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Letters to the Editor

Back to Basics

Dinabandhu's article *Agrarian Approach* (NewsReach December 2001) prompted me to rethink that agriculture can still be a viable source of livelihood even when farmers are moving away from it in the coastal districts of Orissa where we are working. We are all aware that for the past 3 years Orissa has been hit by one calamity after the other in the form of a super cyclone, severe drought and unprecedented floods. Farmers have become extremely sceptical about investing in agriculture. In our team we have been debating about this for some time. Mind you, we are talking about farmers in coastal Orissa, who are known to be quite progressive. We are engaged in forming *pani* panchayats (water councils) in 6 coastal districts of the state, which entails rehabilitation of the defunct government owned lift irrigation schemes and then handing them over to the farmer groups. But what will happen after these 2,000 *pani* panchayats gain control over their water resources? The strategies suggested in Dinabandhu's article prod us to look at the entire exercise in a different perspective.

Some challenges would remain even after the *pani* panchayats start functioning. They relate to marketing linkages in the sense that once the groups start performing at their optimum level, what happens to the produce? This is particularly pertinent in a time when the government is not able to assure farmers the minimum support price for paddy. Who does the farmer then turn to?

Bismaya Mahapatra, Pradan alumnus and promoter and CEO, Harsha, Bhubaneswar.

Saturate to Sustain

This is in response to Dinabandhu's article *Agrarian Approach* (NewsReach December 2001). I find the issues raised in the article very relevant for our teams in the eastern plateau. The article has brought into focus livelihood promotion dilemmas and inconstancies of our effort in the past few years. I agree with the analysis that the various rain-fed interventions being promoted by us are a 'gamble at best'. I think assured irrigation is essential. It is only then that our interventions will provide 'predictable assured outputs'.

However, I differ from the conclusions arrived at and the proposed action plan from the analysis of the problem. I agree that we require to develop 'an agricultural programme ensuring all the missing inputs and following the best practices'. What I am uncomfortable with is the underlying assumption that it can be developed without following 'a saturation approach' and that it does not require a robust and flexible financial backup system. I am convinced that we as development professionals can provide the missing input-output links in a few hamlets and villages but it cannot be done on a large scale without following an area saturation approach. In the scattered method we can at best create an oasis here and there after a lot of effort.

As for the financial backup system, I appreciate that the community can develop their own systems or access the mainstream after 'a reliable production system' has been established. But what happens in the intervening period? I guess we as change agents will have to play the role of a *baniya* (input supplier and output marketing agent) and a *mahajan* (credit provider) in addition to the usual roles of motivator, facilitator and technical supporter.

When we shifted to the area saturation approach, the underlying assumption was that development of sustainable support services for production systems is possible only when a reasonable number of families geographically situated in a contiguous area are mobilised. These systems would include input suppliers, output traders and agents and finance providers providing the capital, labour and knowledge needs of the production system. Also, the impact of our interventions would be more visible and have a multiplier effect when the effort is concentrated in a specific poverty pocket. In areas where these services are available due to the existing level of economic buoyancy, the need to follow an area saturation approach is reduced. But in most areas that we work in, the service network is not available.

If we are not strategic in our interventions, either the programme will fail due to lack of proper support services or we will continue to play the role of a subsidised service provider like many pickle and honey promoting NGOs. They provide a minimum support price, buy the produce and place them through their own channels for very long period of time. The system invariably collapses once they withdraw. I have live experiences of bumper productions rotting due to lack of marketing support. The scale of the output was too small to attract the big traders to pick up the produce from the village. I have also seen poor families become successful farmers just by the fact that capital, knowledge and input-output services are available in their vicinity. I therefore think that without an area-based strategy, the effort proposed by Dinabandhu will come to nought. As for the financial support system, it is a chicken and egg issue. I think that sustainable access to finance as the 'egg' and not the 'chicken' as suggested by Dinabandhu.

My own conclusions from the analysis is that on one hand we need to work extensively with the families having access to irrigation infrastructure in our operational clusters and on the other raise resources to provide irrigation infrastructure to the rest. The resources and the irrigation products need to be tailor-made for the specific area, with component-wise details of loan, loan-cum-subsidy and grant. For that we have to release professional time from the existing workload, which unfortunately is being measured by the number of self-help groups (SHGs) promoted. Each professional needs to have a clear (agriculture) livelihood promotion target in addition to the SHG promotion target, which can be reduced. We need to appreciate that in addition to providing the financial backup required, the SHGs provide a community platform for launching a livelihood programme.

Using shortcuts by placing professionals only for agriculture development will lead to fragmentation of effort and develop skewed perspectives in our minds. We will be repeating the mistakes of the strong thematic boundaries of the past, where the 5% model was promoted near water sources and diesel-based irrigation systems designed for carrying water up to 2 km and 30-40 m static head were installed. I request my colleagues to join in this debate of how to focus on agriculture to help our target families achieve their potential.

Anirban Ghose, Khunti, Jharkhand

We urge all readers to freely share thoughts and responses to articles in NewsReach. Email your letters to pradhanho@ndb.vsnl.net.in or post them to Pradan, 3 CSC, Niti Bagh, New Delhi 110 049.

Payback Time

It is high time that we started instilling values and processes of financial discipline in our self-help groups before introducing the on-time repayment system

Tamali Kundu

"*Samay pe wapsi?*" asked Rambha Devi of Ganesh Mahila Mandal of Dhobarni, "*Humlog to samay pe hi wapsi karte hai. Sabka paisa hai, ek admi pacha thodo payega* (Timely repayment? We all return our loans on time. It is everybody's money, any one person cannot keep it forever)!" She spoke in reply to my query on whether the members in her group repay loans on time.

In September 1999, Thomas Fisher of New Economic Foundation, London and Dr Sankar Datta of BASIX conducted a workshop for Pradan to help us develop indicators to monitor the self-help group (SHG) programme. One of the key indicators that they asked us to incorporate was on-time repayment (OTR) rates of SHG loans.

The OTR rate is a composite indicator that not only depicts the status of outstanding loans in the SHG but also tells us about financial discipline, the extent of peer pressure, the rigour of planning at the time of loaning and the level of maintenance of records. At the time of the workshop none of our teams were monitoring OTR rate regularly. The facilitators found it odd that we did not do so since we were in a programme of promoting community level institutions involved in financial transactions.

The workshop participants were Pradan field professionals involved in SHG promotion. Although we had been promoting SHGs for many years, it never occurred to us to devise and install systems to monitor loan repayment rates. The group loans anyway came back on their own time. We did not

intervene much in that process. The bank loans were monitored by the concerned manager, so we had a notion of how that performed. Thus installing OTR monitoring systems in our groups was not really an agenda at the top of our minds. Our groups also did not have a rigorous loan planning exercise where a SHG member made a realistic loan utilisation plan and repayment schedule based on her expected cash flow, which could then be monitored regularly. In short, the level of financial rigour in our SHGs left a lot to be desired

Since we did not have a standard method of calculating repayment status across Pradan, we were asked to write down the current method of calculating the repayment rate and the best estimated repayment percentage. Everybody gave an estimated percentage of repayment. I gave a repayment rate of 80%, based on a hunch about the performance of the groups in the Poraiyhat block of Godda district in Jharkhand.

Startling Revelations

After returning from the workshop I tried to verify on a sample basis whether my estimate was right. I found that it varied from 80% to 95% in groups that were less than 1 year old, 73% to 85% in groups less than 2 years and less than 50% in most groups that were more than 3-4 years. It was a revelation to find that about half the loans in

Our groups did not have a rigorous loan planning exercise where a SHG member made a realistic loan utilisation plan and repayment schedule based on her expected cash flow, which could then be monitored regularly.

the old groups were never being repaid on time! I tried to understand why.

No Standard System

We had no standard system of looking at the rate of loan repayment. We occasionally used to look at loan default in the bank-linked groups. We also used to sporadically calculate the cumulative repayment rate.

OTR is a more stringent method of calculating repayment rate, where the amount due and the amount collected in every meeting is recorded. This means that every loan has to have an agreed upon repayment plan against which its performance is monitored.

