



UNDP -  
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**Water and  
Sanitation  
Program**

South Asia Region

# Credit Connections

Baroda Citizens Council

Vadodara,  
Gujarat

Gujarat Mahila  
Housing SEWA Trust



Vadodara<sup>1</sup> is the third largest city in Gujarat and the 16th largest city in India. The population of the city, as per the 1991 census, was 1.02 million. The projected population for 1999 is 1.7 million. According to a *Needs Assessment Study for Vadodara* undertaken in 1991, the rate of unemployment in Vadodara was 5.4 percent – which is relatively low. Twenty-three percent of workers were employed in the public sector while over 50 percent worked in the unorganized or informal sector.

Owing in large part to the availability of work in Vadodara (an

<sup>1</sup>Formerly known as Baroda.



Vending vegetables in the slums of Vadodara



From a slum population of 49,950 in 1972, today there are 257,195 persons residing in slums in various parts of Vadodara. In other words, the slum population has increased five times during the last two decades.

### Growth of Vadodara Slums

Year	No. of Slums	No. of Families	Population	Average Family Size	Percentage of City Slum Population
1972	192	11,130	49,950	4.49	10.4%
1982	210	21,292	94,700	4.45	12.8%
1992	336	50,338	225,200	4.50	22.0%
1996	336	51,439	257,195	5.00	19.4%

industrial center), the city has seen heavy migration from mostly rural, but also urban, areas, resulting in slums mushrooming throughout the city. These slums are mostly situated on topographically disadvantageous sites or on marginal lands. From a slum population of 49,950 in 1972, today

maximum number of slums – 94 out of a total of 336 in the entire city. Lack of proper drainage facilities, paved roads and sanitation facilities have adversely affected the quality of life of people living in slums.

The sub-human living conditions in the slums negatively impact women and children the most, in terms of negative health effects, increased school drop-out rates and hours spent in meeting basic survival needs such as collection of drinking water.

With the concurrent growth of slums and a rising population, the local Municipal Corporation has been unable to meet the increased demand for infrastructure services due to a variety of factors, including limited financial and managerial capabilities.

### Baroda Citizens Council – the Organization

#### Development

The Baroda Citizens Council was established in 1966 as a voluntary, non-profit, secular development organization. It was a unique partnership of industry (Gujarat Federation of Mills and Industries), an academic institution (MS University, Baroda) and the urban local body (Baroda Municipal Corporation).

The Council's main objective is to improve the quality of life of the urban poor by initiating and facilitating



A makeshift bathroom in the slums of Vadodara

there are over 257,195 persons residing in slums in various parts of the city. In other words, the slum population has increased five times during the last two decades. The increase in industrial and commercial activities in the city has resulted in an increase in migration and hence in the growth of slums. Fifty-two percent of Ward Number 9's population lives in slums. This ward also has the

community development in the areas of education, health, vocational training, infrastructure and shelter upgradation programs.

Baroda Citizens Council has worked with 13,000 families involving a population of 50,000 people in 43 slums. The slums targeted by the Council are organized into 15 clusters throughout Vadodara.

### *Aims and Objectives*

As an organization, the Baroda Citizens Council's aim has been to promote community development. Two essential elements of this type of development are:

- participation by the community in efforts to improve its standard of living with as much reliance as possible on its own initiatives; and
- provision of technical, managerial and other services in order to encourage self-help initiatives and guided change.

Baroda Citizens Council's vast experience has led to the belief that social improvement does not come about until the people involved believe that improvement is possible. Thus, along with the provision of directed programs in the traditional sense, the Council lays great emphasis on leadership training for members of poor communities so that in time they are able to help themselves and their local communities.

In practice, the Council's aim, that of providing information and services through its community development workers, has been ongoing to stimulate comprehensive development. Baroda Citizens Council's programs include the provision of formal and non-formal education, primary health care, special focus on disabled

persons, economic programs (including skills training and a savings and credit association) and various community initiatives such as solid waste management, slum upgradation, community leadership training programs and so forth.

### The Evolution of the Savings and Credit Program Initiated by the Council

Very soon after Baroda Citizens Council was established and began its developmental work in the slums of Vadodara, it realized that inadequate access to financial credit was a major constraint for the slum dwellers. In 1971, the Council began encouraging the formation of savings cooperatives in slum pockets throughout Vadodara. The objective of these cooperatives was to inculcate a regular savings habit in order to reduce exploitation by moneylenders.

In 1989, the slum dwellers formally set up the 'Community Savings and Loan Association' with the technical assistance of the Baroda Citizens Council. The Association had 600 members in 30 slums of Vadodara in 1989. It began by giving small loans of Rs 500 funded by rotating members' savings for various purposes, including education, income generation and hospitalization.

