availing credit from the federation? What could be other source of Credit?
4	What should be the ideal price for the ICS stove?	Try to get the price range
5	Do you think the adoption of ICS stove will increase if there is a loan facility?	If no, then why? If yes then conduct the RPR/PAR ranking. What are the important aspects while considering for credit? Interest rate/Loan duration/ Loan amount/Repayment frequency/Source
6	Availability and Serviceability of ICS	Is ICS stove available locally? Is it durable and can be serviced locally? Are there any retailers in your village? If no, then from where do you get the ICS stove? Do you think this could be one of the reasons for low adoption of ICS stove? Do you think SHG members can become retailer as well service provider for ICS? Do you think they should be provided training for this?

Thanks for your response. Information provided by you will definitely help us to make improvement in the delivery of ICS!!

IDI for Early Adopters of ICS

Greetings!!

We are working for the ICS team. My name is Harsh/Piyush and I have come from Delhi to understand how the team is working with you and can help you in accessing ICS. As the name suggests it is an improved chullah over the TCS and has huge benefits. We will ask few questions from you regarding ICS benefits, and challenges in its adoption. Are you willing to participate in the discussion? If the majority of them say then start the discussion!!

	Interview Number/Conducted by/Date/Place	
	Name	
Q.No.	Lead Question	Probe Question
1	When you came to know about the ICS	In which year you got your ICS? Who motivated you to adopt ICS?
2	Did you immediately adopt the ICS?	What were the major reasons for adoption of ICS? Who was the main driver in your family for the adoption of ICS? Do you see any benefits of ICS? Are you satisfied with the use? Any challenges in adoption? Any suggestions? Where do you receive the after sales service for ICS?
3	Were you able to influence others to adopt ICS?	Did others purchased ICS after you started using? Can you explain your story? How many of them followed you?
4	From where did you arrange for the money to buy ICS?	Did you receive it as a subsidy or you had to pay for it? If yes, then you got it on credit or paid from savings? If credit what was the source and T&C?
5	Many of them still have not adopted the ICS? What are the key challenges for low adoption of ICS?	Enumerate all the reasons and find out 'Why' for each of them?
7	Do you think the current price of ICS is appropriate for others to adopt it readily?	Note down the existing price for the ICS? What should be the price? Do you think it is high?
8	What are the reasons that financial institutions are not providing credit for ICS on large scale?	Enumerate the reasons? Also check with the team about their interaction with the financial institutions? What could be the success factor for ideal loan product for SHG members and entrepreneur?

Thanks for your response. Information provided by the group will definitely help us to serve you effectively!!

IDI for Non-Adopters

Greetings!!

We are working for the ICS team. My name is Harsh/Piyush and I have come from Delhi to understand how the team is working with you and can help you in accessing ICS. As the name suggests it is an improved chullah over the TCS and has huge benefits. We will ask few questions from you regarding ICS benefits, and challenges in its adoption. Are you willing to participate in the discussion? If the majority of them say then start the discussion!!

	Interview Number/Conducted by/Date/Place	
	Name	
Q.No.	Lead Question	Probe Question
1	When you came to know about the ICS	In which year you got your ICS? Who motivated you to adopt ICS?
2	Did you immediately adopt the ICS?	What were the major reasons for adoption of ICS? Who was the main driver in your family for the adoption of ICS? Do you see any benefits of ICS? Are you satisfied with the use? Any challenges in adoption? Any suggestions? Where do you receive the after sales service for ICS?
3	Were you able to influence others to adopt ICS?	Did others purchased ICS after you started using? Can you explain your story? How many of them followed you?
4	From where did you arrange for the money to buy ICS?	Did you receive it as a subsidy or you had to pay for it? If yes, then you got it on credit or paid from savings? If credit what was the source and T&C?
5	Many of them still have not adopted the ICS? What are the key challenges for low adoption of ICS?	Enumerate all the reasons and find out 'Why' for each of them?
7	Do you think the current price of ICS is appropriate for others to adopt it readily?	Note down the existing price for the ICS? What should be the price? Do you think it is high?
8	What are the reasons that financial institutions are not providing credit for ICS on large scale?	Enumerate the reasons? Also check with the team about their interaction with the financial institutions? What could be the success factor for ideal loan product for SHG members and entrepreneur?

