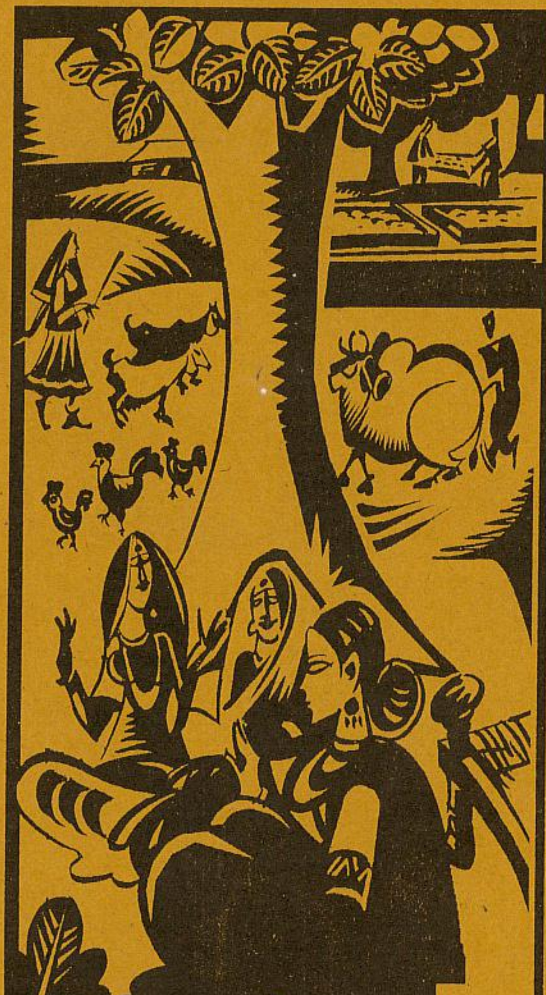
The Livelihoods and Development Monthly

NewsReach

APRIL 2004
Volume 4 Number 4



Mutually Exclusive Interventions

Instead of a 'save trees corpus' to stop cutting of trees, prevent loss of family assets and generate income for self-help groups, we could look at these interventions as being mutually exclusive

Anish Kumar

I write in response to the thought provoking concept paper by Soumik Banerji (*A Trust for Trees*, NewsReach February 2004). Let me say a couple of words about Soumik and his work, which I greatly admire. I think it is relevant to all of us. In our annual retreat this year, one of the dominating concerns universally raised was our inability to include the poorest of the poor. Soumik works with Paharias in very remote villages (mainly on hills) of the remote block of Sundarpahari in Godda district of Jharkhand. This area hosts some of the poorest and remotest people Pradan works with. It easily is the bottom 5% of the otherwise 'systematically excluded' poor in our interventions. This area is also ecologically fragile (another concern widely raised in the retreat) with farmers practicing shifting cultivation on undulating terrains. Soumik has demonstrated that it is possible to work in these remote areas on livelihoods that are feasible, remunerative and ecologically sound. This he has done on scale (another of our pet concerns). He works with about 500 families. I have felt inspired and enthused by his courage of conviction, tremendous intellectual vigour and capacity to keep himself informed even in such extreme isolation.

Soumik's Concept

Let us now look at his concept of a 'save trees corpus'. The ecological-economic crisis as posited by Soumik is distress sale of 'eco-currency' trees as 'timber for cash'. The solution suggested includes the creation of a corpus; self-help groups (SHGs) providing loan to members selling trees by creating a tree mortgage; and better protection with 'collectivist' effort as opposed to individual effort. The stated benefits of this proposition are that the trees would be saved; the corpus will be enhanced with the proceeds; the SHGs will earn some income from the sale and marketing of tree produce; and the family in distress will get to retain its only asset.

Key Issues

The key issues are as follows:

- How does the 'save trees corpus' get created? The paper was not explicit on this. I presume it is pumped in from the project. There is also a plough-back as repayment at the project or cluster level. There could be some long-term institutional issues here. However, I do not see any problem with pumping in money as we routinely do it in all other activities. It would be a learning experience for us to understand the proposed systems for management of the 'corpus'.

- There is some dichotomy in the argument of 'better protection with collectivist efforts' and at the same time 'protection of family assets' as the assets rest with the 'collective' only till the 'loan' is on. Lest I be misunderstood, I find 'distress protection of the asset' very valuable. However, I found the examples cited for the protection of trees by the collective or in the commons odd. 'Goods belonging to no one' would not make for better protection and the trees near the village would have some religious importance. I suppose the preservation of 'commons' would start from some deriving of value - be it religious, social or economic. Even when the asset gets into the hand of the SHGs, better protection happens only when the members understand and exercise ownership. In the proposed arrangement we are essentially talking of 'shift of ownership' - not 'collectivist' in the sense of 'village commons'. This is important, as we have now had experience of management of assets by SHGs and water users associations. It will be worthwhile if Soumik throws some light on the systems and processes for the 'exercise of ownership'.

• The most interesting and catching proposition is the creation of 'mortgage'. It is here that I see serious issues. Let us first understand the 'mortgage' type of arrangement suggested by Soumik. The paper says that distress sale happens for amounts in the range of Rs 500-1,000. The issue I see is essentially of 'distress smoothening'. How is this different from a distress sale of bullock or milch cow or any liquid asset that also gives repetitive returns except for the ecology part? In the case of trees, the asset becomes liquid primarily because of tenancy laws and practical difficulties in drawing the usufruct by the moneylender. If the laws were more benign possibly the 'ecological distress' would not have arisen. In this sense then the corpus becomes 'Save Asset Corpus' and there I see a point in looking beyond the trees.

The issue of 'mortgage' when de-linked from the 'tree' appears very different. After all, the basic functioning premise in SHGs is 'mortgage of member trust'. I thought it was resolved when we used to explain to the sceptical banker asking for 'physical collateral' that these groups have peer pressure, norms, etc. and that creates a much more potent 'collateral' for the bank. The sceptical banker, after some experience, accepted this 'social collateral'.

Mortgage is an issue of 'comfort' to the lender. In a group, if other members are not 'comfortable' to lend Rs 500-1,000 to save the assets of a distressed member and in the process create a physical charge - I see something is amiss. The 'exercise of charge' anyway happens effectively in case of default even when a member takes a loan, whether for a livelihood asset like a goat or consumption expenses like child health. The proposition here is the creation of 'explicit charge' that too, 'up-front'. I see this as a violation of member trust. And pray, why did the group think of this? Because it could also use the asset effectively to milk some money easily, which is not the case when you create a charge on a goat. Even if I as a member would have some share in the income by virtue of being a member or the fact that I saved my assets from distress sale, it would not mitigate my pain from others taking benefits from my assets. In the end, the group only gave me some money albeit at lower rate than usual but they only had a charge on the 'cost of capital' and nothing more.

The Group as Lever

I see introducing 'mortgage' as subverting one critical feature of 'our' type of group. This feature is 'group as a lever'. The 'lever' happens when as a group member she has the benefit of access to much more money than when she saves individually. This is in the financial sphere. The same applies in other spheres also as the group helps a member do much more than she can left to her own devices.

Now let us take the mango tree mentioned in the article, for a period of one year. A mortgaged loan of Rs 500 at 12% interest makes for an annual interest outgo of Rs 60 per annum for the family. This is much better than the prevailing moneylender interest rate of 100% where the interest outgo is Rs 500. There is considerable saving here. In terms of 'benefit lost', the 4 quintals of mangoes for Rs 2.5 per kg would have fetched Rs 1,000. Well, the equation drastically changes now and even if we take the member share of the group profit (adjusted for expenses on collection), the member is much better off with the moneylender. One might argue that the situation will improve for the mortgagor next year when the mango crop fails, as her perceived sense of loss will disappear.

