

NewsReach

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Vijay Mahajan's acceptance speech for the IITD Alumni Association Award for Outstanding Contribution to National Development. He is currently on Pradan's Governing Board.

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Studies in Poverty

Three portraits of real people caught in the human maelstrom of poverty

Shubhanker Chatterji

POVERTY IS about the lives of real people, its complexities and its ups and downs. Unfortunately, by the time we read about it in books and papers, the human saga is lost behind statistics and myriad real life struggles get buried under the poverty line.

While such abstractions may be necessary to capture the larger picture and to make policies and plans, it is equally necessary, especially for anyone planning to do something about it, to observe and understand the human drama, the individual stories of struggle, the half-hearted tries, the capitulation, the success and failure.

I present 3 such stories, captured while conducting the village study as an apprentice in Pradan. The stories are from Tangratoli, a hamlet of Larta village, about 40 km from Ranchi, the capital of Jharkhand.

The Story of Bandhna Oraon

Bandhna Oraon is an average farmer of Tangratoli. His family comprises 7 adults, including an older brother who lives and works as a labourer in a truck in

Chaibasa. Bandhna owns about a hectare of land, 4 bulls, a cow, 2 calves and a hen.

Bandhna needs about 16 quintals of cereals a year to feed his family. He produces on an average about 12 quintals of paddy and about 2 quintals of finger millets. That leaves a gap of about 2 quintals of cereals for food alone, besides other necessary items.

There is no perennial source of water in Tangratoli, neither surface water nor established aquifers. Therefore, agriculture largely comprises a single *kharif* crop. Only on small patches of the so-called *Bari* land behind houses, which is irrigated from tiny seepage wells, is a second crop cultivated.

Normally, Bandhna's family would depend on wages to make up the deficit in food and to meet expenses on other necessities such as oil, salt, kerosene and clothes. A year ago, for example, Bandhna had worked for 3 months after harvesting *kharif* loading and unloading construction material in tractor trolleys. His middle brother had also worked similarly for 8 days.

Bandhna's elder brother sends Rs 1,000 every year before the sowing of *kharif* to help his fam-

ily. This helps get necessary inputs for agriculture since both cash and food run out by the time *kharif* sowing begins.

Bandhna and others like him would have little left by the end of the year that begins with the harvesting of *kharif*, but he would scrape through if a calamity did not come visiting. And that is a big if.

A major calamity did visit Bandhna last year. It left a hole worth Rs 5,000 in his fragile budget. Bandhna's father became very ill soon after *kharif* was harvested. He had to be admitted in a Ranchi hospital. There seemed to be no end to expenses.

Bandhna sold a good cow for Rs 1,500, a couple of small cows for Rs 400 each and 2 calves for Rs 350 each. As the bills kept mounting, Bandhna had no option but to mortgage his land to raise funds to pay medical bills.

That is how farmers in Tangratoli cope with financial crises. The best one can hope for is to find a close relative with money to lend. Luckily for Bandhna, his brother-in-law Dhani Oraon, whose father is a peon in the nearby Karra post office, had cash to spare at that time. So Bandhna decided to mortgage a piece of land to him.

Of course, Dhani knew every inch of Bandhna's land and demanded the best piece of low land that normally produced a little over 3 quintals of paddy every year, almost a fourth of his cereal production. And the most assured fourth to boot! Since Bandhna needed the money quickly he had no option but to agree to mortgage that land for a paltry sum of Rs 2,000.

Having mortgaged the best patch of his land, Bandhna worked on a plan to get it back. Otherwise he knew it would be difficult for him to feed his fami-

ly throughout the year. He thought he would cultivate sweet potato this year and if he produced 20 bags, he would book enough profit to get his land back.

Lure of Sweet Potatoes

The choice of cultivating sweet potato was obvious because under the present agricultural pattern that is the only item that brings in cash. Since Bandhna had very little cash in hand and the Rs 1,000 his elder brother sent was spent in buying food for the family, he had to borrow to buy seed and other inputs to cultivate sweet potato.