There was no regular monitoring. The cumulative repayment rate measured all loans and repayments that had taken place since group inception. It did not matter whether the loans were repaid on time. A major reason was that the groups did not bother if the loans were being repaid late as long as they were being repaid.

We had not developed a consensus on the method for calculating the repayment rate of the savings and credit groups of Pradan even by May 2000. Some projects started calculating on time repayment rate, others monitored collection rate.

OTR on the other hand was a more stringent method of calculating repayment rate, where the amount due and the amount collected in every meeting was recorded. A delay even for one day showed up as a default. This meant that every loan had to have an agreed upon repayment plan against which its performance was monitored. It also meant that repayment plans presented in the meeting had to be realistic, with no room for offhand promises.

Calculating collection rate was periodic. We

would look at the total payments due and amounts collected every 3 months. The repayment schedule had a flexibility of 3 months. This ratio calculated the repayment of the currently active loans with a flexibility of 3 months and did not consider the historically bad loans. Both systems had their own logic. The OTR was the most truthful representation of the group's performance but the collection rate was more practical.

In the meanwhile, I had designed an on-time repayment calendar which I was trying to test in 15 groups in Poraiyahat, which were between one to 1.5 years old. I was also trying to analyse the general tendency of repayment in older groups and the factors affecting this repayment rate. An immediate motivation for this analysis was to understand why OTR rates in the old groups were so low.

Discussions with group members of older groups (3-5 years) revealed that they felt it was important to have a reasonably regular inflow by way of repayment, whether on time or not, because that helps keep up the supply for small consumption loans.

Seasonal Repayments

In most groups the repayment is seasonal. The loans are mostly repaid in bulk after the harvest. There were also instances of loan pileup (giving a second loan to a member before the earlier loan was fully repaid) because it was difficult for the group to deny an emergency loan to a member who has not fully repaid an earlier loan with a long repayment term. I also found that sometimes repayment happened in 2 or 3 lump sums, when a family member of a SHG member migrated and sent in money.

Table 1: Pages of the Ledger of Hiramonti Devi of Laxmi Mahila Mandal, Bhaga Village, Poraiyahat

Date	Amount Of Loan	Purpose	Loan Period	Repayment	Outstanding
26.06.97	400	Domestic	2 months		400
03.07.97				100	300
18.09.97	400	Purchasing fertiliser	5 months		700
25.09.97				100	600
15.10.97				100	500
26.02.98				150	350
05.03.98				200	150
19.03.98				40	110
26.03.98				10	100
04.11.98	500	For Rabi crop			600
12.11.98				100	500
11.03.99				150	350
02.08.00	1,000	For Kharif crop (bank loan)	3 months		1,350
16.08.00				20	1,330
27.08.00				10	1,320
17.04.01				700	620
14.05.01				220	400
21.05.01				400	Nil

Thus repayments came in as and when a member came into some money and not against a specific plan. As long as the other members knew that the loans were being repaid gradually, they did not feel unduly alarmed, although a strict schedule was not maintained. Let us consider the case of Hiramanti Devi of Laxmi Mahila Mandal of Bhaga village to understand this phenomenon better (See Table 1).

The main livelihood of Hiramanti's family is agriculture. She only works in her own field.

We can see from the repayment pattern that she has not repaid a single loan on time. Yet the group considers her a sincere member because she does not need any push from others to repay. She always pays back whenever money is available.

Differing Dynamics

If Hiramanti's case is representative of a typical old group, a different phenomenon is at work in new groups (6-12 months). In these cases the group fund is meagre and demand on the available money high. Thus

The loan repayment performance of a member in a SHG is a function of the ability of the member to prepare a realistic loan utilisation and repayment plan and stick to it.

the pressure is higher among members for timely repayment so that the other members can avail loans.

Again, in case of first or second time bank linkage, the OTR percentage is as high as 90%. The groups repay the bank according to the repayment schedule fixed by themselves. During repayment of the first bank loan, the pressure is high on individual members to repay timely as the groups generally do not want to repay the bank loan out of their savings, even in case of emergencies. As the number of linkages increases, the size and repayment terms increase and instances of default start occurring. This leads to their repaying the bank using the savings deposit. The internal OTR percentage decreases accordingly. Additionally, there are also cases of loan pileup.

Family occupations are a major factor in the repayment pattern. An agricultural labourer will not have the same cash flow as a farmer. The loan repayment plan for the 2 will be different. The accompanying graph (Graph 1) shows a comparison of monthly

collection ratio between groups depending on agriculture and wage labour respectively. The data were taken from a sample of 10 groups in the Poraiyahat block of Godda district.

It is clear that the household cash flow in a labourer family is much steadier than a farmer family. The farmer family has almost no cash income during the cropping season, which is why crop loans are normally taken as bullet loans repayable in 4-6 months.

Pragmatic Planning

What becomes clear from the above is that the loan repayment performance of a member in a SHG is a function of the ability of the member to prepare a realistic loan utilisation and repayment plan and stick to it, and the effectiveness of the group in enforcing that plan.

The former is further determined by the level of predictability of the household cash flow and the extent of emergency situations in the family. The ability of the group to enforce is primarily dependent on the level of concern for financial discipline in the group and the extent of confrontation and peer pressure.

We found that the repayment plans presented to the groups were many a times notional. Household cash flows were not predictable, leading to deviation from the plan. In many cases the plan went haywire due to interim emergencies in the

Graph 1: Monthly Comparison between Collection Ratio of Groups Dependent on Agriculture and Wage Labour

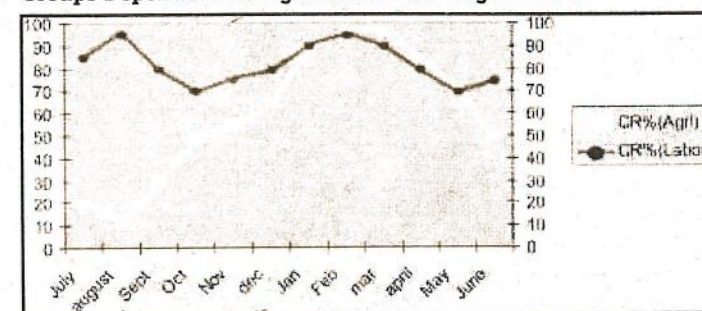


Table 2: OTR Calendar

		Week 1	Week 2.....	Week 52
Member A	Demand			
	Collection			
Member B	Demand			
	Collection			
Total	Demand			
	Collection			

family, leading to loan pileup. But group members also did not seem worried as long as repayment was trickling in steadily. This led to the members being further slack in their planning process and negligent in their repayment performance.

We have designed a simple OTR calendar (See Table 2). The expected repayment on a particular date was written in the demand cell. This cell was filled up according to the repayment schedule presented by the member. The collection cell was filled up in the meeting when the actual repayment was done. The OTR for that date will be total collection divided by total demand. If all members paid on time and if one of them paid up more than what was due, the repayment rate would show as more than 100%. To avoid such anomalies, we decided to add the amount that was paid extra to both the denominator and the numerator, so that the rate calculated does not go above 100%.

When I tried to introduce the system in some groups, I found it was difficult for the members to truthfully plan their instalments because they could not predict their cash flows correctly. It was easier for them to plan bulleted loans (with one-shot repayment) than instalment loans. Even in

case of bulleted loans many a time they ended up paying earlier than scheduled.

I also wanted the OTR calendar to function as a learning tool for members. If I could demonstrate to them the variance between their plan and the actual performance, they would be forced to improve their performance. But the problem was that the calendar had written numbers which most members could not read. I then introduced colour codes. The outstanding amount that was not paid on time, moved to the next week and would be written in red ink instead of blue. If any member's row showed a lot of red markings, it would mean that she was defaulting a lot on her loans. Thus if the group calendar had a lot of red markings, it would mean that the members in general were not servicing their loans on time and the group needed to pull up its socks.