The point I am making is that the intervention has the potential to act as a 'lever'. As we have seen with the 'mortgage' option, the member actually was better off without the group. In the process of asset loss mitigation, we ended up drying up the revenue stream, which was much larger than the 'market value' of the asset. Deciding the 'prevailing market value' will present another moral hazard to the group. Up there in the hills, there could be a market (legal and accessible) for 'mangoes' but not for the 'tree'. So willy-nilly fair market prices would be quite unfair.

Unequal Agreement

If we really need to secure the 'tree loan', we can resort to hypothecation as is done in banks for trees. The 'mortgage' arrangement discussed by Soumik is different from the way it is widely understood in the financial world. Here 'mortgage' is a charge on immovable assets wherein the title documents are given to the lender. The arrangement is called 'hypothecation' for movable assets . In either case, asset ownership and use of the asset remains with the borrower. Soumik's 'mortgage' is quite common in rural areas and in informal channels like that of the moneylender where the use of assets is also taken away from the 'mortgagee'. In the formal banking system, 'use of assets' is taken away from the borrower in case there is a default. However, even in this case the lender uses the income from 'asset use' to service the debt of the borrower. Soumik's 'mortgage' is essentially a heavily unequal agreement between a 'pledgor' and 'pledgee'.

Soumik's proposition, apart from 'asset loss mitigation', is of creating an income generating opportunity for the group. The key here is whether it is a group or individual activity. Any activity ultimately benefits the individual since a group comprises of individuals. We need to 'kick up' only those activities or sub-activities that are not possible individually for the simple reason that there is a 'cost of collectivisation' and it reduces efficiency. The Soviets learnt this the hard way. Even in Israel it has worked because of very strong motivation to 'survive'. Trading is not possible individually as we get into the trap of usurious channels and accessing distant terminal market prices is possible only with scale. The collection of mangoes would not fall in that category. So, even if the experience is good in Tatakpara, I do not think the group picking mahua flowers is to any good. Let us restrict ourselves to 'asset loss mitigation' and if that 'asset' is 'tree', all the more reason for loss mitigation by all means.

Soumik wants to address 3 issues of stop cutting of trees; prevent loss of family assets; and generate income for SHG in one go. I would request him to look at the possibility of these interventions being mutually exclusive.

Losing Land in Sironj

Widespread mortgaging of land in Sironj in Madhya Pradesh is alienating poor and small farmers from their landholdings

Kavita Maria

The phenomenon of land alienation is deeply rooted in the villages of Sironj in Vidisha district of Madhya Pradesh (MP), where poor and small farmers (mostly scheduled castes and other backward castes) with marginal landholdings are gradually losing control and ownership of their land as a result of mortgaging for credit. These observations were made in most of the 46 villages where Pradan is working to promote rural livelihoods under the World Bank funded District Poverty Initiatives Project (DPIP).

During the course of agricultural interventions, Pradan's Sironj team has come across a trend where small and poor farmers mortgage their land with local moneylenders to meet their need for credit. Many of the lands owned by poor farmers are also mortgaged to large farmers or some moneylenders in Sironj. Along with that, the original owners sell the mortgaged lands to the moneylenders when they are unable to repay loans, thus losing the legal ownership on their lands.

Most Important Resource

Land is the most important source of livelihood of farmers in Sironj where the entire economy of villages is based on agriculture. The average landholding per capita in Vidisha is the highest among the districts of MP. The minimum land area owned by each family is in the range of 0.5-2.5 hectare (ha).

Due to low land productivity and increasing lack of adequate labour opportunities in agriculture, poor and marginalized farmers in villages are unable to meet their big credit needs (estimated by me at an average of Rs 20,000 per annum) required at the time of marriages, death, illness, repaying bank loans, contributing in government schemes for asset creation, etc.

This credit cannot be leveraged from banks as most farmers have defaulted in the past and do not have enough financial collateral. Bankers too do not encourage credit against land due to their bad experiences of recovery at the time of IRDP (Integrated Rural Development Programme).

Poor families need credit primarily for basic consumption and social consumption besides investments in agriculture. Cash is not easily available without mortgaging land and the rate of interest on cash borrowing is enormous (3-5% monthly or 36-60% pa), which makes it almost impossible for a farmer to repay the loan.

In order to gain first hand information about land alienation in Sironj, I put together case studies of 2 sample villages (Sahankhedi and Tarwaria). I also analysed information available from secondary sources like lawyers, moneylenders, bankers, *patwaris* (village level officials who keep land revenue records), sales registrar and notaries. The idea was to explore the extent of land alienation and the areas of exploitation, understand the reasons and various implications of the problem and understand the documentation process in order to verify its legality.

Cycle of Debt

In most cases the 'mortgage' cycle starts with a ceremony (marriage, death, etc.) or an emergency like illness. A farmer borrows a few thousand rupees and in turn puts his land on mortgage. The interest is paid in cash or by the custom of *batiya*, which entails subtracting the input from output, which would then be divided equally between the farmer and the lender.

Since the farmer often does not have money to buy inputs, it is the lender who invests in them. When the crop is harvested, he takes back his input costs and half of the remaining. The rest is not enough for a family to survive, so it has to again borrow some money from the lender. In this way, the loan goes on accumulating and ultimately the farmer loses his land.

For example, Puran of Tarwaria village mortgaged 4 *bighas* (1 ha) of land for Rs 10,000 with Halkai, another farmer of the village. He could not repay his loan after 2 years. In order to prevent the land from getting registered in Halkai's name, he mortgaged the land to Narain Singh of Sironj and repaid Halkai.

The land was mortgaged with Narain for 4 years. Due to loss in yields following low rains during these years, Puran could not meet repayment schedules and as a result, had a large outstanding amount to pay. He finally cleared this debt by selling off the land to Narain. Puran is left with 4 *bighas* today. He has lost 50% of his total landholding in just 6 years.

The notary is the focal point of all legal agreements undergone for the loan. All the mortgage deals that the villagers told me about should have been in records of the notary. Some are with the registrar if documentation is done at that level, which is rare due to the heavy duties charged.

Land for Capital

There are 4 major ways for the farmer to exchange land for capital. They are:

- Sharecropping or *Batiyanama* (1:1) or (1:2): In the sharecropping arrangement, another person gives money and tills the land for a decided upon number of years and contributes labour and other inputs and shares the profit in the ratio of 1:1 or 1:2. This is the most equitable arrangement but the *Batiyanama* is not generally signed because the rates will be lower than mortgage rates and the moneylender is not ensured of his recovery legally, unlike in agreements to sell.

- Mortgage or *Rahannama:* The documentation is done by the notary in which money is provided in exchange for possession of land to the mortgager, who must have a legal credit license such as banks.

- Sale of land or *Vikraynama:* This document is registered in the office of the Registrar of Sales. A farmer can directly sell his land without mortgaging it. In this case, the amount received will be higher. As farmers do not really want to sell land, this direct selling for credit is not very common.

- Agreement to Sell (ATS) or *Ikrarnama:* It implies that the farmer is willingly selling his land to meet capital requirements. The document says that the owner agrees to sell his land to the other person mentioned for a total amount out of which an amount is paid to the farmer and the rest is to be paid at the time of registration, which will be done after 3 years as the farmer does not have enough money required for registration. Whenever he gets the money, he is supposed to inform the buyer to get the land registered.

Due to lack of any tenancy act for the scheduled castes, the sale of land is an individual issue, which does not contravene any legal framework. This is legally valid despite being exploitative, as the rates given are lower and the interests charged are heavy.

The land mortgage provisions of the MP revenue code of 1959 protects a farmer's rights. He can claim his land at the end of the mortgage period mentioned in the deal as decided by both the parties. If the land is in possession of the moneylender for 30 years continuously, he can claim his ownership on the land.

Advantage Moneylender

All notaries we spoke with presented different views and attitudes but all of them acknowledged the widespread mortgage of lands in the area. According to them, mortgage deals are illegal unless the mortgager possesses a credit license. Thus money is lent to the farmers on an agreement to sell the land, which is within legal boundaries. The moneylender thereby reduces the risk of losing his investment.

