

MANN DESHI FOUNDATION & EDELGIVE FOUNDATION

WEEKLY MARKET DOORSTEP CASH CREDIT PROGRAM ASSESSMENT



Program Background

In 2013, Mann Deshi identified the needs of female entrepreneurs participating in weekly markets as one of the key gaps in “formal financial offerings” of the financial institutions in the area. Due to the travel and work hours involved in selling at different markets, the women do not have regular access to financial services. Working together Mann Deshi Bank and Foundation created the Mann Deshi’s Market Doorstep Cash Credit Program, which modeled the agility and determination of local moneylenders to meet the needs of their clients. Moneylenders provide capital at any time, any place and any mode to the rural poor, and now women have Mann Deshi’s financial services as a less costly alternative.

In 2014, Mann Deshi launched the Market Doorstep Cash Credit Program, which has reached 1200 beneficiaries to date. After receiving doorstep financial literacy training, women were granted access to a credit limit of 20,000 Rs. This credit has been extended to individual borrowers, and is supported by joint liability coverage through groups of 3 to 5 other female borrowers. A key differentiator of the product is the fact that all withdrawal and repayment transactions can be performed in the market as well as branch offices.

Research Objectives

As a follow-up to baseline data collected from February 2014 to April 2015, a study was conducted in June-July 2015 to assess the impact of the Mann Deshi Weekly Market Doorstep Cash Credit Program. The study sought to expand Mann Deshi’s understanding of the following elements of the project and how they have changed for clients since they received the cash credit.

- Loan behavior
- Business performance
- Household Impact
- Personal Attitudes and Behaviors
- Project Implementation

Assessment Methods

RESEARCH METHODS

Due to time constraints, the study was limited to small sample of 18 female Mann Deshi clients that had received the Weekly Market Doorstep Cash Credit Product. The study was limited to a convenience sample of market saleswomen, eight of which participated in previously conducted baseline survey of 492 Mann Deshi clients. Structured interviews were conducted in four Mann Deshi branch offices and the Mhaswad and Satara markets. The surveys were done with the assistance of translators provided by Mann Deshi.

With the sample size and time constraints, a valid and reliable assessment of the direct impact of the program on clients was not possible. Instead the researcher studied the significance of changes between the baseline sample and post sample, and was constricted to conducting difference of means tests. For all continuous data, such as savings amount and average monthly income, unpaired t-tests were used to assess significant changes between the baseline group and those that already received the cash credit product.

SAMPLE PROFILE

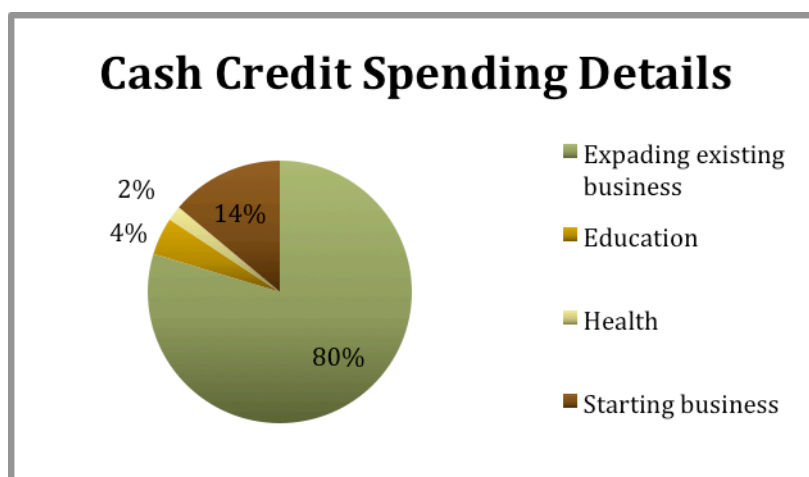
All sampled clients joined the Weekly Market Doorstep Cash Credit Program between January 2014 and April 2015. Respondents ranged from clients with only two years of education to those who have completed their Bachelor degrees. The average level of completed education was eight years. All clients reported being able to read and write. The mean household size was five people, with two earning household members and three non-earning household members. 11.1% of surveyed clients were Muslim, and 88.9% were Hindu from nine different castes.