Planning Pains

As mentioned earlier, a major problem I faced was the members' inability to plan repayments properly. Some planned to repay in lean peri-

A major problem I faced was the members' inability to plan repayments properly. Some planned to repay in lean periods, leading to bad repayment performance. Once a member received a lot of red markings, she just gave up and returned to the bad old ways.

ods, leading to bad repayment performance. Once a member received a lot of red markings, she just gave up and returned to the bad old ways. It was difficult for them to schedule payments. Also, we could not spend enough time with individual members to facilitate a

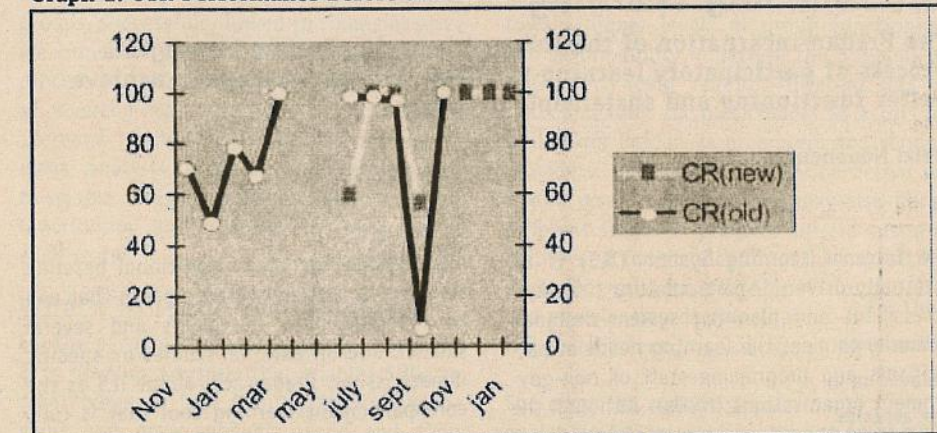
viable repayment schedule.

The results were undoubtedly better in the groups where we were able to do so. In some cases the schedule was quite complex, with unequal instalments at irregular intervals.

Table 3: Stages of Introducing the OTR Calendar System

Sl. No.	Phases of OTR Implementation	Inputs	Expected Output	Time Required
1	Study of existing tendency of repayment, analysis of loan status, major occupation of the members, type of loan	Member wise study of previous loan repayment records, discussion with members	Clear understanding of the repayment tendency of the group	0.5 day
2	<ul style="list-style-type: none"> Sharing the concept of OTR Introducing the OTR calendar 	<ul style="list-style-type: none"> Discussion with members on a participatory basis Discussion with individual member and filling the outstanding amount, scheduling 	<ul style="list-style-type: none"> Members can relate the concept with the existing status Members can plan the repayment according to their cash flow 	1.5 day
3	Training of accountant	How to fill OTR calendar and computation of demand and collection through accountant training of 10~12 accountants	Accountant will be able fill the OTR calendar	0.25 day
4	Demonstration with some members (in case of loan pileup)	Discussion with members and accountants of the particular group	Proper rescheduling	0.25 day
5	Follow up and analysis	Analysing and sharing the data with group members	Concept of OTR and its importance will be clear among members	1 day
Total				3.5 days

Graph 2: OTR Performance Before and After Introduction of the OTR Calendar



This kind of complex planning would not have been possible by the members themselves.

Since we could not do the counselling ourselves, the members had to fall back on the accountant to plan their loan repayment. In these cases insufficiently educated accountants found it difficult to plan properly. Groups with better accountants showed better OTR performance after we introduced the OTR calendar (See Graph 2). The issue therefore boiled down to helping members work out their repayment schedule in a realistic manner.

The various stages of introducing the OTR calendar system in a group is given in the accompanying table on page 8 (Table 3). We can see that the process of introducing the calendar worked out to about 3 and a half days per SHG. Although it is a substantial amount of time, the group also learns about financial discipline and timely repayment. This was something we should have shared right at the time of group formation and we have to now do what we should have done long ago.

As far as the new groups are concerned, the values of financial discipline would have been inculcated at the initial stage. The OTR calendar then becomes a standard format that gets introduced with the other set of books. It also then becomes part of the routine accountant training and the membership training programmes.

To be concluded

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Internalising Learning

The Pradan incarnation of the Internal Learning System leverages a process of participatory learning to enable self-help groups to achieve better functioning and sustainable progress

Helzi Noponen

The Internal Learning System (ILS) is an internally-driven participatory impact assessment and planning system designed primarily to meet the learning needs of participants and programme staff of non-government organisations (NGOs). Although the focus is on the internal world of participant lives and programme operations, programme staff can use the system to meet a variety of impact assessment objectives including

Unlike other micro-finance models in which the non-government organisation develops itself as the alternative micro-finance institution (MFI), Pradan seeks to develop the self-help group as the MFI. Pradan is not the MFI but rather the field worker or promoter.

'external proving' that the programme is having its intended impact.

Programme staff can also use ILS to 'improve' through a process of internal learning. They can assess at multiple programme levels about what is working and what is not and why, so that strategies can be altered in a timely manner. Participants can use the system to track and analyse changes in their lives. They could then use this understanding to alter their strategies as they participate in the economy and interact with actors and institutions in the wider community (Noponen, 2002).

Pradan is adapting ILS as a key element in the on-going impact assessment of its micro-finance and livelihood programmes. Other elements of Pradan's impact assess-

ment system include a traditional baseline survey of a sample of participants that will be repeated in a few years and several smaller, one-off external studies on specific impact issues. Pradan will adapt ILS as the core participant learning tool that is fully integrated into its programme structure and process.

Beyond Simple Adaptation

The proposed project goes beyond a simple adaptation of the existing ILS to a new context in which its structure, content and processes are marginally changed to suit the needs of the adapting NGO and their participant community. Pradan has a unique credit-plus approach to promoting rural livelihoods through savings and credit self help groups (SHGs). Unlike other micro-finance models in which the NGO develops itself as the alternative micro-finance institution (MFI), Pradan seeks to develop the SHG as the MFI. Pradan is not the MFI but rather the field worker or promoter (Narendranath, 2001).

Pradan conceptualises the following 3 realms for SHGs (*ibid*):

- A SHG for mutual support,
- A viable unit for external financial mediation leading to livelihood development and,
- A vehicle to economically empower the poor and the marginalised and to empower the women in the home, the workplace, the market and the wider community.

Pradan seeks to ultimately withdraw as the SHGs become sustainable as mutual support groups, successfully linked to financial service providers and are able to engage in a process of securing their strategic interests of overcoming structural constraints. It therefore needs a set of user-driven assessment, analysis, planning and training aids to enable SHGs to achieve higher levels of functioning and sustainable progress in each realm.

What's in it for Participants?

For the participant community, the objective is to develop a system that enables SHGs to take charge to first identify their development and empowerment needs and then assess how well they are achieving them over time. The system must, however, go beyond initial needs identification and on-going assessment of progress. It must actively involve participants in charting their own path of development planning and change. The system should guide participants through a process of analysing their livelihood situation, so that they can make strategic decisions about the use of scarce resources including credit.

For women members of SHGs promoted by Pradan, the system would encourage them to reflect on their social, economic and political status in the household and the community, so that they struggle individually and collectively to achieve strategic interests as well as meet their practical needs. The aim is to create simple analysis and planning formats that encourage participants to better understand their changing situation and alter their own individual and group plans or behaviour, summon needed training inputs and demand services, negotiate with financial intermediaries and challenge inequitable structures and practices.

The same system would also inform Pradan about how well groups are progressing toward higher levels of group functioning and sustainability in each of the 3 realms of SHGs. Each realm requires different sets of skills and tools for participants as actors as well as for Pradan as promoters and service providers. Different SHGs may be active on one, 2 or all 3 realms. They may also be at different stages of progress toward sustainability and independent functioning within each. This calls for a flexible and modular approach in the ILS development.

The proposed system should enable Pradan to identify the stage of growth SHGs are at in each realm, how well they are proceeding and what are the training needs or programme interventions needed to assist them towards the next stage of development. This information will allow

more rational planning by Pradan of initiation, promotion and graduation of SHGs since they will have a better understanding of how long it takes, how much it costs, what is the correct pace and what is the most efficient process.