One of the main objectives of the Baroda Citizens Council is to help build the capacity of its members and make them self-reliant. As such, the Community Savings and Loan Association regularly organizes leadership and financial skills training programs for its members, so that they are able to manage their day-to-day

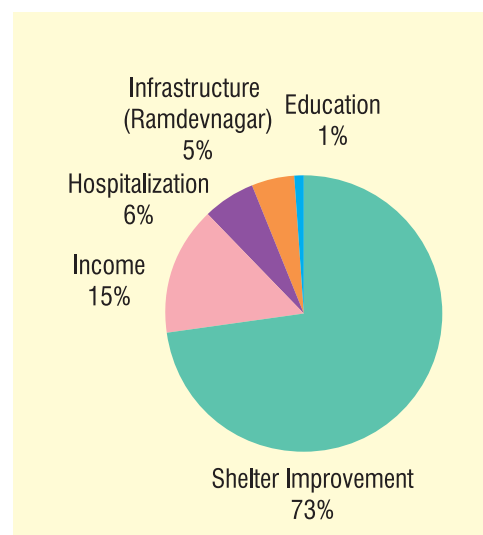
**“ I am very excited about the incorporation and growth of STHAPATI Credit Ltd. In the last two years we have been concentrating greatly on this activity, as economic empowerment is the key to development. Demand for credit is so high that we have begun exploring outside sources of bulk institutional credit to meet this demand from our members.”**

Sweta Trivedi  
Deputy Director  
Baroda Citizens  
Council and STHAPATI  
Credit Ltd



### STHAPATI Credit Ltd – Distribution of Loans by Purpose (1998-99)

Purpose	Amount (Rs)	Number	Percentage (%)
Shelter improvement (including infrastructure)	19.8 million	5,651	73%
Income generation	4 million	1,105	15%
Infrastructure (Ramdevnagar)	1.7 million	542	5%
Hospitalization	1.66 million	575	6%
Education	0.143 million	30	1%
<b>Total</b>	<b>27.3 million</b>	<b>7,903</b>	<b>100 %</b>



*The average loan repayment rate from members to STHAPATI Credit Ltd is 95 percent.*

affairs independently.

A significant development took place in 1998, when the Association was formally incorporated as a separate legal entity and registered as STHAPATI Credit Ltd, with an **Authorized Share Capital of Rs 1,500,000 and Issued Share Capital of Rs 854,770.**

Thus the former Community Savings and Loan Association was transformed into STHAPATI Credit Ltd, a formal corporate entity.

### STHAPATI Credit Ltd – Facts and Figures<sup>2</sup>

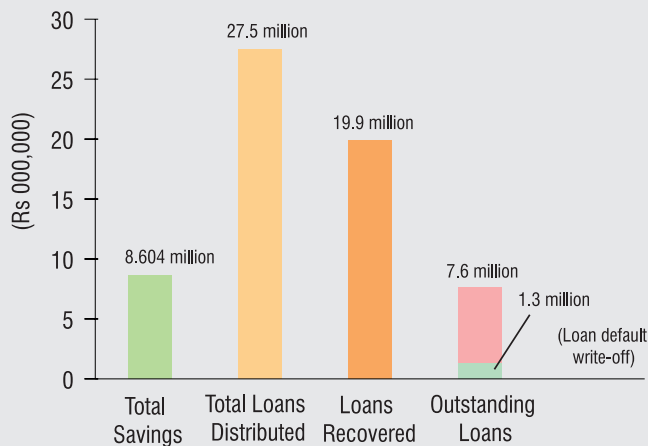
- STHAPATI Credit Ltd has 7,311 members, of which 60 percent are women.
- STHAPATI provides an efficient mechanism for rotation of the members' own savings in order to provide credit for the following purposes:
  - house repair and infrastructure;
  - income generation or skills training;
  - hospitalization;
  - education; and
  - infrastructure upgradation (Ramdevnagar slum upgradation project).
- Maximum loan amount per member is currently Rs 7,500 per loan.
- Since the Association's inception in 1989, Rs 27.5 million have been disbursed in the form of loans to 7,903 members.
- The average loan repayment rate from



*Loan applicants await their turn*

<sup>2</sup>As on March 31, 1999.

### STHAPATI Credit Ltd (As on March 31, 1999)



million. This is revolved and on-lent in the form of loans.

- No collateral is required for a loan, but two guarantors from the community or from any STHAPATI shareholders are required for a loan to be sanctioned.

members to STHAPATI Credit Ltd is 95 percent. However, there are often delays (35 percent) in loan repayments beyond the repayment due date. This late repayment aspect is currently being closely

monitored by STHAPATI in order to reduce it.