In terms of religion, marital status, and household size (including the amount of earning members in the household), there was no statistically significant difference between the baseline and post samples groups. However in terms of education and the village that the respondents were from, there was a statistically significant difference between the baseline and post sample groups at 99% confidence level. The geographical distribution is not likely to bias the results because all locations were still in the same state and region of India. However, the baseline sample had a much larger portion of respondents with no education whereas the post sample group was not representative of this. Therefore the results could be biased towards more educated clients of Mann Deshi.

Project Assessment

LOAN BEHAVIOR

All sampled clients receiving loans from 10,000 to 20,000 Rs, with an average loan size of 16,389Rs. The sampled clients spent their loans on expanding their businesses, starting new businesses, education, or health care in the following proportions.



As outlined below, clients took advantage of the flexible nature of the product by utilizing the credit withdrawal and repayment system in the markets. The flexibility proved vital because 94% of clients indicated beginning work in the market before Mann Deshi branch offices opened, between 5am and 9am.

	At the Bank	In the Market
Credit Withdrawals	60%	40%
Credit Repayment	6.3%	93.8%

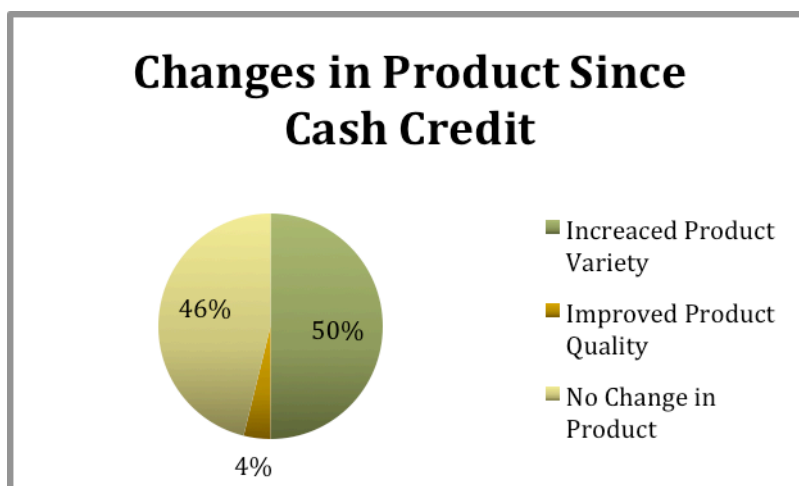
In all interviewed cases the product was being treated more as a term loan rather than as a cash credit program, where the client would draw less than the limit, and deposit surpluses from high sales days. Instead, all sampled clients made only one withdrawal directly after receiving the loan. This could stem from incomplete understanding of the product. When asked about the interest rate and period of interest for the credit, several clients were not sure, but unfortunately the accuracy of this knowledge could not be assessed due Mann Deshi staff letting the clients know their loan details during the interviews.

BUSINESS PERFORMANCE*Product Details*

The clients sampled after receiving the cash credit, worked in local markets selling vegetables, fruit, household items such as brooms and light bulbs, clothing, and other products such as stationary, scraps and spare parts for vehicles.

