

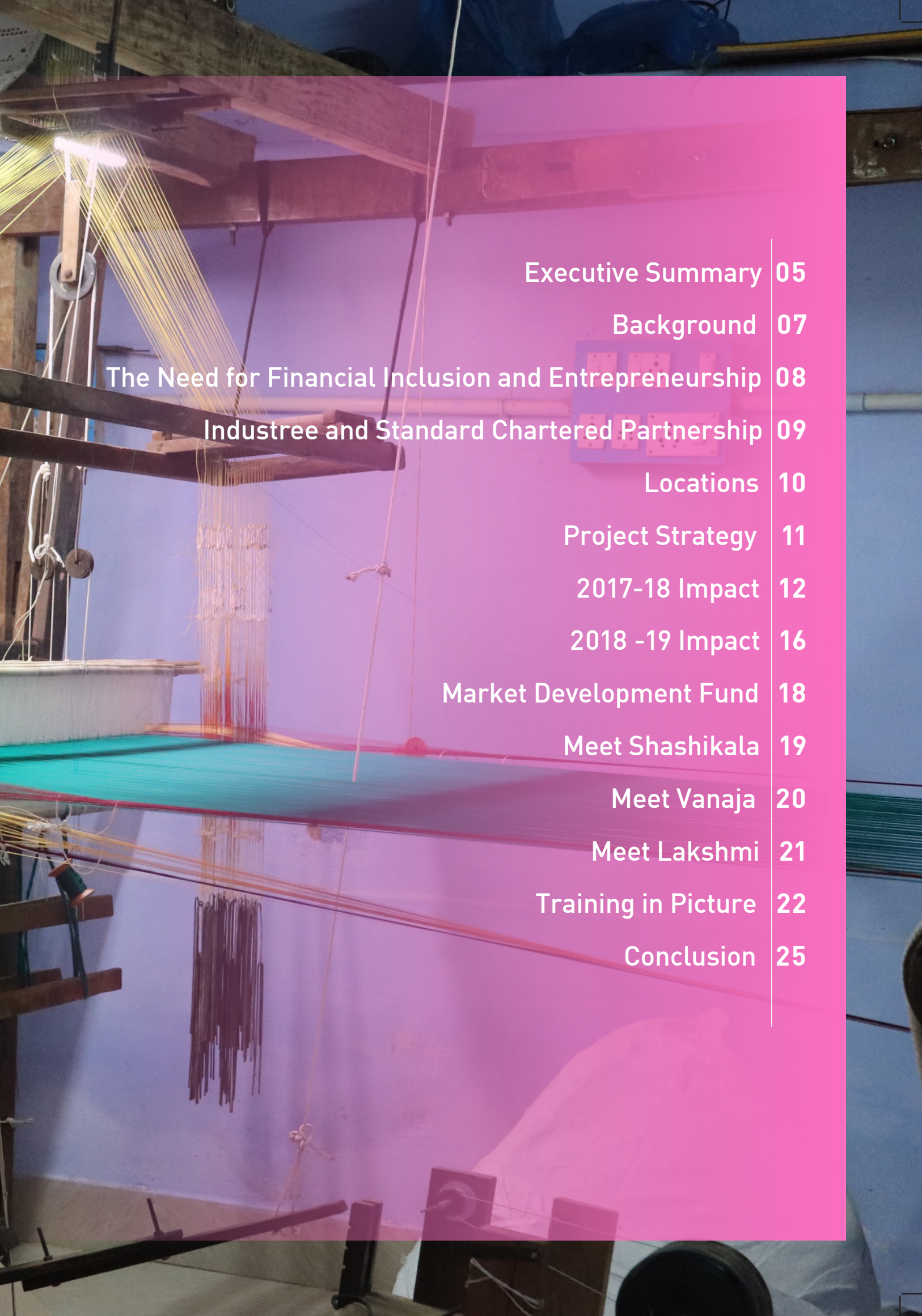
Impact Report

Financial Inclusion and Digital Literacy in Tamil Nadu

Incubated by Industree Foundation, Supported by Standard Chartered







Executive Summary 05

Background 07

The Need for Financial Inclusion and Entrepreneurship 08

Industree and Standard Chartered Partnership 09

Locations 10

Project Strategy 11

2017-18 Impact 12

2018 -19 Impact 16

Market Development Fund 18

Meet Shashikala 19

Meet Vanaja 20

Meet Lakshmi 21

Training in Picture 22

Conclusion 25

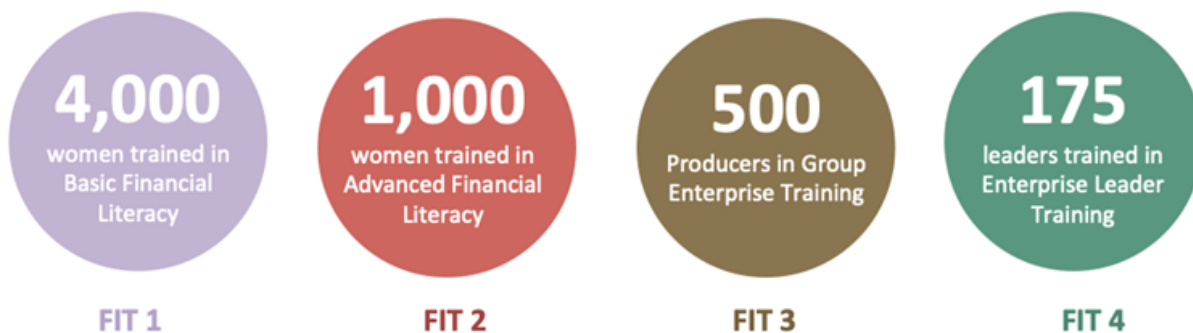


Executive Summary

Industree Foundation partnered with Standard Chartered Bank in order to bring about financial inclusion in low-income areas of Tamil Nadu through financial literacy, digital inclusion and market development support. This partnership spanned over two years (2017-2019) and impacted a total of 10,000 producers involved in banana basketry, handloom, pottery and other varied crafts.

This intervention was conducted as part of Industree Foundation's Mission Creative Million, which aims to impact one million agricultural and non-agricultural producers by 2030. There are one billion people currently working in the production sector globally. Industree Foundation is looking to touch one million of these producers.

The training component of this project was divided into four sections designed to strategically impart basic to advanced financial and entrepreneurship knowledge. "Financial Inclusion Training" or FIT was provided in four levels: The last FIT 3 and FIT 4, could also be termed FIT + IET (Inclusive Entrepreneurship Training)



This was repeated over both years impacting a total of 10,000 producers. While FIT 1 and 2 were conducted with 10,000 unique members, FIT 3 and 4 were subsets of the prior levels.

The trainings resulted in producers being better equipped at managing personal and enterprise finances, using ATM cards and digital banking services and recognizing their entrepreneurial qualities and using these to set up SHGs or small enterprises.

