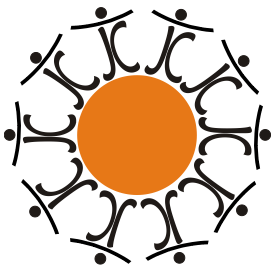


Local Economy Series

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Economy of  
**SAWARD Producer Group**  
Members



**Just Change Trust**




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2007

## Acknowledgements

We would like to acknowledge the contributions of the following people and organisations in bringing out this local economy study.

-  This research was designed and facilitated by Subhash Gautam and Sushil Jacob.
-  The research was conducted by a joint team including SAWARD members and Just Change Trust.
-  Data entry was done by Sushil, Subhash and Mr. Krishnamurthi.

## *Just Change Trust*

Just Change is an international alliance of producers, consumers and investors whose objective is to mobilize communities to take control of their local economies. We are building an economic system founded upon principles of justice and equity; one which is driven by human values, not invisible market forces.

## *Research Unit*

The Research Unit of Just Change undertakes action research on issues that have an impact on the producers, consumers and investors affiliated to Just Change. The unit involves the communities in the research process and is committed to their interests as the focus of its research activities.

The Local Economy Series analyses the pattern of incomes and expenditures of the communities and addresses the intervention possibilities for the Just Change India Producer Company. The Commodity Research Series analyses those primary commodities which are crucial to the economy of the members of the Just Change network.

## Contents

<u>No.</u>	<u>Description</u>	<u>Page</u>
1.	Summary of Major Findings	1
2.	Objectives of the Study	3
3.	Expected Outcomes	3
4.	Methodology and Process	3
5.	Limitations of the Study	5
6.	Analysis	6
7.	Conclusion	41
	Annexure - 1 : Flow Chart of the Study Process	43
	Annexure - 2 : Study Format	44



## 1. Summary of Major Findings

### *Section 1: Background*

The survey covers 119 respondents, representing 560 people- 375 adults and 185 children. There are 93 Hindus, 23 Muslims, 1 Christian, and 2 unknown religion families in the sample size.

### *Section 2: Income Details*

The average annual income in our sample population is **Rs. 57,643**. The projected income for the entire SAWARD member group of 1188 families (calculated by multiplying average income by population size) is **Rs. 68,479,884**.

According to occupations, the groups with the highest average income are salaried and self-employed people who earn around Rs. 79,000. The lower average incomes go to wage labourers- who earn Rs. 52,000.

Agricultural Income was divided between coconut and arecanut, the two main cash crops in the region. There were 83 coconut producers and 13 arecanut producers reported in the sample population.

### *Section 3: Expenses*

The average annual expense for an individual household is **Rs. 51454**. Thus, the total expense projected for the entire SAWARD community of 1188 families is **Rs. 61,127,352**.

Out of the total community expenses, Food expenditures claimed a share of 41%, followed by non-food household expenses (phone, gas, firewood, petrol, electricity) at 25%. These were followed by entertainment (8%), health (8%), and education (9%).

Disaggregated to occupations, we find that the salaried and self-employed respondents had the highest average annual expenditures, and wage labourers had the lowest expenditures.

### *Section 4: Land*

The average landholding is **0.27** acres, or 27 cents, of which 113 people have land and 6 are landless. The average paramba (hilly tract land) holding is 19.5 cents and the average vayal (low-lying land) holding is 14 cents, of which only 4 respondents have vayal land and 87 have paramba land.

Occupation-wise the agriculturalists have the greatest average landholding (76 cents), and the least average landholding is shared between salaried, self-employed and wage labourers (all between 22 and 24 cents).

### *Section 5: Assets*

The majority of respondents owned their own house and had tiled or concrete roofs. The asset which was most widespread in the community was a TV (63% of respondents) followed by a Mixer (55%). Only .01% of families



owned a car and .04% owned a washing machine. The most commonly owned livestock is chicken.

#### *Section 6: Savings*

The average savings per family is **Rs. 8,818**, which was reported by 110 families. The total savings for the sample population is Rs. 970,022. On a community-wide level chitfunds account for a majority of savings holdings (36%), followed by banks (33%) and SHGS (26%).

Occupation-wise the agriculturalists had the highest average savings (Rs. 86,700) and the wage labourers had average savings at the lower end of the scale (Rs. 4,500)

#### *Section 7: Investment*

The average household investment is **Rs. 19,169**, which was represented by 89 families. The total reported savings for the sample population was **Rs. 1,706,050**.

The categories given for type of investment activities were: investment in a house (new or current house), gold, land development, and buying new land. The most significant investment activity was house development.

Occupation-wise self-employed and salaried respondents had high average investment amounts, compared with wage labourers, who were in the middle of the pack. Agriculturalists were the lowest investment group, due to a lack of accurate data on agricultural investment.

#### *Section 8: Debt*

The types of debt covered in the study included loans and shop credit. The vast majority of the total community debt share (99%) is in the form of loans, which is represented by 82 families. 36 families reported having shop credit. The average debt (loan) amount is Rs. 37,676, while the average shop credit amount is Rs. 373. The average total debt (loans and shop credit) for a typical family is **Rs. 38,049**.

The majority of loans, according to value and number, are taken for the purpose of house work (42% of total loan share and 37 families).

In terms of the share of the total loan amount, 60% of the total loan share is taken from the bank, 8% is from the SHG, 13% from SAWARD, 16% from friends and relatives and 3% from the housing society.

Occupation-wise self-employed and salaried respondents had the highest average debt (Rs. 63,500) and wage labourers had a relatively lower average debt (Rs. 31,200).

#### *Section 9: Market Literacy*

For market-literacy questions related to price fluctuations for agricultural produce, there was a high awareness in the community. For questions asking about forward or backward links in the market chain, there was relatively lower awareness. For questions related to consumer understanding of the actual costs of the goods the community consumes, there was very low awareness.



## 2. Objectives of the Study

As part of its work in enabling and assisting its member groups to take control of their local economies, Just Change undertakes local economy studies whose main priority is to identify and analyze the significant economic indicators including:

- Patterns of income and expenditure of SHG members in the SAWARD region.
- Savings, investment and debt of SHG members.
- The most important products/commodities produced and/or consumed and that have significant impact on the lives of these SHG members.
- And to create a baseline against which future changes can be measured as a result of the Just Change intervention.

All of these together facilitate Just Change and the member community in identifying key areas for market intervention and value addition for our producer and consumer groups.

## 3. Expected Outcomes

*From the data collected it is expected that:*

1. An estimate of the purchasing power of the members will be prepared.
2. A list of product preferences of the members can be prepared.
3. A reasonable assessment of the peoples awareness (market literacy) with respect to the functioning of the market and commodities produced and consumed in the local area can be made.
4. A list of products that can be sourced from the local markets into the Just Change Village Shops can be prepared.
5. A table accounting for the relative proportion of total expenditure going towards specific needs including those which the community identifies as “vices”, or wasteful expenditures, will be prepared.
6. A reasonable estimate of the economic inequality that exists among the sample population will be reached, from which we can draw inferences about the total population.

## 4. Methodology and Process

*Identification of the study team:*

It was decided at the meeting with the SAWARD team to engage the Field Coordinators and the Community Marketing Organizers (CMO's) to undertake the data collection in their respective areas. Since the study was a little detailed it required assistance from the team and hence it was not advisable to allow the members to fill in their respective forms. Both the field coordinators and the



### A Study on the Economy of SAWARD

CMOs were in close contact with the community and hence would be able to collect more accurate data from the members. Due to the sensitive nature of the data being collected it was preferred to have community representatives (field coordinators and CMOs) conduct the survey themselves rather than having outsiders.

Thus the Study team was constituted as follows: The responsibility of coordination, guidance and data analysis was taken on by Subhash and Sushil. The persons who would be involved in the data collection process are the three field coordinators and five CMO's from SAWARD.

#### Sample Size:

The following table shows the distribution of groups and members among the three areas and the persons responsible for the respective areas. It was decided that a 10 percent sample would be a sufficient representative of the total population thus totaling to 120 families. These were divided among the areas based on the percentage of total members to the total population.

Coordinator	Sheeja (S)	Ratnakumari (R)	Thangamani (T)	Total
CMOS	2	1	1	4
Area-wise group breakdown.	K.Mangalam-20	Perumanna- 5 Mundakal- 6 Paingatupuram- 8	Peruvayal-5 Kayalam- 7 Periyangad- 14	
Total # of Groups	20	19	26	65
Total no of Members	396	342	450	1188
Area Percentage	33	29	38	100
Sample Population (10% of total)	40	30	50	120
Sample # of Groups	13	14	13	40
Number of families per group:	3	3	3	120

A stratified random sampling technique was used to identify the sample population. Three persons in a group having different economic conditions are to be chosen. Due to lack of data it was not possible to identify the individual members and so it was left to the surveyors to decide the different economic classes based on their knowledge of the community and select families based on these criteria to be part of the sample population.





## 5. Limitations of the Study

During the period of data entry we immediately recognized the fact that many of the areas we were hoping for good data in were not properly filled out. After repeated attempts to get more accurate data and fully fill out the questionnaire form, we came to the realization that some of the information gaps were due to a lack of knowledge amongst the survey respondents themselves about certain questions, such as agricultural expenditure, production and income. Thus, certain areas have “weaker” data sections than others. Among these are, as mentioned, the agricultural information section, especially related to crops other than coconut and arecanut (rubber, banana, paddy, etc.). Also we were not able to collect enough accurate information from a large enough sample size on agricultural investment, total production, or income. We recommend following up this initial study with a study devoted solely to agricultural production and income.

In the areas of income, aside from agricultural income gaps, there is always the issue of underreporting of incomes due to fear of losing certain benefits, or of not wanting to appear “too rich”. Thus there is the possibility that the income measures may be undervalued by 5-10% of the total.

Finally in the areas of expenditure, there is the likelihood that these were also underreported due to certain oversights in the surveying process, such as including “oil” or “fruits” as categories for household expenditure. Measures were taken to account for this after the data collection process, which is covered in more detail in the section on expenditures. Additionally, certain “one-time” expenses such as buying new goods or appliances, or recurring expenses such as festivals and weddings may not be accurately reflected in the study. This is due mainly to the fact that it is difficult to estimate these irregular expenses for an entire year.

Despite these limitations, we have made efforts in the study to make corrections in the data and estimations where possible, to arrive at a very reasonable and accurate description of the local economy.



## 6. Analysis

### Section 1: Background

*Population details:* The survey covered a total of 119 respondents, who represented a total household population of 560 people, 375 of whom were adults and 185 who were children. The average family size was 5 people, which was composed of 3 adults and 2 children.

*Religion/Caste:* In terms of religious and caste breakdown of the sample population we had 93 Hindu respondents, 23 Muslims, and 1 Christian and 2 families for whom religion was unreported. These general categories further broke down into 10 SC families, 1 ST family, 62 OBC's, and 37 General category families. There were 7 Hindu families for whom caste was unreported. In addition, according to the main occupation category (which will be explained in the coming section), there were 4 agriculturalists, 13 others, 11 salaried, 17 self-employed and 74 wage labour respondents. These occupations refer to the main source of employment for each family. See the table below:

**Table 1: Religion/Caste Breakdown of Survey Population**

Religion	Unknown	General	OBC	SC	ST	Total
Unknown	2					2
Christian		1				1
Hindu	7	27	48	10	1	93
Muslim		9	14			23
<b>Totals:</b>	9	37	62	10	1	119

**Table 2: Occupation Statistics**

Occupation	# of Respondents
agriculture	4
other	13
salary	11
self-employed	17
wage labour	74



## Section 2: Income Details

The average annual income in our sample population is **Rs. 57,643**. The projected income for the entire SAWARD member group of 1188 families (calculated by multiplying average income by population size) is **Rs. 68,479,884**.

The largest source of income at the community level is wage income, which takes 89% of the pie. This is followed by agriculture (8%), other (2%), and livestock (1%). See Figure 1.

**Figure 1: Community Income Pattern**

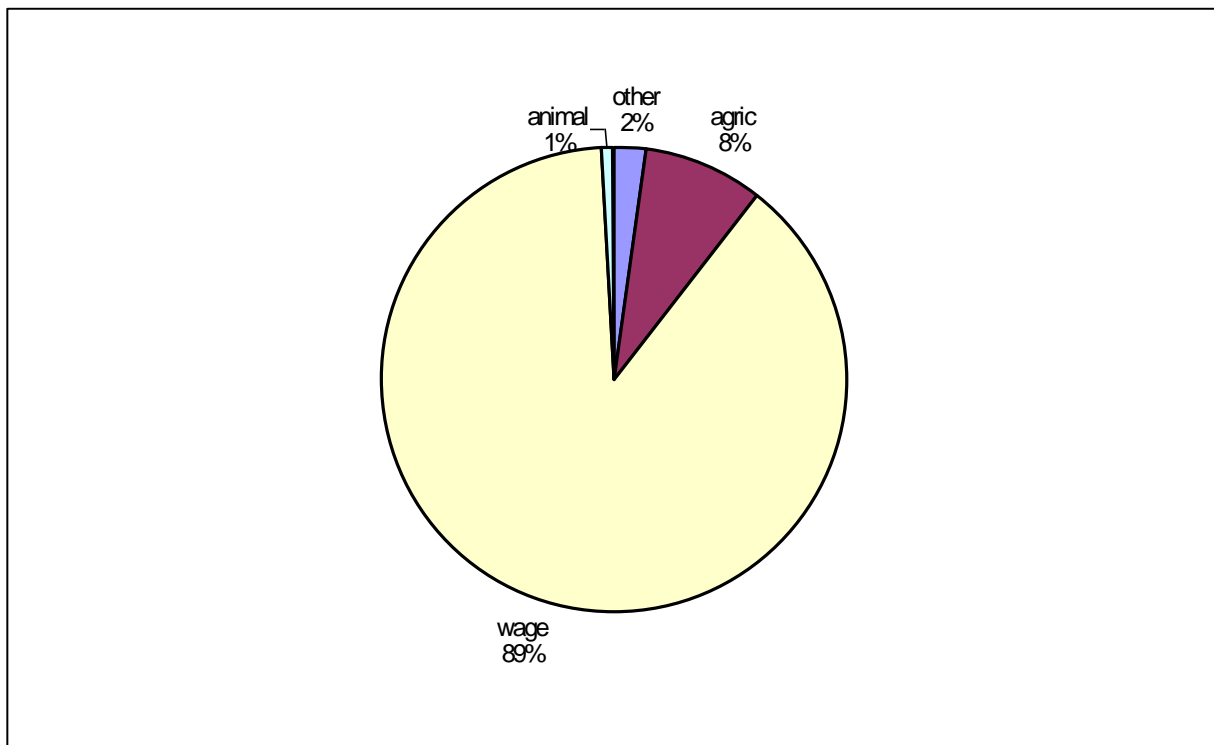
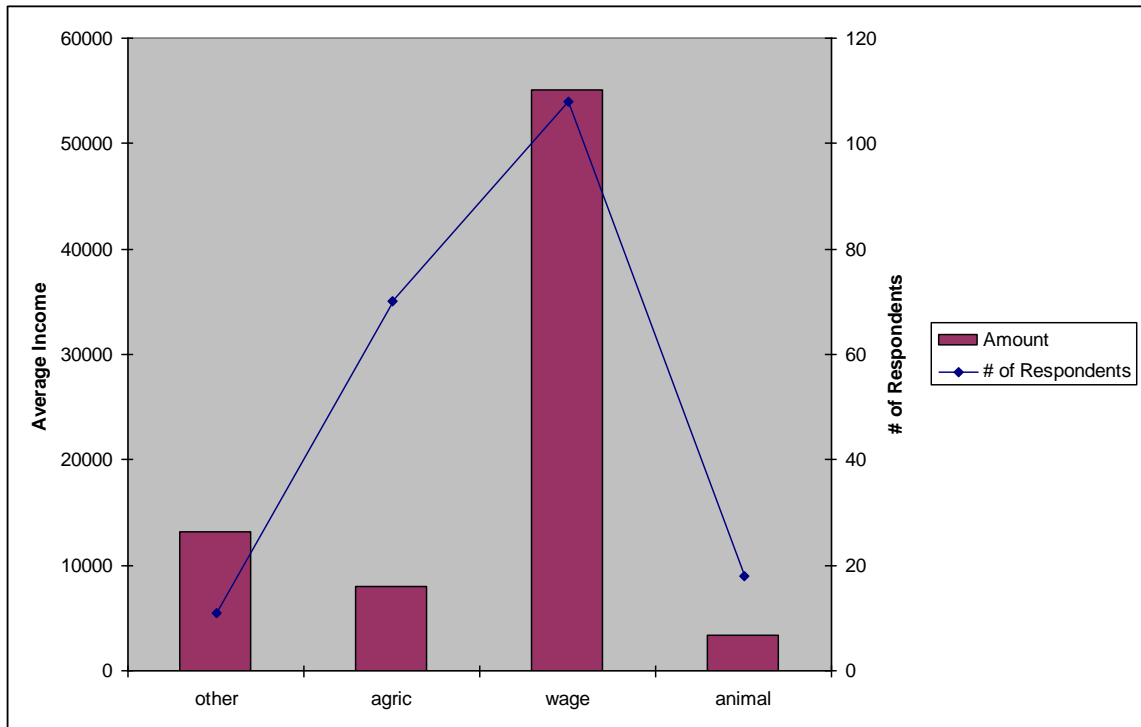


Figure 2 gives the average figures across the population in which we see that for an average family, employment generates Rs. 55,083 rupees of income, agriculture Rs. 8000, and livestock (animals) about Rs. 3,344. An average family is defined as having at least one family member working or employed in some type of job (whether salary or wage), practicing agriculture (usually coconut) and own one or two animals, (usually cows or chickens). The agricultural income was calculated by valuing the amount of produce reported in each household. This was felt to give a more accurate estimate of the actual agricultural income than by simply counting the reported agricultural income. The animal income only reflects reported annual income from animals. Therefore, this income source is likely to be highly underrepresented because many of the respondents found it difficult to calculate how much income they would derive single cow or a



group of chickens in a year. Moreover, there is a general tendency to underreport all forms of income, as was stated in the limitations of the study section.