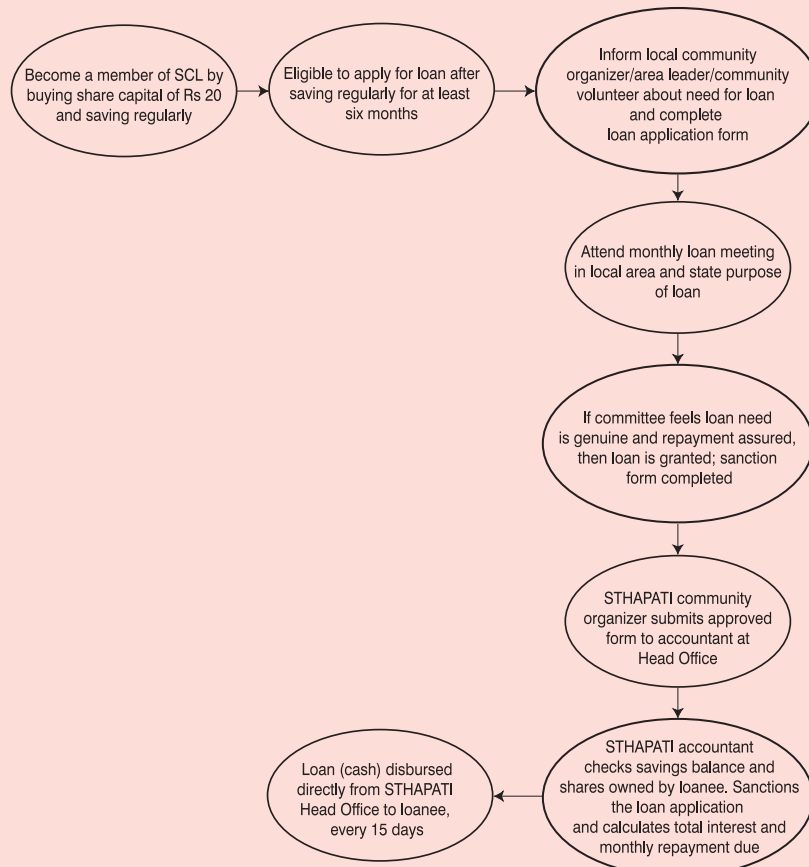
- The interest rate on savings is 6 percent, while the interest rate charged on loans is 12 percent. The 6 percent interest spread is used by STHAPATI to pay for staff and administrative expenses.

- The only source of funds currently available to STHAPATI for on-lending in the form of loans are the members' own savings. Ninety percent of the total savings collected in each area are on-lent in the form of loans to members.

- Total savings deposited by members since 1989 is Rs 8.604

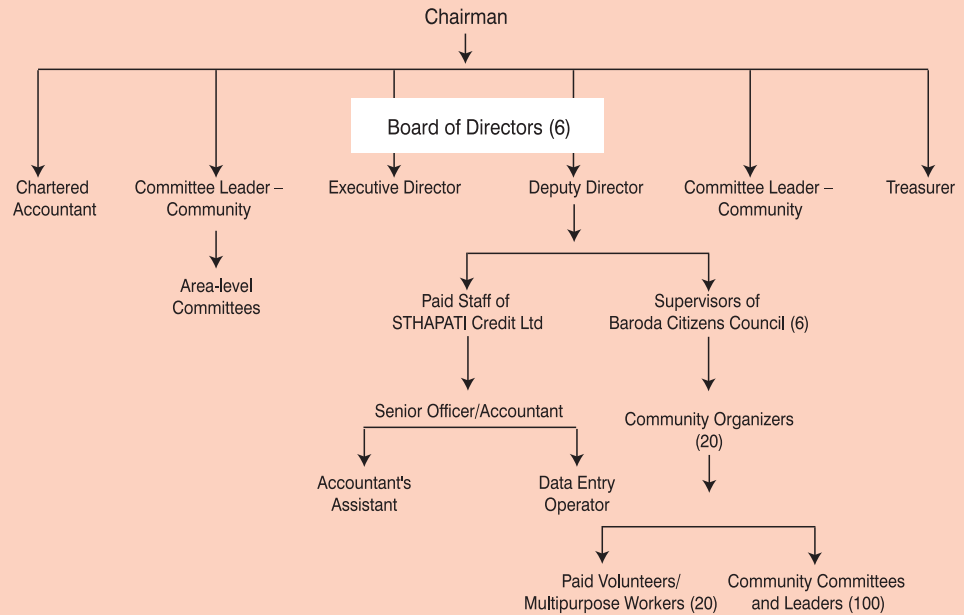
- The loan repayment terms and instalment amounts are fixed by STHAPATI. The maximum loan repayment period is 24 months.
- Area leaders and community

### STHAPATI Credit Ltd Loan Process Map: from Loan Application to Release





## Organizational Structure of Baroda Citizens Council



members meet on a monthly basis to discuss loan sanctions. The community has full autonomy over all loan decisions.