According to them, disputes are rare on this issue as the farmer generally repays the interest and eventually sells the land (see box 1). There were no cases where the moneylender did not return the agreement and possession of land if the farmer repaid or when the land changed hands.

Box 1: A Hypothetical Case

Farmer F wants credit for his daughter's wedding for which he mortgages 4 *bigha* to L, a large farmer from his own village. The legal documentation of the deal is done in the form of ATS (Agreement to Sell), which says that F is willingly selling his land to L for Rs 70,000 (in accordance with the sale rates), out of which Rs 9,000 will be paid at the time of registration to be done after 3 years as they do not have enough money required.

This Rs 9,000 is never paid, as it is just a buffer to meet the actual sale rate of Rs 70,000. This remaining Rs 61,000 is inclusive of the credit for the entire 3 years but the farmer actually receives only Rs 30,000 as his principal loan amount @ 3% per month.

After the completion of 3 years as mentioned in the ATS, the agreement becomes invalid so L asks F to repay. If F is able to repay, the original copy of the agreement is returned to him so that he regains the full ownership of his land.

If F is unable to repay (which invariably happens), he goes to another moneylender M, who signs another ATS with F for Rs 65,000 for 1 year, out of which Rs 61,000 is repaid to the first mortgager L. F hopes to get his land back this time.

After a year he again mortgages with another moneylender or renews the agreement with the same if no other moneylender agrees to pay a higher amount for the land. Thus, the land then will be in control of moneylender M. Gradually F loses hope and gets the registration done in the favour of M to get rid of the debt. The farmer F thus loses his legal ownership of 4 *bigha* of land in 6-10 years.

The moneylender thereby reduces the risk of losing his investment. This document ensures that in case the farmer is unable to repay during the stipulated period, land will be registered in the lender's name. The amount mentioned is not the sales amount but credit provided [principal loan amount + cumulative interest for the entire period (1-3 years) @ 3-5% per month]. In this document there is no mention of credit, mortgage, or interest. This is part of another agreement, which may or may not be written but done in the presence of witnesses. The terms of mortgage are decided in that informal agreement.

It is the prerogative of the moneylender to decide all rates and conditions. The rate of land is decided as per local norms, which are generally less than the government prescribed sale rates. For instance, the rate of sale of 1 *bigha* of land is Rs 15,000 per *bigha* for non-irrigated land in Sahankhedi village but generally people receive only up to Rs 10,000 per *bigha*. Even this price varies with the quality of land. The terms of interest are decided in the presence of other witnesses from the village. Usually, an interest of 3-5% is charged. The creditor decides whether he wants interest in cash or kind (*batiya*).

The farmer keeps changing lenders (mortgaging the land with another moneylender after the term of agreement) for the same piece of land in the hope that he will be able to eventually redeem it with profits from crop produce. The land changes hands at least 3-4 times before the farmer gives up and ends up registering the land in the moneylender's name.

He gets trapped in the vicious cycle when he loses a certain percent of the land. The process does not stop until he is able to redeem his land, which has not been possible recently due to low productivity and high rates of interest on loans.

Large Farmer-Trader Nexus

In fact, it is observed that the lands are first mortgaged to large farmers in the village, who supposedly gather the capital required from the Sironj trading community or the moneylenders at say 2-3% interest, which they further refinance to the poorer farmers at an interest rate of 3-5% per month. The trader earns a good 2-3% interest rate per month or 24-36% pa, which is much higher than the bank interest rate.

This was verified and acknowledged by a moneylender who admitted that the landholdings of small farmers are declining as a result of non-repayment of loans. He said that traders and businessmen do not have time and energy but a village based local large farmer who has more stake in these lands, as he also cultivates some of the mortgaged lands efficiently and conveniently deals with the recovery of interest and principal. Thus the capital for mortgaging the lands from Sironj either flow directly to the small farmers or via the larger farmers based in the village.

The Branch Manager of the regional rural bank (RRB) in Sironj said that he was confident that out of the Rs 5 crore the RRB has lent out to large farmers this season for agriculture, Rs 1 crore went into further lending to smaller farmers at higher rates of interest.

The moneylender has the upper hand in deciding the terms of the agreement. High rates of interest, crop failure and the lack of provision for repaying through instalments results in increasing debt burden in 5-10 years. After this the pressure from the moneylender for registration precipitates the sale of the land to the moneylender. For instance, if a farmer fails to repay interest for a loan of Rs 40,000 say due to crop failure, his outstanding amount will become Rs 54,400 @ 3% monthly interest in a year.

If the situation continues for another year, the amount will rise up to Rs 68,800. Bonded labour in the form of *harwaha* system is another exploitative implication of this phenomenon. In Sahankhedi for instance, farmers can get Rs 6,000 lump sum in terms of wheat for a year and become a full time labour in the field with exploitative work conditions in the moneylender's field, who is also the *patel* (big landowner) of the village.

The people are not aware of the rights given to farmers under mortgage of agricultural land in the MP revenue code. All they know is that moneylenders write whatever they want to write. In one instance a farmer from Tarwaria proudly said that he is free from all debts since he had paid off his loan by selling land to the first mortgager. What he does not foresee is that another cycle of capital requirement would again put him in a similar situation and he would most probably lose another piece of his land unless he manages to earn enough profit from his crop yields.

Findings in Sahankhedi

Sahankhedi is a small village comprising 40 households with agriculture as their primary occupation. The village is economically and socially heterogeneous (comprising Dalits, Muslims and other backward castes). Land mortgaging is very common in Sahankhedi.

Twenty-five plots occupying a total area of 92.5 *bigha* belonging to 14 farmers are mortgaged. Most of it is mortgaged with the local leader or village *patel*, Umar Khalid, followed by others like Ghasiram (Sironj based trader) and Nabbu (large farmer). Together these 4-5 families own 310 *bigha* (77.6 ha) in their names. After verification and collation with sales deals we found that a total of 47.5 *bigha* has been sold (27 *bigha* registered and 20.5 *bigha* unregistered) subsequent to the mortgaging of land belonging to 8 farmers.

In last 3 decades (1971-2003) the land under the control of poor farmers in Sahankhedi has decreased from about 60% to 40% while the land with large farmers and moneylenders has increased from 35% to 56% (see table 1). Out of the total cultivable area, large farmers from 4-5 families mentioned above have 310 *bigha* of land according to the latest *patwari* records. This means that in 30 years villagers have been alienated from 25% of the total land area. Thus their landholdings, the only livelihood asset, has depleted quite sharply.

The village *patel* owns maximum land in the village. He also fulfils small credit needs of poorer villagers and has a very positive image in the village. The poor people are engaged in *harwaha* in his

Table 1: Change in Landholdings in Sahankhedi

	2002-03	1971-72	
Particulars of Land	Area (*bigha*)		Sources of information
Total cultivated land	760	720	*Patwari* records
Land owned by large farmers and moneylenders	310	200	*Patwari* records (B1, paanchsala)
Landholdings with the rest of the villagers	310	560	*Patwari* records
Land sold to large farmers and moneylenders (registered but not transferred to B1 record)	27		Registrar of Sales
Land sold to large farmers and moneylenders (unregistered or not found in registrar's records)	20.5		Villagers' information
Land mortgaged or agreed to sell	92.5		Villagers and notaries
% land under the control of villagers	40.8%	65%	
% land with large farmers and moneylenders	59.2%	35%	

large landholdings. The *harwaha* system is a disguised or modified form of bonded labour when a farmer becomes a full time labourer for the landlord in lieu of Rs 6,000 for the entire year. He works in harsh work conditions doing all kind of work for the owner at any time of the day or night.