**Figure 2: Average Incomes According to Source**



Income Source	Avg Income	# of Respondents
other	13227	11
agriculture	8000	70
wage	55083	108
animal	3344	18

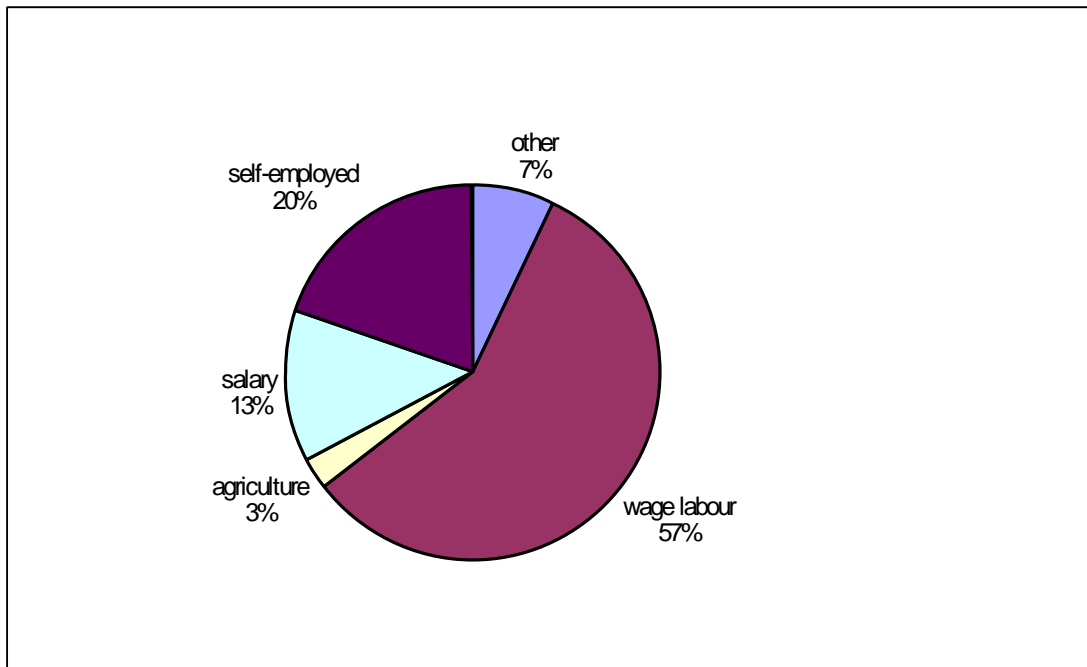
### The “Main Occupation” Category

The survey form contained a question titled “Main Occupation”, which contained the answer choices: Wage labour, Self-employed, Agriculture, or Other, followed by an option for filling in a different occupation choice. The form also contained a chart about employment details, which asked which type of labour the family participates in. When analyzing the answers and matching up the different answer choices, we were faced with a confusing mixture of answers, in which some who had selected other as the main occupation would write wage labour in the “type of labour” field. Similarly some who had selected wage labour as the main occupation, listed salaried jobs in the type of labour field. These contradictions between main occupation categories and type of labour led to doubts of the accuracy of the main occupation category because of the significant overlap between job types in major categories. Therefore, in order to



calculate the overall income breakdown as given in Figure 1, we reconstructed the main categories and placed certain outliers, such as wage labourers who were listed under agriculture, in their respective categories. We also rearranged the main occupation category, so that it would correspond with the labour type category more evenly. This category will be used henceforth throughout the survey in order to differentiate patterns in income, expenses, landholding, and savings and investment across different segments of the population; which will allow us to arrive at a measure of wealth inequality in the community. Thus the main occupation category broadly breaks down into those who self-identify as primarily wage labourers: including construction, masons and stone-workers; self-employed: small business owners and drivers; agriculture: those who practice agriculture or do labour on farms, or other income earners, which is a catch-all term for those who did not list their income source, and it includes pensioners. We have included in Figures 5-7 the data gathered from the Main Occupation Question. There were only 113 respondents to this question, as 6 people left this question blank.

**Figure 3: Main Occupation-wise Income Share**



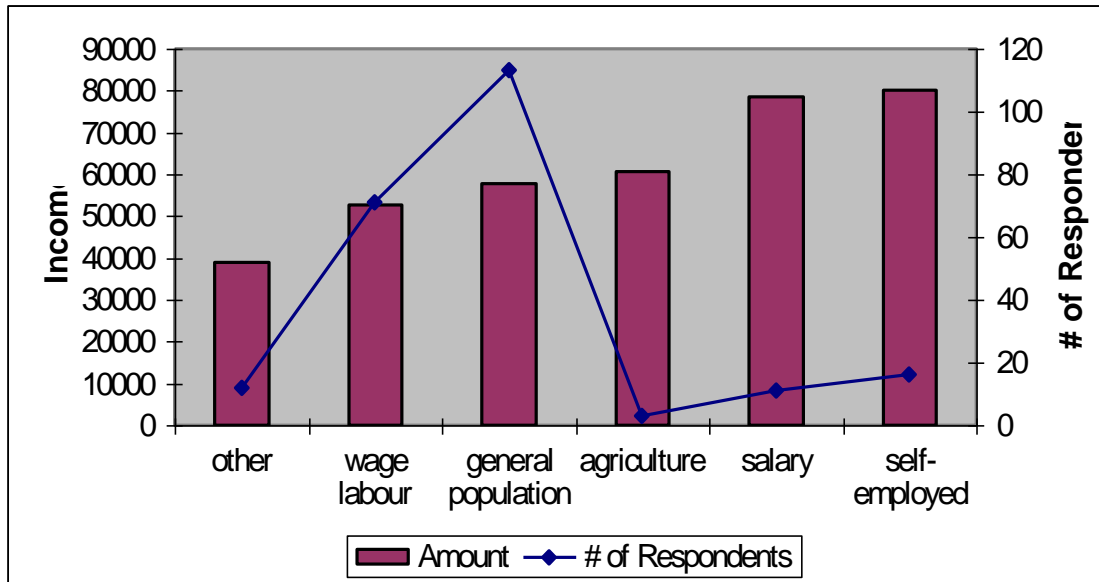
### **Disaggregating the Income Data: Main Occupation-wise**

Figure 3 is similar in appearance to Figure 1, with the caveat that this shows the occupational breakdown (percentages claimed) by those who identified according to the following “main occupation” types. In Figure 3, we have listed those who have reported agriculture as their main income source, and the share of income they received out of the entire community income pie. In this figure we can see that wage labour is crucial to this economy, as it captures 57% of the income share. However, as Figure 7 shows, wage



labourers are represented by an overwhelming majority of “main occupation” respondents (71 respondents out of 113).

**Figure 4: Main Occupation-wise Average Incomes**



Total: 113 respondents, 6 null respondents.

Occupation	Average Income	# of Respondents
other	38975	12
wage labour	52524	71
general population	57728	113
agriculture	60533	3
salary	78633	11
self-employed	79988	16

Figure 4 gives a picture of the average incomes according to self-identification of main occupation. We can see that the higher earners are those who identify as “salaried” and “self-employed” who earn Rs 78,633 and Rs 79,988, respectively. At the lower end are those who identify as wage labourers, whose average yearly income is Rs 52,524. The other category, which is unclear what this refers to, has the lowest average income of only Rs. 38,975. Figure 4 also gives a picture of the relative size of each main occupation population. The wage labourers have the largest population (74), while the salaried and self-employed cumulatively only make up 28 respondents. The pure agriculturalists, who earn a middle-level income in Figure 6, are only represented by 4 respondents.

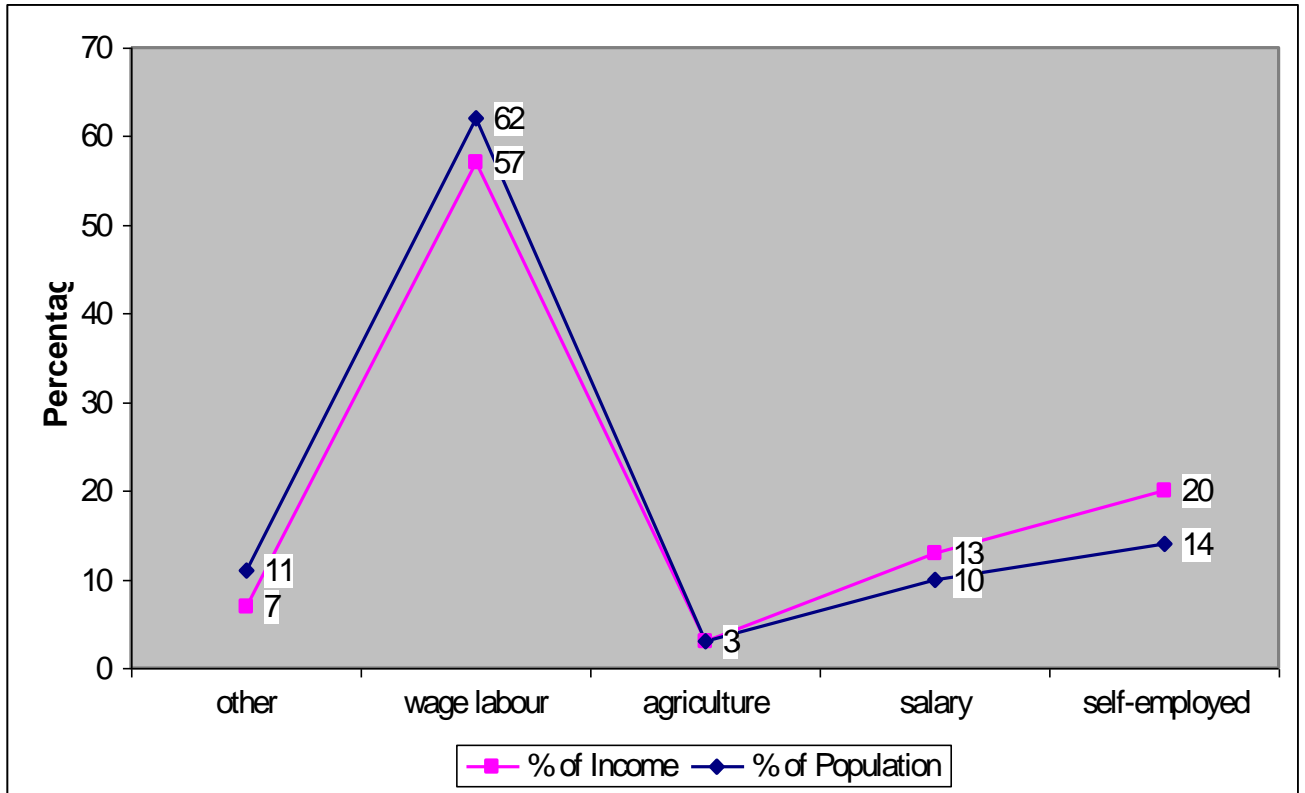
#### Income Distribution

Figure 5 gives an analysis of share of total population versus share of total income across occupation types. We can see that the distribution of income is relatively equal across the population. However, those in the “other” and “wage labour” category are capturing a lower share of the income as compared to their population size. On the other end the salaried and self-employed are capturing



slightly more than their “fair” share of income according to their population sizes. Agriculturalists are exactly equal, with 3% of the survey population and 3% of the total income.

Figure 5: Income Distribution Chart



Occupation	Income Share (%)	Population Share (%)
other	7	11
wage labour	57	62
agriculture	3	3
salary	13	10
self-employed	20	14



*Income Patterns Main Occupation-wise:*

In Table 3 we have constructed the percentage share of each component of income (Agricultural Production, Employment Income, Livestock Income, and Other) for each of the Main Occupation types. As is seen in the table, the agricultural occupation is the only that reports a significant agricultural production income (40%), followed by the “other” occupation category (21%). Those whose main income is wage labour reported 8% of their income comes from agriculture, while 89% comes from employment. In the self-employment and salary categories, only 5 and 3%, respectively, come from agriculture. In the livestock indicator, only the self-employed and wage labourers reported any income from livestock. For all occupations except agriculturalists the importance of employment- whether through daily wages or monthly salaries- was the overwhelming source of income, ranking over 75%. Agriculturalists depended on employment for 53% of their income.

**Table 3: Main Occupation-wise Income Breakdown Percentages**

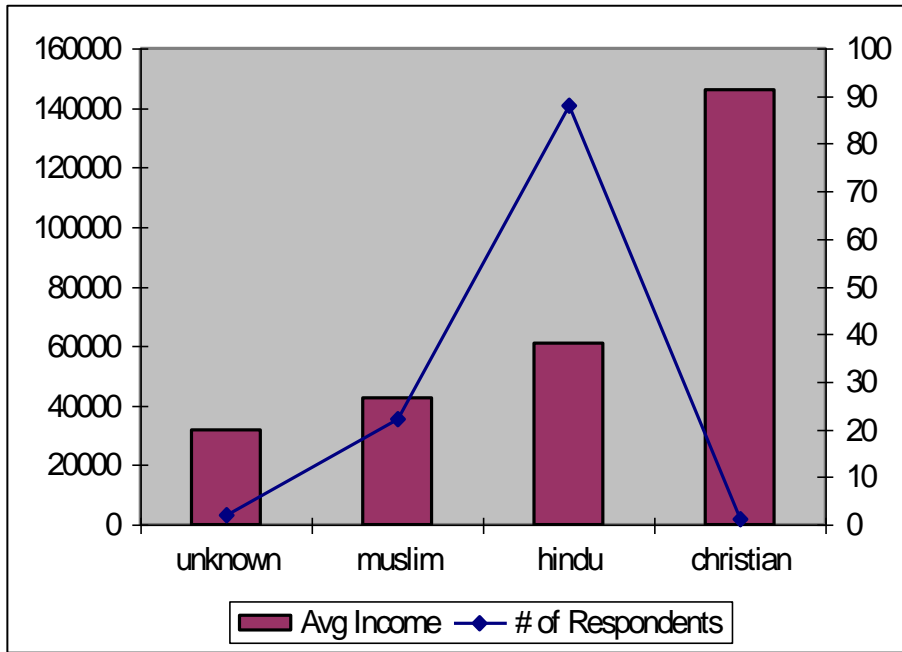
Main Occupation	Employment	Agriculture	Livestock	Other
Agriculture	53%	40%	0%	7%
Other	75%	21%	0%	4%
Salary	95%	3%	0%	2%
Self-employed	92%	5%	2%	1%
Wage Labour	89%	8%	1%	2%

Figures 6 and 7 show the average yearly income with regard to religion. We can see from this that the average income of Hindu respondents is slightly higher than that of Muslims (Rs. 61,000 versus Rs. 42,700). There was one Christian respondent who has a very high income for the population, as he was a retired engineer. A majority of the Hindu and Muslim respondents reported wage labour as their main occupation, although the number of self-employed families in the Hindu community was higher (12 Hindus versus 4 Muslims), and the number of salaried and agricultural workers was higher in the Hindu community (10 and 4, respectively), while there were zero of each category in the Muslim community.





