

# **A study to understand the saving pattern and credit needs of the tribal families of Maharashtra and Gujarat State of India**

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## **Abstract**

Poor households face many constraints in trying to save, invest and protect their livelihoods. They take financial intermediation seriously and devote considerable effort to finding workable solutions. Most of the solutions are found in the informal sector, which, so far, offers low-income households convenience and flexibility unmatched by formal intermediaries. Also members belonging to marginalized groups like tribal, minorities and migrant workers as well as women-headed households are often unable to save or repay regularly, a pre-condition for formal financial institutions. Since the rural poor and marginalized are excluded from financial service, it does not mean that they do not find ways and means for financial transaction. They persistently engage in number of multifaceted financial transactions, those are mostly outside the formal financial system. Access to financial services by poor/ marginalized group becomes one of the strategies for poverty alleviation and social cohesion. Financial devices such as savings and loan accounts can help mitigate a broad range of crises. But evidence increasingly shows that poor households can save, want to save and do save, but they often do so in the informal sector. India has the largest concentration of tribal population in the world. The lifestyle of tribal is conditioned by the eco-system. Migration is a common feature in the tribal families due to livelihood needs. This migration also affects the saving and credit pattern of the families.

## **Study location**

The study was conducted in two states of India, namely in Maharashtra - Surgana tribal block in Nasik District and Gujarat tribal area of Valsad and Dang district.

## Objectives of the Study

1. To understand the savings pattern of tribal families
2. To ascertain the present sources to assess credit needs of tribal families
3. To identify the patterns in their demand for credit and savings

## Research Methodology

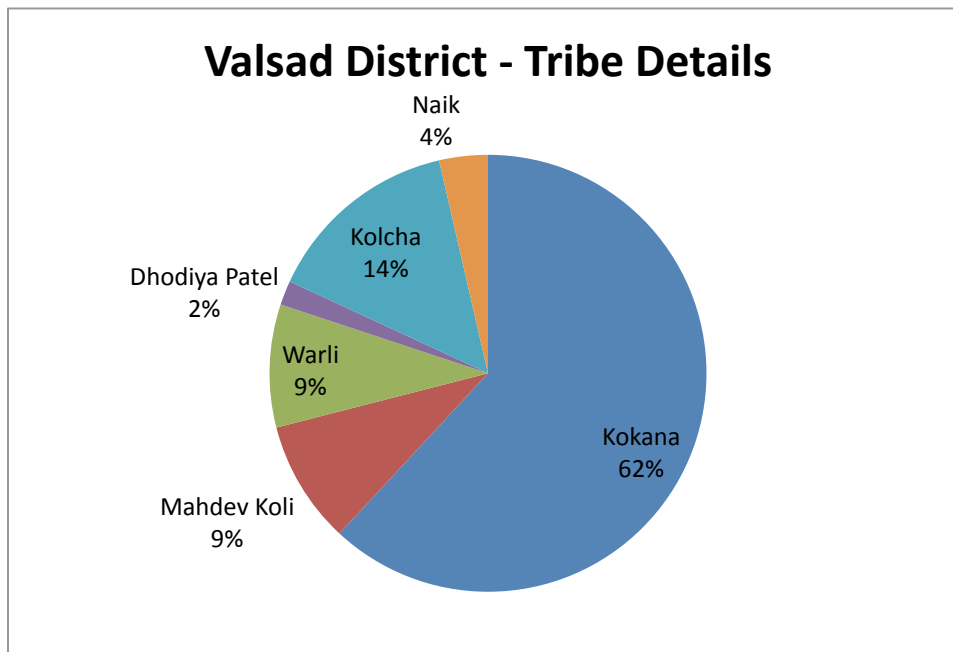
A random sampling was done covering families under the 'below poverty line' (BPL) category. A total of 227 families, 117 from Nasik District of Maharashtra and a total of 110 families, 55 from Valsad & 55 from Dang, Gujarat were studied.

Questionnaire tool was used for interviewing each selected family.