The *harwaha* can be freed by paying back the amount (Rs 5,000-6,000) in a lump sum. The landowner does not give cash. Instead a daily or monthly quota of wheat etc. is given worth the same amount. A day off is compensated in cash or by working an extra day. There were currently 4 *harwahas* according to a list provided by the villagers. Their families appeared quite unhappy about this arrangement.

Findings in Tarwaria

Tarwaria is a socially heterogeneous village with families from castes including Harijans, Thakurs, Kaachhi, Kushwaha, etc. Economically, it is more or less homogenous. The problem of land alienation is widespread. Tarwaria was economically heterogeneous few years ago when the sale deals and mortgaging was being done within the village itself.

Therefore we find many Tarwaria people buying and mortgaging lands amongst themselves. Some of the lands are gradually changing hands and have reached the hands of Sironj traders like Kunwarlal (Katrawale). He has largest amount of land mortgaged and owned by him.

Table 2: Change in landholdings in Tarwaria

Particulars of land	Area (*bigha*)	Source of information
Land sold to large farmers and moneylenders (registered)	18	Registrar of Sales
Land sold to large farmers and moneylenders (unregistered)	74	Villagers' information
Land mortgaged or agreed to sale	46	Villagers and notary
Total land mortgaged or sold 1993-2003	138	
Total cultivated land	480	*Patwari* records
% land mortgaged or sold	28.75%	

Data from the Sales Registrar's office shows that 24 sale deals of lands have taken place and registered in the last 10 years from 1993 to 2003. Almost 30% (138 *bigha* out of the total cultivated area of 480 *bigha*) land is either sold off or under mortgage (see table 2). Out of this 138, land that has already been sold is 92 *bigha* (registered + unregistered). It is proportionately even higher than in Sahankhedi (47 *bigha*). A total of 74 *bigha* has been sold (unregistered) in this process in the last 1-2 decades and another 46 *bigha* are still under mortgage with little hope of their redemption.

Two out of 4 notaries in Sironj recorded 30 ATS (Agreement to Sell) deals by 28 persons in past 5 years. This indicates a speculation of 60-70 ATS deals in the 5 years. The range of amount for which the land had to be mortgaged varies from Rs 4,000 per *bigha* at a minimum to Rs 50,000. It may go up to 1 lakh depending on the farmer's requirement and land quality. The average amount or the mean came out to be Rs 20,000 required per person for Tarwaria in past 10-20 years.

Conclusions

Poorer farmers have thus lost a considerable area of cultivable land to local moneylenders of Sironj and large farmers within the villages to meet their credit needs. In the past 30 years in Sahankhedi villagers have been alienated from 25% of the total land area. In Tarwaria, almost 30% or138 *bigha* out of the total cultivated area 480 *bigha* is either sold off or under mortgage. The number of ATS deals signed in last 5 years with all the notaries together was 40 in Sahankhedi and 70 in Tarwaria, which indicates the extent and frequency of land mortgage deals.

The case studies of the 2 selected villages are not independent exceptions. The phenomenon is similar in almost all the 46 villages in Sironj where Pradan works. The problem is more in big villages where big moneylenders and farmers stay in the village itself. They become the first and foremost immediate credit source with hardly any other alternative available.

The poor have become poorer and even the once well-off farmers with enough landholdings have been on the downward spiral of development. It is imperative at this stage to review the situation vis-à-vis the DPIP investments in land-based interventions to uplift the poverty levels.

The study indicates the trend of further decreasing landholdings as the farmer is consolidating a minimum irrigated land and to removing his debt and mortgage burden by selling off the mortgaged piece of land. But it is seen that generally lands that lie in the command area of the irrigation source come under mortgage due to higher sale value. Thus the poverty initiatives would become temporarily viable but eventually the assets will be benefiting the moneylender (see box 2).

The average deficit of capital (Rs 20,000) compels farmers to mortgage their lands, which has further worsened their position, forcing them to fall in the debt traps of moneylenders. They gradually get alienated from their land and enter the unending circle of debt and poverty. The economic and social condition of the families further deteriorates due to their increased debt situation. The poor farmer is struggling to strike a balance between land, capital and labour.

Box 2: Who Benefits?

Chhatro Bai of Sahankhedi has mortgaged 7 *bigha* of her land for the past 3 years. Out of the 7 *bigha*, 5 *bigha* are in the fertile land area of the village and the 2-*bigha* plot lies in the command area of a tube well installed in Hariram's land under DPIP. The *patel* (big landowner) had mortgaged Hariram's plot 3 years back. This plot is now irrigated and water is also given to adjacent lands which includes the *patel's* own plot of 5 *bigha*, Halku's mortgaged 0.5 *bigha* plot and Chhatro bai's 2 *bigha* plot.

Thus the land under irrigation is not benefiting Chhatro, Hariram, Halku and other poor farmers in the command area but the large farmer. Hariram is trying to free his land by mortgaging another piece of his non-irrigated land. Chattro bai and Halku are more likely to lose their lands unless they manage to repay, which seems unlikely.

The Way Ahead

What can Pradan do to improve the situation? It could intervene to increase farm productivity to increase incomes of poor farmers so that they are able to repay loans in instalments. Pradan has intervened successfully in improving the practices and quality inputs in soybean cultivation with selected farmers. Since productivity increased farmers earned cash incomes higher than was usual.

Pradan could innovate ways to redeem lands through specialised loans products leveraged through savings and credit groups. Pradan could also discourage further transfer of fertile and irrigated lands. This is necessary to ensure that large investments made through DPIP actually benefit the poor. It can even be made necessary that land in the command area of a DPIP-funded irrigation scheme cannot be mortgaged or sold.

Generation and Flow of Surpluses in Society

Will the failure to tax the top to bear the cost of primary surplus generation affect the growth of 'accumulated surplus'? Is it only an issue of poverty of large numbers of poor people?

Dinabandhu Karmakar

What provoked me to write such an abstract note? I first started intuitively reacting to *The Forgotten Sector* by Thomas Fisher, Vijay Mahajan and Ashok Singha. I saw there was lot of emphasis on markets in search of promoting livelihoods. There were theories to select potential sectors.

When I tried to track the roots of growing sectors, I found that the root was missing in the book. They have taken certain things for granted. One is that buying capacity exists in society. I was looking at the lists of growing sectors and trying to identify the consumers of the products of those sectors and where they earned the buying capacity.

What Needs to be Done

It is obvious that if these sectors are to grow then the buying capacity of those segments of consumers also need to grow. The question haunted me: what needs to be done to sustain that growth?

The second time I was affected was when Anand Kumar argued in favour of producing whatever sold in the market (*Journey Towards an Integrated Intervention*, NewsReach October 2002). And finally, when Deep Joshi said that we need to consider the market more seriously as potential avenues to promote livelihoods and need to understand and learn more about the market. The fourth stimulus came from Thomas Fisher while attending the Local Area Economy Study Workshop organised at Ranchi.

Today several questions clutter the mind when I look at issues of development and poverty alleviation. Whom do we work with, in what socio-economic strata? What should be the principles of mobilising finance to promote developmental interventions? What are the implications of disobeying the principles of market economy? How bad is it to subsidise the cost of poverty alleviation? It is often argued that we should be able to earn our cost by selling our services. Does that mean we serve only those who can pay? Do we then need to work at all? A parallel question is: Do the poor not pay?

Financing poverty alleviation has become a major issue in sustaining developmental interventions, particularly when efforts are made to reach the poorer. Natural resource management (NRM) is at the core of activities that benefit a large number of poor families in our society.

Although the entire world's population depends on agriculture for its food, a large number of people do not directly depend on agriculture for their livelihoods. It is simply because of the involvement of an enormously large number of people in producting agricultural commodities and the huge amount of surpluses generated globally.

Thus, when it comes to the market, sellers does not get the prices they require to recover costs, which includes their labour and the cost of earth that gets depleted through agricultural practices. As a result, the farming community fails to generate the surpluses it requires to rejuvenate its productive assets.