### STHAPATI: Loan Eligibility Criteria

- Need to save regularly for a period of six months to one year before becoming eligible to apply for a loan. (Average savings amount is Rs 100 to 200 per month, depending upon the members' capacity to save).
- Ten percent of loan amount has to be invested in the form of shares in STHAPATI Credit Ltd.
- Can apply for a loan totaling five times a member's savings account balance, subject to a maximum of Rs 7,500 per loan.

STHAPATI Credit Ltd is in the process of recruiting additional specialized staff in order to expand its savings and credit activities and meet formal reporting requirements. Currently, multipurpose field

workers of Baroda Citizens Council perform a range of tasks including health- and education-related service provisions as well as savings and credit-related functions. Loan repayment and savings collection is only one of their many responsibilities.

The rationale behind developing an



*A STHAPATI Credit Ltd field worker collects the monthly loan repayment*



Collecting her loan from the STHAPATI Head Office

independent team for STHAPATI Credit Ltd is two-fold:

1. Since STHAPATI Credit Ltd was incorporated, better management information systems are being put in place with online computerization of data. This requires increased manpower at the Head Office.
2. Following a thorough review of the loan repayment monitoring system, STHAPATI Credit Ltd is concentrating on improved loan repayments by reducing delayed payments (from their current high level of 35 percent) as well as minimizing loan defaults. This increased monitoring requires both additional field workers and community leaders.

### Facilitating Provision of Improved Water and Sanitation – the Council’s Experience

The Baroda Citizens Council’s involvement in the water and sanitation sector dates back to 1985, four years prior to the establishment of its savings and credit activity through the Community Savings and Loan Association in 1989. Thus, even before loans for infrastructure were available to slum dwellers, the Council aided

them in improved access to water and sanitation services.

The stimulus for provision of water supply and sanitation came about when the Council began its health program in the slums of Vadodara and realized that improved health could only be achieved with improved sanitation and clean drinking water. The slums were completely lacking in terms of physical infrastructure. People

were squatting on any available open space in place of toilets and access to clean drinking water was virtually non-existent.

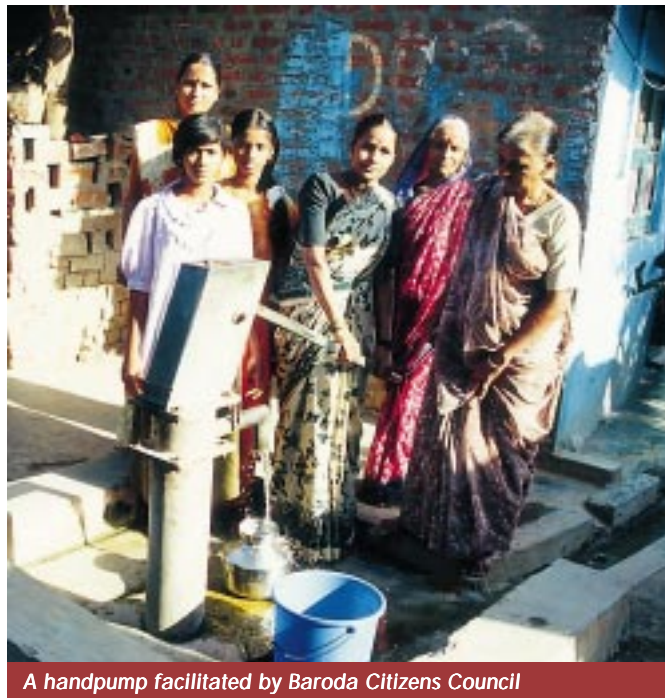
The Council’s water supply and sanitation program began in collaboration with UNICEF through the provision of individual toilets and handpumps for community use. Although UNICEF provided part of the cost of toilets and handpumps, a significant proportion of the cost of obtaining and installing them was borne by the slum dwellers themselves. Initially, they did not have access to any source of credit to help pay these costs and had to meet the costs from their own resources. After the Community Savings and Loan Association began its operations in 1989, loans to facilitate the provision of infrastructure increasingly became available to these poor communities.