Pictorial Pivot

ILS is a simple, on-going system used by all participants rather than a one-off or occasional event steered by programme staff or outside investigators. The medium for ILS is pictorial diaries suited to illiterate and poor participants that provide longitudinal perspectives of the process of development change. Using pictures or scenes that represent an impact indicator, poor women can keep a diary of change over time by making simple tick marks to note quantities, yes/no

For the participant community, the objective is to develop a system that enables self-help groups to take charge to first identify their development and empowerment needs and then assess how well they are achieving them over time.

responses or scale ratings.

The result is a quantitative and qualitative panel data set that collects information on changes in participant lives at a baseline period with periodic summary assessment intervals over many years. The veracity of the data is vetted at other programme levels where data is aggregated in a participatory sharing process - the SHG, cluster or organising staff and programme. This results in a streamlined and decentralised system that

The system is non-extractive. Data is not collected and analysed solely by managers at the top. At each programme level - members, groups, staff, managers - participants reflect upon their findings, summon user-driven training inputs and plan and document their experiences.

reduces the drudgery of data collection while enhancing mutual learning and strengthening stakeholder relationships.

The system is non-extractive. Data is not collected and analysed solely by managers at the top. At each programme level - members, groups, staff, managers - participants reflect upon their findings, summon user-driven training inputs and plan and document their experiences. There is therefore a direct and immediate link between impact results or the real-life changes of participants and planning and training responses.

ILS is flexible. The structure, content and processes can be shaped to the needs, human resource capacities and financial constraints of different organisations. The structure can be varied according to the programme levels using ILS diaries and whether or not data is collected and (or) analysed on a sample or a census basis. Content is determined through the inputs of all users, including poor members, in a participatory stakeholder analysis.

ILS users can also opt to select, forgo or enhance upon a set of ILS processes. Some observers fail to see beyond what is most visible - pictorial participant diaries that contain 'distilled' development indicators - to the interactive and participatory processes that yielded the indicators in the first place and which analyses and responds to the data results in the second place.

Livelihood Curriculum

The ILS design for Pradan would be quite different from earlier adaptations. Pradan seeks to create a new ILS hybrid by grafting on key elements of several participatory learning methodologies and PRA exercises and other facilitated interactions that Pradan teams currently use in the pre-field investigation and SHG formation phases. These include the livelihood and expenditure tree, social mapping and wealth ranking, Jui Gupta's 'seven rivers' visioning exercise and Dinabandhu Karmakar's livelihood formats.

The problem is that these exercises require a great deal of staff time and facilitation that make them infeasible over time for a large programme population. The outcome of the exercises are usually not preserved or held by participants so that they can reflect on their progress. Often they are not directly tied to immediate planning exercises that make use of the knowledge gained to improve decisions about credit use and livelihoods. Lastly, they have been developed or adapted in an ad hoc manner and are not sequenced and routinely used with all SHGs as a normal part of Pradan's standard operating procedure.

In Pradan's ILS adaptation, elements of PRA exercises will be distilled into pictorial ILS data collection, analysis and planning formats. This will reduce the amount of required

Table 1: Proposed Areas on Inquiry for Development Indicators at Member and SHG Levels

	Sustainable Group for Mutual Support	Viable Unit for External Financial Intervention	Vehicle for Economic Class and Gender Empowerment
Members	<ul style="list-style-type: none"> ● Livelihood base indicators: land assets (cultivation, forests, fishery), livestock assets, work assets, enterprises, wage labour activities, other income flows ● Food security and seasonal migration ● Coping strategies ● Shelter and living conditions, key consumer assets ● Health and nutrition ● Children's education 	<ul style="list-style-type: none"> ● Improved enterprise production processes ● Debt levels by source and terms and use ● SHG loan history and use ● Savings ● Links with banks 	<ul style="list-style-type: none"> ● Female physical mobility ● Female mobility in the public sphere ● Gender relations in the home ● Female decision-making on finances, work issues and family matters ● Female ownership ● Participation in political processes ● Interaction with institutions and service providers
Groups	<ul style="list-style-type: none"> ● Levels of organisational functioning along multiple dimensions: knowledge, attitudes, and practises of SHGs (holding meetings, participation, group cohesion, decision-making, leadership, problem solving, account maintenance, networking, etc.) 	<ul style="list-style-type: none"> ● Group savings, revolving fund, volume of loans, repayment rates, delinquencies, loan vetting processes and sanctions, etc. ● Number of links with banks ● Amount of bank loans ● Quality of relationships with banking institutions ● Business planning abilities 	<ul style="list-style-type: none"> ● Community assets created through SHG efforts ● Community services improved through SHG efforts ● Community problems solved through SHG participation ● Interactions with government institutions and service providers ● Network or federation activities or campaigns initiated

staff time and facilitation while preserving the output of the analysis in the participant's ILS workbook. Participants can use the knowledge gained in the exercises in making

on-going livelihood and credit use decisions as they track changes in their household situation. We envisage a synthesis of PRA exercises into ILS pictorial formats that would

Table 2: Multidimensional Planning Formats in Proposed ILS for Pradan

	Sustainable Group for Mutual Support	Viable Unit for External Financial Intervention	Vehicle for Economic Class and Gender Empowerment
Individual Members	<ul style="list-style-type: none"> ● Savings, loan use, goal setting, choosing priorities ● Ameliorating personal and household socio-economic problems 	<ul style="list-style-type: none"> ● Household deficit reduction and surplus generation ● Demonstrating credit worthiness ● Enterprise start up, stabilisation, risk-taking growth trajectories and demonstrations of progress 	<ul style="list-style-type: none"> ● Gaining access and control of assets ● Overcoming personal violence or discrimination
Groups	<ul style="list-style-type: none"> ● Support for problematic members ● Meeting group and community needs 	<ul style="list-style-type: none"> ● Securing group loan from banks through demonstrating sound individual or group business plans and behaviour such as making good investments with past loans, sanctioning of loan defaulters, strategic vetting of member loan requests, reducing transaction costs, etc 	<ul style="list-style-type: none"> ● Achieving strategic interests of gaining access to resources in community and from government ● Improving treatment or removing discrimination or barriers in the market and workplace ● Gaining voice in community decision-making
Pradan programme	<ul style="list-style-type: none"> ● Scope and scale of expansion of new SHGs ● Human and physical resources needed ● Filling training gaps 	<ul style="list-style-type: none"> ● Training and service innovations in livelihoods and financial sustainability for groups ● Withdrawal from viable groups 	<ul style="list-style-type: none"> ● New supporting services for empowerment activities of groups ● Advocacy and policy analysis strengthen community power struggles

result in on-going impact assessment and internal learning for programme staff and a pictorial grassroots livelihood curriculum for illiterate participants.

For example, in the ILS livelihood module,

participants will be guided through completion of simple pictorial formats describing their total livelihood 'availability' and how they are currently being utilised. They will take note of and reflect on their stock of land (including cultivated land, forest and

water resources), livestock and labour assets, the accompanying work inputs and asset conditions, their utilisation over the year, satisfaction with use, reasons for the satisfaction rating and needed actions for better utilisation. In a synthesis section containing a plan format they will be prompted to consider varying risks and returns and competing use of resources of their chosen livelihood mix.

The goal is to help participants learn and plan their way out of debt and vulnerability by strengthening their livelihood base in yearly exercises over a multi-year period. Other modules will address women's empowerment issues in the home and community in a similar manner that stresses analysis and planning options. Although impact data will be recorded and useful to programme staff, the experience for participants will be less of keeping an 'impact diary' than a 'life and livelihoods workbook'.

Pradan is currently undergoing the process of selecting content for the workbook by gathering inputs on development indicators in each of the 3 realms from programme participants and stakeholders throughout the programme. A summary of the main areas of inquiry for the Pradan's proposed set of impact indicators is shown in Table 1 on page 13.