Thus subsidies became an indispensable part of the national budget of countries trying to encourage farmers to sustain production. These subsidies were considered as an act of sharing the cost of production of basic necessary commodities, which everybody consumes for their survival. But with changing policies, 'subsidies' are dwindling in national budgets as if this is an undue advantage enjoyed by farmers.

It is true that there are rich farmers who can sustain production because they could accumulate significant surpluses utilising the subsidies or subsidised infrastructures they availed of in the past. There are also a huge number of poor farmers, particularly in dry land areas and poverty pockets of the country, who did not get any subsidy and could not produce any surpluses in real terms to form capital of their own. To produce surplus they need support in terms of irrigation infrastructure, roads, transport and other inputs.

Deficit Farm Families

The question is why should these poor 'deficit-farm-families' get subsidy? It is a complex question. They do not contribute to the national food pool. They themselves depend on others' production to buy food from the market or from the subsidised public distribution system. Taxpayers do not buy food produced by them.

Thus today any provision to support the poor farmers' farming is considered as an act of poverty alleviation and is considered a dole. These expenditures are not considered as sharing the cost of production by taxpayers who buy food from the market.

Another possible way to finance poor farmers' ventures would have been banks loans. But loans are not available from financial institutions as gestation periods of NRM-based activities in general are longer and poor people are not ready to borrow for infrastructure development like excavating tanks for water harvesting or irrigation, etc.

The question here is: What is the role of poor farmers and landless labourers in the economy? They comprise about 70% of the total population of India. Do they contribute at all to the economy? Would there be any negative impact in the economy if they were not there?

Deferred Payment

Another very strong view that often dominates over 'subsidised' developmental initiatives is that these are not sustainable. This is such a strong logic that it leaves me intellectually convinced and emotionally dismayed. I want to establish in this article that these subsidies are actually a deferred payment of thes cost which society has not paid for ages. This does not violate the principles of the market.

It is important to have some basic notions about the market. It requires me to elaborate what I understand about it. A simple definition would be that it is the institution where goods and services are exchanged, often using value-equivalent in terms of money. With the evolution of society and currency, markets have changed their nature. Great economists and socialists have already defined and explained the subject. But the following is my personal realisation about the market.

With the progress of civilisation, there has been a huge change in the concept of 'goods and services'. I think with the evolution of the idea of services and satisfaction, the market became more complex. It is being imagined here that the change started when some of the more 'creative persons' sensed that that they can 'manage to live on other's earnings (who collect food through physical labour) and they can earn a share of other's collection in exchange of ideas (product of mental labour)'.

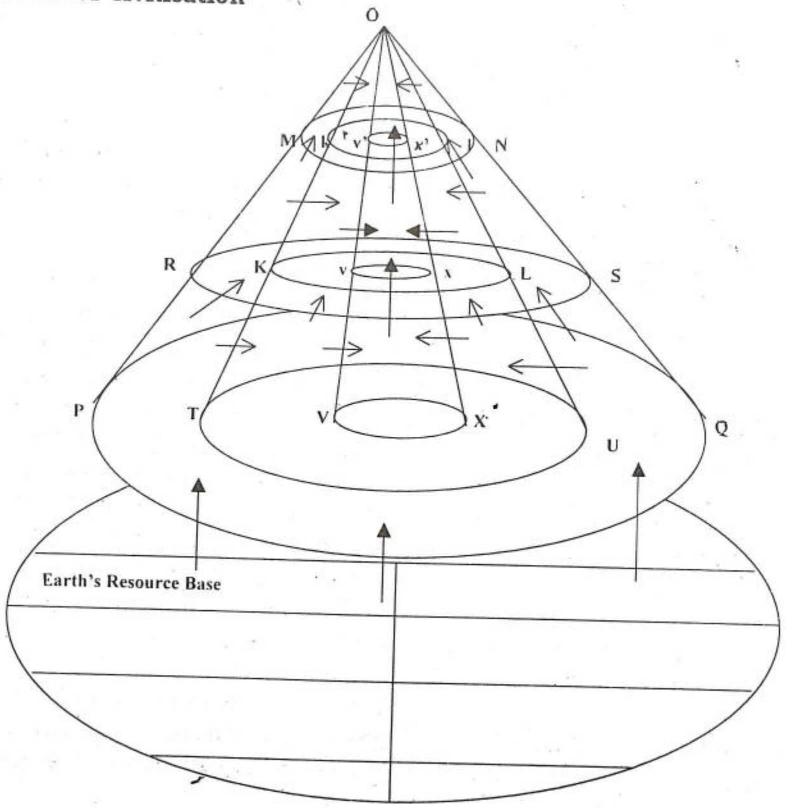
Buying and Selling Ideas

Since then there have been people who sell mental labour as well as those who buy the ideas. The latter believe that these ideas would help them to reduce the drudgery of life, providing better comforts or adding more meaning to it. Two questions remained either overlooked or neglected in the pursuit of better life: better life at what cost and whose cost?

Every player in the market thinks that she or he is adding value. This concept exists from production of food grains to synthesis of a *raga,* from sharing hardship together to chanting *mantras.* The basic question here is: When one is claiming a price for the value addition, does one logically pay the cost for the inputs one uses to add value? Had that costing been done logically at every step, the world would have experienced more balanced growth.

Let us consider the cone (OPQ) representing the entire human population (see box 1). The cone has been truncated horizontally at level RS and MN. Depending upon the economic class of people, the cone could be divided into numbers of truncated cones. To keep the model simple, I have divided it into only 3 parts. The topmost one (MNO) is smallest cone, MNSR is bigger middle truncated cone and RSQP is the biggest truncated cone at the base. Each of these cones has further been intersected vertically (internally) with two narrower cones of OUT and OVX.

Box 1: Cone of Civilisation



Let us consider the lowest and outermost truncated cone demarcated by RSPQ - KLTU that represents the lowest-peripheral economic class (marginal farmers, landless labourers); the lowest middle truncated cone KLUT - vxXV represents the lowest-middle economic class (small farmers, petty traders); and the lowest truncated cone at the core represents the lowest-better-off economic class (big farmers, local businessmen).

Similarly, the MNST-kKlL hollow truncated cone represents the middle-peripheral economic class; the klLK - v'x'xv truncated hollow cone represents the middle-middle economic class and the v'x'vx at the core represents the middle-better-off economic class.

Finally at the top, we have the top-peripheral economic class on the outside, top-middle economic class at the middle. The perfect cone at the core represents the top-core economic class. The levels lowest, middle and top represents the comparative functional (based on interactive relationship) distance of that particular segment of the society from earth's resource base.

The lowest segments interact most with the earth resources to generate livelihoods and some surpluses of basic goods. For example a big farmer (at the lowest core) interacts with lands he owns and the landless people available in his environment to produce food and surplus for the family. A landless person (at the lowest periphery) interacts with land owned by the big farmer to earn wages that is expected to be higher than the energy she burns. She may also go to the forest (earth's resource base) to earn livelihoods and surpluses.

In the primitive ages, a blacksmith, who collected ore to extract metals, could also be a farmer. That capitalists have incidentally replaced them is a different story. Now a new tribe has come to replace blacksmiths: factory and mine workers. They are an extended hand of the people at the core at the middle or top level.

In the pre-money age, the surpluses were mainly in terms of commodities or services due. When money came, more and more surpluses got converted into money. This is the conversion of surplus value into profit explained by Karl Marx.

Generating Surplus

Now let me redo Marx here. Surplus first gets generated at the lower 2 segments (lowest core and lowest periphery). When a big farmer pays wages to the labourer, he ensures that the value of additional produce generated using the labour (not the total produce) is more than the value of the wages paid. This margin is surplus generated in the big farmer's hand.

This value is determined by the society at large, buyers of the produce. On the part of the labourer, in case the wages he earns is more than the expenditure made to maintain the family, it is accumulated as surplus in his hand. Similarly, a landless family going to the forest may generate a surplus by selling the forest produce if the sale value is more than the cost of family maintenance.