Who would lend him money to cultivate sweet potato? Obviously someone who buys and sells the commodity! Agents of traders from Patna roamed the villages and one such agent readily lent money to Bandhna - on the condition that Bandhna would sell sweet potatoes only to him and at a pre-determined price.

Bandhna borrowed Rs 800. He thought he would harvest at least 20 bags of sweet potatoes and selling at the rate of Rs 140 a bag set by the trader, he would be left with Rs 2,000 to pay off his brother-in-law.

But agriculture is a gamble without irrigation. Lady luck did not favour Bandhna and he harvested only 10 bags of sweet potatoes, as the rains were poor. Bandhna was left with only Rs 600 after paying off the trader.

Poor rains also meant lower yield of paddy and finger millets from Bandhna's remaining land. As a result, his food deficit alone has gone up by 5 quintals of cereals.

Bandhna has no clear plans to cope with this, as this is a new situation. At the same time, he does not want to look at the lurking dark clouds immediately

after the harvesting season. He says bravely, "If there is no food, I will go out and earn."

The "going out" obviously means he and a few others from the family would have to migrate for as long as 3 to 4 months in search of wage employment. As they do so, the *Bari* will not be tended, animals will not be well looked after and the house will undergo no repairs.

There might be even less food next year and fewer cattle to sell should something ominous turn up again. An illness in the family and a poor monsoon is all it took for Bandhna's family to slide into a downward cycle with their delicately balanced budget coming unstuck.

Did Bandhna have to spend Rs 5,000 for his father's cure? Did he have to mortgage his land? Could he have earned more from sweet potatoes even after a poor harvest?

I made enquiries about marketing. I learnt that the average price of sweet potatoes in Patna markets was Rs 425 a bag instead of the Rs 140 Bandhna got. Though transporting sweet potatoes to Patna and other expenses would have cost Bandhna an additional Rs 800, he would still have made a profit of Rs 2,050, enough to pay off his brother-in-law.

Of course, this was not a real choice for Bandhna as he was indebted to the trader's agent, knew nothing about Patna markets and could not have gone there without organising a large enough group of farmers.

The Story of Gobra Oraon

Gobra Oraon has a family of 6, including 2 children. Gobra owns about 0.6 hectare of land, which yields him about 480 kg of paddy and 160 kg of finger millets. The net deficit in food alone

is about 850 kg a year.

Gobra migrates every year in search of wage income to make up for the deficit soon after harvesting paddy in December. He returns in May the following year.

Migration in search of wage income has been a regular feature in Tangratoli. It is a convenient way to cope with economic stress. Those who migrate have insufficient land to produce enough food, are deficient of food due to crop failure or need cash to meet unforeseen expenses.

Some people migrate to earn extra if there are extra hands in the family, though in such cases they look for stable employment outside. Long lean periods due to the absence of irrigation and a second crop fuels migration.

Out of the 53 families in Tangratoli, people out of 30 had to migrate for wage income. None from the relatively well-off families has ever had to migrate, whereas there has been migration from each of the 4 poorest families.

People typically go to Calcutta, Patna, Nadia and Ranchi because of the numerous brick kilns there, ensuring work all the time. Brick kilns are preferred because of good wages, availability of food and cheap accommodation.

Last year, the paddy and finger millets produced from his own land fed Gobra's family from December through April. Gobra brought back Rs 7,425 when he returned from the brick kilns in May. He had to spend Rs 6,000 to buy food for the rest of the year and about Rs 1,500 to buy inputs for agriculture. As a result, nothing was left for the next year.

Gobra had to sell a pig to pay for his son's medical treatment. As his father could not tend to his *Bari* land, they earned only Rs 800 from it, compared to Rs 2,050 earned by Bandhna and Rs 5,650 by his neigh-

bour Vijay from about the same area of *Bari* land.

The money Gobra earns by working in brick kilns is barely adequate to feed his family. Clearly, Gobra is unlikely to come out of this hand to mouth existence in a hurry.