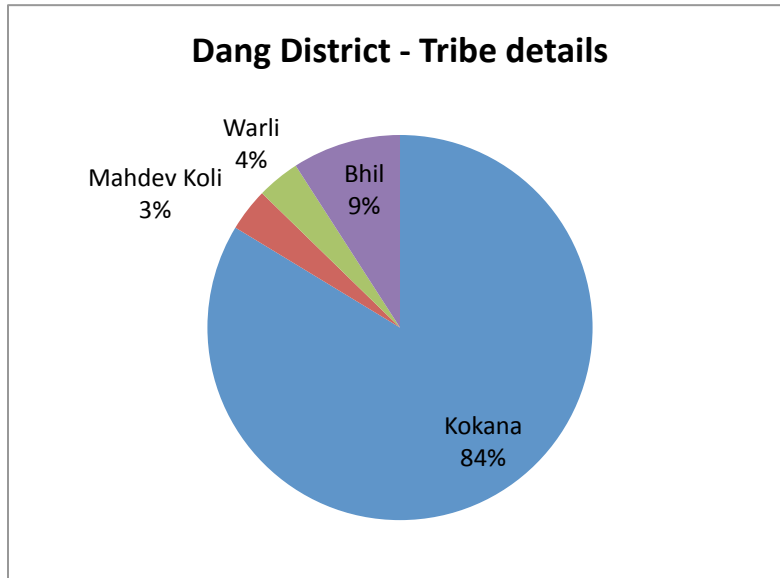
## Findings & Discussions

### 1.0 About the tribal -

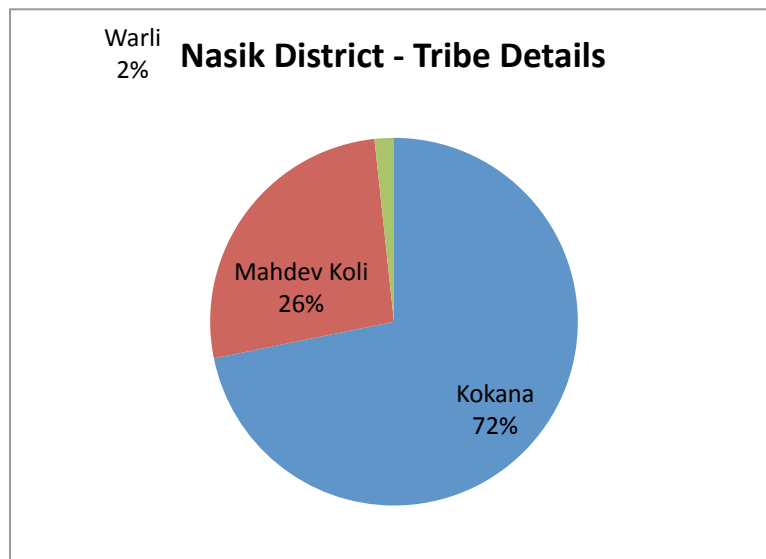
### 1.1 Classification of tribes studied –



Kolcha is one of the tribe seen in more numbers next to Konkana.



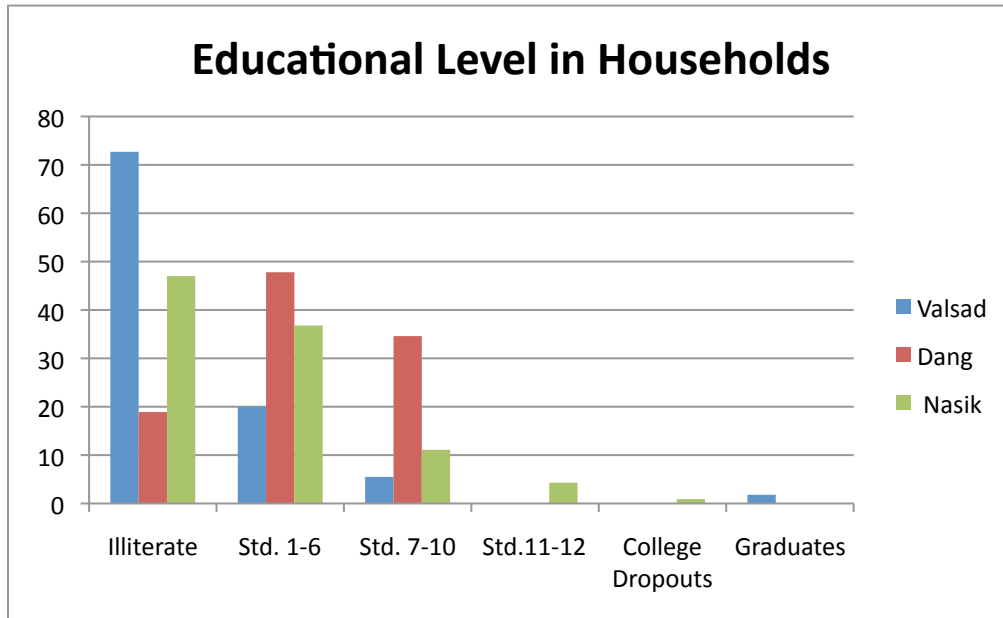
In Dang district the families studied are from four different caste categories.