I would like to call these primary surpluses. Primary surpluses may not be finally reflected at the annual balance sheet of the family but are visible in an ongoing basis in the income chain. These primary surpluses are insignificant in volume when isolated, and ephemeral and unpredictable in nature but are distributed over the largest segment of the human population.

I call these surpluses primary also because these are prehistoric in nature when only the earth's surface was supposed to be considered as the only substrate to depend on to eke out a living. Those were the days when the value of producing and collecting food was the most important felt need of the entire civilisation.

As civilisation moved with time some people came out with ideas other than food. They were successful in convincing society that to call yourself a human being you need those. More and more of these additional items were made compulsory to differentiate humanity from the rest of the animal kingdom.

Then we could see that there are resources other than the earth's surface. Let me call those as produce of the 'intellectual being' to differentiate them from the 'physical being' who invests labour in land. Through exchange of those products of the 'intellectual being' with products of the 'physical being', primary surpluses accumulated at the base of the cone and started moving towards the core and the top. The process became stronger with the evolution of society.

So much so that today surpluses are accumulated at the core and top and it is confusing what we should call primary and what secondary. In a 'developed' country, proportionately fewer people 'plough' the earth's resources to earn their livelihoods. When Deep proposes that we need to participate in the market, I infer that we need to generate ideas to pull down a part of the cake accumulated at the core and the top.

The head and hearts of a significantly large population are treated as resources provided they have access to accumulated surplus. And the people who plough these resources are in a much better situation to earn their livelihoods in comparison to the people who cultivate the earth.

Indifferent to Earth

A huge population today can do without being bothered about the earth's surface. Think of the respect and recognition the society displays to the product called entertainment, probably the biggest preoccupation of the 'developed society'.

Who is more developed? The simple answer is 'the person who spends minimum time to earn food and maximum time for other purposes which may include entertainment, knowledge, comfort and such other products. Comfort (a product of cultivation of heart and head) is another group of products. We have to have those. We should have the best furniture made of timber from the Amazonian forests. We should have the capability to burn all the fuel we want to run our cars.

Wealth at the Base

Let us travel down the cone. When we look at the process of wealth formation (accumulation) at the lowest truncated cone, it has 2 basic routes. One, through generation of surpluses though production (examples: farmers producing crops, manufacturers producing steel). Two, through trading and business (examples: the village shop sells different commodities to the rest of the families of the village, individuals running a cinema hall).

If we take a close look at the nature of these goods or services, we see there has been a gradual increase of focus on items that are not required to meet or address our primary needs. It is very difficult to segregate the needs. But we can certainly set some filters to segregate the items.

Thus at any point of this cone, 2 sets of forces are working simultaneously. One set of forces is trying to draw generated surpluses towards the core and the top. The other set of forces is trying to draw surpluses generated towards the bottom and the periphery. A question comes to mind here: Apart from these primary surpluses generated at the lowest truncated cone, are there any other sources of surplus generation? Most probably the answer is no.

All the surpluses visible at the core and top are basically a result of civilisation manipulation fabricated by the leaders and intellectuals of society. Counter forces were found to be negligible to set a reverse process of surplus flow. The communist movement virtually failed and Mahatma Gandhi's Sarvodaya could not take off.

Most of the society's energy today is being engaged in managing (for growth and development) the accumulated surplus. Every one demands that it should circulate much faster and grow much faster. The great centripetal force developed is pulling even the smallest surplus generated at the lower level.

The lowest-peripheral class is finding it difficult to strike a positive deal and is getting further marginalized (example: able-bodied members migrating from villages to towns reduces the availability of labour to improve lands). The result is their desperate dependence on the earth's resources when they have access to such resources or their migration to peripheries of the middle-peripheral zone to act as additional agents to strength the centripetal force above.

Sharing Surpluses

For the sake of argument, let us accept that this shifting of population from lowest-periphery to middle-periphery is a positive change (as many argue that migration to cities need not be considered as negative). Let us also assume that there is corresponding change from middle-periphery to top-periphery as if the population distribution is changing the cone to take the shape of a cylinder with a lower height or circle. How feasible is it? Will the core be ready to share the accumulated surplus more with the periphery? Will the top be willing to share its surpluses more with the bottom?

Recently, I got a glimpse of the activities in the middle-core. Some top managers and leaders of corporate organisations are getting their tools and techniques ready to market products in rural areas. They have observed that there has been significant increase in purchasing power in rural areas (some surpluses generated). They have already conducted studies on the nature of cash flow, seasonality, vulnerabilities and buying behaviours and got ready with strategies on how to position their products.

This is an effort to draw the surpluses away from the base (by selling the idea of more comfort, etc.). But the forces at the base and periphery are very weak. They have no idea how they can draw more surpluses accumulated at the core and top to the base and periphery which could be used to rejuvenate the natural resources to sustain production of primary surpluses.

Beauty Products for SHGs

We keep receiving letters from different companies (selling products for 'body beautification') inviting collaboration with them to engage our SHGs members to sell their products. The letters are designed in such a fashion that they are helping poor women to earn their livelihoods.

The creative managers are being paid by the companies to design such an interesting intervention. This simple device would immediately suck out a poor woman's hard earned accumulated surplus through a few enterprising women. These companies are in the same category as those who supply us fertilisers and insecticides. Is there any way out? How can we escape their net?

This made me think that while choosing our developmental interventions we need to look at the entire surplus flow chain before we decide to scale anything up. The challenge before us is to be creative enough to sell our ideas to the core and top so that our interventions give a positive balance to the base and periphery.

If we do not thoroughly check our intervention against the final balance, we may use our energy in strengthening an upward and inward flow of surpluses even if we may succeed in generating some livelihoods for some people. We need to check our temptation to join the growing sector without thorough checkups.

In the Light of the Cone

Let me try to analyse some of our interventions. One: using grants from donors and governments for water conservation in farms has failed. This may be considered as flowing from the core and top to the bottom and periphery.

Two: growing vegetables and selling in urban markets. This is partly drawing from the core and middle but while using hybrid seeds, fertilisers and pesticides, part of the surplus is getting drawn from the base and periphery to the core and top. So we need to be cautious. The balances have to be positive.

Three: rearing poultry and selling in urban markets. The chicks come from the core and top; feeds come from the core and top and medicines come from the core and top. We need to be cautious.

There is always a possibility that the core and top would be trying to use the bottom and periphery as service providers (the concept of *sudra*) ready to pay some wage just adequate to put body and soul together to be used by them to supply their needs.

How long can this continue? Will the failure to tax the core and top to bear the cost of primary surplus generation affect the growth of 'accumulated surplus'? Is it only an issue of poverty of large numbers of poor people?

Reeling in Raigarh

The tasar yarn reeling programme is facing teething troubles in Raigarh in Chhattisgarh

Kashinath Metya

About a quarter of the land in the Raigarh district in Chhattisgarh is under forests. The forests are very rich, host to a large number of flora including asana and arjuna trees. These trees are good hosts for tasar cocoons. Much of the forest cover is, however, protected or reserved and under the control of the forest department. This restricts local families to actively engage in tasar cocoon production.

The state sericulture department does this instead, managing approximately 700 hectare (ha) of block plantation supervised by trained staff during the rearing season. A district level co-operative, the Chhattisgarh Silk Federation, then procures and processes these cocoons and stocks and sells them. The department produced and marketed approximately 88 lakh cocoons in 2002-03.

The sericulture department caters to 2 weaver clusters, one surrounding Raigarh district headquarter and another around Chandrapur (32 km from Raigarh). Approximately 1,200 families are directly involved with this activity. Beside these traditional weavers, traders from outside the state also buy cocoons.