Through this structured training and financial support, we have, over the last two years, seen multiple SHGs, small-scale units and producer enterprises established and accelerated. The partnership between Industree and Standard Chartered aimed to bring about greater financial inclusion and sustainable growth by building strong, confident women entrepreneurs.



Background

Over the last decade, focused efforts in advancing financial inclusion have been made across the globe. In 2011, majority of the world operated in the informal market, with lack of financial services taking a significant toll on people's lives as well as the economy. Identified by the United Nations as a key enabler in reducing poverty and boosting prosperity, financial inclusion became a critical indicator for eight of the 17 SDGs in measuring the development and well being of society. Thus, a vigorous push for individuals and businesses to gain access to useful and affordable financial products have since been made in the hopes of establishing financial agency within an underserved population, while also driving economic growth.

Through a combination of private sector, government, and developmental organization initiatives on both a national and global scale, significant strides have been made. The most recent Global Findex (2017) revealed that globally the share of adults with bank accounts has now reached 69 percent, 18 percent more than that of 2011. That converts to 515 million people who have now gained access to financial tools they did not have previously. The Findex data also reflects the continued evolution of financial inclusion over time with regard to technology. Much of the recent progress made in this space can be attributed to the digital transformation of banking, as a new generation of financial services is made accessible through the Internet and mobile phones.