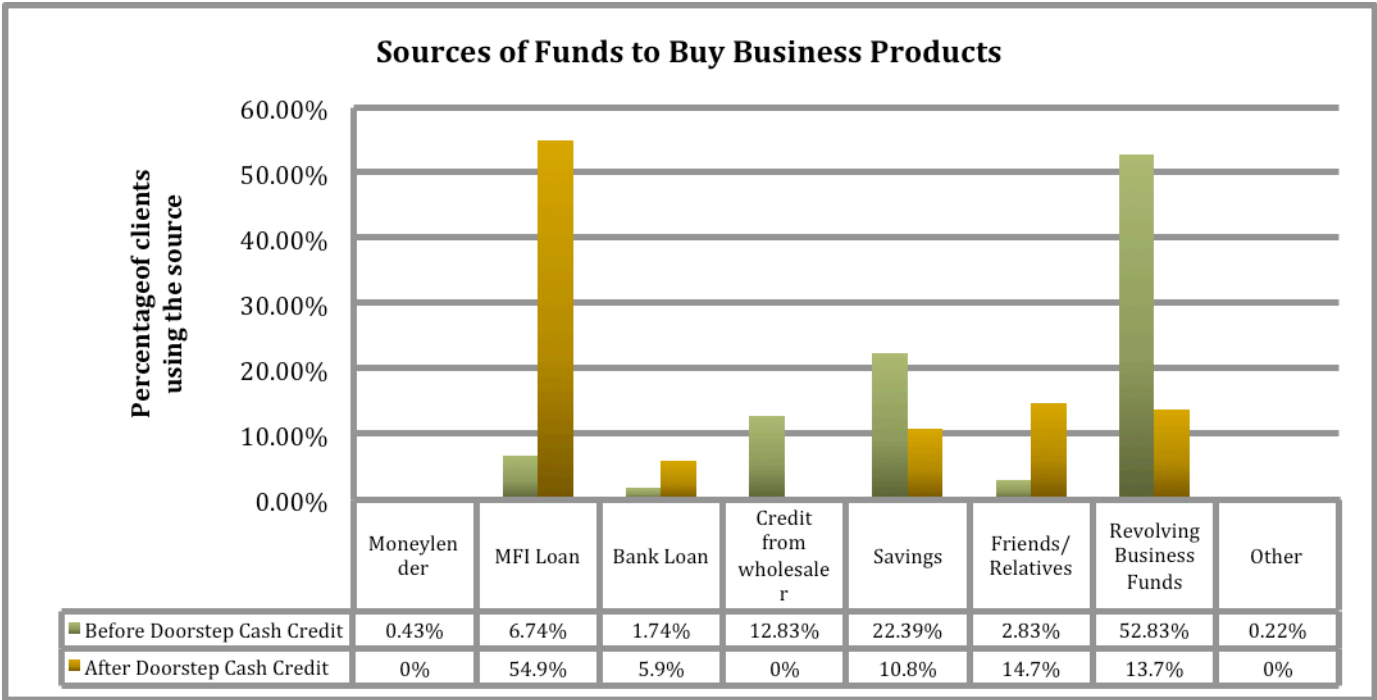
Type of Products	Portion of Baseline Sampled Businesses	Portion of Post Sampled Businesses
Vegetables	36.8%	52.9%
Fruit	8.0%	5.9%
Household Items	6.6%	11.8%
Clothing	10.5%	5.9%
Other	32.6%	23.5%

After receiving the cash credit, 56% of the clients made changes to the products they sold. They either increased the product variety or improved the quality of the products. One example of this was a woman that sold fabric. She stated that business increased because she offered more fabric designs and better quality product.



The average daily product cost for the post sample was 2,811 Rs, ranging from 150Rs to 12,500 per day. The chart below outlines the different sources of funding that were used to purchase products for the businesses, and how they changed after receiving the cash credit. In our sample, none of the clients used moneylenders or credit from wholesalers. The most

significant change was the rise in clients that used secure sources of capital for their business needs. In fact, all product purchases after the receiving the cash credit product were made in cash and all of the clients were able to bargain for the price of their goods.



Business Performance Indicators

Using unpaired t-tests, the following business performance indicators were compared from before the cash credit was taken to after. Revenue and profit indicators showed a significant decrease in business performance. However, since 67% of the cash credit was taken within the last six months, it could be too early to measure the full impact on the business performance.

Business Performance Categories	Baseline Mean (Rs.)	Post Mean (Rs.)	Difference statistically significant?
Average Monthly Income	10,207	11,444 Rs	No
Average Other Monthly Income	9,592	1,118Rs	Yes, at 99% level
Average Household Monthly Income	12,722	9,735	Yes, at 90% level
Average Low Day Revenues	3,957	1,293	Yes, at 99% level
Average Day Revenues	6,620	3,133	Yes, at 99% level
Average High Day Revenues	9,582	5,485	Yes, at 99% level
Average Low Day Profit	1,137	293	Yes, at 99% level
Average Day Profit	2,039	1,073	Yes, at 99% level
Average High Day Profit	3,142	1,843	Yes, at 99% level
Daily Amount of Spoiled Goods Unsold	7,216	313	Yes, at 99% level