**Figure 6: Religion-wise Average Yearly Income**



**Figure 7: Religion and Occupation Count**

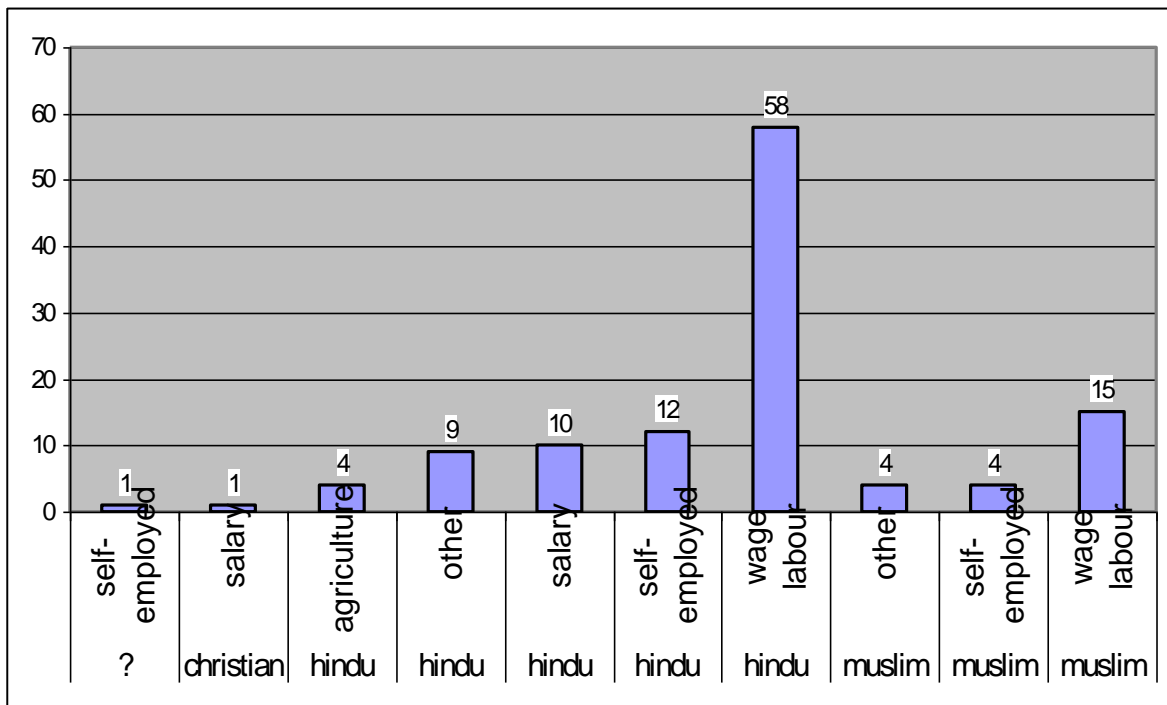
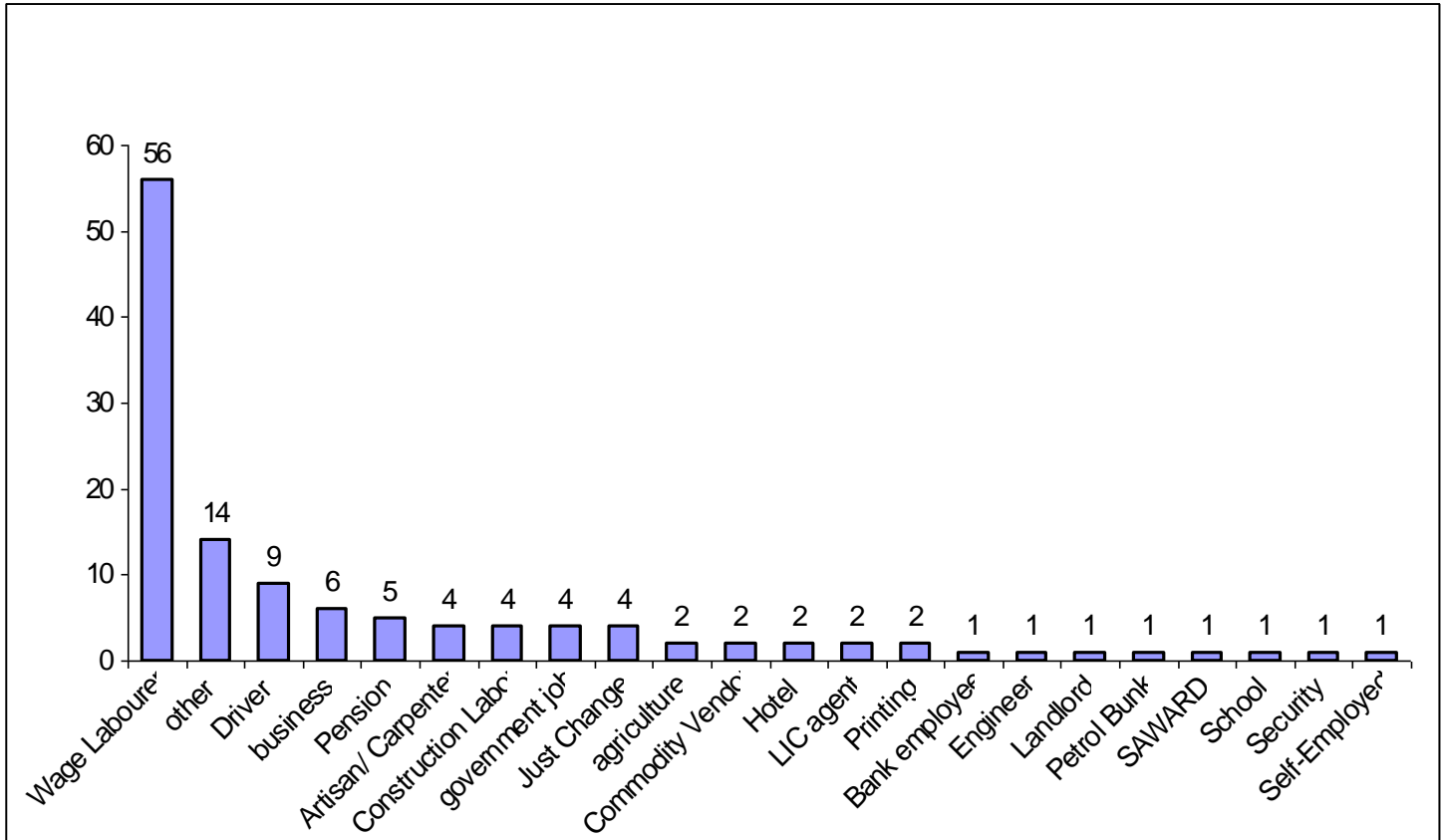




Figure 8 gives an idea of the different types of jobs being undertaken in the community. The majority of survey respondents reported that their main job category was from wage labour (56 people) but a significant number of respondents occupied other professions such as Just Change employees (4), Artisans/Carpenters (4), Drivers (9), School assistant (1), SAWARD employee (1), retired engineer (1), government job (4), and business owners (6).

**Figure 8: Job types reported in the Community**



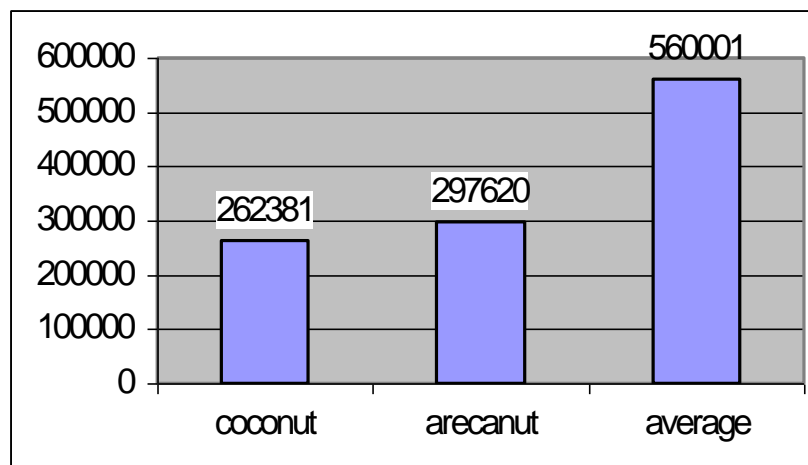


### **Agricultural Production:**

The calculation of agricultural income was beset with limitations from the outset of the study due to lack of reliable data. The surveying process posed limitations in gathering accurate data as to how much income the respondents were getting from agriculture. This was due to several reasons: the women respondents did not have accurate figures for the agricultural income, this information may be kept by the husband, and the length the survey questionnaire precluded many of the respondents from giving accurate data for each of their crops. Therefore in calculating the agricultural totals we have taken the *total home production* of coconut and arecanut, and valued it according to the reported price at which it is sold. In those cases where no price was given in the data, we filled in an average price of Rs. 4 per *ennum* (coconut unit) for coconuts and Rs. 40 per *kg* of arecanut. The data for other crops: banana, paddy, vegetables and rubber were not accurate and only sparsely filled out in the forms indicating that these crops are not as important to the local economy in terms of income sources. Thus the agricultural totals we have are understated, and do not reflect the true amount of agricultural production or earned income. We recommend that we undertake a more detailed study of the agricultural production on a household basis which will cover all crops. This study is including only the most visible crops in the economy: coconut and arecanut.

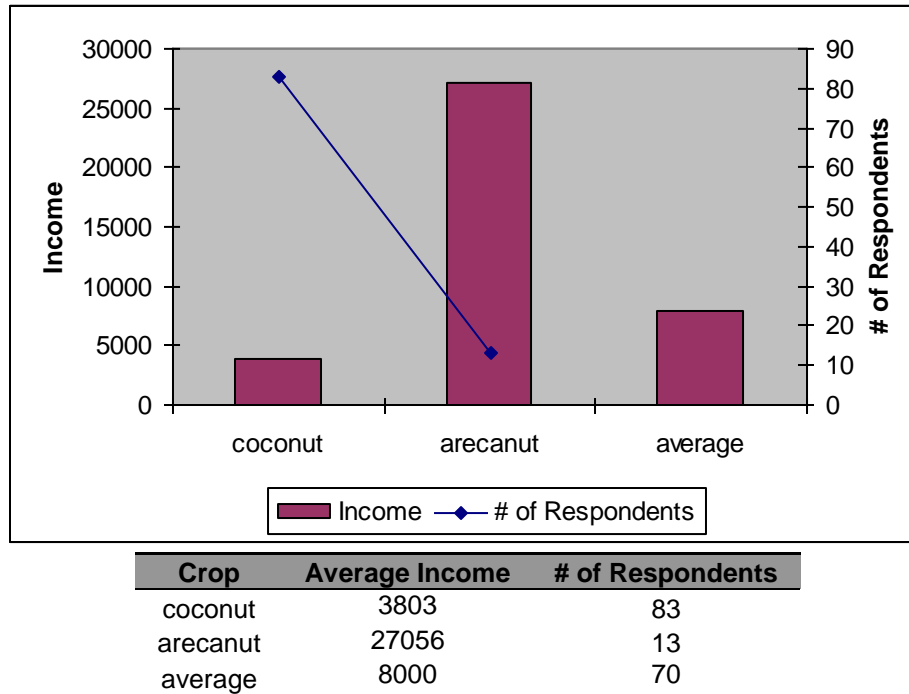
Figure 9 gives the total agricultural income (Rs 560,001) and shows the breakdown between arecanut and coconut- 53% and 47% of total income, respectively. Figure 9 shows the average income for arecanut and coconut- Rs. 27,056 and Rs. 3803, respectively. This must be taken alongside the number of producers of each crop- the vast majority of agricultural families are growing coconut (69 families) as opposed to only 11 families growing arecanut.

**Figure 9: Total Agricultural Income**





**Figure 10: Average Agricultural Income**



Further analysis of the income breakdown and the landholdings for coconut farmers versus arecanut farmers reveals that the latter are much better off. The arecanut farmers have an average yearly income of Rs. 108,900 and an average landholding of .61 acres, as compared to only Rs. 62,600 yearly income and .33 acres for the Coconut farmers. This will be further analysed in the discussion section when determining in which areas Just Change can make an intervention in the market chain for agricultural products.

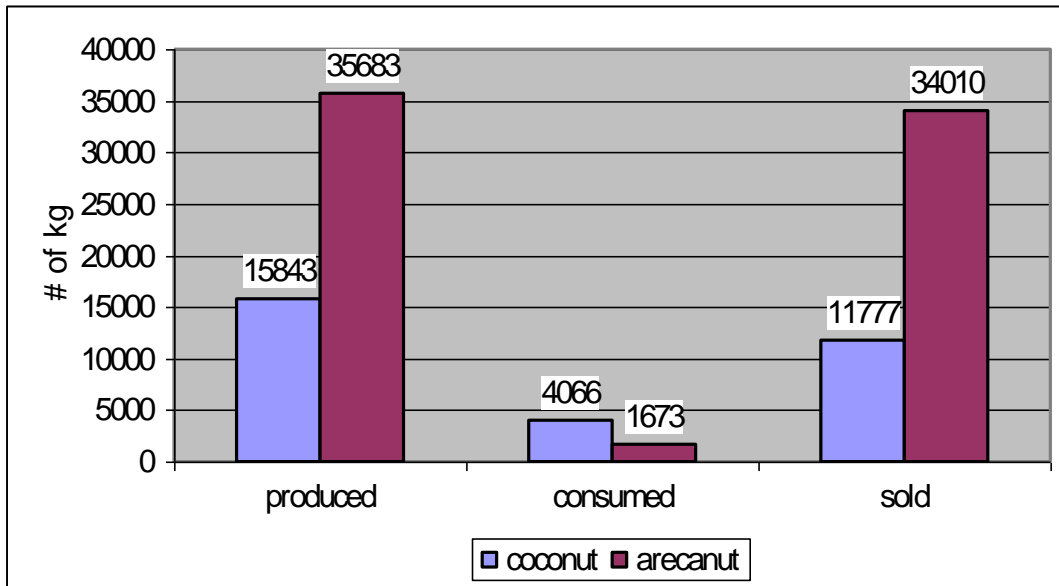
**Table 4: Coconut Farmers Versus Arecanut Farmers**

Category	Average Income	Average Landholding (acres)
Coconut Farmers	62614	0.33
Arecanut Farmers	108939	0.61
General Population	57643	0.27

Figure 11 shows an analysis of coconut and arecanut production, consumption and sold. However, we did not have accurate data on coconuts, as there was some confusion as to whether the data received referred to number of kgs or number of actual coconuts. Thus we divided the total number by 3, assuming that the data was referring to numbers of coconuts. However, this is undercounting the actual number of coconuts produced.



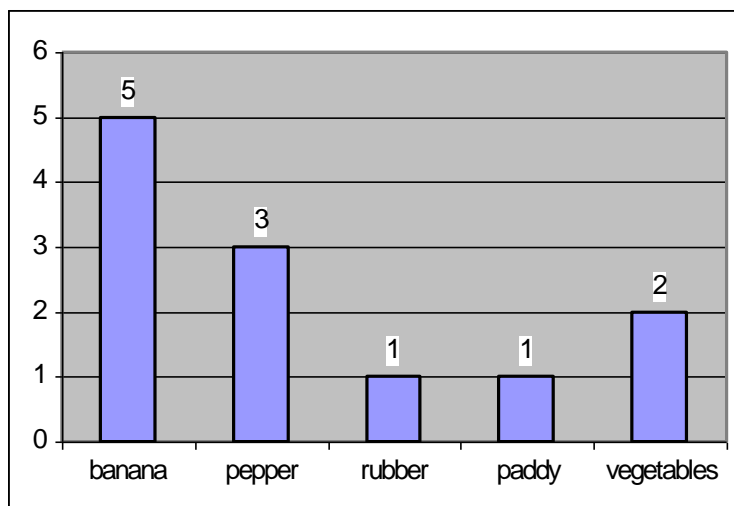
**Figure 11: Amount of Coconuts and Arecanuts Produced, Consumed and Sold**



*Other crop information:*

As shown in Figure 12, there were 5 families who reported growing bananas, 3 families who grew pepper, 1 who grew rubber, 1 for paddy, and 2 who reported growing other vegetables. However the data collected on all of these other crops was very limited, as we did not get accurate figures for how much was produced, how many trees are planted, or what income was received. Thus this remains an area for further research.