Developing and underdeveloped regions such as India represent a disproportionately large share of the world's financially underserved. As a result, India has responded impressively by taking aggressive action to usher people into the formal economy. As of 2017, 80 percent of Indian adults hold bank accounts compared to the 35 percent in 2011. What's more, of the 515 million accounts opened globally from 2014 to 2017, India represents over 55 percent of said accounts. Further, debit card ownership has increased by 25 percent and the gender gap in account ownership has shrunk from 20 percent to just 6 percent.

The need for Financial inclusion

Numerous studies have shown that access to financial services has a measurable impact on poverty, thus reducing inequality. As account holders, people are more likely to use other financial services-- such as credit and insurance-- to start and expand their business, invest in education or health, manage risk, and weather financial shocks, thus improving overall quality of life for both the individual and their families.

Firstly, providing people with the tools to manage and save their money allows for long-term goal planning, mitigating financial emergencies, and managing recurring expenses. Saving in banks also safeguards money that would otherwise be stored in cash. This helps households manage flow spikes, smooth consumption, and build working capital. Financial management tools also make day-to-day transactions reliable, including sending and receiving money.

Lack of financial inclusion limits access to insurance and credit, useful tools for both individuals and businesses. Insurance can assist in coping with vulnerabilities and financial shocks, protecting people from falling into poverty, while credit allows people to make further investments in assets like small enterprises. Studies show that in most regions around the world, owners of small businesses have the ability to make further investment if they had access to credit facilities. Their investment would lead to more profitable businesses, thereby increasing quality of life. Therefore, poor financial inclusion has prevented the growth of businesses and enterprises by people from the informal sector. Financial inclusion can help owners invest in their assets, thereby growing their businesses.

The need for Entrepreneurship

While a large portion of being an entrepreneur revolves around establishing and running one's own business, the need for entrepreneurship extends far beyond the self. An entrepreneur, while creating opportunities for herself, also contributes greatly to employment generation thereby improving the standard of living for people working with her. More jobs means more income for people, regular work and higher revenues in the economy.

Entrepreneurship also helps nurture latent potential. A lot of women who are working in the informal sector can earn higher incomes as well as profits by getting involved in entrepreneurial activities. These women would have been previously hidden labour or marginalised or being exploited. By taking charge of their own businesses, they gain the confidence to expand their businesses, improving standard of living for themselves, their community as well as the next generation.

Industree and Standard Chartered partnership

Standard Chartered Bank is India's oldest foreign bank with a 157-year presence and the largest footprint of 100 branches in 43 cities. A key driver of its sustainability strategy is 'investing in communities' to support economic and social needs. It works closely with local partners and employee volunteers to deliver programmes based on health, education, sanitation, and skill development. As part of its skill development efforts, Standard Chartered supports projects that build financial capability for youth and entrepreneurs in India. Their efforts in this area has led to a two year collaboration with Industree Foundation.

Industree Foundation is a Bengaluru-based non-profit working with producers in the farm and creative manufacturing sectors. Established in 2000, Industree holistically tackles the root causes of poverty by creating ownership-based, organized value chain ecosystems for micro-entrepreneurs. Industree works toward economically and socially empowering producers by enabling them to equitably engage with global and local markets, thus becoming wealth creators themselves, building resilience to life crises and helping society to meet its sustainable development goals.

In 2016, Industree launched Mission Creative Million, a movement designed to impact one million producers across farm and creative manufacturing value chains. The initiative, currently spanning five states and two countries, seeks to give creative producers access to formal work in companies that they collectively own, providing a stable and dignified alternative to the precarious informal sector.

Industree's work in Tamil Nadu primarily involves handholding producer enterprises in the natural fibre, apparel and handloom value chains, accelerating growth and thereby enhancing producers' incomes. A key enabler in this process is building financial capability of producers, so that they are better prepared to manage their incomes, from both a personal and enterprise standpoint.