He has little surplus of money or time left to invest in his land, the only asset whose productivity would respond to investment of capital and labour to generate a surplus to put Gobra on a growth spiral. In fact, any small misfortune would push him deeper into the abyss of poverty.

The Story of Vijay Oraon

Vijay Oraon is part of a family of 8, including 3 children. They own about a hectare of land besides the *Bari*, 3 buffaloes, one cow, 2 calves, 3 pigs and 5 piglets. Vijay's family is able to produce all the food they need, which are about 20 quintals of paddy and 4 quintals of finger millets.

Vijay has a much larger stock of animals and he puts in a lot of effort to look after them. He periodically sells his animals to earn cash, which he ploughs back into agriculture, both *Bari* and cereal cultivation.

A year ago he sold a cow, 2 medium-sized calves, 2 small calves and a goat just before *kharif* for a tidy sum of Rs 3,800, which helped him provide appropriate amount of fertilisers and seeds both in *kharif* and *Bari*. As a result he produced almost twice as much paddy and finger millets from the same amount of land as Bandhna and about two and a half times as much income from his *Bari*.

He produces all the cereals he needs. The income from his *Bari* meets his need for cash to buy essentials like oil, salt and clothes besides the capital need-

ed for cultivation. He has enough livestock to sell to meet any contingency.

Though still below the so-called poverty line, Vijay Oraon is clearly in a different situation from his 2 neighbours, as indeed the latter are from each other. He is on a growth cycle and is in a position to meet any little misfortune that may come his way.

Bandhna has just been done in by a little misfortune and though he is trying to get on top, his efforts do not seem to be enough as his affair with sweet potatoes illustrates.

Gobra seems to be resigned to a negative loop - one shudders to think of the consequences if he is unable to migrate one year.

Points to Ponder

Clearly, all 3 can produce more from the resources at their command and earn more from what they produce. Credit clearly would help both to enhance production and incomes and to reduce expenditure and loss of productive assets.

Access to better know-how would also help, as would access to markets and services. Collaboration among themselves, perhaps through organisation, might also expand opportunities. These I have learnt are parts of the "tool kit" of a development worker.

Is that all? Or is there something we can learn from the example of Vijay Oraon? With all the credit, know-how, services and organisation that we can provide, would Bandhna begin to look at opportunities the way Vijay does?

Can Gobra move closer even to Bandhna if not to Vijay? What do we need to add to our "tool kit" to be able to help them do so?

Can we look beyond the "tool kit"? ■

Metamorphosing Insects, Changing Lives

Rearing *tasar* silkworms in Narayanpur-Tasaria (Part II)

**Hemant Kumar and
Shamshad Alam**

SANTHALS WORSHIP the sun and moon. Local myth says that Kalu was the son of the sun god. A young energetic boy, he used to wander in the forest. On one such jaunt he found a cocoon of *tasar*, brought it home and hung it on a string outside.

A few days later a moth emerged from the cocoon in the evening. Kalu was so excited that he couldn't sleep. While he lay awake in the night, he saw a male moth come and couple with the newly emerged female moth.

The next day he found some eggs laid in batches on the string. The eggs started hatching on the 8th day and worms started crawling out. The worms then wanted to feed.

Kalu unknowingly took the worms to the forest and brushed them on the *asan* tree. He frequently visited the worms in the forest.

Meanwhile, the sun god, investigating his son's regular absence from home, followed him to the forest where Kalu was visiting his worms. It is said that while watching the worms Kalu had started doing woodwork, which tribal rearers still practice.

The sun god tried to stop Kalu from visiting the worms in the forest. He sent tigers and bears to frighten him away. But when the ferocious animals appeared

before Kalu, he threw chips of wood at them that turned into big dogs. The dogs chased the ferocious animals away, even killing some. He continued to rear his worms until the cocoons formed.

Santhals believe that after this the practise of rearing became popular. This is why they worship Kalu.