Thanks for your response. Information provided by the group will definitely help us to serve you effectively!!

IDI for ICS Entrepreneurs

Greetings!!

We are working for the ICS team. My name is Harsh/Piyush and I have come from Delhi to understand how the team is working with you and can help you in accessing ICS. As the name suggests it is an improved chullah over the TCS and has huge benefits. We will ask few questions from you regarding ICS manufacturing, its benefits, and challenges in its adoption. Are you willing to participate in the discussion? If the manufacturer is willing then start the discussion!!

	Interview Number/Conducted by/Date	
	Village/GP	
	Name of the retailer/service provider	
	Education Qualification	
Q. No.	Lead Question	Probe Question
1	Do you sell ICS or just service them or do both?	Where do you sell and who are your customers?
	Understanding about the ICS	Do you think there is any benefit of ICS over TCS? Can you list down the benefits? Why do customer purchase ICS? Who comes to purchase – men or women?
2	At what price do you sell your produce?	Not down the selling cost, margin, discount, and commission (Applicable for distributor). Do you think the price is appropriate?
3	How many ICS do you sell in a month?	Are you able to meet the demand of the ICS in the market? If no, then how can you meet the demand? What are the common complain about the ICS. Do you have any suggestions for improvement? Do you sell in cash or credit and what is the credit period? If in cash then how much money has to be paid upfront?
4	Any business requires credit. Have you availed any credit?	Have you received any financing for your business and what are the terms and conditions? What was the source of the loan? Why did you choose the source? What was the loan size? What is the interest rate? Was there any problem in repayment? Do you think the amount provided was adequate? Have you faced any problem in repayment?
5	Our study has shown that the ICS adoption is slow. What could be probable reasons? Do you have any solution for it?	Enumerate all the reasons and their solutions. Ask why and how for each response.

6	Do you provide any service for ICS?	Do you provide any after sales or the customers can go to local shop and get it repaired? How much do you charge for the service? How many customers visit your place for service per day?
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RPR for Entrepreneurs

Rank	Attributes	Explanation	Relative Importance (on a scale of 0 to 5)
	Interest Rate	It is the effective interest rate that a borrower has to pay.	
	Loan Amount	It is the total loan amount that a borrower will receive in hand at the time of loan disbursement	
	Loan Term	Total duration in which the loan has to be repaid by the client.	
	Process	How smooth is the process? People are wary about lengthy, time-consuming processes, which also seem to work only when respondent have the right connections with the staff.	
	Installment Amount	Amount that has to be paid in every installment	
	Installment Frequency	How frequently the installments are to be paid (Daily/weekly/fortnightly/monthly)	
	Security/ Guarantee	Ability of respondent to provide guarantee/ collateral to access loan	
	Place of depositing installment	Whether respondent need doorstep collection or they can go in bank to deposit installment	

Annexure 3: Loan Card-Cum-Repayment Schedule for ICS SHG Credit Product

Name of the Member/Entrepreneur: _____

Name of the SHG: _____ Meeting Date: _____

Husband's Name: _____

Village: _____

Loan amount: _____ Date of Disbursement: _____ Interest Rate: 2%

Monthly Installment: _____ (Principal: _____ Interest: _____)

Month	Outstanding Principal	Installment Interest	Installment Principal	Total repayment	Date of Payment	Signature of Treasurer
1	900	10	100	110		
2	800	10	100	110		
3	700	10	100	110		
4	600	10	100	110		
5	500	10	100	110		
6	400	10	100	110		
7	300	10	100	110		
8	200	10	100	110		
9	100	10	100	110		

Name of the Member/Entrepreneur: _____

Name of the SHG: _____ Meeting Date: _____

Husband's Name: _____

Village: _____

Loan amount: _____ Date of Disbursement: _____ Interest Rate: 2%

Monthly Installment: _____ (Principal: _____ Interest: _____)