Standard Chartered and Industree Foundation first partnered in 2017 to execute a project to build the financial capability of 5,000 producers in rural Tamil Nadu in order to ensure financial inclusion and economic empowerment to unlock inclusive growth for these producers. Due to its success, the two organizations entered into a second agreement in 2018 to implement a second wave of training from 2018-2019 for another 5,000 producers.

Project Locations



Project Strategy

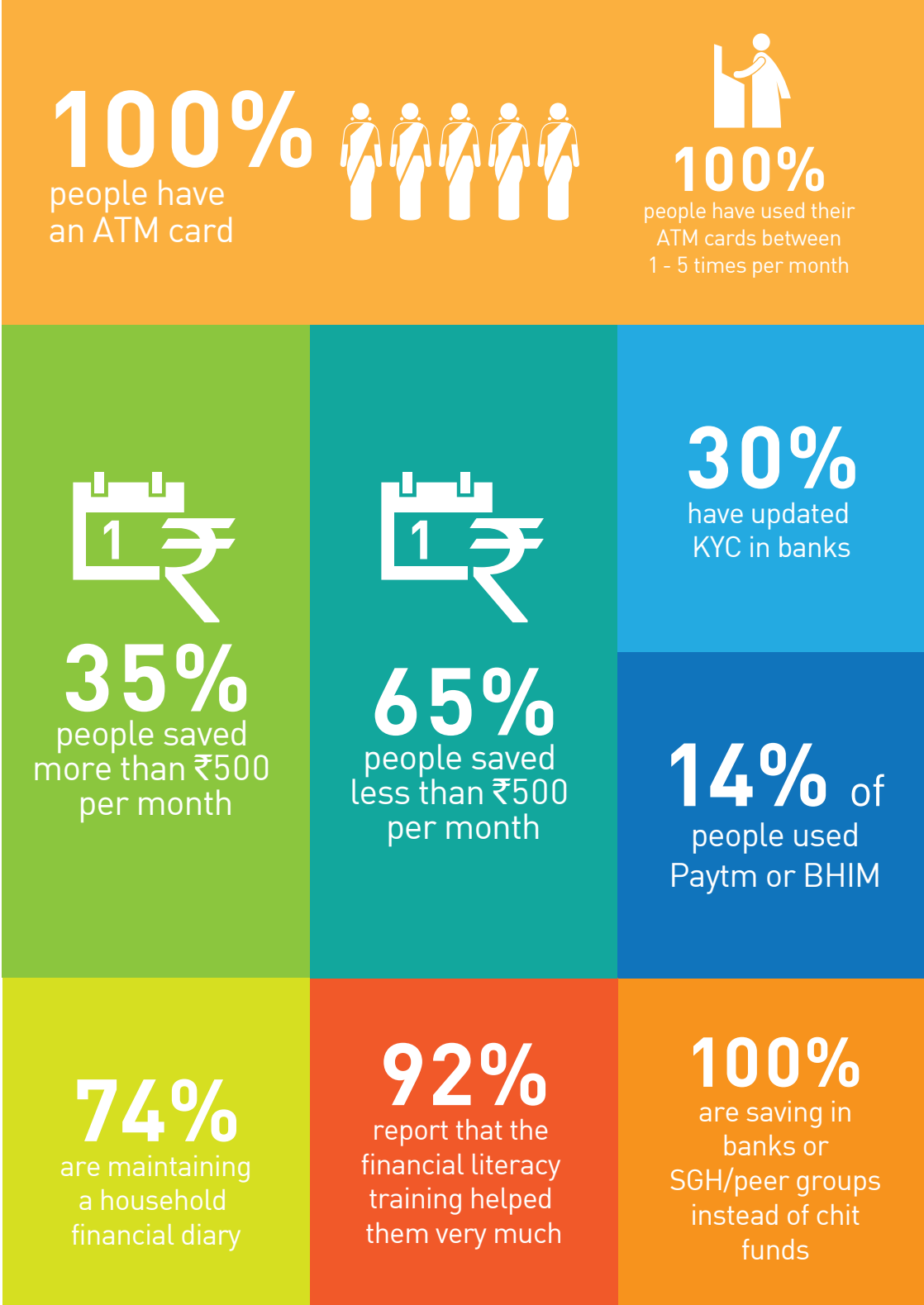
SESSION	FRAMEWORK	NO. OF PRODUCERS EACH YEAR	DURATION
FIT 1 – Basic Financial Literacy	Financial Capability Awareness: Bank Accounts, ATM cards, Finance Management	4,000	3 Hours
FIT 2 – Advanced Financial Literacy	Financial Capability: Bank Account opening, Use of ATM cards, banking application use, performing KYC	1,000	9 Hours over 3 Days
FIT 3 – Group Enterprise Training	Group Set up and Finance Management, Access to Capital, Access to Loans, Digital Banking Applications, BHIM/UPI/PayTM use	500	12 Hours over 3 Days
FIT 4 – Enterprise Leader Training	Market Development, Entrepreneurship, Lean Manufacturing, Business Model Canvas, Managing Relationships and Emotions	175	18 Hours over 3 Days