**Figure 12: Number of Producers of other Crops**

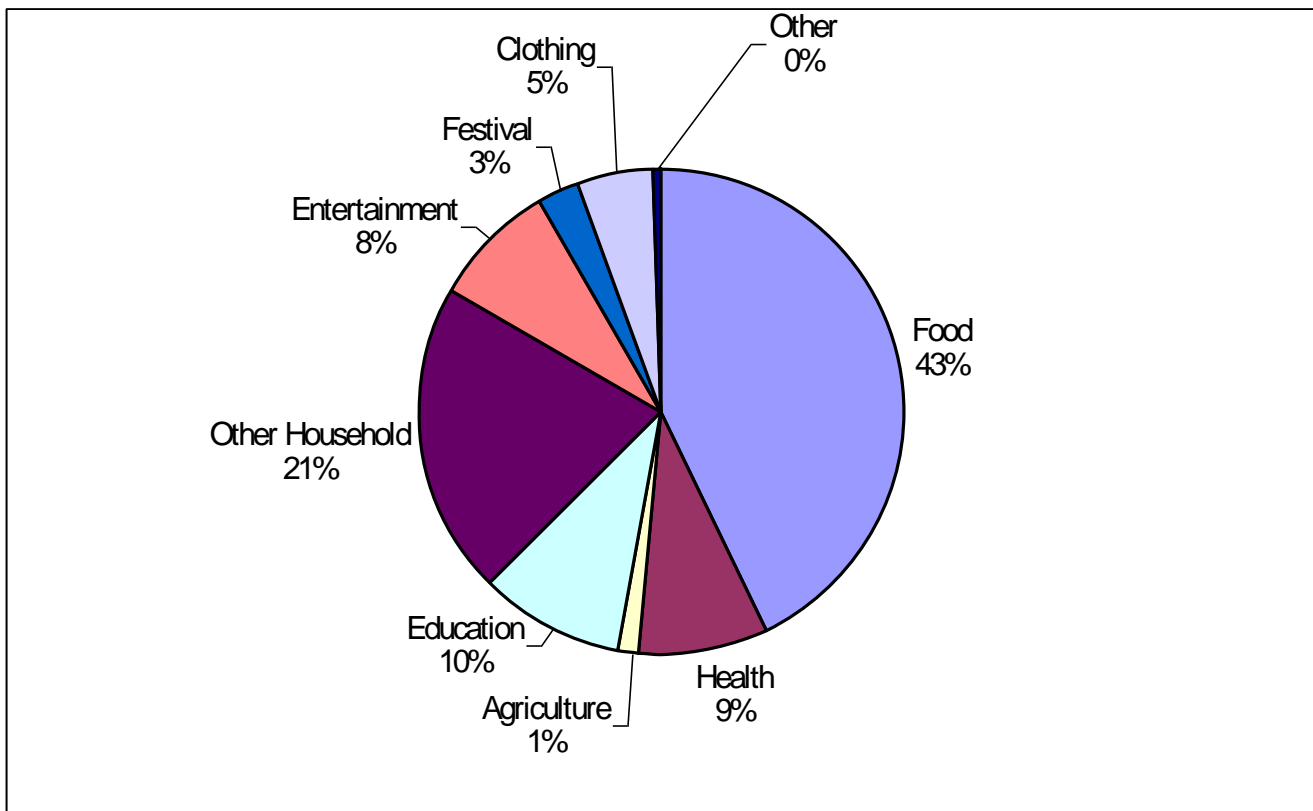




### Section 3: Expenses.

The average annual expense for an individual household is **Rs. 51454**. Thus, the total expense projected for the entire SAWARD community of 1188 families is **Rs. 61,127,352**.

**Figure 13: Community-wise Expense Breakdown**



In our analysis we found that the top two expense categories were food (43%) and other household expenses (21%), which included phone, gas, firewood, petrol and electricity. These were followed by entertainment (8%), health (9%), and education (10%). Agriculture only registered at 1% of total expenses, but we feel that this may have been underreported due to the nature of the surveying exercise (see limitations of the study section).

The average annual expense was calculated by taking the following list of average expenses from the population (see Table 4). We found in our analysis that the average petrol figure was abnormally high due to the fact that the 10 respondents who reported petrol consumption had much higher than average consumption, because they owned vehicles or were drivers. This unadjusted average petrol figure was consuming 30% of total expenditures, which as we learned from focus group discussions, was highly inaccurate. Thus we adjusted for petrol by taking the share of petrol in the community-wide totals (7%) and adjusting the average value to reflect



7% of the total average expenditure amount without petrol (Rs 48,088). In the case of oil expenses, we neglected to include oil on the survey questionnaire form, but did get the oil expenditure amount from 7 respondents, as well as gathered general data in a focus-group interview. From this data we calculated an average oil expenditure amount, which was adjusted for the entire population at Rs. 2026.

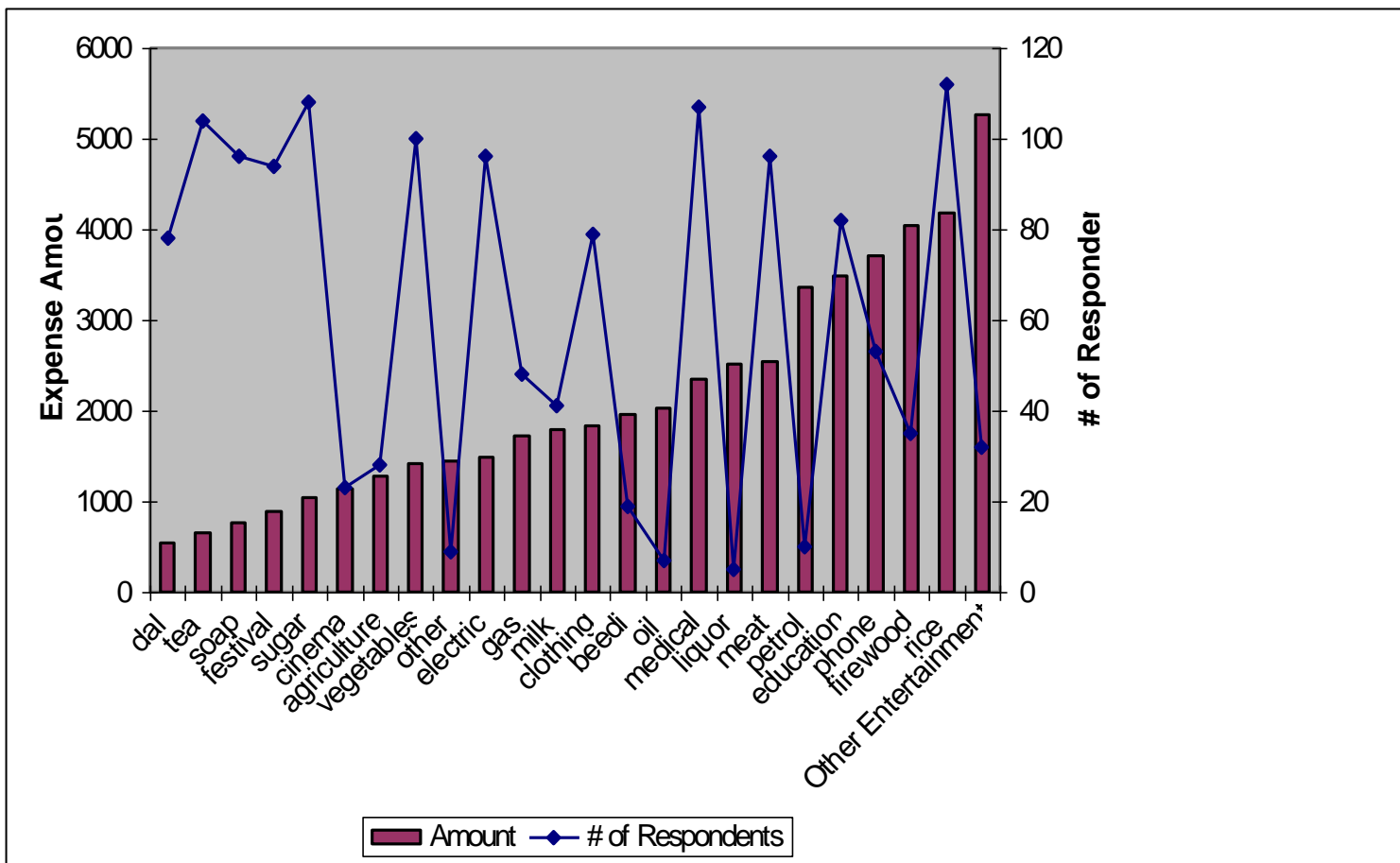
**Table 5: Adjusted Average Expenditure Amounts:**

Expense	Average	# of Respondents
dal	547	78
tea	655	104
soap	763	96
festival	882	94
sugar	1041	108
cinema	1137	23
agriculture	1280	28
vegetables	1418	100
other	1447	9
electric	1485	96
gas	1720	48
milk	1794	41
clothing	1836	79
beedi	1958	19
oil	2026	7
medical	2347	107
liquor	2520	5
meat	2548	96
petrol	3366	10
education	3485	82
phone	3702	53
firewood	4047	35
rice	4187	112
Other Entertainment	5261	32



Figure 14 shows the average expenditure on all items, along with their respective numbers of respondents. From the diagram we can ascertain that rice is one of the most important expenses in this community, as it both has the highest number of respondents (112) as well as the second-highest average expenditure (Rs. 4187). Other important items in terms of number of respondents are medical, meat, electricity, sugar and tea. In terms of highest average expenditures we find the “other entertainment category”, firewood, phone, education and petrol as important expenditures.

Figure 14: Average Expenditures on All Items



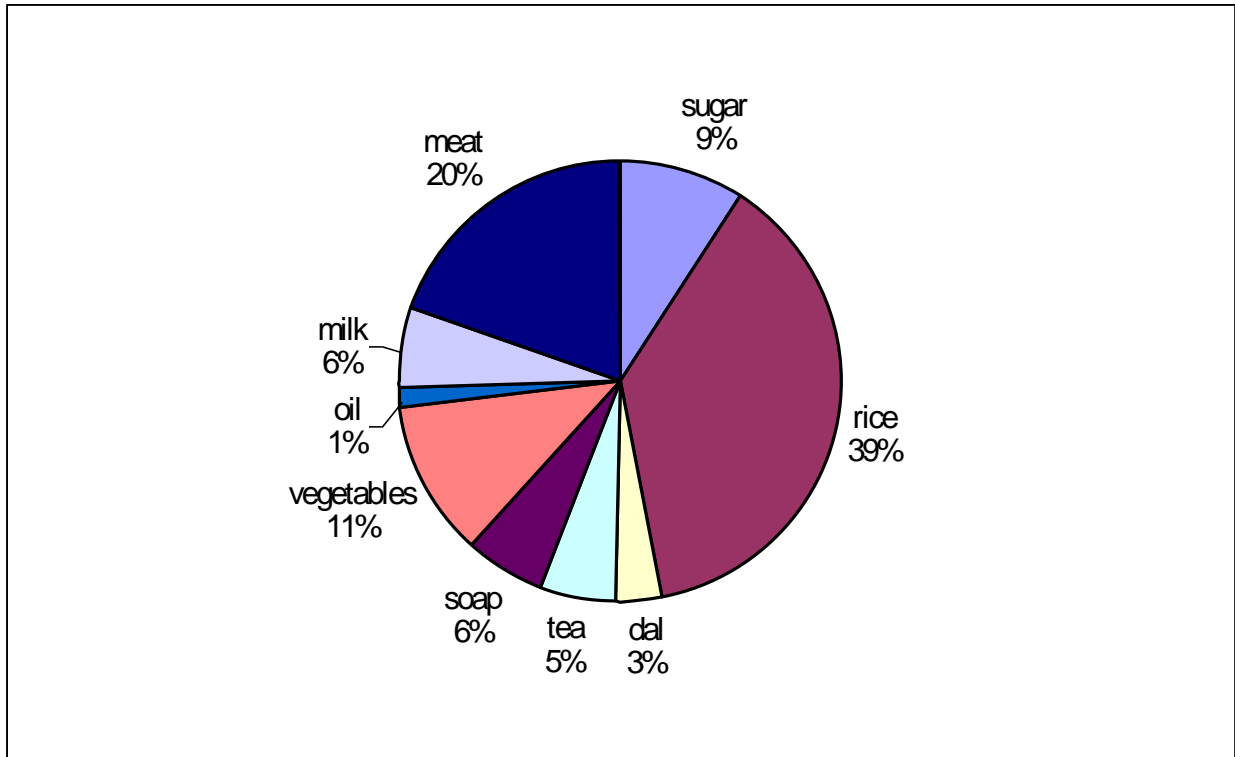




**Commodity Expenditure:**

Figure 15 shows the total commodity expenditure across the population. The percentages given are sum figures, not averages. Thus we see that across the population as a whole 39% of expenditure on food goes toward rice, which is the largest share, followed by meat (20%), vegetables (11%), sugar (9%), soap (6%), tea (5%), dal (3%) and oil (1%).

**Figure 15: Commodity-wise Expenditure Breakdown**



In order to get an understanding of the market size of the entire SAWARD community, we created a table of projected expenditures, which are the average expenditure values multiplied by the total SAWARD member group size of 1188 families. For example to calculate the market size for rice we multiplied the average expenditure on rice, by the number of respondents, by the size of the sample (10%). (See the table below)

Average Expense	# of Respondents	Sample Size	Rice Market Size
4187	112	10	4689440



As we can discern from the table, the market size for **rice alone** is **Rs. 4,689,440** or about **47 lakhs**.

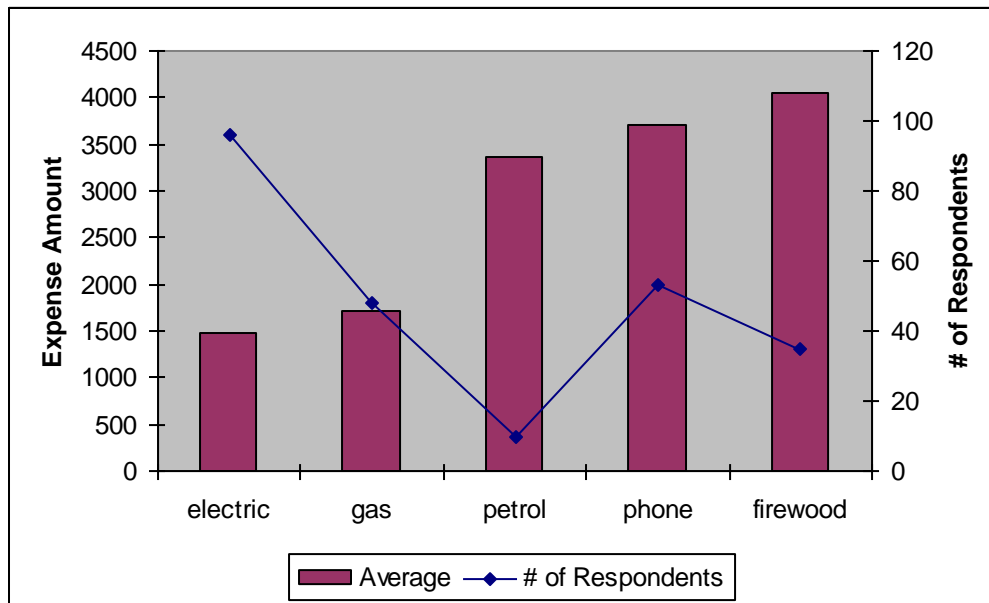
**Table 6: Market Size for Commodities in the SAWARD Community**

Commodity	Projected Community-Wide Expenditure
dal	649598
tea	778049
soap	906147
sugar	1237170
vegetables	1684774.08
milk	2131445.854
oil	2407227.429
meat	3026430
rice	4974156

*Other Household Expenses:*

Figure 16 gives an average expenditure list for other household expenses, along with their respective respondent count. From this table we can see that firewood has the highest average expenditure, but a relatively lower number of respondents (35). On the flip side electricity has a high number of respondents (96), but a lower average expenditure (Rs. 1485). Firewood may thus be a viable new intervention that Just Change could make in the local economy.

**Figure 16: Average Expenditure on Other Household Items**





Item	Average	# of Respondents
electric	1485	96
gas	1720	48
petrol	3366	10
phone	3702	53
firewood	4047	35

*Entertainment and Other expenses:*

In this section, we found that the highest response rate was for the category “other entertainment”, which we believe was a way of listing expenditure on those items such as liquor or beedi which are considered socially taboo. Thus this served as a catch-all category which helped to understand the general expenditure pattern on “vices” such as liquor, beedi, and tobacco. Table 7 shows that for entertainment expenditures, the average total was Rs. 10,877.