Such myths and legends are kept alive by *tasar* rearers in the forest and are perhaps hard to shed as *tasar* is seen as a game of fate, with its fragile production processes, uncertain output and vulnerability to pests and predators.

According to informal estimates the number of dormant and active *tasar* rearers in the Godda region of Santhal Parganas is around 9,500. These are areas where the host flora of *asan* and *arjuna* are prolific, traditional skills are alive and manpower abundant and under-utilised.

As described in the first part of our article, the introduction of modern technology into precocoon activities can itself generate livelihoods for these families, as well as *tasar* rearing families in nearby *tasar* belts (See Box). We also described the inputs and outcomes of the introduction of *chawki*⁽¹⁾ rearing in gardens.

In this article we will describe the steps we took to introduce the package, which led to a bumper crop of cocoons and increased incomes that were the

envy of nearby villages.

We selected Narayanpur-Tasaria as one of the villages to initiate this programme of introducing modern technology, of "*chawki* rearing and nylon nets". The reasons were its accessibility throughout the year and the dense forest of *asan* trees. We introduced this package with 24 of the 52 traditional rearers here.

Lab to Land

The technology was developed based on research at the Field Laboratory of the Central *Tasar* Research and Training Institute, Ranchi. The package was sent for field trial to the Regional *Tasar* Research Station.

Regional Extension Centres, situated in *tasar* producing areas, were then responsible for demonstrating the package and training NGOs and rearers. Members of our team underwent this training, as did some rearers, and we initiated discussion about the technology with the graineures in Narayanpur-Tasaria.

We had already established 3 grainages in the area, and the grainage rearers worked closely with 10 seed crop rearers. The cocoons produced were then purchased by the graineures, who produced DFLs (disease-free layings) for the commercial crop of 75 days commencing September.

The selection and preparation of seed crop rearers was a criti-

Box: Rearing *Tasar*: Traditional Versus Modern Method

Particulars	Traditional Method	Modern Method
Rearing Capacity	100-125 layings per family.	400 disease-free layings (DFLs) per family.
Rearing Technology	Mounting of the worms directly outdoors. Eggs placed on the trees in lead cups anywhere and on any tree.	Indoor hatching and mounting after 24 hours in <i>chawki</i> garden, on specially selected and treated trees a under nylon net.
Loss During Rearing	High due to pests and predators, scorching sun, heavy wind and rainfall. Loss was approximately 35% up to the third stage.	Loss was minimum, hardly 5-10% during transfer and second time erection of nylon net.
Seed Preparation	Indigenously prepared laying (IPL) and no system of diseased eggs separation.	Eggs are prepared in a village level grainage on scientific lines (called DFL).
Yield	20 to 25 cocoons per IPL.	40-45 cocoons per DFL.
Rearing Duration	Long.	Reduced by 7-10 days because of the availability of quality leaves to the worms.
Plantation Maintenance	No maintenance.	Plants are separately maintained for the early and late stage rearing.

cal phase. We then supported them to adopt the technology. The demonstration by seed crop rearers motivated commercial rearers to come forward.

This was followed by intensive support in the rearing fields to ensure that the first commercial crop was a success and to help rearers adopt the new technology.

As a first step we planned to select 5 rearers from Narayanpur-Tasaria for the seed crop and 24 for the commercial crop. This process involved a series of 4 meetings, in intervals of a week. These intervals provided rearers sufficient time to think about matters discussed in each meeting.

In the first meeting we discussed seed crop rearing and current problems and prospects

based on local and outside experience. We also urged rearers to think about technology best suited for seed crop rearing.

In the second meeting rearers shared their views about technology that could be adopted to increase the production of seed cocoons. We facilitated their involvement in the discussion and were able to introduce the new technology to them in an easy-to-grasp manner.

In the third meeting we shared the criteria for selecting seed crop rearers. The villagers themselves suggested names of 10 seed crop rearers. Before the fourth meeting we interacted individually with these 10 rearers, visited their rearing fields and selected 5 of them.