Pradan's team in Raigarh launched its programme to promote the reeling and spinning of tasar yarn from cocoons in December 2002. The project was first conceived under NABARD's Assistance to Rural Women in Non-farm Development (ARWIND) scheme. The Chhattisgarh Sericulture Department, aided by the Japan Banking for International Cooperation, supplied the motorised reeling and spinning machines. In the last one and half years we have able to encourage 109 reelers and 23 spinners to adopt this activity.

Selection of Families

Before launching this activity, we organised an exposure visit for selected women to Pradan's mature tasar yarn production programme in Godda, Jharkhand. These women shared their experiences during the visit with other interested self-help group (SHG) members. We then helped interested women secure reeling machines from the state government.

Personnel from the Central Silk Board (CSB) imparted a 30-day training. We debated on the number of days required to train the women to use these machines. In the past 2 years we have seen that it is possible to assess the ability of women after just 3 days. A woman uncomfortable with handling a single bobbin would most likely not be capable of handle the 4 bobbins expected of an efficient reeler. We therefore made changes in the design of the training.

Commercial production follows the training phase. The dropout rate was 20% within a month. This posed serious problems, particularly to continue the activity efficiently in the common facility centre (CFC), where women were expected to share the overhead costs.

We thought it might be worthwhile to first train the reelers and allocate reeling machines to those who qualify. This would save time and energy including the trouble of shifting machines.

We conducted 2 assessments cycles: the first after 3 days and the second after 7 days. The assessment was done on 2 parameters: how easily or comfortably a reeler operates the machine and the yarn recovery percentage for 3 consecutive days. We then discontinued giving a stipend during the training, so that only those interested stepped forward and the training was not just an option to make easy money.

We have since conducted training programmes for 8 groups in 6 villages, also discovering that the effectiveness of the training programme is higher when the trainer is a woman. This was particularly quite evident in Amapal village. Laxmi Devi and Pushpa Devi of Godda trained 16 women in 15 days. In the second year, Pankajini Devi of Regra trained 28 reelers within a week.

Decentralised Production

The programme envisages production in common production sheds known as common facility centre (CFC). Due to resource constraints in Raigarh, women have been compelled to reel yarn in their homes.

Decentralised home-based production has many advantages for individuals, but poses disadvantages for the enterprise. The advantages are that the women are able to take care their children and do household work while reeling yarn. Secondly, there is maximum chance of other family members getting drawn into the activity, which increases the output of a woman. In fact, we have a dozen couples that put in joint effort in pursuing the activity.

The most serious disadvantage is the difficulty in supervision and quality control. Two kinds of supervision are required. The first is the centre in-charge, a service provider paid for by the women. These service providers perform tasks like sorting, batch cooking and machine repairing.

After the cooking, reelers come individually and pick up their cocoons. In case a machine breaks down, the reeler again needs the centre in-charge. Since he has to attend to all the machines, it becomes very difficult for him, as a result of which he is not able to look at quality improvement. Since payments are based on the weight of the yarn, women have a tendency to produce thick yarn.

The second category of supervisors is the Pradan professionals. We facilitate input purchase, stock management, operations and quality control. There are 6 centres in 6 villages. Purchasing and stock management takes around 50% of the professionals' time and the rest is spent in interaction with reelers and quality control.

Selecting Cocoons

The climatic conditions in Raigarh make it suitable for the dabha silkworm variety. The shell weight of a dabha cocoon varies from 0.75 gram to 2.25 gram. The sericulture department grades these cocoons based on shell weights into 4 sub-groups of A, B, C and D (see box 1). These are packed in gunny bags of 2,500 cocoons each.

The reelers groups purchase cocoons from the department once in a month. After 2-3 purchases we realised that the bags did not contain 2,500 cocoons as marked outside. When we shared this with the concerned authority they defended it by saying that production centres pack the gunny bags and they have no control over it. However, they suggested that we verify the contents. This increased the workload because the total requirement of cocoons is 3 bags per reeler per month. It takes around 20 minutes to count one bag of cocoons.

The second problem was regarding cocoon quality. The state government fixes the rate as per the shell weight of cocoons. Initially we opened bags to see if it contained uniform quality of cocoons. After opening a few bags we tried to get an overall impression of the lot by lifting each bag. But there was constant complains from reelers about the quality of cocoons. On some occasions we reported it to the department but it did not yield anything. Now we select 20 cocoons from a bag on random sampling basis and determine the shell weight. We reject bags or a lot that do not match the specified standard.

These processes are time consuming. We spend enormous time in identifying the defective cocoons. Since this involves dealing with government officials, reelers are not able to negotiate the deal. At present professionals shoulder the major responsibility. The reelers and those in charge of the centres do the sorting, grading and counting. This is not foolproof but has vastly

Box 1: Grading Cocoons

Cocoons are graded according to shell weight. The average shell weight of A grade cocoon is 1.8 gram, and 1.6 gram, 1.4 gram and 1 gram for B, C and D grades of cocoon respectively. Yarn recovery from cocoons varies from 45-60%. The recovery percentage improves with time. Silk recovered for different grades of cocoons is given in box 2. The quantity of waste could be derived in the same way.

The cost of 1,000 cocoons is as follows:

A = Rs 908

B= Rs 832

C = Rs 690

D = Rs 500

The transportation cost, boiling cost and miscellaneous expenses is roughly Rs 0.05 per cocoons. Last year the selling price of 1 kg of A grade yarn was Rs 1,400 and Rs 1,250 for B grade yarn. If we assume that a reeler reels 100 grams of silk a day the earnings are calculated as given in box 3.

Box 2: Silk Recovery

% Recovery	A Grade*	B Grade	C Grade	D Grade
60%	1.15	0.96	0.77	0.57
55%	1.07	0.89	0.71	0.54
50%	0.99	0.83	0.66	0.50
45%	0.92	0.77	0.61	0.46
40%	0.84	0.70	0.56	0.42
35%	0.77	0.64	0.51	0.38

* in kg

Box 3: Earnings from Reeling

% Recovery	Wages (Rs)			
	A	B	C	D
60%	49	42	37	32
55%	41	34	29	26
>50%	34	26	22	19
45%	26	19	15	13
40%	19	11	7	7
35%	11	4	0	0

improved the quality of cocoons.

Cocoons are sorted on the basis of silk content. It is desirable to boil cocoons with least variation in shell weight. Higher the variance in shell weight in a batch, lesser would be the realisation of silk resulting from non-uniform cooking. Initially, the reelers did this as a group task. This resulted in improper sorting and cooking and the silk yield was low. We then switched over to sorting by one person.

Why do Reelers Dropout?

A new reeler takes around 2-4 months to produce 100 gram of yarn a day. If we assume she produces 50 gram on an average then at 50% efficiency level the per day wage varies from Rs 9 to Rs 17, which for most rural women at Raigarh is not very remunerative. We therefore found that a large number of reelers dropped out.

At present there are 109 reelers. We have made an attempt to analyse the categories of women who perform better. The first categorisation is based on marital status. There are 25% unmarried reelers, 60% married, 10% widow and 5% deserted by their husbands (living with parents).

Unmarried reelers are in the age group of 15-21 years. They are the most efficient. They pick up skills very fast but are unreliable, have highest absenteeism. They also discontinue the activity after marriage.

The married women are in the age group of 18-28. Most of them are lactating mothers. Their performance is linked to the support they get from their husbands and families. Very few reelers in this category have crossed the childbearing age. Those who are older in this category and do not have to baby-sit perform the best.

However, there are earning and non-earning members in this category. The earning members are mostly landless families engaged in agricultural labour, wage earning in construction sites and selling firewood. We have noticed that non-earning members are able to devote more time to reeling.

Women who are earning members have the capacity and strength to get involved in any kind of work. For them, anything less than Rs 50 a day is meaningless. We had one SHG in Patraplai village where members are landless. They were not able to stick with reeling simply because initially when they were learning, the wages they earned was less than Rs 50.