The shift in emphasis from diaries to workbooks requires more strategic and multidimensional analysis, training and planning activities for each of the realms. This will result in a variety of plan formats for each level. These are conceptualised in Table 2 on page 14. For more information and feedback on the proposed Pradan adaptation of the ILS, contact HNoponen@aol.com.

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Crossbreeding Kamdhenus

A report on a visit to Bharatiya Agro-Industries Foundation's livestock development programme in Urulikanchan, Maharashtra

Neelam Maheshwari

Our team in Alwar, Rajasthan is piloting ways to promote animal husbandry so that it becomes a supporting and dependable source of income for poor women and their families. We needed to familiarise ourselves with proven technologies and approaches in the dairy sector. My colleagues Naveen from Ramgarh and Archana from Kesla and I visited Bharatiya Agro-Industries Foundation (BAIF) in Maharashtra between July 18 and

Manibhai tried crossbreeding the local Gir breed with Jersey and Holstein breeds. The outcome was incredible: a high yielding animal with the high resistance required to survive in local conditions.

21, 2001 to address this need. The visit changed the way I looked at promoting livelihoods through livestock rearing and reaffirmed my belief in livestock rearing as a viable livelihood option.

The purpose of the visit was to gain insights on livestock rearing as a livelihood option, check assumptions

about its viability and sustainability and the scope of income from the activity. It was also to understand the approaches adopted to convert livestock into supporting livelihoods for poor and to explore possible areas of collaboration with BAIF.

BAIF's livestock development programme reaches over one million families in 10,000 villages through 723 centres. The organisation is working in Maharashtra, Gujarat, Karnataka, Rajasthan, Uttar Pradesh, Madhya Pradesh and Andhra Pradesh.

Gandhian Desire

BAIF's executive vice-president Mr Girish Ghanshyam Sohani helped us understand

the basis of believing in the livestock business. He told us how it all started. Dr Manibhai Desai came to Maharashtra with Mahatma Gandhi on March 22, 1946. The Mahatma was looking for committed, young and educated people like Manibhai who could devote themselves in rural development and realise his dreams of a prosperous India. He desired that this Gujarati young man established himself in Urulikanchan, a village 10-15 km from Pune.

Manibhai studied the local Gir cows and realised that they were not a profitable proposition for a poor farmer. He then tried crossbreeding the Gir with Jersey and Holstein breeds. The outcome was incredible: a high yielding animal with the high resistance required to survive in local conditions. BAIF has come a long way since Manibhai's pioneering days. It has not only preserved this technique of crossbreeding but also established a well-designed network to ensure availability to all who want to adopt it.

Urulikanchan Bull Station

A bull station was established in Urulikanchan in 1967 as a research and resource centre. Urulikanchan is spread over several acres housing a cattle feed plant, a huge plant nursery and numerous trees. The bull station has a large number of imported breeds and is ISO 9002 certified. Hundreds of best quality exotic bulls are kept here with utmost care. BAIF's project at Urulikanchan was the first to innovate the extremely useful mobile artificial insemination (AI) kit.

We could immediately relate to the mobile AI kit. We had found in Alwar that taking an animal to a faraway AI centre drastically affected conception rate. An animal must remain stationary for few hours before and after the insemination. If the AI centre is some distance away then the animal is expected to walk many miles before and just after the insemination, resulting in poor conception rates.

In Urulikanchan each bull's genetic history is recorded carefully. All containers carry labels that include the name of the bull, its genetic code and the percentage of exotic blood. The semen centre supplies to BAIF's AI centres and various government and non-government organisations in India and abroad. Researchers here are constantly upgrading the technology.

We were provided some glimpses of the programme's impact in Sangamner, halfway between Nasik and Pune, where BAIF has been working for 20 years. Hundreds of crossbred Holsteins in the area bear testimony to the success of the programme. There was a one-room AI centre situated on the main road.

Story of the Old Man

We met a respected old man in Sangamner, who we called *baba* and who was a proud owner of several crossbred cows. This 68-year-old *baba* was a driver 20 years ago who also owned 1.5 acre of land in the village. When his son started wandering like him, *baba* decided to settle in the village itself. He took up cow rearing as a full-time activity. BAIF's technician intervened at this juncture and turned his local cow into a hybrid. The profits were so good that he has 11 crossbred cows today, producing 160 litres of milk daily that sell at the rate of Rs 9 per kg

(with 4-5% fat content).

His son is settled in the village with him. *Baba* engages 2 labourers in addition to family members who earlier used to migrate. He pays Rs 60 each per day to the labourers to cut sugarcane and to bring grass for his cows. Each crossbred cow costs about Rs 30,000. He has sold 4 cows in last 18 years, apart from numerous calves. The fact that he has been able to spend Rs 3 lakh on the treatment of his wife, who is suffering from cancer, without borrowing a single paisa indicates his prosperity.

Ramnath's Story

Ramnath Mehta was one step behind *baba* when he started rearing cows 14 years ago. He neither had land nor a home to live in. He bought his first cow with Rs 600. Today he owns 10. The best among them is priced at Rs 43,000. Ramnath has been consistently winning the best producer prize from his co-operative of 2,000 members. The credit for this goes to BAIF's technician, the farmer's hard work and to a transparent people's co-operative. BAIF ensured services to support healthy rearing of animals and the co-operative ensured reasonable price and customer satisfaction. Only the 2 together could make the programme a success.

The area impact could be best understood through the co-operative experience. There are 2 co-ops within a radius of 10 km. After our experience of observing a distorted version of co-ops in Alwar, it was startling to see these giant co-ops. In fact mini milk plants would be a more appropriate term to describe them.

When Ramnath started rearing cows 14 years ago, he neither had land nor a home to live in. He bought his first cow with Rs 600.

Today he owns 10. The best among them is priced at Rs 43,000. He has been consistently winning the best producer prize from his co-operative.

The Swartal dairy co-op society was formed 13 years ago with 25 members and counts 2,000 members today. Out of these 800 producers pour milk everyday at any given point of time in a year, yielding 10,000 litres of milk per day. This translates into an average of 12.5 litres per producer. This was 4 times the average producer yield in Alwar.

A BAIF official informed us that Rs 12-15 lakh worth of milk was transacted everyday. The society had a deposit of Rs 15 crores, of which Rs 13 crore was in circulation. Every producer had a savings account, a recurring deposit account and a fixed deposit account. These producers were not the only people associated with the co-op. In addition to BAIF staff, there were 25 self-employed

AI technicians providing services to the producers. All of them including government vets were using the mobile AI kits. The producers depended upon the BAIF technician for vaccination, preventive care and AI.

Spill Over Effect

We observed that people who already had animals approached BAIF first. But the spill over effect was visible on the poorer sections. We saw crossbred cows in Samsherpur, a remote area in the hills about 25 km from the AI centre. We spoke with the poorest families (mud house, no land, only unskilled labour and a 5:1 earning to dependent ratio of household members).

Some of them were reluctant to take up rearing cows as a livelihood option. Their reasons included lack of space to house the cow, no land to feed the cow and unfeasibility of buying feed. Those among the poor who chose to adopt it seemed to trust the

livestock development centre's services entirely. The co-operative's presence also provided a reason to opt for this activity as it assured reasonable returns.

According to my understanding, the success of BAIF's programme is hinged upon the AI centres. The AI technicians are at least high school graduates. They are selected and trained at Urulikanchan. After a year's rigorous training they are sent to work in the field at a centre within a radius of 5 km. A technician is expected to care for 2,000 animals depending on area and other factors. His job includes vaccination, preventive care and insemination. A technician typically does 10 AIs a day, making it about 3,000 inseminations in a year.

The underlined fact of BAIF's intervention is that it is not a short-term intervention. Results start pouring in only after 5 years as the crossbred calves turn into milch cows after 3 years. There is no withdrawal of a technician from a place once a centre is established successfully. The community is expected to share the cost of the technician and finally be able to support him on its own.