In the last and fourth meeting we discussed this process of

selection, sharing reasons so that there was no confusion and conflict in seed crop rearing. We followed the same process for the selection of 24 rearers for the second crop.

Transplanting Technology

In March 2000 we began to implement the full technological package recommended by the Central Silk Board (CSB) for *tasar* rearing with pollarding or pruning of host trees in order to create *chawki* gardens.

Fertilisers in prescribed doses were applied in the gardens and rearing fields. Infrastructure like nylon nets, spray equipment and chemicals were sent to the village well ahead of the first crop of the Daba bi-voltine⁽²⁾ race.

The next step was to prepare the rearers to implement the new technology. This involved training around 3 components: motivational, conceptual and practical.

Conceptual training involved 4 meetings. In the first meeting we discussed the importance of pruning and pollarding and application of fertilisers and its effect on the plantation.

In the second meeting we discussed the new technological package evolved by CSB and why the package was designed like this. In the third we discussed the traditional way of rearing *tasar* and its relationship with the new technological package.

In the last meeting we discussed the importance of identifying various diseases and taking preventive measures to minimise the spread of disease in the field.

Role of Women

We also spent time discussing the role of women during rearing. The process here was as important as the content, as the rearers needed to internalise what they learned, so that it reflected in their rearing fields.

We started the conceptual training module with an experience sharing session. Rearers with 5 to 7 years of experience from another village where Pradan has been working shared their experiences. The selected rearers from Narayanpur-Tasaria cross-questioned them at each stage, starting from maintenance of plantations to harvesting of cocoons.

While this was happening we noted down the experiences of the rearers in 2 categories -- those who had a successful crop and those with a failed crop. The list was long, starting from the maintenance of plantation,

process of hatching, brushing, early stage rearing to late stage rearing, extent of involvement of family members, experience of protection and losses due to natural vagaries, diseases, pests and predators.

We then focused the discussion on the points noted down. In some cases the rearers could not identify problems accurately resulting in low quality of leaf, improper feeding of the worm and lack of adequate hygiene in the rearing field. We pointed out possible reasons for the problems they were facing, comparing it with child rearing to make them more caring towards these worms.

We then shifted the discussion to seek solutions from each individual. Possible answers, from local and outside knowledge, were discussed and cost-effective and appropriate solutions identified.

We often experienced difficulty while involving rearers to identify possible solutions in front of us, perhaps due to their shy nature or low confidence. In such cases we divided them into small groups of 5 to 6 and gave each group a problem to "solve". The groups almost always came up with effective solutions.

The motivational module focused on the importance of *tasar* rearing as a source of livelihood, the special role it plays in the family's cash flow and the high returns to labour it brings to families who have only their labour to offer.

What seemed effective were the examples we cited about how the traditional practice of *tasar* rearing had helped families free themselves from the moneylender's trap.

We also conducted exercises in the comparable economics of agriculture and *tasar*, based on investment versus return parameters. Both activities were familiar to the participants and

similar in their dependence on nature.

Crucial Link

Practical training was the critical link between theory and action. The rearers needed to actually see and practice implementing the technology if they were to use it successfully. We imparted training on how to prune and pollard to minimise chances of damage to plants.

We also trained them in spraying. The process we followed was of demonstration and then providing feedback and follow-up in the rearing fields. For instance, we collected rearers in a rearing field and demonstrated how to prune twigs, identify the plants that required pruning and whether the pruning should be light or heavy.

Spraying was similarly demonstrated where 20 millilitres of chemical were mixed with 10 litres of water in front of the group and sprayed uniformly over leaves and worms. We also demonstrated how to erect a 40x30x10 feet net with only 4 persons.

Careful Selection

A carefully selected rearing site goes a long way towards the success of rearing. An elevated spot is preferable, as low lying and shady places may cause water logging or increase humidity, creating conditions for viral attacks. One point we kept in mind was that rearing fields should not be in the dense forest.