In Nasik district, only three tribes were observed in the studied families.

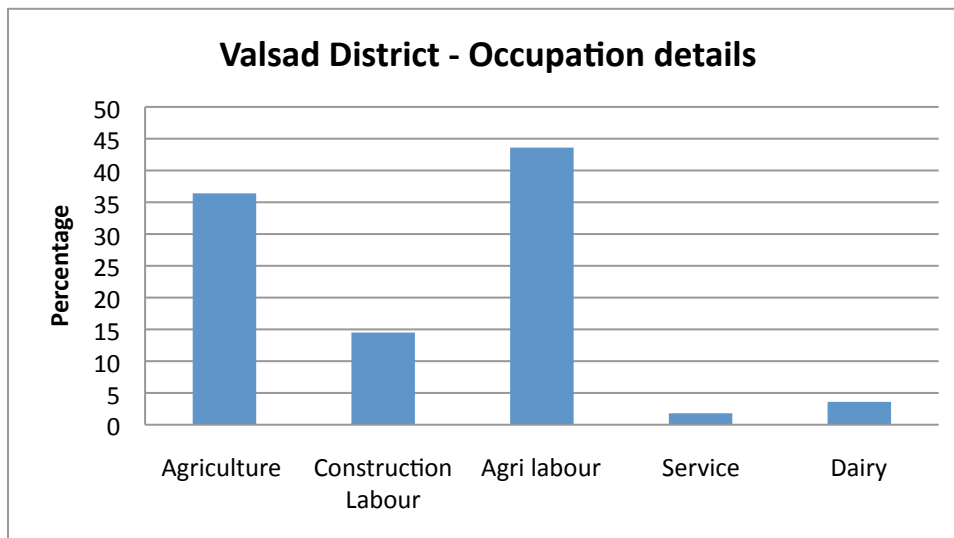
In all the three tribal districts studied, Kokana is the most predominate caste.

## 1.2 Literacy –

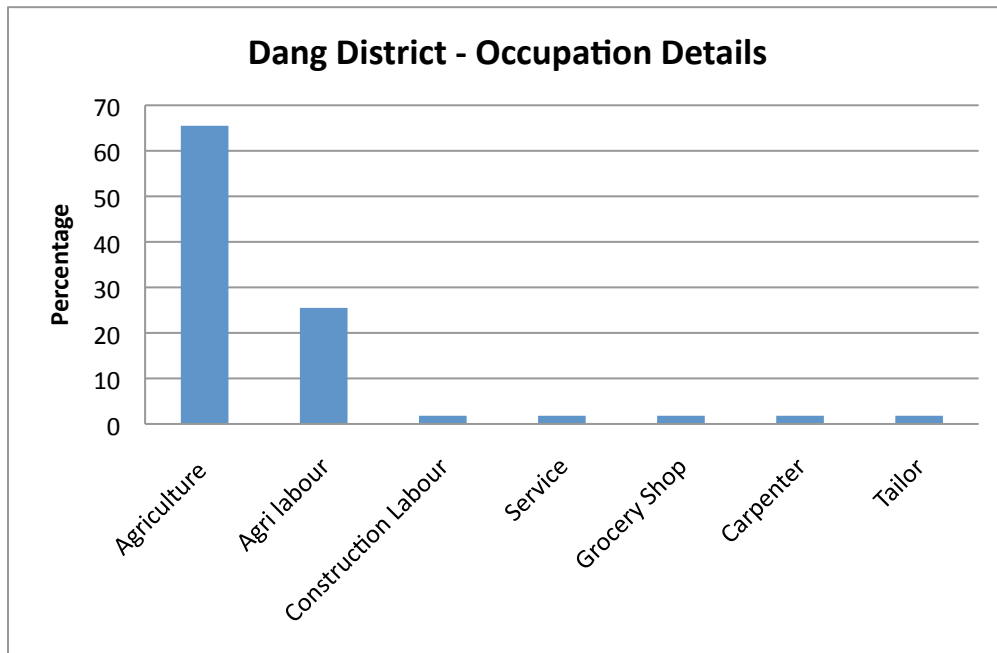


The tribal districts are still backward as far as education is concerned. Illiteracy is highest in Valsad District followed by Nasik District.