**Funding toilets:** Baroda Citizens Council began providing 20 to 25 percent subsidy since 1985 for individual toilets by linking up with donor or state government-aided programs. Individuals contributed the balance 75 to 80 percent of the cost of the toilet, initially from their own resources and subsequently through loans (of approximately Rs 2,500)

**“Baroda Citizens Council does not believe that community toilets are a sustainable answer to sanitation improvement. Our experience shows that maintenance of community toilets is very poor due to lack of ownership. Thus, the Council only facilitates the provision of individual toilets.”**

**Ranjit Jaiswal,**  
Low-cost Sanitation  
In-charge  
Baroda Citizens  
Council





*A handpump facilitated by Baroda Citizens Council*

### **Drinking water:**

The main sources of drinking water available in the slums of Vadodara are:

- handpumps (mostly in interior slum pockets);
- water standposts (provided by the Corporation) available for two to three hours per day for 15 to 25 households to share); and
- piped water from Corporation mains for individual houses. This

from the Association if needed.

**Process:** Due to the lack of main sewerage networks within the slums of Vadodara, the Council mostly helped build individual low-cost water seal pour-flush single-pit latrines in the slums. Baroda Citizens Council sanitation engineers trained a guild of masons who built the necessary latrines. They worked with community groups who contributed their unskilled labor in the construction process, while the Council provided technical supervision.

All the toilets built were for individual use. Thus maintenance is not a problem as they are owner-maintained. The Council's field workers provide individual training to owners in both the use of and maintenance of toilets.

### **Achievements (between 1985-98):**

- 2,685 toilets built in 14 slum areas (90 percent single-pit; 10 percent twin-pit).
- 192 soak pits built in slums (90 percent traditional style; 10 percent scientific filtration method).

may only be applied for if the resident has legal title to her house. Ninety percent of the slums in Vadodara are illegal, so this source is out of reach for most.

The Council implemented a UNICEF program in the early 1990s for the provision and maintenance of handpumps.

**Funding:** The cost of the hardware, which included the handpump (Rs 3,000) was donated by UNICEF through the Council. However, the cost of installation, including boring and labor charges (Rs 8,000) was fully met by the community. One handpump serviced 30 families. Thus, the cost was divided amongst them and each family contributed Rs 250 to 300 each. This was usually paid out of their own savings, although they had access to loans from the Association, if required.

**Process:** The Council did not just aid in the installation of the handpumps but, more importantly, provided a complete tool kit with each pump for its maintenance. Community members were trained in day-to-day



maintenance and repairs from 10 slum areas; they became the official maintenance persons of all handpumps in those slums (including those provided by the Vadodara Municipal Council) and subsequently conducted training programs on handpump maintenance to other members of Baroda Citizens Council.

**Achievements:**

- 76 handpumps installed in 10 slums.
- 76 toolkits disbursed for operations and maintenance.
- 15 women and 60 men trained in handpump maintenance, covering 10 slums.
- Ongoing training on handpump and jetpump installation and maintenance.

The role of credit linkages through STHAPATI Credit Ltd in the provision of toilets and handpumps has been fairly limited so far. The demand for credit for communal water supply has been limited even when it is available. This is because the individual cash contributions to be paid by the community are relatively small and often required in a non-cash form, that is, in terms of unskilled labor.

The staff of STHAPATI Credit Ltd estimate that approximately 30 percent

**1989-1999: Quantum of Loan Disbursed for Improved Water Supply and Sanitation by STHAPATI Credit Ltd**

House repair loans: Rs 19.8 million (70 percent of total loans disbursed), of which loans for water supply and sanitation are estimated to be Rs 6 million (approximately 30 percent of total house repair loans disbursed).

of total loans given in the 'Shelter Upgradation' category are used for installation of toilets, handpumps, soak-pits and community drainage facilities. This translates into a cash disbursement value of approximately Rs 6 million<sup>3</sup>.

**Individual Initiatives**

STHAPATI Credit Ltd has recently begun giving loans for the installation of 'jetpumps' which can provide drinking water to 40-60 families. Their biggest advantage is that they operate on electricity as opposed to manual labor.

Members treat the installation of jetpumps as both a source of income generation as well as a means to meet their own drinking water requirements.

Approximately 60 individual loans (of

<sup>3</sup>Since the Community Savings and Loan Association was set up in 1989.