Impact

2017-18



Financial Inclusion Training 1 2017-18



This data was collected from a sample size of 416 people via telephonic calls

Financial Inclusion Training 2

2017-18

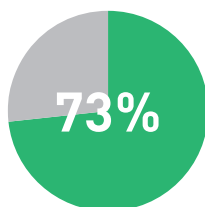
1,000 producers underwent the Financial Inclusion Training Level 2 (FIT 2). This training lasts 9 hours and spans over 3 days. This training provided knowledge on bank account management, digital banking and use of ATM cards and post the training, we saw a significant increase in the number of producers making use of these services. This training while not very complex, is a step towards a cashless and digital economy.



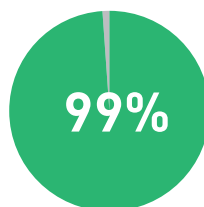
Those with bank accounts increased from **96% to 100%**



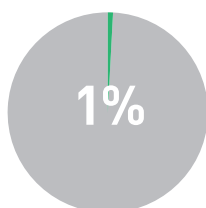
Those with ATM cards increased from **74% to 97%**



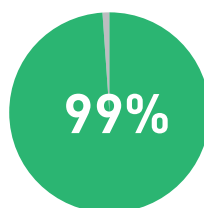
73 % use ATM cards



99% would rather save in a bank rather than a chit fund



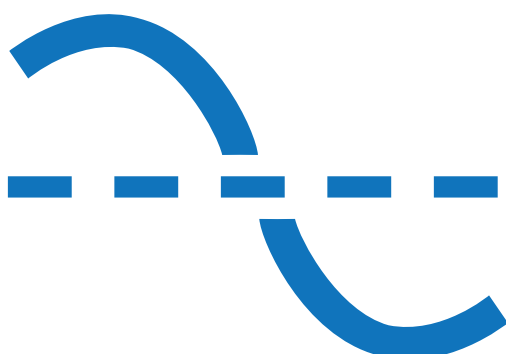
Only 1% think a chit fund is safe



99% have bank accounts linked to their mobile phone

Saving and Expense Pattern

2017-18



₹1,183

average savings in last 3 months

₹623

average expenditure on health in last month

₹3,764

average expenditure on food in last month

₹658

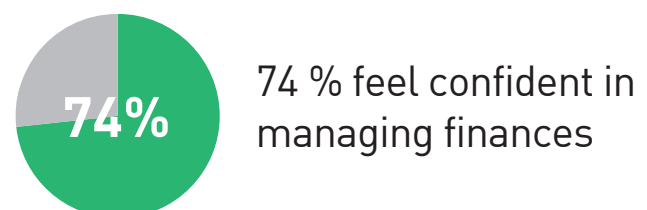
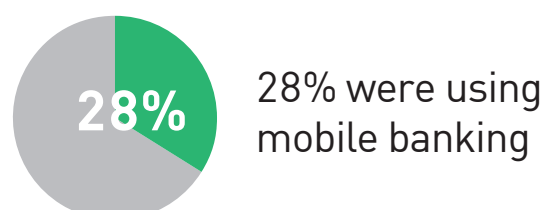
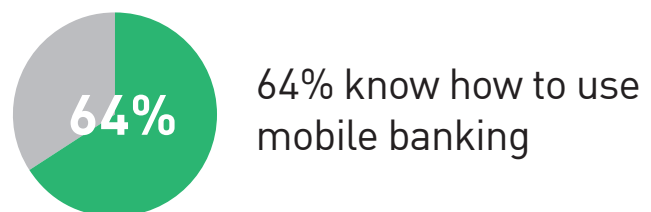
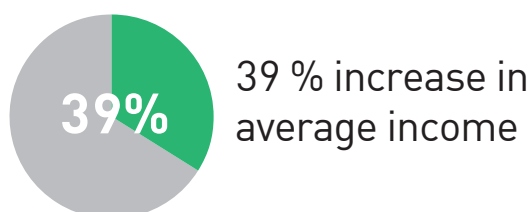
average expenditure on education in last month