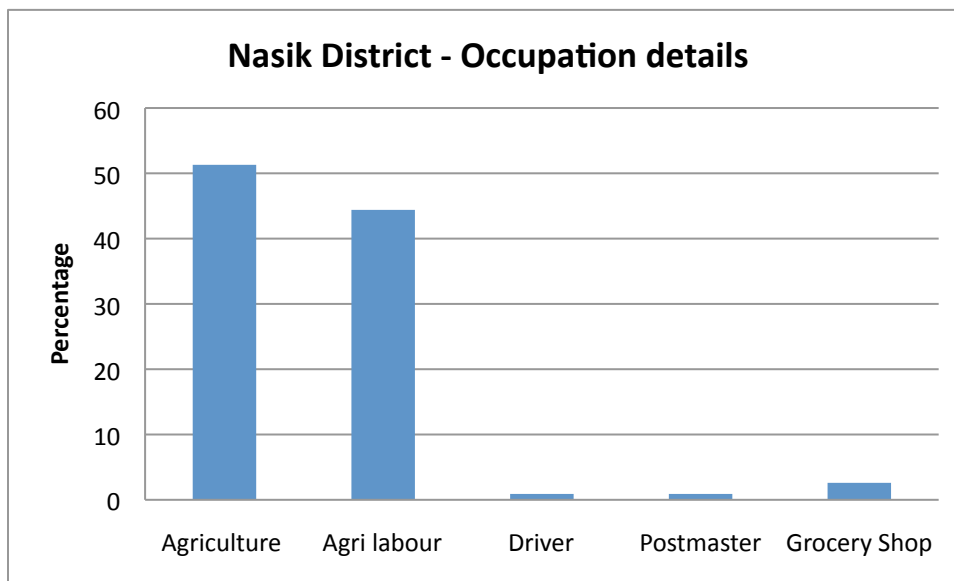
## 1.3 Occupation – Agriculture is the main occupation of the tribal families.



In Valsad though agriculture is the main occupation of the tribal families, many families also depend on agriculture labor as a source of occupation. In Valsad district as many farmers have taken up cultivation of fruit trees, vegetables also, the need for labor has increased.

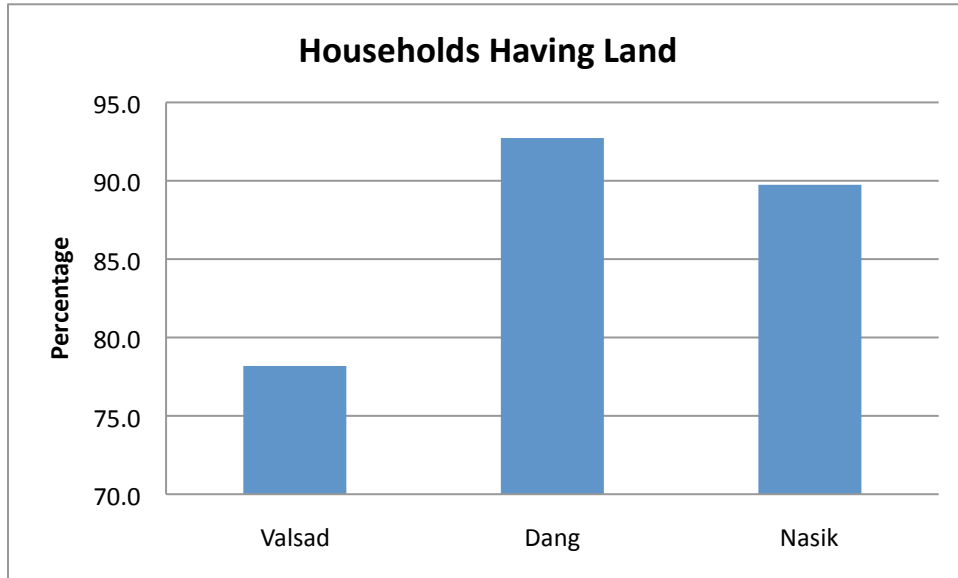


The major occupation of the tribal families is agriculture. A few families also expertise in tailoring, carpenter & few have business & service.



