

## A village council that gives credit cards to villagers

Most households in the Jaltara village in Madhya Pradesh's tribal dominated Mandla district have credit cards. The village council, in a unique initiative, has provided them cards that enable villagers to avail low-interest loans to support their livelihood activities.

In this 350-plus population village, the village council has laid down a system of issuing Gram Sabha Credit Cards (GSCCs) to the poor families for promotion and protection of livelihood activities.

An official of Madhya Pradesh Livelihood Projects said the GSCC is a simple credit card having basic details of the credit seekers like name, assets etc.

The council has so far provided minor loans to at least 50 card holders for procurement of inputs that sustain or improve their livelihoods base.

The standing rules have been framed by the council, and these allow the credit facility only for livelihoods-centric activities to the permanent residents of the village. No credit is given for marriage, vehicle purchase or house construction.

'The system of GSCC has saved poor families from falling into trap of informally operating money lending system,' says village head Dev Singh Ugadi.

The annual rate of interest is only five percent and the highest credit limit is Rs.10,000, he added.

One family can have only one GSCC and participation of card holders in at least nine council meetings is mandatory.

The money in Gram Kosh (village treasury) comes from Madhya Pradesh Rural Livelihoods Project, which operates in about 3,000 villages in nine tribal districts of the state.

The credit seekers have to name two people as guarantors in the council meeting. Repayment time is six months from the date of receipt of loan.

Loan amount and the monthly instalments are also decided in the council meeting and it is the responsibility of the council secretary to deposit the instalment amount in the Gram Kosh.

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