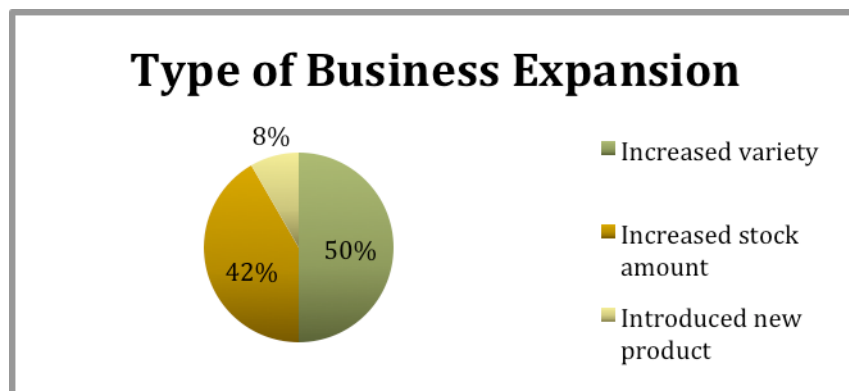
However, after further analysis of the baseline survey and based on the post interview experience, there seems to be evidence that some of the baseline daily revenue and profit data was actually representative of the weekly data. In the post surveys, the researcher, using probing and clarifying questions, found that many clients did not naturally break down their business performance indicators into daily figures.

Looking more closely at the baseline information for daily average profit, 57.6% of the responses for daily average profit made up 20-25% of the same client's monthly income from selling in the markets. This suggests that these clients either only worked in the markets 4-5 times a month or they reported their weekly profits. By removing the Average Day Profits that might have been weekly profits (representing 20-25% of the total monthly income), there was no statistically significant difference between the baseline and post sample means of 1079.95 Rs and 1073 Rs. The same conclusion was found when comparing Average Weekly Profits from before receiving the cash credit product and after receiving it. There was no statistically significant difference between the baseline and post sample means of 2830.74 Rs and 3285.71 Rs.

Business Expansion

89% of interviewed clients indicated that they expanded their businesses after receiving the cash credit product. They indicated three types of expansion. They increased the variety of products they sold, which usually meant selling more types of vegetables or fruit. Many clients began selling products that were not as perishable, such as potatoes and onions. The

other two types of expansion were increasing the amount sold and introducing completely new products into the business.