In Nasik District, agriculture is the main occupation of the families. Like Valsad District many families get work as agriculture labor in nearby villages due to fruit orchards, vegetable cultivation.

**1.4 Land holdings** - In Valsad district around 78% whereas in Dang district of Gujarat 92% of the families studied and in Nasik district 90% families have land. The land holding per family is less than 2 hectares and being on hilly terrain is not continuous but in pieces.



Paddy Rice is the main crop and monsoon is the main season for agriculture. Other crops like Nagli (type of millet), pulses are grown for consumption. Due to irrigation problem very few farmers take the winter crop and negligible take the summer crop.



**A Tribal family**

## 2.0 Migration –

Migration is an important aspect in the life of tribal. In Gujarat state more than 70% i.e. 41 families from Valsad migrate while in case of Dang only 50% i.e. 28 families migrate. One of the reason for lower migration in Dang district is due to the dairy activity which fetches regular income. In Maharashtra, 86% of the families are migrating.



**Family with livestock**

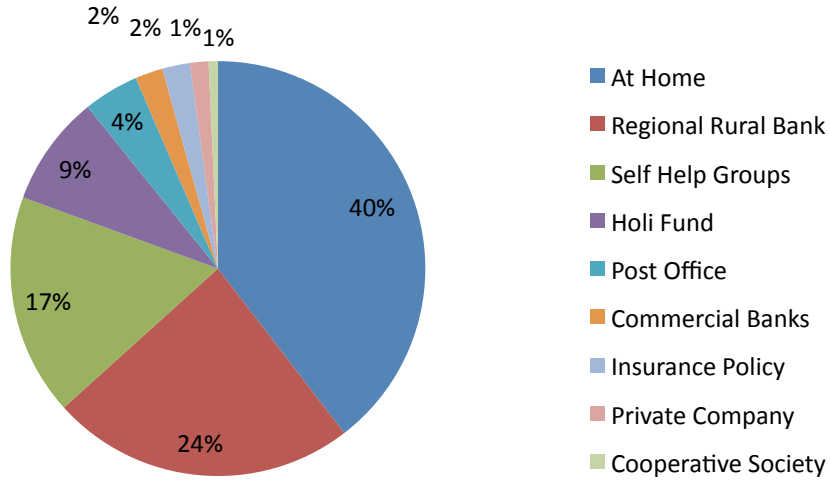
After the monsoon season, families migrate for work. In Gujarat, on an average 6 to 7 months and in Maharashtra, 7 months of the year the families are migrating for work.

The main source of income for families in Dang and Valsad district of Gujarat and Nasik District Maharashtra is through migration.

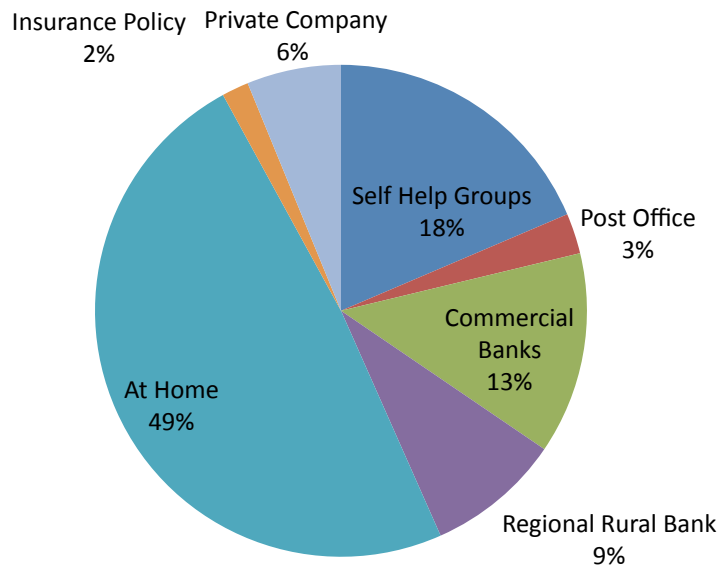
## 3.0 Savings-

All the households are saving. Tribal are aware about savings, want to save and expressed that it is to meet future needs or any unforeseen emergency. Most of the tribal families keep the savings at home due to liquidity aspect.