BAIF keeps a record of every insemination done by a technician to track impact. The technicians are expected to maintain proper records. Individual records are kept of producers. The AI centres are supervised by a veterinary officer who co-ordinates, monitors and helps the technicians. The technicians are mostly self-employed youth selected by villagers and trained by BAIF. They are independent entrepreneurs providing their services to the community and earning their living from it. But for most it remains a part-time occupation. Semen refill cylinders and mobile kits are provided

by BAIF. This is the only linkage that continues with BAIF.

The crossbred cows owned by farmers in Maharashtra yield more than 4,500 kg of milk per lactation. In Rajasthan the reported average lactation of crossbred cows remain 1,800 to 3,200 litres in 305 days despite the harsh weather conditions. The milk yield of these cows is higher than that of the best breed of buffalo. A buffalo's average yield is 1,080 litres in 180 days per lactation whereas a crossbred cow yields almost double the amount for 305 days in a year. BAIF has demonstrated that the crossbred cow can earn an annual income of Rs 15,000 to Rs 18,000. As far as we are concerned, people do not readily accept cows in the buffalo belt of Alwar. One main reason is the fat content of cow's milk (3-4%) is less than buffalo's 5%. The dominant dairy product in this area is *ghee* (rectified butter) and buffalo milk is believed to be better suited for making it.

Lessons Learnt

We learnt that livestock rearing was a worthy enough intervention to get into to support livelihoods. But it needs consistent and significant investments of time. This was contrary to what I had thought that linking people to a dairy union or animal husbandry department would be enough. I also learnt that improving breeds is perhaps the only way to make livestock rearing a profitable proposition. I also realised that providing adequate service was a key factor for people in Maharashtra to take livestock rearing seriously.

The service linkages such as vets and co-ops were more important than merely facilitating credit to buy animals. In Alwar one vet is available for 5,000 animals. A milk plant

gets only 1.4% of the saleable milk against 70% to the *dudhiya* (milkman). The poor in particular become a casualty in such a scenario. This fact itself calls for intervention in making credit accessible and providing for adequate services that reach the poor. The sustainability of both the factors is important. The consistent efforts and physical presence of BAIF has made even the toughest target group take livestock rearing seriously.

Based on this visit we identified some tasks for our Ramgarh project in Alwar. We need to find out

whether crossbred cows would be successful in this area. We can then select some motivated youths and get them trained from BAIF. The technicians need to be supported till this occupation is viable. We also need to help the community to get a reasonable price for the production of milk. This calls for rebuilding the co-op concept, which is distorted in favour of the *dudhiyas*. We also have to ensure quality service and security for animals, particularly preventive care, immunisation and insurance.

Reference:

Better Quality of Life: A Long Way to Go by Dr Manibhai Desai, written in 1992 on the Silver Jubilee of BAIF.

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Development Dilemmas

Essential questions of a development initiate

Sameer Kumar

As I enter into the realm of development, many questions pop up in my mind. I am not sure I can find answers to all of them at this moment. I hope that with time some questions will be answered, if not all. I would like to share the dilemmas I face and the possibilities I see in this sector.

Reflections on Role

For someone like me who has joined the development sector by choice and with a certain seriousness towards our assigned role, it is important to find answers to certain essential questions.

To begin with, the idea of acting as a promoter and facilitator of development of underprivileged people sounds great. How can I contribute to such development and to what extent? What is my purpose in taking up a career in development in the sense that how am I supposed to contribute to other people's lives? For someone like me who has ventured here by choice and with a certain seriousness towards our assigned role, it is important to find an answer to this.

Do we assume that we are doing some kind of 'good' to the society by venturing into this sector or are we doing just another job? Do fancy lines like 'to achieve a sense of fulfilment by making a difference to society' actually mean anything? Does it mean that a hotel management graduate or an engineer working for an MNC or a doctor engaged in private practice is playing a lesser role in society? The comparison does not end there. It has also to do with personal aspirations from such a career, which is by and large shaped by constant societal and familial pressure.

Therefore the kind of work we perform here must be fully explained and we as practitioners must be convinced about our role and its importance in the overall development perspective.

Aim and Approaches

There are other questions too that need answers. For instance, when we say that the focus of all our activities is the set of people we work with, what exactly are we trying to achieve? Do we attempt a change in the way of living of these people? Are we trying to pull them out of the weather-beaten systems they have been following for hundreds of years? These systems, which control their lives from birth to death, have been tested over time. Can we say these have become redundant? Or is it that the prevalent systems have proved to be insufficient to handle the changes in the surroundings? But aren't these systems also supposed to be inherently dynamic?

To catch up with the external world, a simple classification would suggest 2 distinct approaches. One would be to bring the advancements of the outer world to their doorstep. The other would be to empower and educate them to reach to these levels.

In the former approach, we can bring modern services to the people's doorstep with the use of money but we cannot ensure that these services would be utilised. Most family planning programmes have followed this approach and have met their fate. Similarly, we can force commercial banks to open branches in rural and remote areas but we cannot ensure that the rural people would

avail of the services and their credit requirements would be met henceforth.

The latter approach invites us to look for alternative ways to create systems or innovate existing systems so that usable versions of the (modern) services reach the people. We have one such example in the self-help group (SHG) model that has been successful in meeting the credit requirements of the rural poor. Another way could be to make people realise the need for a particular service and then force the service-providers to cater to their demands. This has happened in case of education, where schools, run by government-sponsored schemes or privately, have sprung up in backward areas just because people have demanded this service by showing their readiness to send their children to the school and pay for it. Another way could be to increase people's income so that their overall demand increases, helping in turn to create linkages with mainstream systems. It is not difficult to see that of the 2 suggested approaches, the latter would be more effective.

Is That Enough?

The question that arises now is whether we can be content with following just one of the approaches and hope that it would work. Would an increase in the income of the poor itself prove to be a sufficient catalyst? Could there be a multi-pronged strategy to bring about necessary and desired changes?

Consider the concept of SHGs or for that matter, various income generating activities (IGAs) initiated to alleviate poverty. We might claim to have introduced the habit of savings and to have made the people shift from their previously subsistence existence.

We might even claim to have doubled their existing incomes with these interventions. Should we assume that there would be a corresponding improvement in the quality of life for these people? To be more specific, does an increment of Rs 1,000 per month (or more) in income result in higher attendance of children (particularly girl children) in the schools? Does more disposable money ensure that the people are able to avail proper healthcare facilities?

Doesn't all this also call for working on the broader aspect of human development rather than emphasising merely on economic improvement? It would mean adding the component of education along with the aimed economic development. Here education would mean inculcating a system of independent thinking with proper knowledge and an information base.

Chasing a Mirage?

Everything said and done, the basic question would still remain the same. How far can we go on like this, playing the roles of promoters and facilitators of development actions? What eventually is expected from the target communities? Do we want them to be as what 'we' are? If the answer is yes, by the time 'they' become 'us', 'we' would have moved further. There would always be a certain gap between 'us' and 'them' and underdevelopment would still hold sway.

All we would then end up with would be a redefined form of poverty, a poverty with newer and different parameters like power in decision-making, control over lives,

Everything said and done, the basic question would still remain the same. How far can we go on like this, playing the roles of promoters and facilitators of development actions? What eventually is expected from the target communities?

availability of opportunities, denial of rights, etc. It also means admitting that poverty would never vanish from the scene but would keep on raising its ugly head in some form or the other, of which most noticeable is financial poverty.

Poverty could therefore never be eradicated in the absolute sense. The fact is that financially there would be always the rich and the poor. Some of us would have to live in the villages and engage ourselves with agriculture and other primary sector occupations for a living and some would sell their labour, while some of us would be doing more 'sophisticated' and city-centred jobs. This would be despite the gradual blurring of the differentiating line between urban and rural landscapes. By this logic, we may even conclude

that to dream of development is like chasing a mirage in the desert.

In Search of Answers

All systems that control human life work towards achieving some kind of overall parity. These systems are quite dynamic and are always changing. The inefficient systems give way to more efficient systems. It is comparable to the forces of demand and supply, which bring prices of a commodity to an equal level (not necessarily the same) in all the markets. Therefore, to assume that eventually all the players in society would have equal importance at a particular point of time would not be wrong. It might just take quite some time for this to happen.