Financial Inclusion/Entrepreneurship Training 3 & 4 2017-18

Out of the 1,000 producers that received FIT 2, 500 were chosen to undergo the FIT 3 level of training. During this, producers learned how to manage group finances, apply for and manage loans. FIT 3 encouraged women to form groups and start working together, use their finances wisely and manage the group dynamics in an efficient manner. Along with the financial aspect, producers also learned how to interact with colleagues, manage emotions and work place stress.

The last level of training, FIT 4, was imparted to a subset of 174 producers. This level focused on honing entrepreneurial skills in the producers creating strong, enterprising leaders. FIT 4 emphasised management of enterprise finances, market development and leadership qualities.

Many of the producers that underwent FIT 4 in 2017-18 are now running self owned enterprises linked to Bangalore Greenkraft and Ektha Apparel Producer companies. They are using the skills from FIT 3 and 4 to aggregate groups, process orders, take loans and grow profits. These women are growing from strength to strength, and have set goals and aims for themselves and their businesses. The FIT 3 and 4 levels of training have been instrumental in equipping the producers with the skills and attitudes that they need to be strong, confident women entrepreneurs!

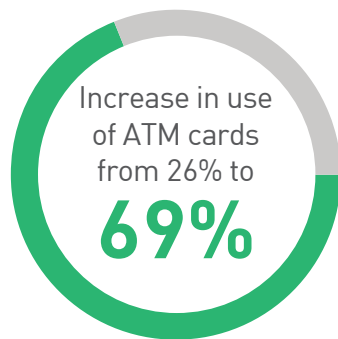
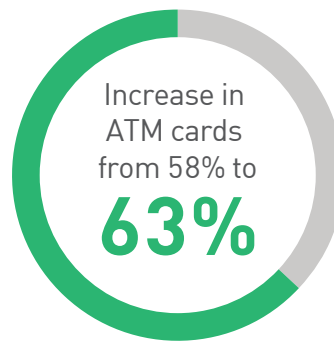