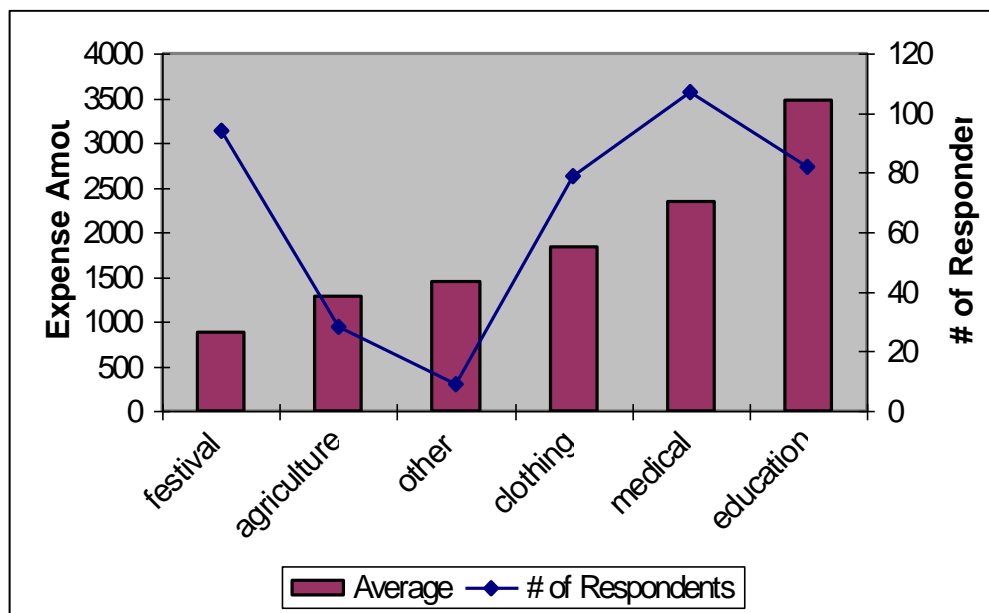
**Table 7: Average Expenditure on “Entertainment” Items**

Item	Average	# of Respondents
beedi	1958	19
cinema	1137	23
Other Entertainment	5261	32
liquor	2520	5

*Annual Expenditures:*

Figure 17 gives the average expenditure on all annual items. In this we see that education is very important in terms of both amount and count of respondents. After this are medical, and then clothing.

**Figure 17: Average Expenditure on “Annual” Items**



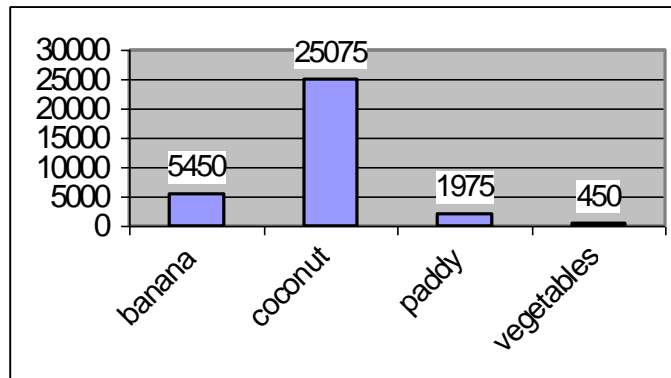


Item	Average	# of Respondents
festival	882	94
agriculture	1280	28
other	1447	9
clothing	1836	79
medical	2347	107
education	3485	82

**Agricultural Expenses:**

The data for arecanut expenses were not available and should be gathered in the next round of studies, as they would provide a more fruitful analysis of the comparison between coconut and arecanut. In the meantime we can see that coconut, on average, has a smaller share of total expenses (20%) than other more labour intensive commodities such as paddy (38%). This coupled with the high wage rates and low prices which paddy fetches are main reasons why more people in the region have switched from paddy cultivation into agriculture such as banana, arecanut and coconut.

**Figure 18: Total Agricultural Expenses Crop-wise**



**Occupation-wise Expenditure Breakdown:**

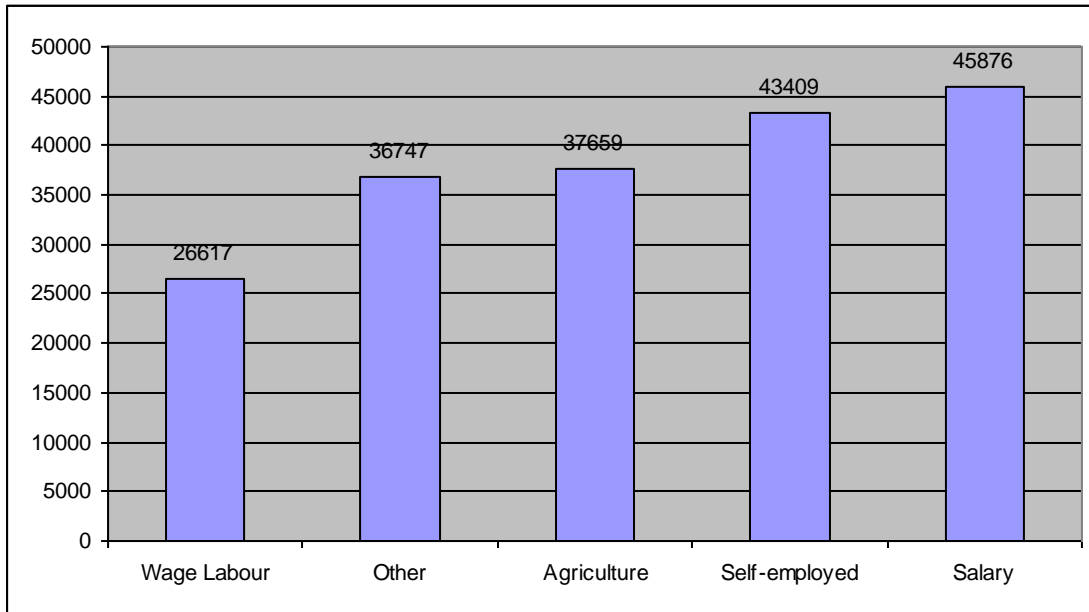
In Table 8 and Figure 19 we are given the occupation-wise expenditure breakdown, in which we find that salaried and self-employed respondents had the highest average annual expenditures, while wage labourers had the lowest expenditures.

**Table 8: Average Annual Expenditure Occupation-wise**

Occupation	Average Annual Expense
Wage Labour	26617
Other	36747
Agriculture	37659
Self-employed	43409
Salary	45876

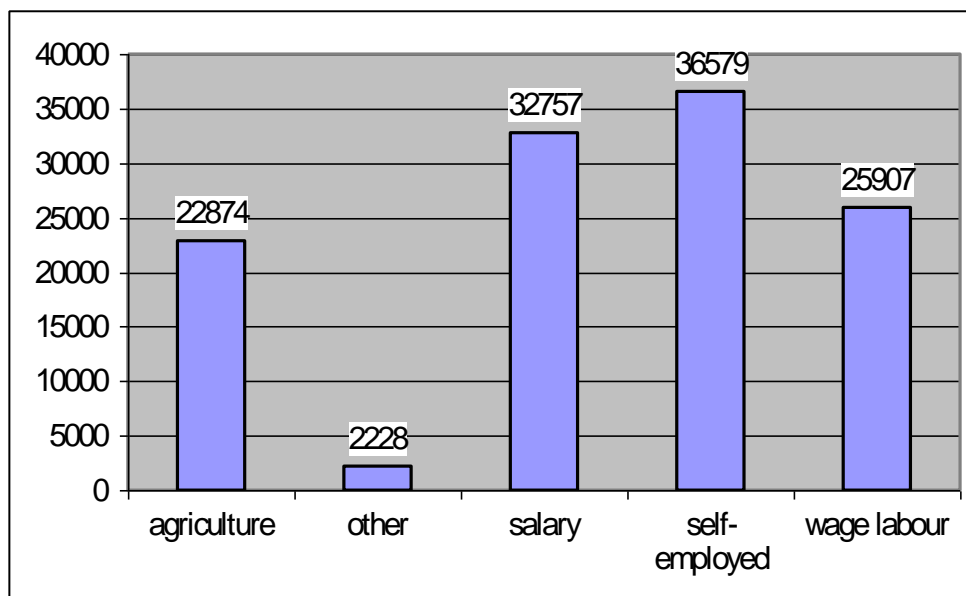


**Figure 19: Occupation-wise expenditure breakdown**



In Figure 20 we take the occupation-wise average income from Figure 5 and subtract the corresponding average yearly expenses from Table 8 to arrive at the net yearly income. In this we find the self-employed and salaried to walk away with the highest income (36,579 and 32,757, respectively), while wage labours come out with Rs 25,907 and agriculturalists make Rs. 22,874. Those with the lowest net yearly income are the “other” occupations, usually retired people or pensioners, whose income is only Rs. 2,228.

**Figure 20: Net Yearly Income Occupation-wise**

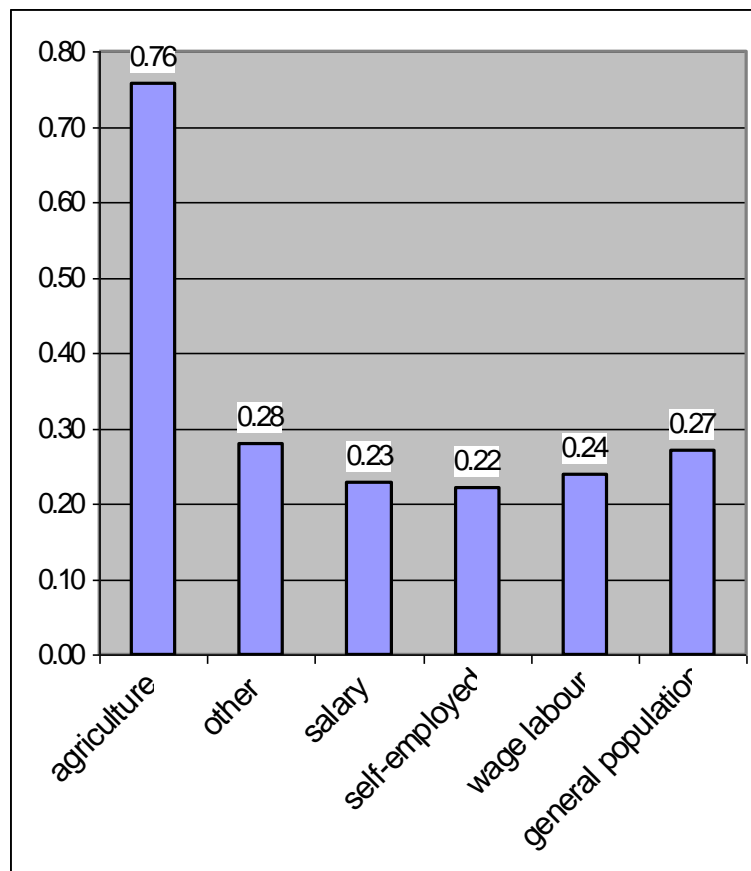




#### Section 4: Land

The average landholding is .27 acres, or 27 cents, of which 113 people have land and 6 are landless. The average paramba (hilly tract land) holding is 19.5 cents and the average vayal (low-lying land) holding is 14 cents, of which only 4 respondents have vayal land and 87 have paramba land. Figure 20 gives the occupation-wise landholding pattern. We can see that the agriculturalists have the greatest average landholding (76 cents) while the rest of the occupations are in the range of 23 (salary) to 28 cents (other). However, we see that despite the high landholding of the four agriculturalists, the vast majority of respondents have holdings below 24 cents, bringing the average landholding (general population) down to 27 cents.

**Figure 21: Occupation-wise Landholding (acres)**

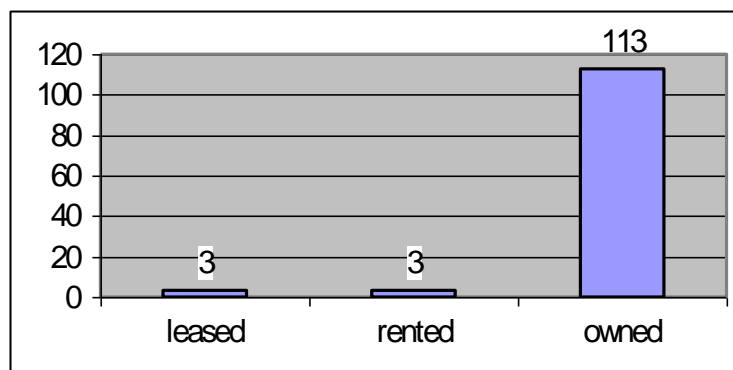




### Section 5: Assets

In this section we detail the house ownership, household assets and livestock patterns of the community. Figure 22 shows us that the majority of respondents (113) owned their own house, while 3 rented and 3 leased. Moreover, the majority (53%) of respondents had tiled roofs, followed by 36% who had concrete roofs. A minority had thatch (4%) and 3% had sheet roofs. In Figure 24 we took average yearly incomes according to roof type and found that the poorest members of the community (lowest income) had sheet roofs, while the richest members (highest income) had tiled/concrete or pure tiled roofs.

**Figure 22: House Ownership Profile**



**Figure 23: Roof Type Analysis**

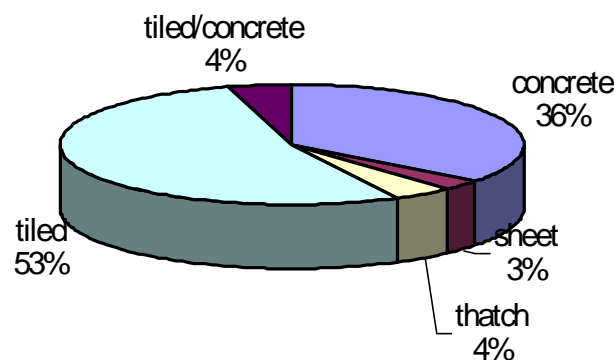




Figure 24: Roof type Average Income

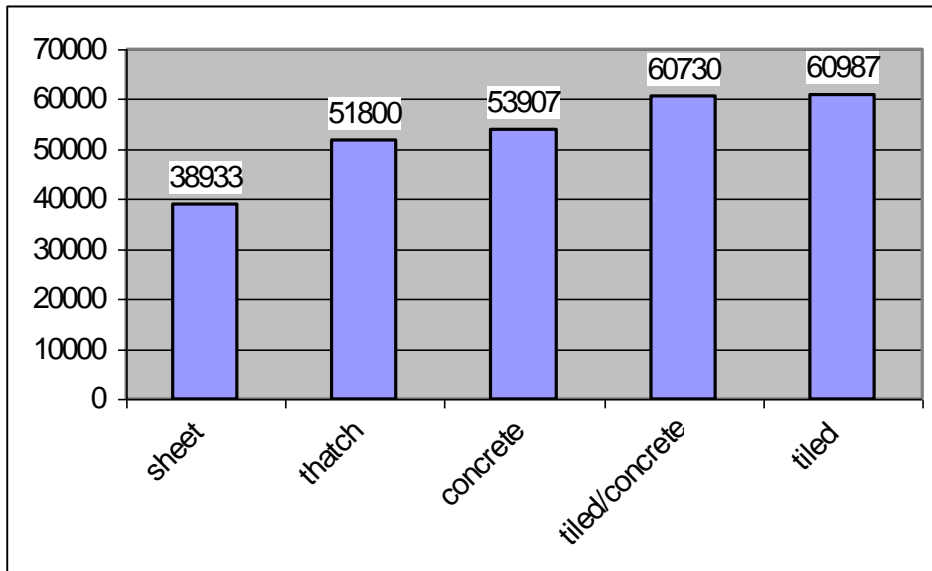
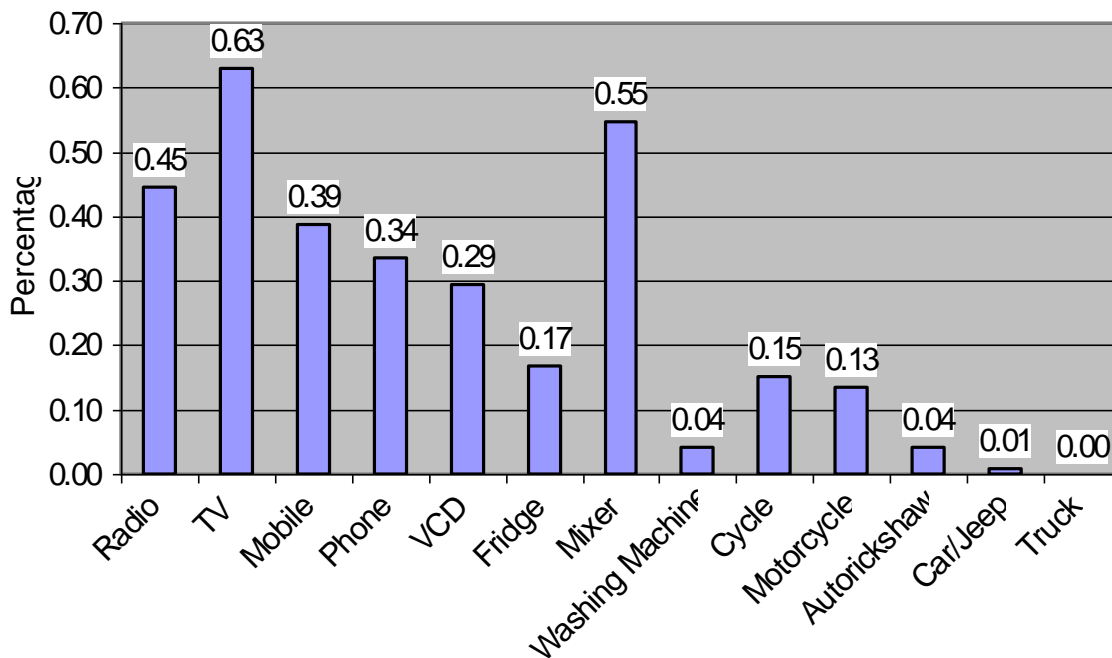


Figure 25 gives a percentage chart of families who held particular assets in the sample population. It was found that highest percentage of families owned a TV (63%) and a Mixer (55%). The lowest percentage owned a car (.01%) or a washing machine (.04%). From this data we can pursue the possibility of training a person from the community to undertake electrical repairs.