***The staff of STHAPATI Credit Ltd estimate that approximately 30 percent of total loans given in the 'Shelter Upgradation' category are used for installation of toilets, handpumps, soak-pits and community drainage facilities. This translates into a cash disbursement value of approximately Rs 6 million.***



*The toolkit used for the operation and maintenance of handpumps*



A new toilet funded by a loan from STHAPATI



Power being switched on to start the jetpump



Collecting water from the jetpump

Rs 7,500 each) have been taken from STHAPATI to partially meet the installation cost (Rs 12,000-15,000) of a jetpump. The 'owners' then charge Rs 50 per month for water charges and provide 40-60 families with individual access to half-an-hour of water per day. The charges paid are used to repay the initial capital cost of the jetpump (including repayment of the loan from STHAPATI Credit Ltd) and cover maintenance costs. The excess is deemed profit for the 'owner'.

In the future, Baroda Citizens Council plans to design a collective loan product for the procurement and installation of jetpumps, so that community groups may jointly own them.

### *Individual Initiatives*

**Jai Bhavani Nagar, Vadodara: Individual toilets, collective handpumps and underground gutter lines – facilitated through access to credit from STHAPATI**

**Credit Ltd:** Jai Bhavani Nagar is a sprawling slum housing 1,700 families on the 'wrong' side of the railway tracks of Vadodara city.

Six hundred residents of Jai Bhavani Nagar are members of STHAPATI Credit Ltd.

Most (80 percent) of the women living here work as part-time domestic servants. They are also the main bread-winners, as the menfolk are largely unemployed.

Average monthly incomes range from Rs 2,000 to 2,500 per month for a family of four to six. Most houses here are semi-pucca (mud and brick walls with asbestos roof) and contain two rooms.



A gathering of residents at a collective handpump in Jai Bhavani Nagar



### Current water supply and sanitation status:

- 50 percent of families have individual toilets.
- 50 percent of families use neighboring pond and outlying areas.
- One pocket of 50 houses has an underground gutter line. The remaining slum dwellers have constructed single flush-pit latrines.
- 80 handpumps and 25 water standposts (water available five hours per day) to provide all the water requirements for 1,700 families.

### *Role of Credit through STHAPATI Credit Ltd for Water Supply and Sanitation Provision in Jai Bhavani Nagar*

STHAPATI Credit Ltd has provided individual loans for the following in Jai Bhavani Nagar:

- Loans of Rs 2,000 to Rs 5,000 each to build 200 single-pit latrines, built by the community following training and supervision by the Council.
- Loans of Rs 2,000 each to 50 families to build an underground gutter line; technical supervision provided by the Council; labor contributed by the community.
- Loans for five handpumps to community groups; the Council has also provided a maintenance toolkit



Dirty water flowed through Ramdevnagar before

along with training and facilitation of a 'Maintenance Committee' for ongoing operation and maintenance of the handpumps.

### Collective Initiative

### *The Story of Ramdevnagar: Community, Donor, NGO, Savings and Credit Association and Municipality Work in Partnership for Slum Upgradation*

#### *Ramdevnagar - Before*

- Six to eight hours spent by women per day in water collection.
- Regular fights within the community over water collection.
- Four standposts and two handpumps to service the water needs of 829 families.
- Although most residents managed to have a bath once a day, there was not enough water to adequately wash clothes or surroundings.
- Frequent outbursts of cholera, malaria, diarrhoea and various skin diseases.
- No outlet for dirty water due to lack of drains; disposed outside each house, allowing mosquitoes to breed and spread disease.
- No latrines. Entire community used common open area adjoining a pond behind the slum.
- No centralized collection of garbage - emptied into the pond behind Ramdevnagar.
- 100 percent individual electricity connection albeit 'illegal'.



Women fill water at the collective standpost



Looking for a private place to squat

- Average body weight of women residents has increased;
- Better health for all; dramatic 90 percent reduction in serious disease;
- No cases of malaria registered in 1998;
- Increase in income due to longer hours available for income generation activities; sixty percent of women are now working.

- Interconnecting roads were *kuchcha*, made of mud. No drainage or sanitation facilities.
- Annual flooding of pond during monsoons made Ramdevnagar virtually inaccessible for two to three months every year.

### Ramdevnagar - After

Each participant household in the slum upgradation project now has:

- individual piped water connection

(water available for two hours every day); most households have also built individual storage water tanks;

- individual toilets attached to main, underground sewer line;
- underground drainage;
- average body weight of women residents has increased;
- better health for all; dramatic 90 percent reduction in serious disease (figure provided by the Council's Primary Health Center based in Ramdevnagar);
- no cases of malaria registered in 1998; and
- an increase in income due to longer hours available for income generation activities. Sixty percent of women are now working (mostly domestic servants).

### Project Aim

Baroda Citizens Council initiated the Ramdevnagar project

in order to prove its belief that slum dwellers are willing to contribute both physically and financially towards their own development, provided appropriate financial and institutional mechanisms are set up to stimulate self-help.