To play a catalyst in this process of change and to free individuals and society of all kinds of bondage, so that everybody can

achieve their potential, is an aspect that we can work upon. The society ultimately has to evolve in a form that provides space and has the capacity to absorb all individuals that comprise it. That time would come when all its constituents have the freedom to exercise one of the basic social rights: the power to choose from a range of options at will.

Our aim of development could only be fulfilled when options are available to the people so that they are able to choose where they want to be: to practice agriculture or deal in shares or venture into space. This would mean that people must have access to all existing options and opportunities. Our case would be complete when there are freer environments to make those decisions.

I am therefore of the opinion that all development actions must directly or indirectly lead to providing options to the people and making them free to take decisions. Let me conclude by saying that I consider myself lucky to be working with people and not 'products'.

With solicited inputs from Roopa Ratnam, Executive (Projects), Kesla.

Mainstream Makeover

We have to broaden our understanding of the mainstream to include the views of the rural poor

Dinabandhu Karmakar

October 1999

Thinking about poverty in our country is overwhelming. During my past 10 years of work in Pradan, I have moved from one confusion to another. The understanding I arrive at on a given day seems to become irrelevant on the next. It is difficult to be absolutely objective while looking at a situation and analysing it with the intention to work on it. What stands in the way most often are my personal inadequacies, limitations or abilities. I always seem to look at the situation with an eye to find opportunities where I may contribute meaningfully.

Thomas Fisher of the New Economic Foundation in London, the UK was facilitating a visioning exercise in Puri for some senior members of Pradan. He challenged us to shift our focus from people in Pradan to people in society (in the rural community). Many ideas were generated under different heads. In the context of social impact, somebody talked about the idea of linking poor people with the mainstream. This was during the concluding session of the workshop. We were told to pick up one issue to develop it further.

I discovered that when we talk about mainstreaming, most of us mean enabling poor people to deal with different public support systems such as linking people with the District Rural Development Authority, bank, etc. Or we mean educating the mainstream institutions to reach out to the poor. To a marginal farmer or a landless villager living in a remote corner of the country (be it Keonjhar, Kathikund, Kishangarh or Kesla), it would seem we are talking of a mainstream

that is basically a product of an urban world. It is therefore necessary to take stock of our understanding about the mainstream.

Ratikanta and Ramkrishna

On reflection I thought that to a poor family in a village, the mainstream is the better-off people in the village itself. To Ratikanta Murmu, Ramkrishna Mahata is a representative of the mainstream of Huchukdih village. If a process is started so that Ramkrishna and Ratikanta work together resulting in both or at least Ratikanta moving forward, it would mean the mainstreaming of Ratikanta.

In the areas where we are working, people claim their livelihood from resources owned and managed by the better-off section. The latter are their sources of income, information, knowledge, power and support in need. Wage earning (if there is no forest around) is the major livelihood for the landless. In most places, the local wage rate for agricultural labour, which is available for at least for 3 months in a year, is about 50% lower than the minimum wage rate fixed by the government. Why is this so?

These better-off (above subsistence or just below subsistence) families with their land and water holdings constitute the main production systems in the rural areas. My guess is that in the areas where we work, these production systems operate at 25% of their

To a poor family in a village, the mainstream is the better-off people in the village itself. To Ratikanta Murmu, Ramkrishna Mahata is a representative of the mainstream of Huchukdih village.

optimum efficiency level, if not lower. As a result, employers are not in a position to pay more and still make enough profit. In addition, they are not in competition with each other to draw more workers to maximise profits. Their production systems suffer as a result. Against such a background, can we think of increasing the income of the poorest without addressing the issue of the low efficiency of rural production systems as a whole? Or for that matter, without addressing the issue of the low purchasing power of the rural community?

Truncated Understanding

I have been reluctant to include the better-off families in our developmental programmes. With my limited understanding of mainstreaming, I wanted to reach directly to the poorest, sometimes even by hurting the interests of the better-off section of the community. This paid off in terms of instant excitement but did not last long.

With my limited understanding of mainstreaming, I wanted to reach directly to the poorest, sometimes even by hurting the interests of the better-off section of the community. This paid off in terms of instant excitement but did not last long.

It satisfied my ego rather than changed what happened to the overall poverty scenario in the community.

I have noticed similar mental processes in other colleagues also. We feel guilty if we are not directly working with the poorest. But what would happen if instead we increase the demand for labour in an area as a strategic developmental

intervention? What would happen if we spent some of our efforts in promoting rural infrastructure that may be owned and managed by better-off people?

Till now, our focus has been to work directly with the poorer people in rural areas. We

have been able to ensure some benefit to the landed poor by providing some missing links. With the landless, however, we still do not have any concrete options to offer. We have been able to make a dent only as far as better management of their earnings is concerned. We are also confident that we can influence their financial decision-making through appropriate packages. But what next? What about ensuring a stable growth in their family economy?

The advocates of land reforms have some answers. These are plausible in the plains. On the plateau, we have a different situation. In Pradan we have long thought about off-farm income generation such as tasar, mushroom and poultry. All these are supposed to be sold in the cities. How big is this urban market? Even with a very small number of producers, we have the experience of vegetables being sold at throwaway prices and the price of broilers falling below the production cost. At the same time, availability of necessary food items other than grain is negligible in rural areas.

Making Assumptions

Let me make some assumptions here. The Indian urban population has grown significantly in the past 60 years. Initially, only affluent landlords migrated to enjoy the benefits of modern civilisation while their roots remained in villages. Later, famine and famine-like situations (1943, 1950), the growth of industry and the service sector has forced and pulled the hungry masses to the urban centres.

The centres that were able to create new job opportunities and pay more to avail of various services were able to pull more people. As these service providers have no other option but to live off a market, markets con-

centrate on creating more job opportunities. The hypothesis I am trying to establish here is that people had surplus purchasing power that was concentrated to create today's urban centres.

Until some time ago, urban entrepreneurs were not taking up production of major food items (carbohydrate, protein and fats) as their business and livelihood. However, there has been a change in the past few decades. Production of carbohydrate and fats is still beyond the reach of urban entrepreneurs apart from some value-added products that they route back to the rural community. But with the advent of modern technology for protein production, they have been able to successfully venture in protein. This is a repetition of what happened to traditional rural artisans after industrialisation.

Let me assume that in India, out of 100 crore people, 20 crore people live in big cities and towns. This population does not produce any primary food items (carbohydrates, proteins and fats). Let us assume that another 40 crore live in villages, own land and are capable of producing carbohydrates (cereals), protein (pulse and livestock) and fats (oil seeds and livestock). Another 40 crore (marginal or small farmers and the landless) produce some carbohydrates and pulses for their own consumption and some protein (mostly animal protein), which they sell to earn cash. Even a food deficit family is forced to sell food grains to meet other needs.

Protein Power

Even 40 years ago, the supply of animal protein in urban and rural markets used to depend on production of livestock by marginal landowners or landless villagers, who depended on common resources. Apart from

wage earning and selling of firewood (in case of forest fringe villages), the most important source of earning of a poor farmer is animal husbandry, particularly small animals (sheep, goat, backyard poultry, pigs). Now this segment with all its vulnerabilities has to compete with new generation protein producers, managed by big companies, in cities. Modern technologies did not reach remote rural producers due to many factors. One basic factor was that there was no surplus purchasing power either as additional investment or as retention of accumulated surplus. Instead, generated surplus moved to urban centres through the migration of the affluent.

My apprehension is that the protein factories will be able to capture and feed the cities with their 'quality' supply. They are from within the 'urban mainstream' and can tap 'urban mainstream support' better. That mainstream will not be able to accommodate the 30 crore producers from rural areas.