Reeling Process

Reeled yarn is a product of 2 machines. First, it is reeled and twisted using the reeling-cum-twisting machine. This machine has a large number of moving parts. The power distribution takes place through gears and 4 different sets of pulleys using plastic belts and threads. The yarn is first reeled in plastic bobbins. The reeled yarn is then rewound to make hanks using the re-reeling machine. During this process defects in the reeled yarn such as clumps and knots are removed.

An efficient reeler takes 6 hours to reel 100 gram of yarn using 4 spindles. She spends another 2 hours in re-reeling. So it takes around 8 hours to complete the process. Reeling is pretty hard work and constant watch is required while the machine is in motion.

It would be nice if both these processes are combined. It would reduce total working time. Since this could be cut to 6 hours, perhaps women would be able to earn more. Also, the high-speed spindles, which often interrupt the flow, could altogether be done away with if we straightway fed the reeled yarn to a *charkha* (spinning wheel) after passing it through a needle to do the twisting. The defects that occur in terms of knots and clumps could easily be removed once the yarn is taken into the *charkha* where the visibility would be better.

Owners or Wage Workers?

We introduced the tasar reeling activity after much discussion with SHG members. Once the activity was underway, for ease of operations tasks such as procurement of cocoons, stocking of raw materials, boiling of cocoons and machine maintenance got transferred to the centre in-charge, all of whom were men. The centre in-charges became the centre of the activity, pushing the primary participants to the periphery.

The reelers were thus identified more as wage earners than owners of the enterprise. We have observed that they became wage earners the very day they decided to appoint a centre in-charge. There are days when the centre in-charge cooks cocoons but some reelers do not take cocoons. The manager then has to redistribute the cocoons amongst the reelers. This problem is not well appreciated by the reelers.

At the moment 90% of the wages that a reeler is getting is from the sale proceeds of yarn. Yarn is currently priced at Rs 1,600 to Rs 1,400 a kilo. However, silk waste, which constitutes roughly 40%-50% of the total silk content, is sold at throwaway price at Rs 60-Rs 80 a kilo.

There is a technology to process the silk waste to produce items like silk mats. The coarse yarn from waste would increase the wages that the reelers are earning. We have already initiated this process and are expecting a good result. Similar options could be explored to utilise the pupae and the peduncle.

As I have already pointed out, the present version of the reeling machine consists of a large number of moving parts. Frequent breakdowns take place. It is difficult to arrange for these parts as the manufacturers are at Bangalore or Varanasi. So some machines have to be idle for want of spares.

Issues and Concerns

We have seen that the main reason women are dropping out of the activity is that returns from yarn reeling are often less that wage earnings. We are therefore concentrating our efforts to increase earnings by various small but significant interventions, some of which have already yielded positive results.

These include measuring the shell weight of cocoons at the time of procurement, silk waste processing and replacing men centre in-charges with women. Counting and measuring the shell weight of cocoons has enabled all the reelers to earn daily wages between Rs 20 and Rs 55. We already have purchased waste processing machines that help convert waste into spun yarn for which we have a readymade market at Raigarh.

We are also working to strengthen linkages with the state sericulture department and CSB in order to enable more women to engage in this activity.

imp

Coc
ten
lea
var
wo
fro
ree
ed
silk
sor

Wl
A r
pro
ass
the
wa
mo
ren
lar

At
ma
of
eg
The
rie
hu

Un
15-
The
abl
dis

The
18-
The
the
Ve
cro
olc

News and Events

• Mr Ved Prakash Marwah, Honourable Governor of Jharkhand, presided over an SHG-bank linkage programme held in Koderma on March 4, 2004. 160 self-help groups (SHGs) were linked to banks, out of which 147 have been promoted by Pradan. The total amount disbursed was Rs 33.08 lakh.

• The Hazaribag Kshetriya Gramin Bank has for the first time authorised 18 SHG members on March 15, 2004, to provide LPG connections on credit under its Rasoi Yojna. For more information, write to Sukanta Sarkar at barhi@pradan.net.

• Dr Sharada Nagarajan conducted 2 rounds of training programmes for Pradan professionals, accountants and computer *munshis*. 75 persons, including 40 computer *munshis*, were trained in the 2 events, held in Ranchi on February 24-25 and Kesla on March 15-16, 2004, respectively. Those interested in details of the MacFinancier software developed by Dr Nagarajan may contact her at sharada_vn@yahoo.com.

• Pradan and Sharada Computer Services conducted a training programme for VOLAC at the Kaya Training Centre of Sewa Mandir in Udaipur on March 16-17, 2004. 20 participants from 8 organisations attended the event. Thomas Mathews and Ajay Sharma of Pradan and V Nagarajan from Sharada Computer Services were resource persons for the training.

• 21 development apprentices of the 28th and 29th batch attended the Process Awareness and Sensitivity Module (PAS-II) during March 23-27, 2004 in New Delhi. Deepankar Roy and Ramesh Galodha were resource persons for the training.

• Anish Kumar from Kesla attended a workshop entitled Catalysing Product Development in Microfinance organised by the Social Initiatives Group of ICICI on March 5, 2004. Anish also attended a workshop on livelihoods strategy, hosted by Andhra Pradesh Mahila Abhivruddhi Society (APMAS) in Hyderabad on March 22-23, 2004.

Get VOLAC Accounting System for FREE

Are you part of a NGO that needs a state-of-the-art accounting system for general ledger, funding agency accounts, cost centre accounting, project accounting, programme accounting and budgets? VOLAC could then provide an end-to-end solution for all your accounting. This accounting and management information system for NGOs has been developed by Sharada Computer Services with help from Pradan and funded by the Ford Foundation. *VOLAC is being distributed free of cost.* For more details write to Thomas Mathews, PRADAN, 3 CSC, Niti Bagh, New Delhi - 110 049 or email him at thomasmathews@pradan.net.

Hurry! Subscribe to NewsReach

We request all readers to subscribe to NewsReach at the earliest. Annual subscriptions are Rs 240 (for individuals / NGOs) and Rs 500 (for institutions / libraries). *From June 2004, only subscribers will receive copies.* We look forward to your continued support. To subscribe to NewsReach contact Alice at 3 CSC, Niti Bagh, New Delhi - 110 049 or email us at newsreach@pradan.net.

Subscription Form

Yes! I want to subscribe to *NewsReach*
Livelihoods and Development Monthly

Annual Membership (Tick where applicable)

Individual/NGO Rs 240 Institution/Library Rs 500

Membership and Payment Details

Name: Mr/Ms/NGO/Institution/Library ....

Mailing Address: ....

....

Pin code: .... Phone: (Res) .... (Off) ....

E-mail: ....

I wish to pay by cash ... Demand Draft ... Cheque* .... Dated ....
payable to **PRADAN**
Please add Rs 30 for outstation cheques

For Office Use
Subscriber ID: ....

Subscription Start Date: .... Subscription End Date: ....

Please photocopy this form if you would like to subscribe to more than one issue of ***NewsReach***

PRADAN (Professional Assistance for Development Action) is a voluntary organisation registered under the Societies' Registration Act in Delhi. We work in selected villages in 7 states through small teams based in the field. The focus of our work is to promote and strengthen livelihoods for the rural poor. It involves organising them, enhancing their capabilities, introducing ways to improve their incomes and linking them to banks, markets and other economic services. PRADAN comprises professionally trained people motivated to use their knowledge and skills to remove poverty by working directly with the poor. Engrossed in action, we often feel the need to reach out to each other in PRADAN as well as those in the wider development fraternity. NewsReach is one of the ways we seek to address this need. It is our forum for sharing thoughts and a platform to build solidarity and unity of purpose.

Professional Assistance for Development Action (PRADAN)
3 CSC, Niti Bagh, New Delhi 110 049, India
Tel/fax: 011 2651 8619/2651 4682. Website: www.pradan.net
E-mail: newsreach@pradan.net