Figure 25: Percentage of Families Asset-wise

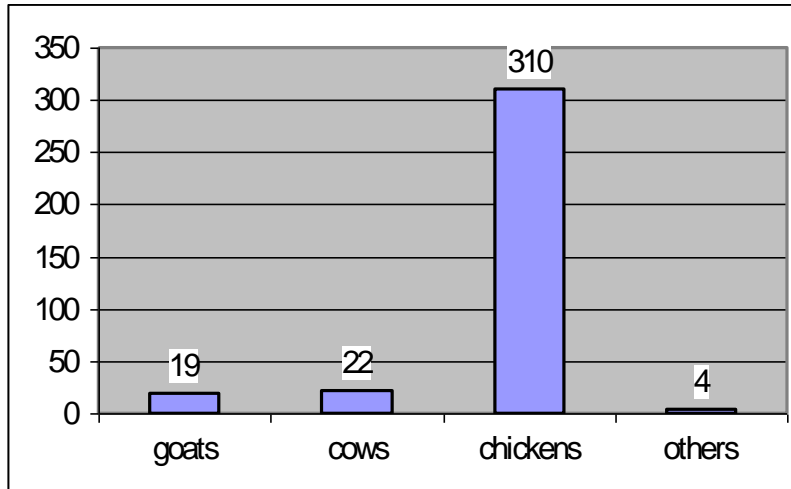






The most commonly owned livestock was chicken (310), followed by cows (22) and goats (19). See Figure 26.

Figure 26: Livestock Totals



### Section 6: Savings

The average savings per family is **Rs. 8,818**, which was reported by 110 families. The total savings for the sample population is Rs. 970,022. The majority amount of community savings is in the form of chitfunds, which accounts for 36% of savings, followed by banks which account for 33% and then SHG's, which have 26%. In terms of numbers of respondents, the greatest number of respondents reported having savings in SHG's (105), which is expected because the sample group are all members of SHG's. Only 7 respondents reported having any savings in the bank and 19 in chitfunds, despite the fact that they account for such a large share of the overall community savings (See Figure 27). Moreover, despite their popularity, SHG's, insurance funds and post office funds have the lowest average savings amounts, as shown in Figure 28. From this data we can draw the conclusion that those who invest primarily in SHG's or post office funds are saving much smaller amounts than those who choose banks or chitfunds as their primary savings instrument.



Figure 27: Community-level Savings Totals

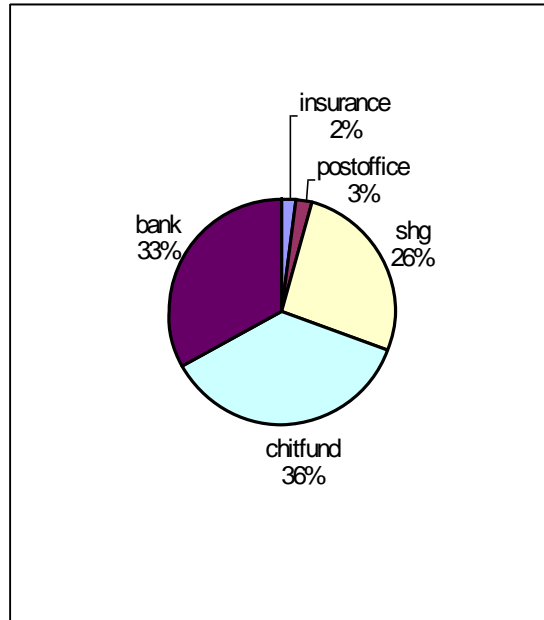
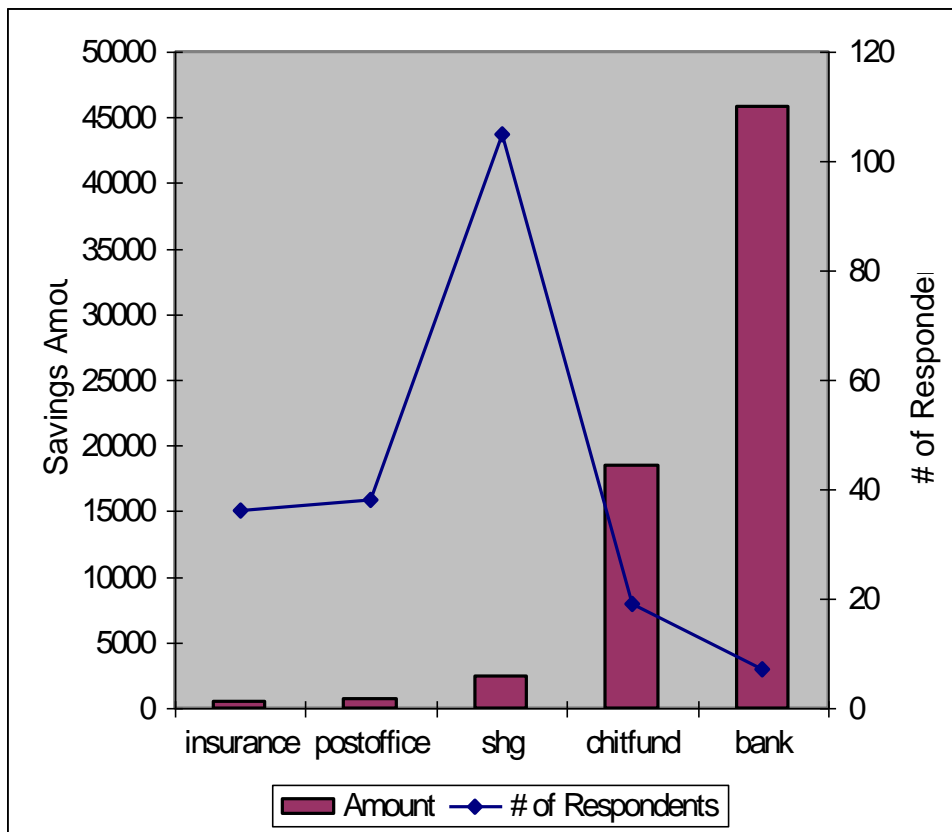


Figure 28: Average Household Savings



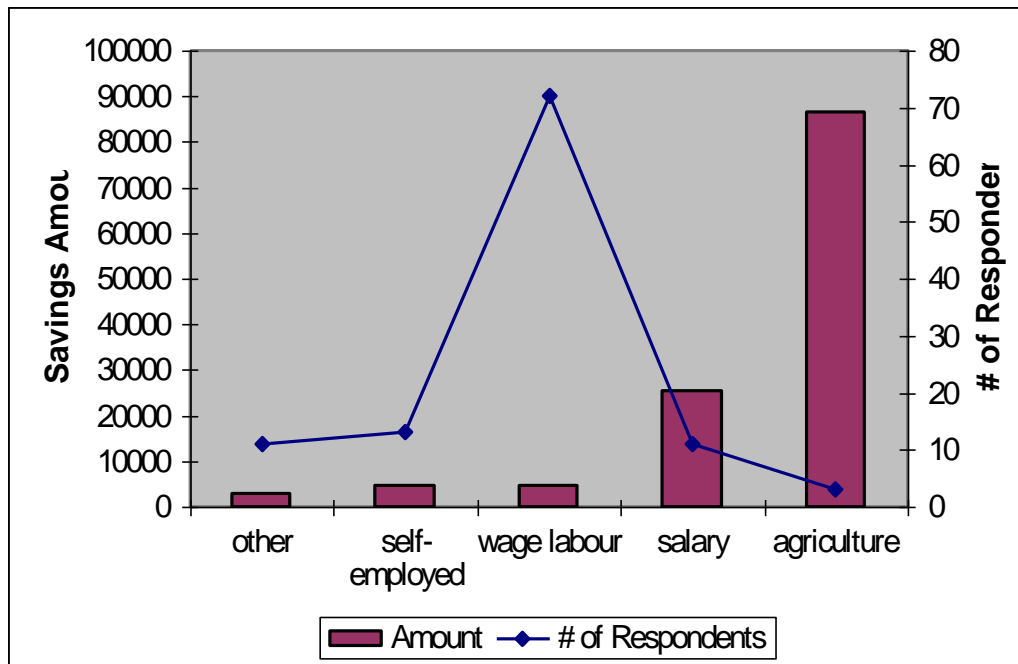


Type	Average	# of Respondents
insurance	507	36
post office	662	38
shg	2418	105
chitfund	18514	19
bank	45857	7

**Occupation-wise Savings Data:**

The occupation that lends itself to the highest average annual savings is agriculture, at Rs. 86,692, followed by salaried employees (Rs. 25,476). Again it is important to note that this data may be unrepresentative because the number of agriculturalists was so small (3 families). Wage labourers and self-employed people had relatively similar average savings of around Rs. 4,500.

**Figure 29: Occupation-wise Average Savings**



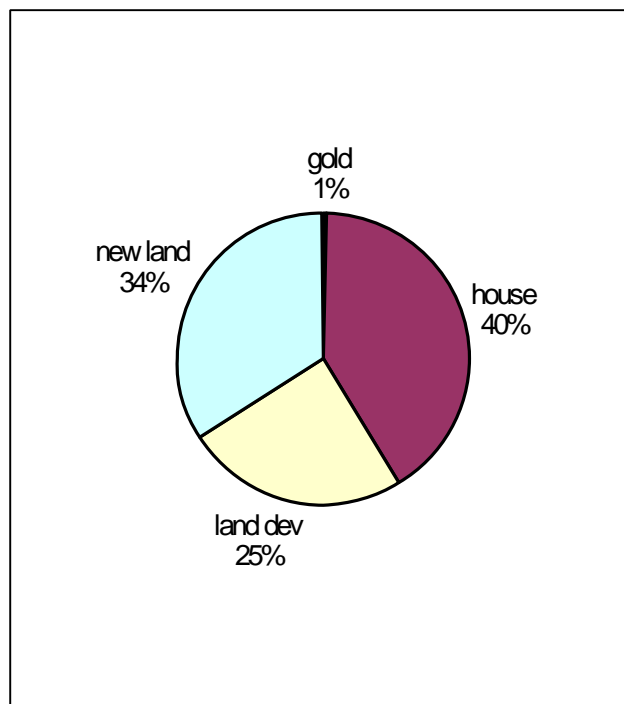
Occupation	Average	# of Respondents
other	3036	11
self-employed	4590	13
wage labour	4676	72
salary	25476	11
agriculture	86692	3



### Section 7: Investment

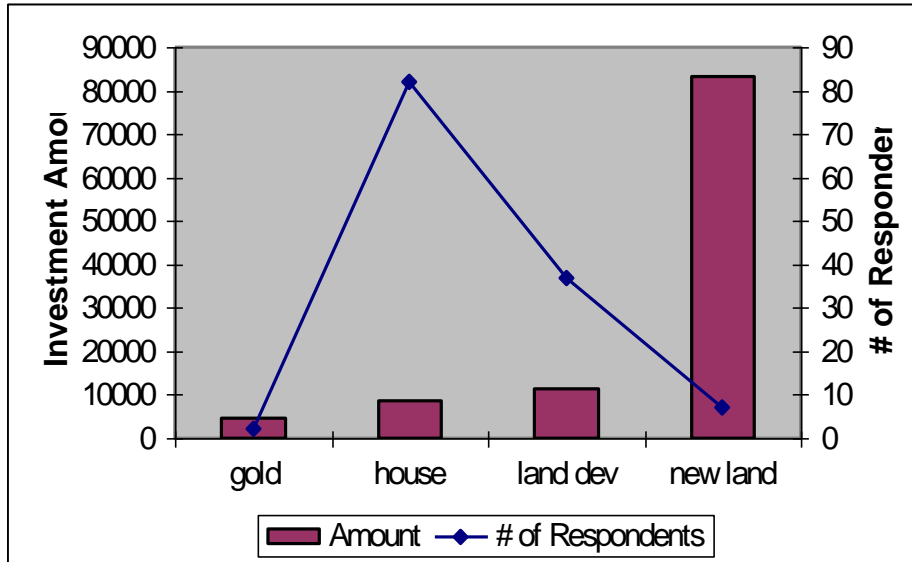
The average household investment is **Rs. 19,169**, which was represented by 89 families. The total reported savings for the sample population was **Rs. 1,706,050**. The categories given for type of investment activities were: investment in a house (new or current house), gold, land development, and buying new land. As Figures 30 and 31 suggests, the most significant investment activity is for house work, or house development, with the highest total share of invested money (40%) and highest number of respondents (82). However house investment had a relatively low average investment value (Rs. 8490) compared with new land, (average Rs 83,000 and 7 families).

**Figure 30: Investment Totals**



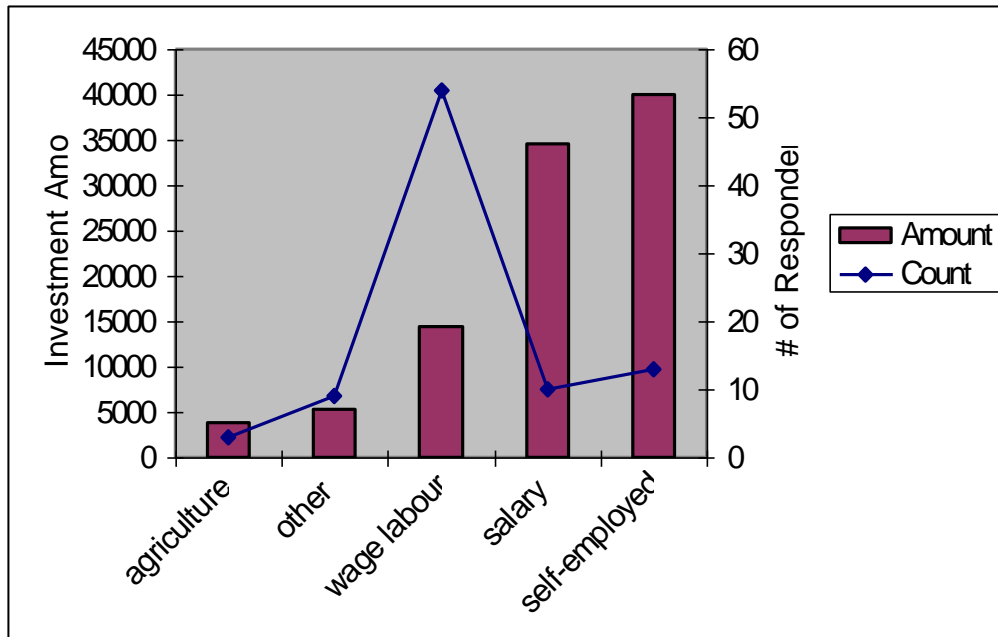


**Figure 31: Average Investments**



Type	Average	# of Respondents
gold	4500	2
house	8490.24	82
land dev	11325.7	37
new land	83114.3	7

**Figure 32: Average Investment Occupation-wise**





Occupation	Average	# of Respondents
agriculture	3833	3
other	5311	9
wage labour	14463	54
salary	34585	10
self-employed	39992	13

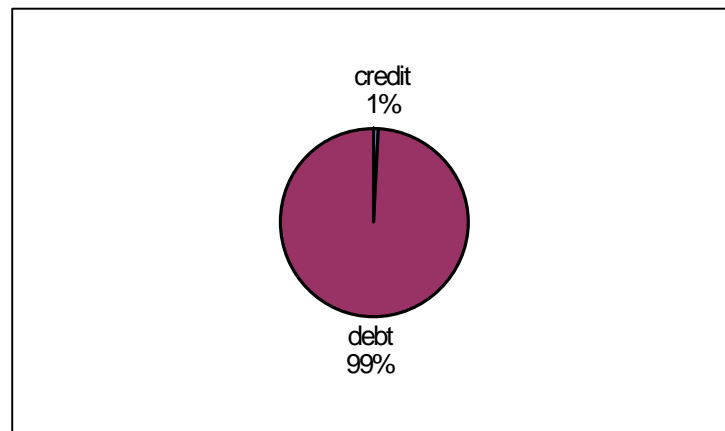
*Occupation-wise Investment Details:*

As Figure 32 shows, in terms of average investments, wage labourers were low (Rs. 14,400 relative to self-employed and salaried (Rs. 39,900 and 34,600 relatively). One limitation of the investment study was a lack of categories related to agricultural investment as separate from agricultural expenditure, thus the average investment figures for agriculturalists are the lowest of the group (Rs. 3,800).