Impact

2018-19



Financial Inclusion Training 2 2018-19



60% to 1%
drop in people who don't know how to use ATM cards

Financial Inclusion/Entrepreneurship Training 3 & 4 2018-19



63%
know how to maintain books



85%
report feeling **“very confident”** in managing finances



Increase knowledge of use of mobile banking from 28% to **51%**



Increase in use of mobile banking from 2% to **51%**

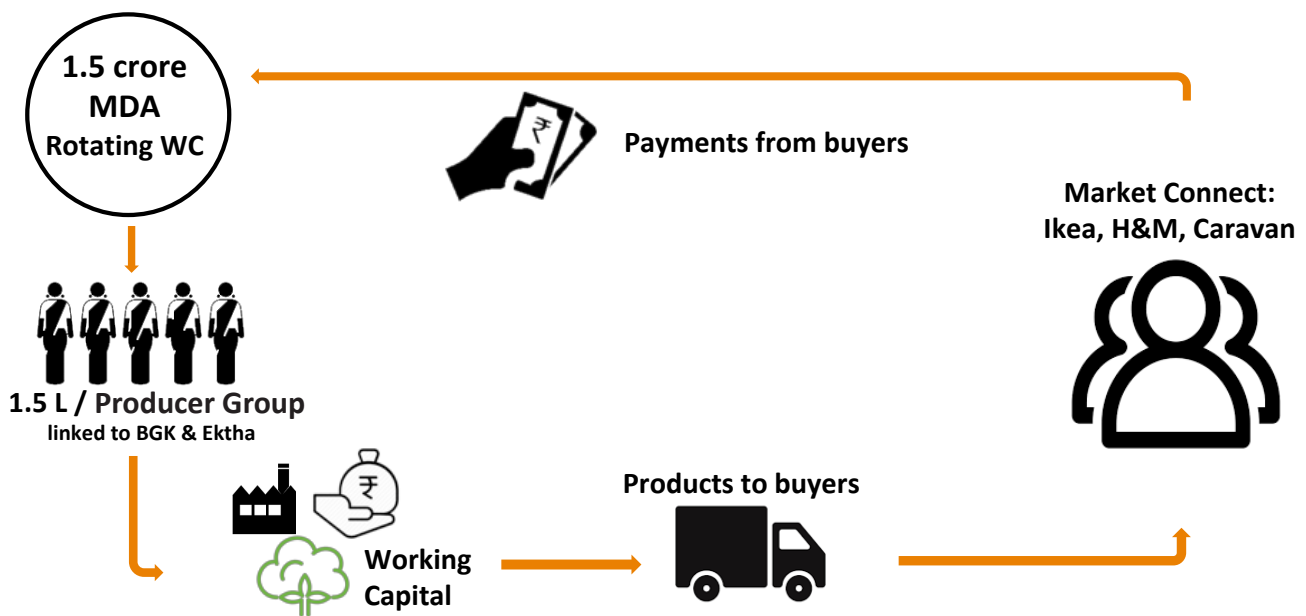


Those who know how to apply for a loan increased from 14% to **67%**

Market Development Fund

Standard Chartered also issued a rolling grant of INR 1.5 Crore as market development assistance to producers over two years. Industree issued this amount to producer groups of Bangalore GreenKraft and Ektha Apparel producer companies who were working on the export order for IKEA. The amount was distributed among 100 producer groups with each group being issued a maximum of INR 1,50,000. The amount was used as working capital to procure raw material and pay wages to producers in the interim period between production and shipment of the IKEA order.

This market development assistance resulted in an increase in revenue and a decrease in external borrowing by the producer companies in both 2017 - 18 and 2018 -19. These 100 producer groups also saw the emergence of 100 leader entrepreneurs who, within their groups, managed orders, quality and productivity. Entrepreneurship has been a major focus of this intervention and the Financial Inclusion Training coupled with the market development assistance has supported resourceful women to rise up and take on entrepreneurial responsibilities.





Shashikala lives in Thribhuvanam where she is a silk weaver. Due to inadequate work, she and her husband struggled to make ends meet and manage family finances. Shashikala attended the training conducted by Standard Chartered and Industree Foundation. She says she learnt a lot from this.

Through the training, Shashikala learned how to manage group enterprises, how to get a loan and more. She also learned how she can be an entrepreneur and the benefits of entrepreneurship over working as a labourer.

After attending the training, she went home and spoke to her husband about starting an enterprise. Since he has experience in catering they chose to get into the catering business. They applied for and received a loan from an SHG and have been in business for six months. Till date Shashikala has completed 15 orders!

She wants to build a name for herself and be known as the best catering service in Thanjavur district within two years. She attributes the confidence she got to the training.



Vanaja lives in the district of Trichy in Tamil Nadu. She has a graduate degree in sociology. Vanaja had attended the Financial Inclusion Training (FIT) from Level II to Level IV in 2017-2018 at Puddukottai. The training impacted her greatly and left her wanting to set up a business unit of her own. After discussing this idea with her husband, he agreed to help her construct a small unit.

She had learned about Industree incubated producer company Bangalore Green Kraft (BGK) and visited a unit to express her idea. Industree helped her group in skill development and technical trainings and linked them to BGK. BGK started working with the group and regularly placing orders to make products for IKEA . She is now regularly working with 15 women and supplying the finished products to BGK.