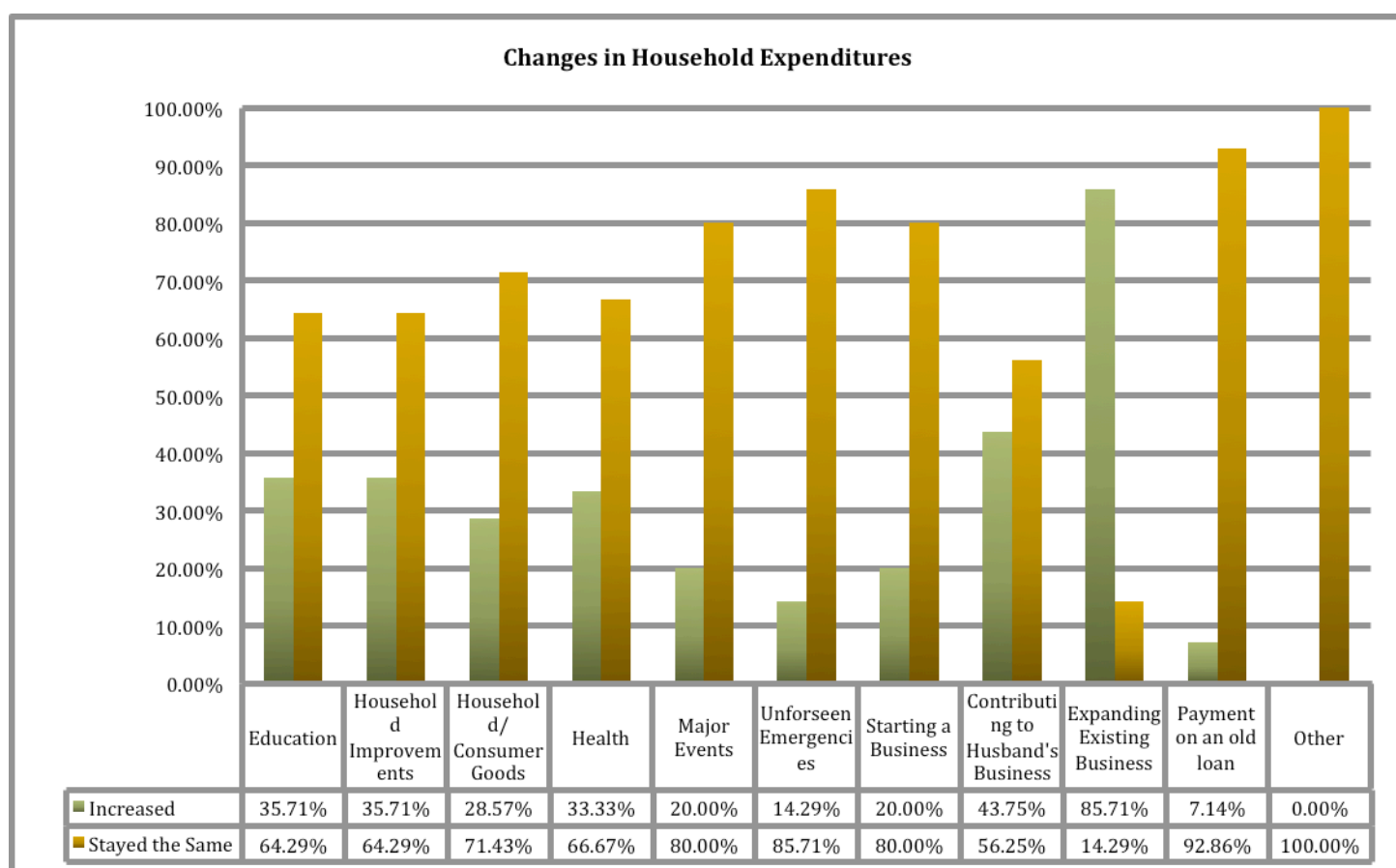
PERSONAL ATTITUDES AND BEHAVIORS

The self-reported changes in client attitudes and behaviors since joining the program indicate overwhelming improvement, but also leave some room for even greater improvement. The ability to buy the right financial services for my family has the largest variety in answers. However, the researcher believes that this question might have been inaccurately translated. Many of the clients seemed to give an answer based on whether or not they had insurance or pensions, which were used as examples in the question, rather than if they felt like they could make the right decisions about these products.

Attitudes and Behaviors	Significantly Improved	Improved	Stayed the Same	Decreased
Comfort level working with Mann Deshi	44.4 %	50.0 %	5.6 %	0 %
Comfort level using bank services	23.1 %	53.8 %	23.1 %	0 %
Ability to buy the right financial services for my family	27.3 %	36.4 %	27.3 %	9.1 %
Ability to save money	33.3 %	53.3 %	13.3 %	0 %
Choices when it comes to running my business	33.3 %	58.3 %	8.3 %	0 %
Support from my fellow entrepreneurs	7.1 %	71.4 %	21.4 %	0 %
Ability to make better decisions on spending my money	21.4 %	78.6 %	0 %	0 %
Ability to plan for the future	20.0 %	80.0 %	0 %	0 %
Feeling of independence	23.1 %	69.2 %	7.7 %	0 %
Feeling of respect from my family	25.0 %	75.0 %	0 %	0 %
*Significantly decreased is not featured in the table because none of the clients indicated this option				

HOUSEHOLD IMPACT

The clients that received cash credit were asked about changes to their expenditures since receiving the cash credit product. The chart below outlines expenditures before and after receiving the cash credit, and whether they decreased, stayed the same or increased. None of the clients indicated any decreases in their expenditures. With the exception of expenditures on expanding existing businesses, which increased for the majority of the clients, the majority of other expenses stayed the same.



IMPLEMENTATION ASSESSMENT

Training

Even though all sampled clients had indicated that they received the Mann Deshi Doorstep Cash Credit, which requires the client to take part in financial literacy training, only 50% or the women initially indicated that they received financial literacy training. After probing, the women indicated that they learned about personal and business finance from a Mann Deshi trainer, but did not think of this as 'training.'

Communication

On average the clients sampled met with a Mann Deshi Representative three times a month, ranging from one to four meeting per month. Responses to how often they need to meet with Mann Deshi scored an average of 2.65 average on a 3-point scale, indicating a desire that leans towards a desire to meet more often.

How often do you need to meet with Mann Deshi?	Percentage of Responses
Less often	0 %
The same amount	37.5 %
More often	56.3 %

The clients specified two main forms of communication coming from Mann Deshi, 42% usually receive phone calls and 58% usually received visits from a representative. In the other direction, when clients needed to contact Mann Deshi, 41% called, 47% spoke with a representative when they visited, and 12% would visit the nearest branch office.

Satisfaction

In assessing how satisfied the client was with the Market Doorstep Cash Credit Program, 94% of clients sampled were '*very satisfied*' and the remaining 6% were '*satisfied*'. When asked '*How could the program be improved?*' 16.7% of clients answered that no changes were necessary. However 83.3% of clients replied that they needed access to an increased loan amount.