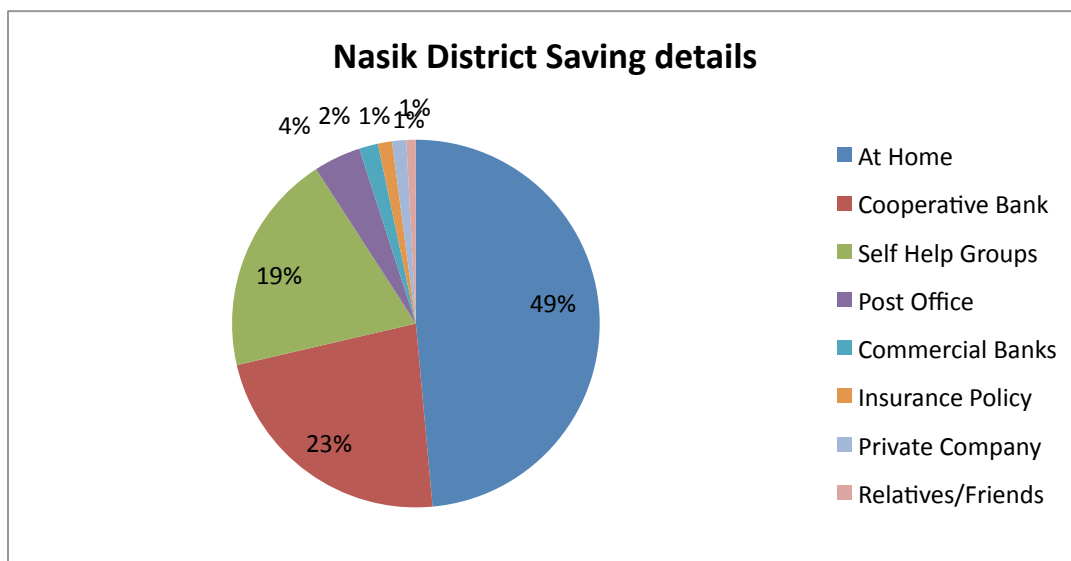
### Valsad District Saving Details



### Dang District Saving Details







All the tribal families from Valsad, Dang & Nasik district who did not save in Banks expressed that they do not have enough money to save also it is time consuming and need lot of documents.

In Valsad District, Gujarat the each village has a Holi fund. In Holi fund, savings is collected from interested families & lent to families who need loan. Minimum savings is Rs 1000/- per family. On saving the family will get 25% interest. The loan given is to be repaid next year with 25% flat interest.

### 5.0 Credit/Borrowings/Loans –

Loan requirement of tribal depends on the lean period consumption needs, religious ceremonies, unforeseen/emergency expenditure and for agriculture

### 5.1 Details of Loans –

#### State wise details of Loans

Borrowed Loan	Gujarat				Maharashtra	
	Valsad		Dang		Nasik	
	No	%	No	%	No	%
Yes	37	67.3	44	80.0	78	66.7
No	18	32.7	11	20.0	39	33.3
Total	55	100	55	100	117	100

It shows that more than 50% of the families have taken loans.

In Valsad district the loans have been taken for various purposes like health expenditure, household consumption needs, agriculture activities like seeds, fertilisers, labour payments, purchase of milching animals & constructing house.

## 5.2 Source of taking the loans

No.	Sources for borrowing loans	Valsad		Amount Range	Interest Rate per annum	Interest	Repayment period Range
		No.	%				
	<b>Informal Sources</b>						
1	SHG	7	9.9	200-25000	24 – 36%	Reducing	1mth to 2 years
2	Holi Fund	4	5.6	5000 - 20000	25%	Flat	1 year
3	Friends / neighbor	4	5.6	1000 - 30000	10 to 25%	Flat	1 year
4	Private Money lender	14	19.7	1000 - 7000	25%	Flat	1 to 2 years
5	Relatives	22	31.0	500 - 40000	25%	Flat	1 year
		<b>51</b>	<b>71.8</b>				
	<b>Formal Sources</b>						
1	Cooperative Society	9	12.7	18000 - 35000	7 to 18%	Reducing	1 year
2	Dairy Cooperative	7	9.9	4000 - 20000	12%	Reducing	1 to 2 years
3	Regional Rural banks	3	4.2	10000 - 200000	6 – 12%	Reducing	1 to 3 years
4	Commercial Banks	1	1.4	10000 - 20000	10%	Reducing	1 to 3 years
		<b>20</b>	<b>28.2</b>				
	<b>Grand Total</b>	<b>71</b>	<b>100</b>				