The transformation of Ramdevnagar slum and success of the project clearly dispels the myth that poor communities are not willing to contribute towards their own development.

### Ramdevnagar: Socio-economic Profile

Total number of households: 829  
 Location: Behind Gatri lake in western Vadodara  
 Monthly average family income: Rs 2,000 to Rs 2,500

Main occupation: Domestic helpers, small business or service provision  
 Average family size: Five members  
 Literacy rate: 70 percent male  
 50 percent female





A house in Ramdevnagar with its own piped water and individual toilet

**Process:** The Ramdevnagar Project was initiated by the Council in response to a presentation by architect Himanshu Parikh, showcasing the slum upgradation project undertaken in Indore. The concept involved working in partnership with different institutions – both financial and technical in order to achieve on-site infrastructure development in a slum. However, the Council made the decision to include a high degree of community involvement from the outset. To this end, right from the inception of the project the Council staff at both the head office and field level, held numerous regular meetings with community leaders and groups of residents regarding the proposed

program. Even throughout project implementation, there was regular sharing of progress reports along with monitoring the inputs provided by the community. Another policy-level decision taken by the Council in conjunction with community leaders was that the physical implementation work would be contracted out via tender to the lowest bidder. It was agreed at the outset that instead of municipal engineers, local contractors in partnership with community members would undertake the physical upgradation of the slum. It was felt that this system would allow for greater community participation, accountability to residents and increased efficiency.

**S**hantaben, a resident of Ramdevnagar, has a home tailoring business. She had previously taken a loan from STHAPATI Credit Ltd to purchase a sewing machine, but was finding it difficult to meet her repayments despite a high demand for stitched garments.

The reason was her own tiredness and lack of time. All her time was spent in water collection and completion of household chores. In addition, she was often sick, resulting in lost workdays.

Shantaben was earning about Rs 500 per month. Following the slum upgradation program in Ramdevnagar, Shantaben now finds that she has much more time for her business. She even has the luxury of getting up at 7 am, instead of the usual 4.30 am, and has not suffered from any serious illnesses recently. Currently, Shantaben's earnings from her tailoring business have doubled to Rs 1,000 per month.

**Slum dwellers are willing to contribute both physically and financially towards their own development, provided appropriate financial and institutional mechanisms are set up to stimulate self-help.**

**“Baroda Citizens Council is our mother and father. We would never have agreed to this slum upgradation project without the Council. We don't have that much trust in the Vadodara Municipal Corporation as we don't know them – what if they had disappeared with our hard-earned money?”**

**Chandrikaben**  
Infrastructure  
Project Leader  
Resident of  
Ramdevnagar

The Corporation's role would be to provide connections with the city mains, provide its share of cash contribution to the project and give technical advice when requested.

It is interesting to note that from the beginning the slum dwellers were happy to contribute a significant amount of the capital cost of infrastructure, as long as they were assured of a high level of service provision with tangible benefits. Initial skepticism from the community revolved around whether implementation would really take place as promised, but the presence of the Council as coordinator helped dispel that fear.

### Why Ramdevnagar?

- A technical survey was undertaken by Baroda Citizens Council engineers of proposed slums and Ramdevnagar was perceived to be technically best suited to the laying down of piped water, drainage and sewage lines.
- Ramdevnagar was in particularly dire need of infrastructure improvement as it was very badly affected during the monsoon season; one-third of the slum would get submerged every year.
- Both the Council and STHAPATI Credit Ltd were operating very successfully in the area through various development programs since 1989. The local community had a high degree of faith in the Council, which had been involved in Ramdevnagar in the areas of health education, skills training, development of local leadership and community associations, prior to the slum upgradation program.

The Ramdevnagar upgradation

project was initiated in May 1994; physical work was expected to start by January 1996 and be completed during that year. The current status is that while most of the work was completed in early 1999, the cemented approach road is yet to be completed. Completion date is set for August 31, 1999. There are four main reasons for the substantial delay:

- Heavy annual monsoons lasting up to five months caused delays and stoppage in physical work.
- Lack of adequate cash contribution from all community residents within initial timeframe.
- Delay due to learning curve – the upgradation was a new experience for all the partners involved.
- State government delayed grant of a 'no objection certificate' to the residents of Ramdevnagar, which in turn delayed the commencement of the project significantly. This permission was crucial as the slum is situated on government land and the residents were anxious to obtain permanent land tenure status, prior to contributing towards capital costs of infrastructure. The Corporation has recently given written assurance of a minimum tenure period of 10 years for all residents of Ramdevnagar.

