

IDPM FINANCIAL DIARIES COVER SHEET FORMAT
India: Rural

Interview taken by: Sushil Kumar *date:* 13th October 2001

Category: Medium Initial wealth ranking: Medium Code: KKP01

Site: Kushphara

Principal respondent(s): Mr. A

Caste: Muslim

A's family has lived in Kushphara for generations. He has five brothers, three of whom live in Kushphara; the other two with their in-laws. His father owned 4 bighas, distributed after his death 6 years ago. He had been a sharecropper but never a harvah. All brothers are small mobile traders at a similar social economic level. While still a child, A started working as an agricultural wage labourer. A few years later (about 22 years ago) he started trading beauty items with Rs.300 capital. After 3 years he quit and switched to cloth trading, purchasing all working stock on credit from Koraon since he already had good relations with them. He's been doing this ever since.

Since inheriting paternal share he has purchased 1.2 bighas fertile land in Kushphara 10 years ago for Rs.40,000-45,000 (he says in several small deals). He stopped investing in land when he needed to focus on his daughter's future marriage which was finally realised this year at a cost of c.Rs.100,000. They are a small family which makes life generally easier and less stressful than it might be for neighbours with more children. Having married their daughter off this year they are more relaxed and hope that surplus in future can be invested in fixed assets such as jewellery & enable him to avoid working capital on credit.

At the start of the research the family are living off their small farm (2 bighas) and bidi rolling. Until 2-3 years ago A had been a mobile cloth seller continuously for 14 years. While he made good profit for several years, he accumulated Rs.10,000 in losses largely due to debts he was unable to recover. He stopped trading and tried to manage the family's needs without business income (made even more difficult by ever more frequent closure of the bidi factory) until Nov 00 when he felt the need for more income in the run-up to his daughter's wedding (Mar 01). A's livelihood depends on physical fitness and ability to travel further afield to villages in the region. He's also facing increasingly tight competition as more and more people take up mobile trading. As he ages he's in an increasingly vulnerable situation.

The period before the daughter's wedding is a very stressful time for the family since –having postponed the wedding already on account of lack of resources – they go ahead but struggle to raise the goods/ credit they need to see it through. At the eleventh hour (late Feb) they still don't know how to find the money they need. Ultimately they get substantial help (interest-free loans) from relatives. They spend close to Rs.100, 000 but are pleased with the match. Their son-in-law's family is better-off than theirs. He's a truck driver and a 10th Std pass.

A is generally suspicious about borrowing on interest and distrusts government institutions. He relies overwhelmingly on wholesalers for his working capital needs and on gifts reciprocated and interest-free loans from friends and relatives to finance the major expense of his daughter's marriage. He demonstrates careful planning and savings capacity and during the research, draws the Post Office fixed deposit made 5 years ago for his daughter's wedding. He appears to be a regular saver (in the past - when his income was higher - he saved cash regularly in the home but invested in assets for the family). He is considering savings products (especially LIC) for the future but must repay his debts first. Running a business with constant working capital needs, he sees little value in current account services.

1. Initial household profile:

Name	Rel'ship to HH	Age	Education	Main Economic Activities	Other Economic Activities
A	self	45	Literate	Farming	bidi rolling
Nasibun	wife	40	illiterate	Bidi rolling	Farming
Saibunisa	Daughter	14	5 th Std	Bidi rolling	Farming
Tajuddeen	Son	8	-	Studies in 1 st Std	

2. Significant changes to household profile during research year:

Saibunisa was married in Feb 01 and now lives with her in-laws

A restarted his mobile cloth trading business in Nov 00

3. Residence:

Family has lived in Kushphara for generations

4. Tenure:

Owner-occupiers through paternal inheritance

5. Support networks:

A's circle of relatives are better-off than he and ultimately help out as required with daughter's wedding. He also has village friends from whom he can take smaller amounts interest-free. He has little need to borrow on interest for his business: he can rely on wholesalers he's known for years for working stock (although he pays a slightly higher price than would on cash). He's developed a lot of goodwill over his years of cloth trading. There's tight competition among the Koraon-based cloth sellers who push their goods to win loyalty from mobile retailers. The family can also take small advances from bidi contractor.

6. Public entitlements:

APL Ration Card.

7. Food habits:

Occasionally eat meat

8. Significant assets:

Asset type	Description	Value (if known or estimated)
Homestead Land	3.5 bisha land	
Farm land (state if irrigated)	2 bigha fertile (paternal & purchased)	
Home (equipment, furnishings etc)	Tiled roof mud house, table fan, radio, bicycle, small b&w TV	
Machinery	-	
Livestock	1 cow, 1 calf, 1 ox	
Jewelry etc	N/a	

9. Significant changes to assets during research year:

Sold ox in Oct 01 due to lack of fodder.