No.	Sources for borrowing loans	Dang		Amount Range	Interest Range per annum	Interest	Repayment period Range
		No.	%				
	<b>Informal Sources</b>						
1	SHG	7	8.3	500 - 10000	24 to 36%	Reducing	3 mths to 2 years
2	Friends / neighbor	18	22.6	400 - 25000	25%	Flat	1 to 2 years
3	Private Money lender	5	4.8	1000 - 6000	25%	Flat	1 year
4	Relatives	35	41.7	100 - 40000	25 to 50%	Flat	1 to 5 years
		<b>65</b>	<b>77.4</b>				
	<b>Formal Sources</b>						
1	Dairy Cooperative	7	8.3	15000 - 20000	8.5%	Reducing	1 to 2 years
2	Commercial Banks	7	8.3	10000 - 400000	6 to 11%	Reducing	2 to 3 years
3	Government Scheme	5	6.0	15000 - 200000	10%	Reducing	1 to 2 years
		<b>19</b>	<b>22.6</b>				
	<b>Grand Total</b>	<b>84</b>	<b>100</b>				

No.	Sources for borrowing loans	Nasik		Amount Range	Interest Range per annum	Interest	Repayment period Range
		No.	%				
	<b>Informal Sources</b>						
1	SHG	7	4.5	1500 - 5000	24 to 36%	Reducing	3 mths to 1 year
2	Friends / neighbor	23	14.9	100 - 30000	0 to 25%	Flat	Undefined to 3 yrs
3	Private Money lender	6	3.9	2000 - 440000	0 to 30%	Flat	Undefined to 4 yrs
4	Relatives	65	41.9	200 - 30000	0 to 25%	Flat	Undefined to 3 yrs
		<b>101</b>	<b>65.2</b>				
	<b>Formal Sources</b>						
1	Cooperative Society	47	30.3	1500 - 4000	Nil	Reducing	1 year
2	Commercial Banks	2	1.3	3000 - 4000	10%	Reducing	1 year
3	Government Scheme	3	1.9	2000 - 40000	Do not know	Reducing	1 to 3 yrs
4	Finance Companies	2	1.3	20000 – 150000	15%	Reducing	2 to 3 yrs
		<b>54</b>	<b>34.8</b>				
	<b>Grand Total</b>	<b>155</b>	<b>100</b>				

60 - 70% of loans are taken from informal sources with flat rate of interest.

### **5.3 Repayment of loans –**

In Valsad district, Gujarat, out of the 37 families taken loan, 32 have repaid the loan in that 11 loans have been repaid at once, while 21 loans are being repaid in installment. Five families have not repaid the loan.

In case of Dang district, Gujarat out of the 44 families taken loan only 26 repaid the loan in that 22 have been repaid at once while 4 have been repaid in installment

In Nasik District, Maharashtra out of the 78 families taken loan only 44 repaid the loan 18 have been repaid at once and 26 in installment.

### **6.0 Conclusions –**

Agriculture is the major occupation of the tribal. In Maharashtra and Gujarat, migration is a common feature in tribal for livelihood.

Saving is done by all families and is usually kept at home and felt more convenient due to fluctuating income and emergency needs. The funds under various government schemes are transacted through bank accounts only. After the scheme is over the account usually remains dormant.

Informal credit is most common than formal credit as it available any time, any amount and without any mortgage or documents with flexible repayment choice and 25% flat rate of interest.

Most loans in Dang district are repaid at once, while in installments in Nasik & Valsad district. A lot of flexibility is seen while repaying loans & especially taken from the informal sources.

Women mostly save in Self Help Groups (SHGs) formed by Government and NGOs. But the SHGs mostly do not get bigger loans.

Increasing livelihood opportunities for tribal might reduce migration and increase savings.