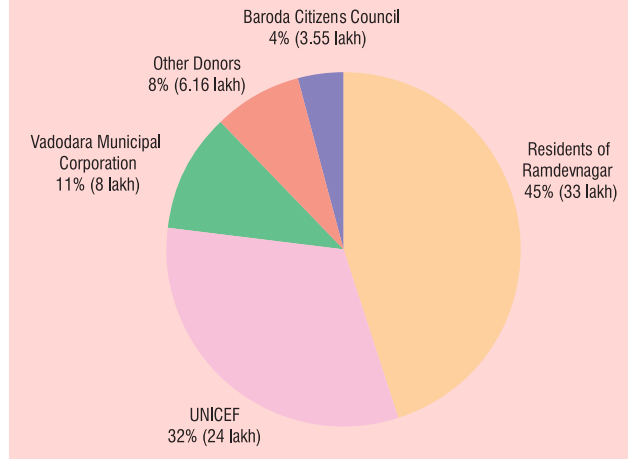
Initially, when the Council communicated the proposed slum upgradation program to residents of Ramdevnagar, there was a high degree of skepticism. However, following a series of motivational area meetings followed up by individual home-to-home visits by Council field workers and local community leaders, pockets of residents were convinced of the feasibility of the program. This encouraged others to join.



### Services Provided by the Slum Upgradation Project

- Cement approach road to slum.
- Concrete (pucca) inter-connecting roads within the slum.
- Underground drainage and sewerage pipes.
- Individual piped water supply for every household.
- Individual connection to gutter line, for each toilet.

### The Financial Contribution of Each of the Partners in the Program



### Financing

Unique to this project is the partnership between various institutions, with overall project coordination provided by the Council. Equally significant is the substantial proportion of the community's own contribution (45 percent) towards the upgradation of the physical infrastructure. Coupled with this is the high degree of self-motivation and leadership input put in by a significant number of community leaders, ensuring the eventual success of the project. In short, there was wide community 'buy-in'. In any collective upgradation process, a high degree of buy-in, translated into payment by each family of their cash contribution amount is crucial for success, as infrastructure upgradation is a collective good benefiting all residents. The program has so far been successful

- Original total cost projection : Rs 5 million
- Revised total cost projection : Rs 7.7 million
- Contribution per household : Rs 3,500 (originally projected to be Rs 2,500)

in motivating 87 percent of the residents to participate, with 70 percent of the community's contribution fully paid up and 17 percent about to complete payment. The Council, along with community leaders, are engaged in ongoing dialogue with those that are yet to pay their cash contribution and are hopeful of eventually collecting 100 percent of the community's share.

### Specific Role of Microfinance through STHAPATI Credit Ltd in the Ramdevnagar Upgradation Pilot Project

The role of STHAPATI Credit Ltd was crucial to the success of the Ramdevnagar project.

**664 loans were given to residents by STHAPATI Credit Ltd in order to meet their individual cash contributions.**

Of the 829 residents of Ramdevnagar, 664 families are members of STHAPATI

“Without access to a reliable, cheap source of credit from our STHAPATI, we could never have paid our individual cash contributions so fast. We can only save Rs 50-100 per month – so it would have taken us three years to save up our own contribution of Rs 3,500.”

**Nandaben**  
Resident of  
Ramdevnagar  
(Vegetable vendor)

**The transformation of Ramdevnagar clearly dispels the myth that poor communities are not willing to contribute towards their own development.**

“ We are currently accessing loans from STHAPATI Credit Ltd for housing purposes, although we wish that the maximum loan amount could be increased to Rs 15,000 and the repayment term extended to five years. ”

Hansaben  
Resident of  
Ramdevnagar and  
account holder with  
STHAPATI Credit Ltd



Wide Inter-connecting roads of Ramdevnagar following the upgradation

Credit Ltd and all of them have accessed loans of Rs 3,500 each in order to meet their cash contribution. Although 40 percent of these members also have regular bank accounts in nationalized banks throughout Vadodara, they have found it impossible to access loans from these banks, despite several loan applications.

A recent phenomenon has been a sharp upsurge in the demand for housing upgradation loans from residents of Ramdevnagar. With the physical infrastructure work completed, residents now wish to construct their own toilets, upgrade their walls from *kuchcha* to *pucca* and put in permanent roofs.

### Ongoing Maintenance of Infrastructure in Ramdevnagar

The community has collectively taken complete responsibility for ongoing, on-site maintenance of services in Ramdevnagar. With the help of Baroda Citizens Council, they have formed a formal 'maintenance' committee made up of local residents. This committee will initiate and supervise future maintenance work. Finances to meet maintenance costs will be collected through cash contributions from residents, whenever repairs are required.



For more information, please contact:

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