**Section 8: Debt**

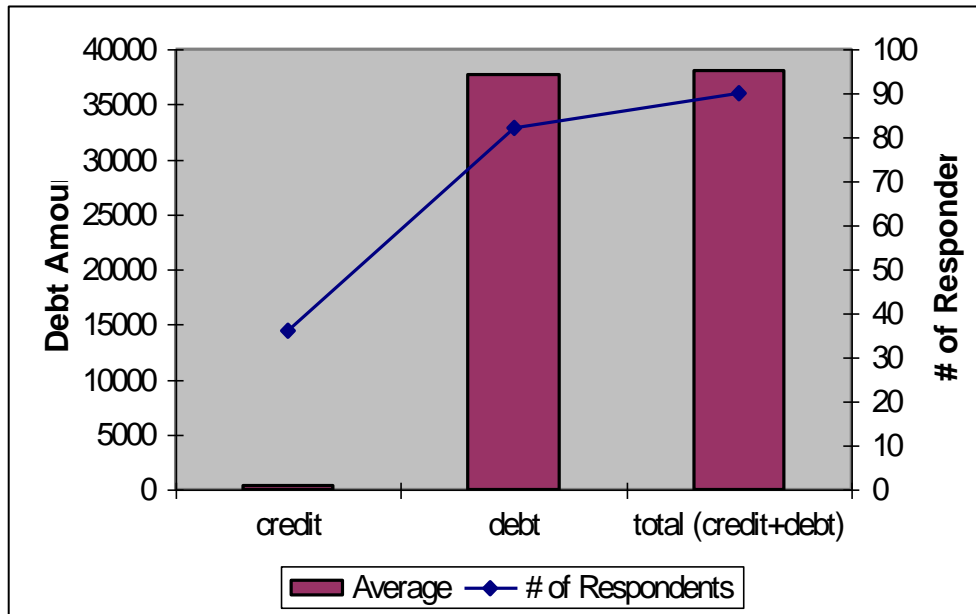
The types of debt covered in the questionnaire included loans and shop credit. The vast majority of the total community debt share (99%) is in the form of loans, which is represented by 82 families. 36 families reported having shop credit. The average debt (loan) amount is Rs. 37,676, while the average shop credit amount is Rs. 373. The average total debt (loans and shop credit) for a typical family is **Rs. 38,049**. (See Figures 33-34.)

**Figure 33: Debt-wise Totals**





**Figure 34: Debt Averages**



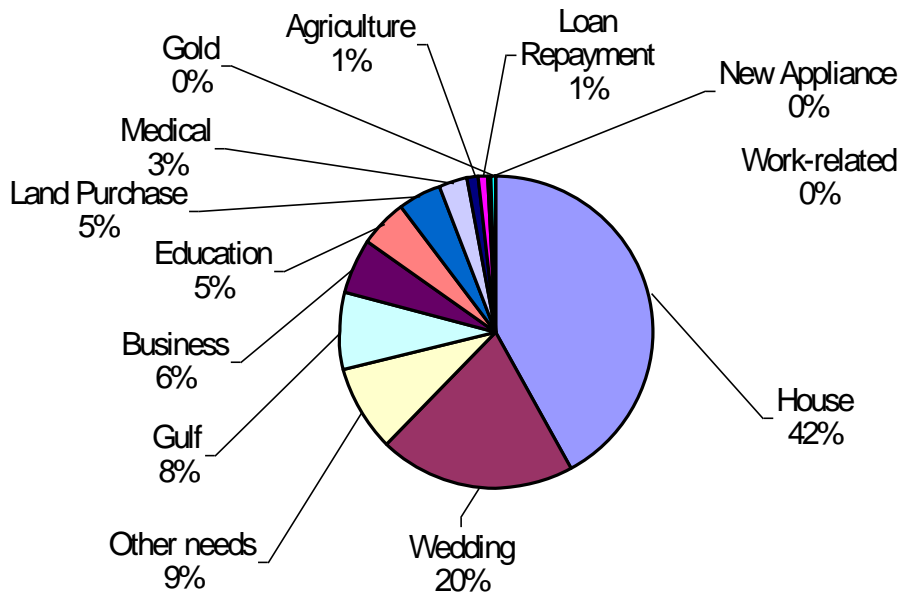
Type	average	# of Respondents
credit	373	36
debt	37676	82
total (credit+debt)	38049	90

*Loan Purposes:*

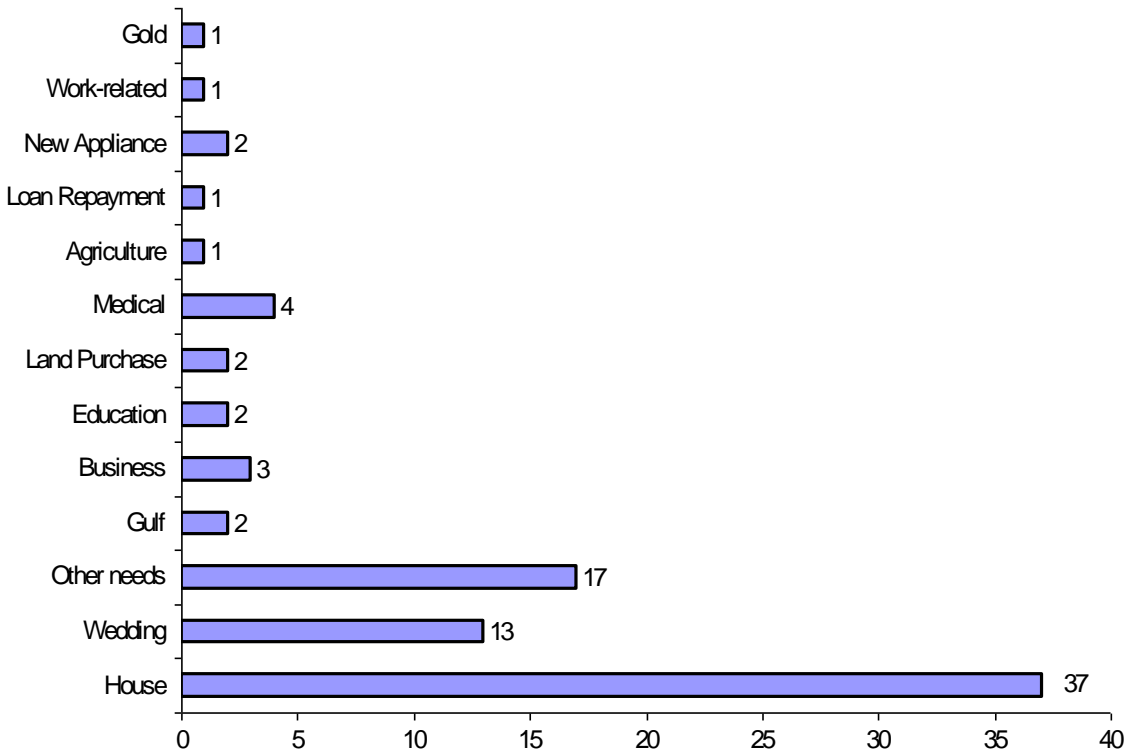
The majority of loans, according to value and number, are taken for the purpose of house work (42% of total loan share and 37 families). This is followed by weddings (20% and 13 families), other needs (9% and 17 families), going to the Gulf (8% and 2 families), business (6% and 3 families), education (5% and 2 families) and medical (5% and 4 families).



**Figure 35: Share of Loan Amounts According to Purpose of Loan**



**Figure 36: Number of Respondents According to Loan Purpose**



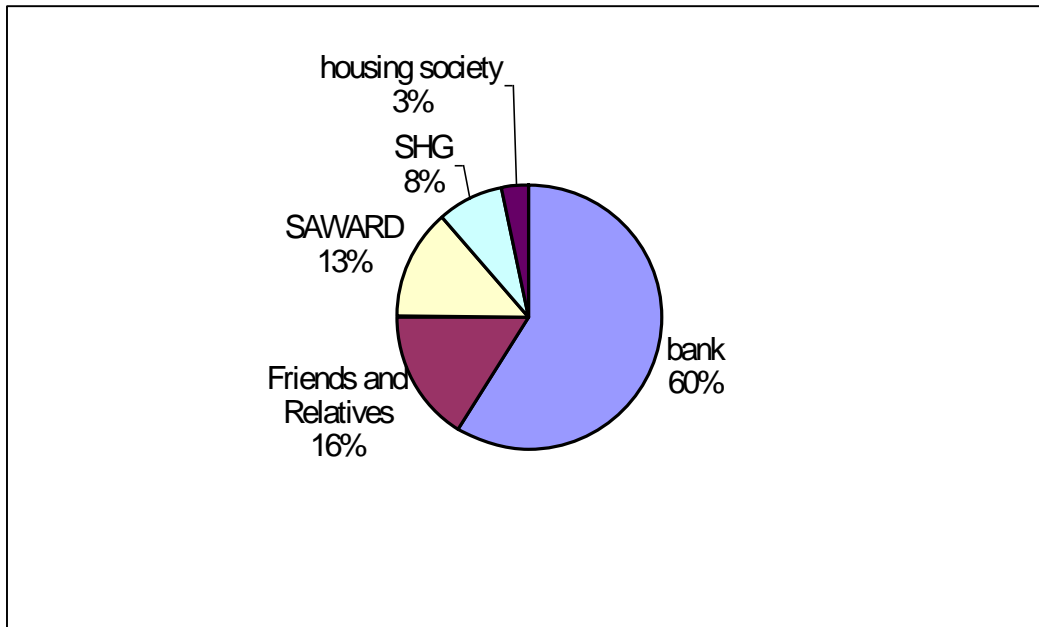




**Loan Sources:**

In terms of the share of the total loan amount, 60% of the total loan share is taken from the bank, 8% is from the SHG, 13% from SAWARD, 16% from friends and relatives and 3% from the housing society.

**Figure 37: Percentage of Total Loan Amount According to Source**



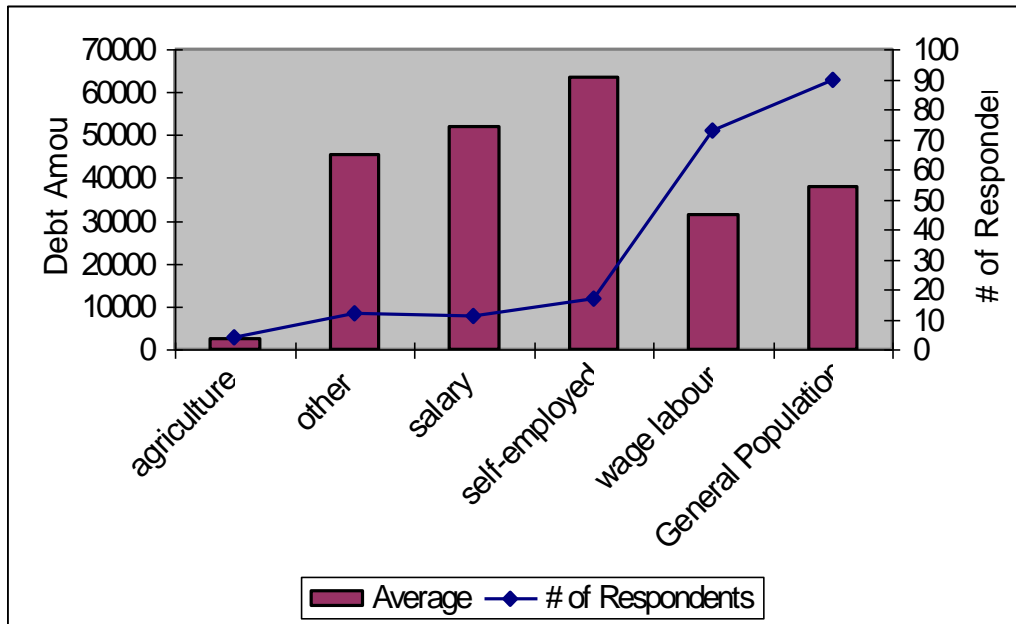
Loan Source	Number of Families	Total Amount
bank	46	2614000
Friends and Relatives	9	718000
SAWARD	14	594800
SHG	17	358800
housing society	1	150000

**Occupation-wise Debt Statistics:**

Wage labourers are the occupation group with the highest total debt share (51% and 73 families), followed by self-employed (24% and 17 families), salary (13% and 11 families), and other (12% and 12 families). In terms of average debt holdings, self-employed people have the highest average debt (Rs. 63,500) followed salaried employees (Rs. 52,000) and other occupations (Rs. 45,400). Wage labourers have a relatively lower average debt amount (Rs. 31,200), and agriculturalists are the lowest (Rs. 2,500). (See Figure 38)



**Figure 38: Occupation-wise Average Debt Amounts**



Occupation	Average	# of Respondents
agriculture	2500	4
other	45400	12
salary	51995	11
self-employed	63500	17
wage labour	31282	73
General Population	38049	90

### Section 9: Market Literacy

These are the responses to the initial questions posed on questions for those who produced their own goods. There were many null responses from those who did not produce any of their goods and did not feel comfortable responding to the question. In Table 10 we have listed the questions and the answer which received the greatest number of responses. The following figures show the percentage received for each answer choice.

As can be ascertained from the table, the questions about what causes prices of agricultural goods to rise are understood in times of high demand (festival), and hence a majority (55%) has selected “price rise” as the correct answer. However, only a plurality (29%) selected “price rise” as the effect of holding goods to sell at a later date, rather than at the time when everyone brings their goods to the market.

When it comes to knowledge of forward links on the market chain after sale of the primary product, there is limited knowledge of the mechanics of the market. A plurality of respondents (47%) understood that the buyer of



#### A Study on the Economy of SAWARD

agricultural produce “adds value” to the product. However a majority (54%) selected “don’t know” for information about the final consumer of the agricultural produce (question 5). And in question 4, there was a highly divided opinion about where the trader sells produce: 36% selected “Kozhikode”, 34% selected “don’t know”, and 25% selected “Poovatuparamba or a nearby place.” The results for these two questions thus signify that there is a low level of understanding in the community about the forward movement of their agricultural produce through the market chain and to the final consumer.

Finally, for the consumer-related question in the group, a vast majority (89%) selected that they did not know the actual cost of the goods they were buying or the margin that the shopkeeper is taking. This indicates that there is also limited market knowledge of the backward linkages in the market chain which lead to the final product that they are consuming.