Month	Outstanding Principal	Installment Interest	Installment Principal	Total repayment	Date of Payment	Signature of Treasurer
1	1400	19	100	119		
2	1300	19	100	119		
3	1200	19	100	119		
4	1100	19	100	119		
5	1000	19	100	119		
6	900	19	100	119		
7	800	19	100	119		
8	700	19	100	119		
9	600	19	100	119		
10	500	19	100	119		
11	400	19	100	119		
12	300	19	100	119		
13	200	19	100	119		
14	100	18	100	119		

Name of the Member/Entrepreneur: _____

Name of the SHG: _____ Meeting Date: _____

Husband's Name: _____

Village: _____

Loan amount: _____ Date of Disbursement: _____ Interest Rate: 2%

Monthly Installment: _____ (Principal: _____ Interest: _____)

Month	Outstanding Principal	Installment Interest	Installment Principal	Total repayment	Date of Payment	Signature of Treasurer
1	2500	32	139	171		
2	2361	32	139	171		
3	2222	32	139	171		
4	2083	32	139	171		
5	1944	32	139	171		
6	1805	32	139	171		
7	1666	32	139	171		
8	1527	32	139	171		
9	1388	32	139	171		
10	1249	32	139	171		
11	1110	33	139	172		
12	971	33	139	172		
13	832	33	139	172		
14	693	33	139	172		
15	554	33	139	172		
16	415	33	139	172		
17	276	33	139	172		
18	137	33	137	170		

Annexure 4: Loan Card-Cum-Repayment Schedule for ICS Entrepreneur Credit Product

Month	Outstanding Principal	Installment Interest	Installment Principal	Total repayment	Date of Payment	Signature of Treasurer
1						
2						
3	50000	561	2000	2561		
4	48000	561	2000	2561		
5	46000	561	2000	2561		
6	44000	561	2000	2561		
7	42000	561	2000	2561		
8	40000	561	2000	2561		
9	38000	561	2000	2561		
10	36000	561	2000	2561		
11	34000	561	2000	2561		
12	32000	561	2000	2561		
13	30000	561	2000	2561		
14	28000	561	2000	2561		
15	26000	561	2000	2561		
16	24000	561	2000	2561		
17	22000	561	2000	2561		
18	20000	561	2000	2561		
19	18000	561	2000	2561		
20	16000	561	2000	2561		
21	14000	561	2000	2561		
22	12000	561	2000	2561		
23	10000	561	2000	2561		
25	8000	561	2000	2561		
26	6000	561	2000	2561		
27	4000	561	2000	2561		
28	2000	561	2000	2561		

Annexure 5: Sample Loan Application for ICS Entrepreneur Credit Product

**To,
The President,
ABC Federation,
Patratoli, Kinkuri**

Subject: ICS Entrepreneur Loan to Purchase ICS

Madam,

My name is Sarla Kujur from village Patratolio Gram Panchayat Patratoli and a member of Mansi SHG for 5 years. With the support of CARE India, I am selling ICS stove in the nearby GP. I need a loan of Rs. 50,000 to purchase ICS stock.

I am attaching all the necessary documents with my application. Kindly approve my loan so that I can purchase stock and start supplying them to the rural households.

Regards,

Sarla

Attached Document:

- ✓ Photograph
- ✓ Copy of ID (BPL card, MNREGA card, Aadhar Card, PAN card, Ration Card)
- ✓ Total savings with her SHG group
- ✓ Copy of the on-lending register showing that there is no loan outstanding on the member
- ✓ Recommendation from the member's SHG President verifying her address.
- ✓ Bank accounts detail

Annexure 8: Loan Approval Minute

Today the office bearers of the federation discussed the loan application of Sarla from Patratoli village for 50,000. The Treasurer informed that the member has good payment record and has recently received training from CARE India. Sarla is a good entrepreneur and has been in the business for past 6 months. She is the only supplier of ICS in 4-5 gram panchayats and also work hard in sales and promotion of ICS. But since she has started business recently, a loan of 50,000 will be huge and hence a loan of 40,000 is approved.

Signature of all office bearers

President

Secretary

Treasurer