BGK is providing the raw materials and extending its full support in technical and technological areas based on the need of the group.

Vanaja has set up a goal for herself to increase the group strength from 15 to 50 within 2 years and is also planning to equip all the women working with her with the skills and knowledge she learnt during the FIT trainings provided by Industree with the support of Standard Chartered Bank.

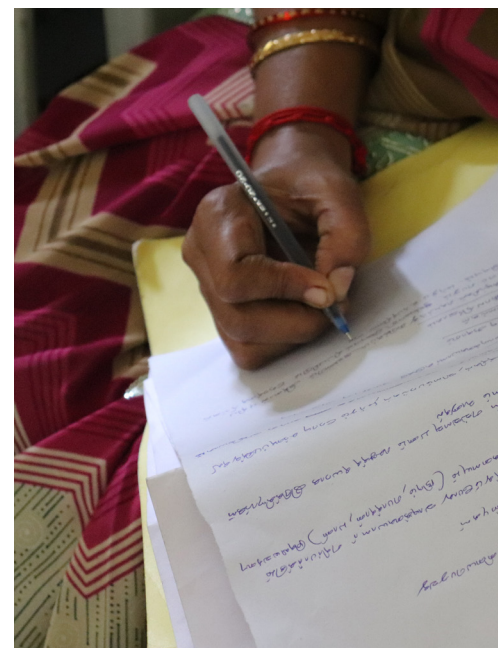


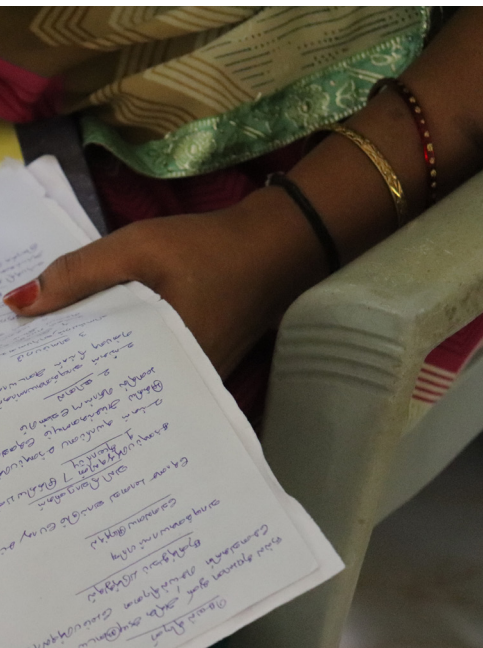
This is Lakshmi. She is from Salem and has attended FIT training levels 2 – 4. During the training she learned how a group can work together to start a business. As a result, instead of taking loans from others, she and a few women decided to use their SHG savings and start a business.

Five women came together and started a handloom business. They set up two handlooms. They used skills learned in the training for their business – creating a business flow chart, low cost sourcing, where to sell, how to manage and reduce waste in production.

She also learned how the business can increase profit and applying this learning, Lakshmi and her group were able to increase profits! They now plan to set up ten more handlooms, increase profits further and grow their business.

Training in Pictures







Conclusion

The Financial Inclusion and Digital Literacy project implemented in partnership with Standard Chartered has touched 10,000 producers over two years (2017-2019). This intervention has been successful in pooling in a large number of producers in varied crafts under the digital finances umbrella moving them away from a cash economy towards a more transparent ecosystem.

One important aspect of the intervention has been the creation of women entrepreneurs. The chosen women who underwent the entrepreneurial training have gained the knowledge and expertise to start and run their own businesses. A large number of these producers are supplying natural fibre and textile products to Bangalore Greenkraft Producer Company for IKEA which has helped them increase incomes and profits.

It is inspiring to see how training and knowledge sharing can help uplift people out of exploitation and poverty and help them realise their potential. The women who were part of the program have shown great potential and fervour to make use of the opportunity and turn it into something fruitful.

This embodies Industree's vision of creating more women entrepreneurs and Standard Chartered's vision of having women be financially empowered!







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