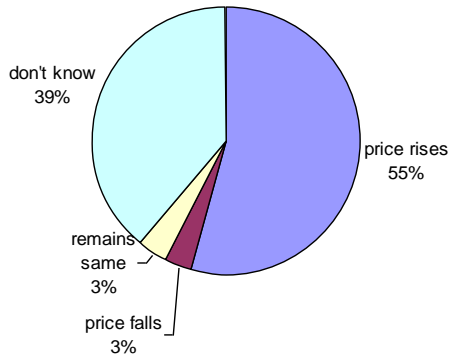
**Table 10: Market Literacy Questions and most selected answers**

Question	Answer	Percentage
1. During festival season what happens to the price of your produce?	Price rise	55%
2. What would happen if you held onto your produce and sold it at a later date?	Price rise	29%
3. What does the buyer do with your produce?	Adds value	47%
4. If the trader sells your produce, where does he sell it?	Kozhikode	36%
5. Who ends up eating your produce?	Don't know	54%
6. Do you know the Actual cost of the goods and the margin the shopkeeper is taking?	No	89%

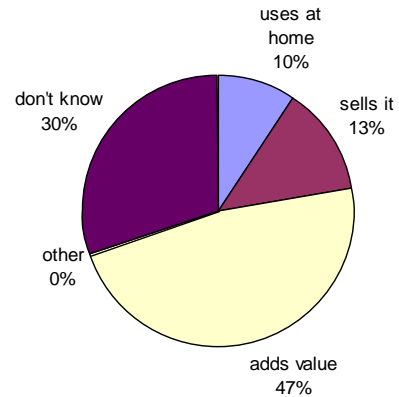


## A Study on the Economy of SAWARD

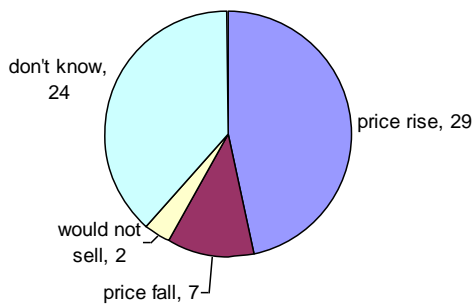
**During Festival season what happens to the price of your produce?**



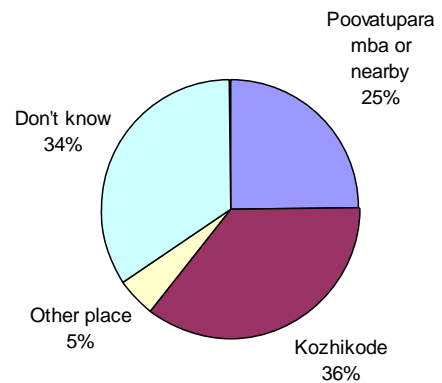
**What does the buyer do with your produce?**



**What would happen if you held onto your produce and sold it at a later date?**



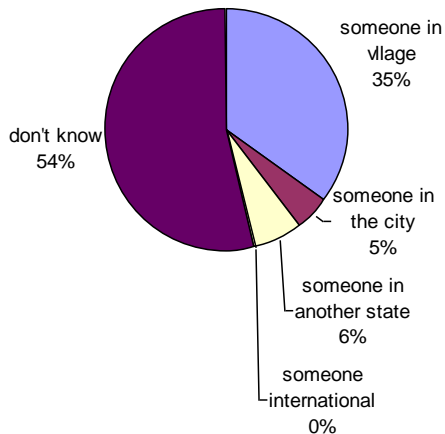
**If the trader sells your produce, where does he sell it?**



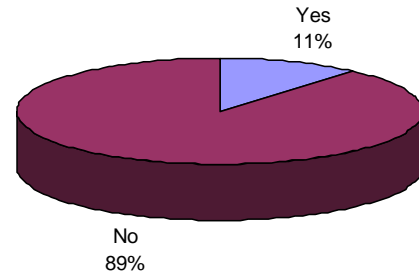


## A Study on the Economy of SAWARD

### Who ends up eating your produce?



### Do you know the actual cost of these goods and the margin the shopkeeper is getting?



## Section 10: Conclusion

One of the main topics discussed throughout the study has been the occupation-wise disaggregation of data to give a reflection of the measure of inequality and economic relations within the community. Throughout the study we have followed a trend in which wage labourers are at the bottom of the pyramid, whether in terms of average income, average expenditure (a reflection of purchasing power), landholding, assets such as roof type, savings, and investment. However, it is important to note that the *upper* classes are not consistent throughout these measures. In areas the self-employed/salaried respondents are on top, and in others the agriculturalists are at the top (such as in landholding and savings). Overall though, we can draw the conclusion that Just Change's intervention will have the most impact on a. reducing poverty and b. challenging the economic structure, if we focus on the wage labourers.

The second area for possible intervention is in the agricultural produce and marketing section. As discussed in the agricultural produce section, coconut growers are both relatively poorer and have smaller landholdings relative to arecanut growers. This presents a powerful motive for Just Change to channel its agricultural produce intervention in the area of the coconut value chain. It is worthwhile then to explore options to increase the price captured by the SAWARD producers for coconut. Due to its higher price, it may also be worthwhile to pursue increasing the production of arecanut, especially amongst wage labourers and non-arecanut producers. The average price for coconut was between 4 and 5 rupees per unit; and the average price for arecanut was between 40 and 50 rupees per kg.



### A Study on the Economy of SAWARD

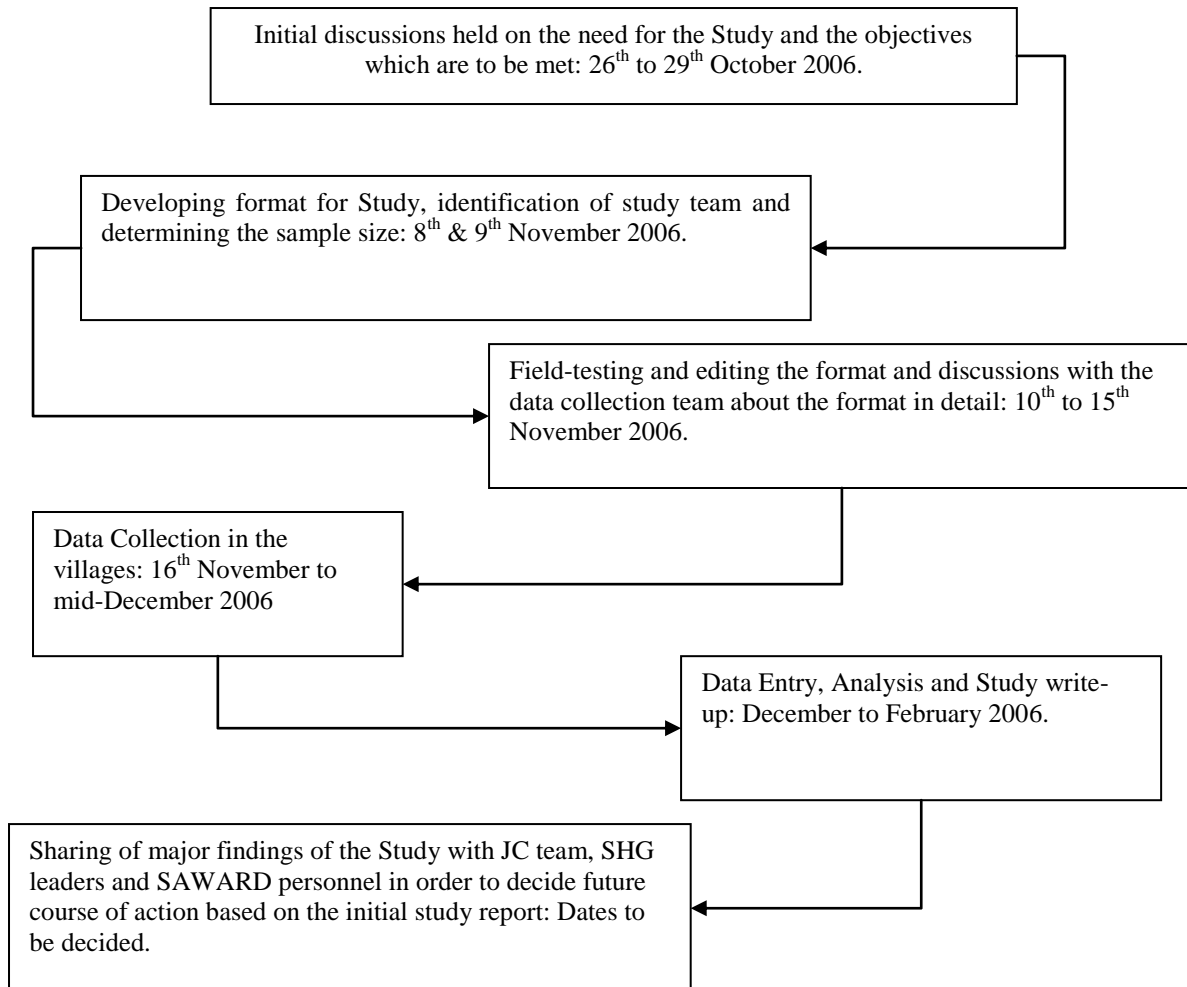
One immediate possibility for an intervention is to introduce the technology of moisture checking into the procurement process, such that when farmers sell their copra for the production of oil, they are not exploited. As the situation currently stands, the procurer reserves the right to determine the quality of the copra by using a highly subjective “squeeze test” to check for moisture content. This test vests excess power for price determination in the literal hands of the procurer at the expense of the coconut producer.

In order to carry this forward we recommend a detailed household population survey of production, consumption, income, investment and expenditure for all crops of significance to the local economy. This will feed into our analysis of the market chain and place on firmer footing for future interventions to capture greater control in the local economy on behalf of our member producers.

Finally this study has shown the relative market size and demand for certain products and services that can be provided at the local level. Further research must be done into the viability of new small businesses such as an electrical repair unit, firewood production unit, dairy milk production unit and a rice milling unit. These new interventions could serve the local community and allow our SAWARD members to gain greater control over their local economy.



## Annexure 1: Flow Chart of the Economic Study





## Annexure 2: Format for the Study

### Guidelines for Economic Survey

#### Goal of JUST CHANGE:

Uniting the producers and consumers to bring about a '*Just Change*' in their social and economic condition.

#### Objectives to communicate to the survey team

- We want to understand the general economic conditions of the SHG members.
- We want to create a baseline database by which we can measure the changes happening in the future as a result of the work of Just Change.
- We want to use the baseline data to plan the future actions of the Just Change Programme.
- We are doing this survey to study and understand the amount of money that is being generated as income and how much is being spent by the members of the SAWARD group.
- We also want to study the savings, investment and debt patterns of the SHG members.
- We want to understand which are the most important products/commodities that are produced or consumed by the SHG members and which have an important effect on their lives.

#### *Note to coordinators and CMO's:*

*Please make sure to aid the SHG members in filling out the forms so that we may get the most accurate data and honest answers to the survey questions.*

*When surveying please ensure the participation of both men and women in the household. If you cannot collect all of the information on the first visit, please make the effort to return and get the rest of the information from the knowledgeable informant. Please avoid guessing or estimate based on general knowledge of the area.*

Thank you,  
The Just Change Team





**Study on SAWARD Self-help group economic conditions**

**FORM NUMBER:** \_\_\_\_\_ **Category: A B C**

**Surveyor Name:** \_\_\_\_\_

**1. Background Information**

Name of the SHG member: \_\_\_\_\_

Self Help Group Name: \_\_\_\_\_

Village: \_\_\_\_\_

Panchayat: \_\_\_\_\_

Caste: SC / ST / OBC / General \_\_\_\_\_

Religion: \_\_\_\_\_

No. of family members: \_\_\_\_ adults (\_\_\_\_ men + \_\_\_\_ women)

\_\_\_\_ children (\_\_\_\_ boys + \_\_\_\_ girls)

Main occupation: Wage labour/ Agriculture/ Self-employed/ Other \_\_\_\_\_

**. Land/assets possession details:**

2.1 Land .....Acres .....cents

..... Paramba ..... Vayal

Type	# of Acres
Coconut	
Cashewnut	
Arecanut	
Pepper	
Rubber	
Banana	
Paddy	
Vegetables	
Others	

2.2 Other Assets:

Phone \_\_\_\_\_ Mobile Phone \_\_\_\_\_ TV \_\_\_\_\_ VCD \_\_\_\_\_ Washing Machine \_\_\_\_\_

Fridge \_\_\_\_\_ Mixer \_\_\_\_\_ Radio \_\_\_\_\_

Gold ornaments \_\_\_\_\_ pavan / gms

Vehicles: \_\_\_\_\_ Cycle \_\_\_\_\_ Motorcycle \_\_\_\_\_ Autorickshaw \_\_\_\_\_ Car/Jeep \_\_\_\_\_ Truck \_\_\_\_\_

**House:** \_\_\_\_\_ Owned \_\_\_\_\_ Rented \_\_\_\_\_ Leased \_\_\_\_\_

Type: (Tiled/RC) \_\_\_\_\_

If Rented, how much rent are you paying per month? \_\_\_\_\_

**3. Income details:**

3.1 Labour Income:

Type of labour	Where do you go? Migration?	# of days per month	Wage paid?	# of Family Members who participate in this work.	Do you know the state minimum wage for this job?

3.2 Agricultural Income:

Crop Name	How much do you produce?	When do you sell your goods?	Where/To Whom do you sell?	Price (Range)	Avg. Yearly Income
Coconut					
Cashewnut					



Arecanut					
Pepper					
Rubber					
Banana					
Paddy					
Vegetables					
Others					

**Follow up informational questions (to gauge market literacy):**

During the festival season what happens to the price of your produce?

- A. It rises      B. It falls      C. It remains the same      D. Don't know.

What would happen if you held onto your produce and sold them at a later date? A. The price would rise,      B. the price would fall,      C. it would not sell.      D. Don't know.

What does the buyer of your produce do with it?

- A. Uses it at home      B. Sells it      C. Adds value to it      D. Other \_\_\_\_\_  
E. Don't know

If the trader sells your produce, where does he sell it?

- A. Poovatuparamba or a nearby town      B. Kozhikode      C. Other place \_\_\_\_\_      D. Don't know

Who ends up eating your produce?

- A. Someone in poovatuparamba,      B. someone in Kozhikode,      C. someone in Bombay,      D. someone in the USA      E. Don't know

**3.3 Livestock Income:**

Type	Number of livestock	Avg. Yearly Income
Goat		
Cows		
Chicken		
Others		

**3.4 Other Income Sources:**

Type	Avg. Yearly Income

**4. Expenditure details:**

**4.1 Agricultural expenditures yearly**

Crop	Wages paid	Fertiliser	Seed	Other	Total

**4.2 Household Expenditures**

Provisions, Vegetables, Others

Name	From where do you buy it?	# of kgs per month.	Avg. monthly spending
Rice			
Sugar			
Dal			
Tea/ Coffee			
Soap, washing soap			
Shampoo, toiletries			
Oil			
Vegetables			



Milk			
Meat/Fish			
Firewood			
Petrol (Diesel)			
Others			

Monthly Gas bill: \_\_\_\_\_ Electricity bill: \_\_\_\_\_ Phone bill: \_\_\_\_\_

**Follow up questions:**

How do you decide where to buy your household goods? (Rank in order of importance 1 (least important) -6 (most important))

Criteria	Rank (1-6)
Loyalty to shop	
Convenience	
Price	
Quality of goods	
Quality of service	
Choice of goods	

Do you know the actual cost of these goods and the margin the shopkeeper is getting? (Yes/No)

What do you consider when choosing between different products? (Please rank in order of importance from 1 (being least important) -5 (most important))

Criteria	Rank (1-5)
Packaging	
Advertisements	
Price	
Quality	
Brand reputation	

**Clothes:** From where do you buy? \_\_\_\_\_

When do you buy clothes?	How much do you spend during these times?
For wedding in your family.	
For someone else's wedding.	
Festival _____	

Festival Expenses (other than clothes): \_\_\_\_\_

Medical Expenses (Doctor/Hospital): Avg. expenditure in the past year \_\_\_\_\_

Where do you go for medical care? \_\_\_\_\_

Annual Education expenses (school fees, books, uniforms, etc.): \_\_\_\_\_

Monthly Expenses:

Liquor: \_\_\_\_\_

Beedi/Vetila/Pan Parag: \_\_\_\_\_

Caroms: \_\_\_\_\_

Cinema: \_\_\_\_\_

Other expense: \_\_\_\_\_

**5. Investment:**

How much do you spend on your house yearly? \_\_\_\_\_

How much do you spend on gold yearly? \_\_\_\_\_

How much do you spend on developing your existing land? \_\_\_\_\_



How much do you spend on acquiring/buying new land? \_\_\_\_\_

**6. Savings:**

How much savings do you have in an institution? \_\_\_\_\_

How much savings with SHG? \_\_\_\_\_

Do you have an insurance policy? (Yes/No) \_\_\_\_\_ Premium amount: \_\_\_\_\_

**7. Debt:**

Are you in debt? (Yes/No) \_\_\_\_\_ If yes, how much do you owe? \_\_\_\_\_

Who did you borrow from? \_\_\_\_\_

For what purpose did you borrow money? \_\_\_\_\_

Have you taken credit from any shops? Yes/No If yes, how much? \_\_\_\_\_

**8. General follow-up:**

If you have invested in JUST CHANGE, what do you expect in return?