For a limited amount of time we may find some corner in the urban market, but not for long. Thus the 20 crore people's urban market is not for the poorest (the lowest 30 crore). It would not make any positive 'balance of trade' through business on protein, which is what we often venture out to do. The fate of trade in protein is going to be the same as happened in the case of so many traditional rural products. Urban products are constantly replacing these products. Weavers, potters, blacksmiths and cobblers have already lost or left their hereditary profession in competition with urban products and are somehow

The most important source of earning of a poor farmer is animal husbandry, particularly small animals. Now this segment with all its vulnerabilities has to compete with new generation protein producers in cities.

managing to live, sharing the resource potential of the rural farming community.

Forty crore people in rural areas (resource owners at or below subsistence) are the mainstream for the rural people, particularly for those who sell unskilled labour. The total purchasing power in this market is very low. We have to create a positive balance of trade for this market by increasing export to the urban market and, if possible, by decreasing import (replacing fertilisers with green

manure, for instance). The exports will include cereal, pulse, animal protein, leather, timber (gradually being replaced by plastics and steel), stones (a bit difficult to get access to) and some skills.

What needs to be done in order to ensure retention of the generated surplus in rural areas needs to be answered separately. Before that the number one challenge is how to create a surplus. If we look at urban centres, one basic factor that determines the growth of cities

is the availability of water and power. This is applicable to rural areas too. For power, we can continue to rely on animals and humans, but water is something that cannot be replaced. To generate a surplus through the production of carbohydrates, vitamins and minerals (grains and vegetables), a huge volume of water is needed.

Once rural producers are able to establish a positive balance of trade with the urban market, they will be able to pay higher wages and absorb more labour. This could be done through the export of carbohydrate, fats, minerals and vitamins (mainly in

the form of vegetables and fruits), and if possible, protein, by reducing the cost of production in comparison to the urban protein producer.

Testing Assumptions

Let us assume a village has 100 families and 200 hectares of irrigated land. Let us also assume each family has an average of 2 units of daily labour. This village can supply 60,000 (= 2* 100*300 days) labour days. Let us also assume that the village has 200% cropping intensity (one Kharif paddy and one Rabi vegetable crop).

How much labour can the village absorb? For a hectare of Kharif paddy to produce 4,500 kg of normal paddy or 3,000 kg of scented paddy, the number of labour days required are:

Land preparation:	50 labour days
Transplanting:	50 labour days
Weeding & Hoeing:	100 labour days
Harvesting:	50 labour days
Post Harvest:	50 labour days
Total:	300 labour days

For the Rabi crop, one hectare of land produces about 30,000 kg of potato. The number of labour days required are:

Land preparation:	100 labour days
Seed sowing & 1st earthing up:	75 labour days
2nd earthing up:	75 labour days
Irrigation:	150 labour days
Harvesting:	50 labour days
Packing & Storing:	50 labour days
Fertiliser application & Supervision:	100 labour days
Total:	600 labour days

With this kind of intensive cropping the village can annually absorb 200*900 = 180,000 labour days.

Assuming that even at a 30% level of efficiency, such a village could provide full employment to its people for 8 months. The increased purchasing power in the area will create a market for other skilled labourers. It will generate demand for other goods and services such as better housing, variety in daily food consumption (tea, sweets, snacks, fruits) and travelling by rickshaw. All these will further expand the market to cover rest of the year. An increased demand for labour would enable wage earners to strike a better bargain with their employers. With some savings, this section of the community can then venture out to other options of their choice.

The strategy that I have outlined makes sense when I think of mainstreaming. This is possible only if we take all the available productive resources into consideration and invest in them. If we do not make any effort to reach out and let the major productive resources remain idle, we might be keeping ourselves occupied in some meaningful work but we fail to address the challenge of mass poverty.

We are already late. There is already a trend in urban capitalists and entrepreneurs are moving into rural areas to get access and control over the unutilised or sub-optimally functioning resources. They are doing this by paying minimum costs and are pumping surpluses out of the rural areas. We need to think about the promotion of better rural resource management so that the production systems there work at a higher level of efficiency and check the intrusion of urban entrepreneurs.

A big question remains to be answered. How can the rural areas draw investment for infrastructure development, unless they are

'mainstreamed', since it is the urban mainstream that controls national or public resources? I think it is easier to draw the urban mainstream into the rural mainstream in the first phase, than to draw it directly to the marginalised poor. If we directly try to draw the urban mainstream to the rural marginalised, which I understand to be our present bias, my fear is that we can prop this process for a small number of people for a short period of time. As a mass, the rural marginalised will not be able to come up by ignoring the people who actually own rural resources.

Moreover, if this class does not get enough timely support, it will keep adding numbers to the poorer class. We have to develop this class as the mainstream. At this point of time, they have a higher marginal growth potential (MGP) than any other class on a mass scale. Our present concept of enterprise promotion will be much easier if rural markets are able to grow to consume the produce of these enterprises.

One other question remains. Would the rural areas be able to retain their surplus to invest it back for further growth or will the surplus continue to flow to the existing urban centres? As of today this is largely a political decision. But I am optimistic that there might be an economic answer.

How can the rural areas draw investment for infrastructure development, unless they are 'mainstreamed', since it is the urban mainstream that controls national and public resources? It is easier to draw the urban mainstream into the rural mainstream in the first phase, than to draw it directly to the marginalised poor.

People, News and Events

● Nityananda Dhal got married on March 6, 2002. Congratulations!

● Anjana Banerjee, based in Jamshedpur, resigned from Pradan with effect from March 11, 2002. She plans to join Partho Das, her husband and former Pradanite, in his posting in Jalpaiguri as a trainee in the excise service. We wish them luck.

● Ritwik Adak, who dropped out of the 20th batch of apprentices, has rejoined the programme at Chakradharpur from March 1, 2002. Welcome back, Ritwik.

● Pradan's Executive Committee met from March 12-13, 2002

● Professor M S Sriram of the Indian Institute of Management, Ahmedabad, conducted an Accounts Training programme from February 24-March 2, 2002 at Kesla. Sixteen participants worked 18-hour days unravelling the mechanics of balance sheets and financial management.

● Dinabandhu Karmakar and Arnab Chakraborty completed a review of DANIDA's watershed development project in Koraput and Malkangarh in Orissa with a presentation on March 14, 2002.

● Deep Joshi, Manas Satpathy and Nivedita Narain attended the Annual Partners' Meet of the International Water Management Institute (IWMI)-TATA Water Policy Research Programme in Anand on February 19-20, 2002. Over 25 research papers were presented in the workshop, 2 of which were from Pradan. Manas Satpathy presented his paper "Small-Holder Irrigation and Livelihoods Improvement for Jharkhand's Tribal Farmers". Sakthivadivel of IWMI, Colombo presented his preliminary paper titled, "Water

Harvesting in Rajasthan: An Assessment of Pradan's Paal Project". Those interested in the list of papers presented and copies of specific papers may contact NewsReach or IWMI-Tata Water Policy Research Program Office at iwmi-tata@cgiar.org.

● Soumen Biswas and Avijit Mallik participated in the training of trainers (TOT) organised by the National Institute of Rural Development (NIRD) in Hyderabad. NIRD is implementing the UNDP's sub-programme on Leadership Development Programme for Rural Functionaries. Pradan has been identified as a partner organisation for Jharkhand and the TOT was a step towards identifying the roles to be played by the partners in capacity building process.

● Pradan has been selected as the Best Field Implementation Agency under the UNDP-sponsored Sub-Programme For Non-Mulberry Sericulture in India. Pradan received a cash award of Rs 5,000 for this. More importantly, Pradan-promoted grainage owners, rearers, yarn producers, weavers and self-help groups have been formally recognised as outstanding performers amongst all participating states. Babulal Hansdak received the Best Grainage Owner Award. Sonka Tudu of Chandu Bathan was awarded the Best Seed Crop Rearer Award. Pradhan Hebram of Narayanpur Tasaria received the Best Cocoon Rearer Award. Shikha Devi of Rajdah received the Best Spinner Award. Nuneswari Devi of Raksha received the Best Reeler Award. Signeshwar Mody of Bhagalpur received the Best Weaver Award. Parwati Mahila Mandal of Kerwar, Banka received the Best SHG Award. Congratulations to the awardees and to the Pradan professionals who worked hard to make this happen.



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.



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