10. Income pattern: estimated annual income over research year: Rs.25,740

Name	Income source	Frequency	Scale	Comments
A	Mobile cloth business	Steady income through year with poor rainy season	Rs.10,000	20% margin on cloth purchased (mostly on credit)
A, Saibunisa	Bidi rolling	Alternate weeks (i.e. 2/ 4 weeks per month)	Rs.5500 (average Rs.30-40/ day)	Low during rains & marriage due to business & factory closure
Family	Paddy farming	3 sales totaling Rs.4200	20 Q	[no details on wheat harvest]
Family	Wheat farming		-	Very poor due to lack of irrigation
Saibunisa	On-farm wage labor	Once for 20 days	60 kg wheat	Special request from neighbor, do not usually do this

11. Expenditure pattern:

Expenditure item	Scale	Comments
General expenses	Rs.250/ month	
Housing	-	
Clothing	Rs.2000	Over the year, in addition to that spent at Eid
Education	Rs.15/ month	Plus incidentals (around Rs.500)
Health	Rs.70-1200	4 entries, Rs.1200 for A's cholera treatment, Sept 01
Travel	Rs.150-500	3 entries, related to daughter's marriage
Festivals & ceremonies	Rs.70- Rs.100,000	3 entries for festivals, Rs.100,000 for daughter's marriage
Farm investment (fert, seed, tractor, wages, irrigation)	Rs.3000 – paddy Rs.2000 - wheat	Tractors, fertilizer, seeds
Working stock for cloth trading	Rs.3000	Only once purchased cloth on cash [Rs.35,000 on credit]
Electricity bill	Rs.526	For 2 or 3 months

12. Financial services/devices used during research year:

Type	Instances	Total Value (Range)	Comments
Interest-free loan taken	(i)6 cash (ii)3 grain	(I)Rs.11,000 (Rs.1000- Rs.5,000) (ii)Rs.2530 (Rs.300-1680)	(i)One from village friend to bridge lean period (repaid in 3 months); others all from friends & relatives towards daughter's marriage all repaid by research end (ii) in grain from co-villagers towards daughter's marriage
Reciprocal gifts in	3	Rs.13,000	From 3 relatives for daughter's marriage. A will not repay these since they are in reciprocation of the gifts he gave to these people previously
Private loan taken on interest	1	Rs.500	At 10%/ month repaid within 6 months
Groceries on credit	Mthly from Aug-Nov	Ave Rs.200/ month	From 2 shops in two sides of village. From Nov 00 doesn't need since condition improves & has balance groceries after Feb 01, daughter's wedding
Services taken on credit	2	Rs.300-400	For Doctor & tractor services; repaid within few weeks
Goods bought on credit	2	Rs.15,000-20,000	Cloth stock for mobile trading business from one wholesaler in Koraon, repaid monthly against sales
Goods sold on credit	Intermittent	Rs.2500 out Nov 01-Apr 01	By research end has o/s balance of Rs.8000 from this year & 2 years ago before stopped business
Savings in the home	Intermittent	Rs.6000 Feb 01	Keep back savings from work regularly in tin box used in daughter's wedding
Post Office savings account	1	Rs.35,000	Fixed deposit made 5 years ago from cloth sales savings withdrawn for daughter's marriage (Rs.70,000). Own & Post master's idea.

13. Cheating:

Six years ago A deposited Rs.2600 in a Koraon-based scheme the name of which he can't remember (thinks it was Sahara) in open savings account (hoping to fix it at a later date). He expected to get double his money in 3.5 years but the company disappeared with his money soon after he had deposited it. He had saved the money through cloth trading and was planning for the marriage of his daughter.

14. Comments on financial services and devices:

Given his bad experience with private schemes above, A feels the Post Office is the safest way to save and opened an account here when he wished to save for his daughter's marriage. A's father also used the Post Office, withdrawing Rs.10,000 in savings before his death and passing to youngest son 6 years ago.

A doesn't see the point of a current account since his surplus & transactions are not large enough to make it worthwhile. Since he constantly faces a shortage of working capital what surplus he has is better ploughed back in to the business (whereas a wealthier person might look for other options with additional surplus). If he runs short of working capital he can raise stock on credit on good terms and for this reason is not generally keen to borrow.

He is not aware of new-generation borrowing options such as Cashpor or SHG-bank link schemes. He has not made inquiries and has not been approached. He's more aware of government loan options (particularly Bhoomi Vikas Bank, Meja) but fears the consequences of poor repayment and the humiliation of being pursued by police and discretionary/ unpredictable behavior of government officers. In general he's suspicious of borrowing at all other than through his suppliers for business and from friends and relatives for other needs. He certainly tries to avoid loans on interest and only does so when he's compelled by emergency.

In the past A was able to accumulate significant sums (Rs.4000-Rs.6000) more regularly. Nonetheless he continued to fulfill working capital needs through suppliers and used the money to invest in fixed assets like land or reciprocal gifts, or medical treatment. Now his earnings are decreasing with age and ever-tighter competition in the market and what little surplus he has he ploughs back in. He's now interested in investing in an LIC policy but is not yet in a position to put aside the surplus from his business. He's heard about relatively low premiums, bonus & long-term security it provides. Before contemplating he needs to deal with his outstanding credit.

15. Recording financial service transactions:

A keeps copy of cloth purchases he's taken on credit from Koraon but does not keep his own records.

16. This year compared to previous years:

This year is not very different to previous years but the family is much relieved having successfully managed the marriage of their daughter.

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