The success of rearing depends on the type of plantation selected. Traditionally, worms are reared on tall trees, distributed irregularly. This is disadvantageous for effective supervision of larvae, including control of parasites and predators. The spot

selected must have a good concentration of food plants of medium size (10-12 feet). Pruning of trees at a height of 6-7 feet enhances the quality of leaves.

Traditionally rearers used to rear *tasar* on the same plant every year without adding any manure or fertiliser, resulting in loss of nutrients in the soil. The crop suffered in most cases because of nutrient deficiency, which sometimes also prolonged the duration of rearing. Nitrogen deficiency in food plants also makes the worms more susceptible to viral attacks.

This year rearers applied *rogar* against gall infestation after sprouting and applied fertiliser in 2 split doses in June after the first monsoon shower and in August and September.

Preparations prior to rearing included:

- ◆ Clearing weeds and grasses to reduce areas of shelter for pests and predators. It helps to check Uzi fly infestation through maggots. Also, the larvae that fall on the ground in the course of feeding in the first in-star can be picked up from the ground.

- ◆ Removing lower branches on the trunk, about 3-5 feet from the ground.

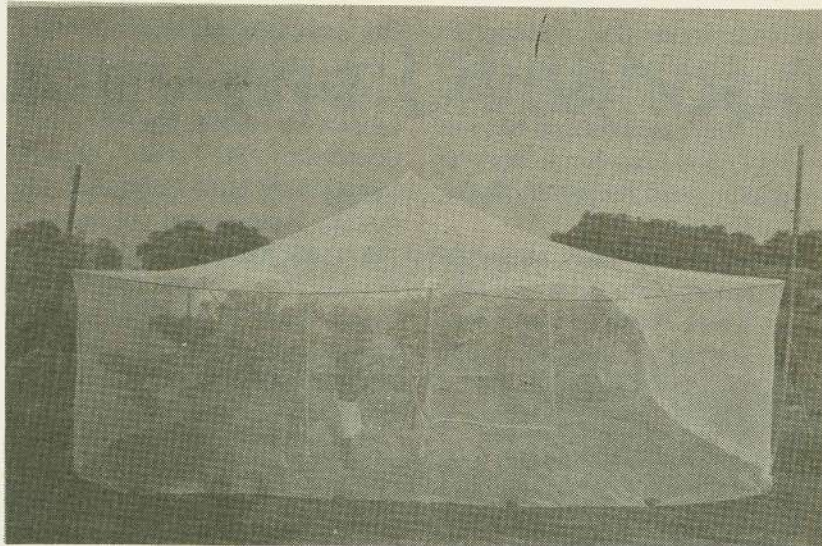
- ◆ Removing dry, tender, yellow and insect harbouring leaves from the host plant.

- ◆ Cleaning bushes before mounting the worms and spraying the ground with bleaching powder and lime about 5-7 days before the stipulated date of brushing.

- ◆ Encircling tree trunks with oil of the plant *Anacardium Sp.*, locally called Bhelua, for protection against ants that heavily damage the worms till the second stage.

- ◆ Bending branches towards the ground so that they do not touch the nylon net.

Maintenance of block planta-



Chawki rearing under nylon net

tion: Two types of training were given. In the first we focussed on in-house training about the importance of good quality host plants and their impact on rearing and quality of cocoons. In the second, practical training was given on pruning and pollarding of host plant, application of chemical fertiliser and basin preparation.

Hatching and brushing of worms: The traditional method of brushing involved hanging leaf cups containing eggs to the host plants. The worms migrated in different directions to the leaves and branches. Hatching suffered and newly hatched larvae were exposed to vagaries of nature like heavy rains and strong winds.

In the new method, when brushing starts the eggs must be spread evenly on a paper in a bamboo tray in a single layer. Leaves of the host plant are placed over it and the worms are allowed to crawl over them.

The worm-mounted twigs then must be tied on to plants meant for feeding with the help of threads during the cool hours of a day. Rearers have to remem-

ber to mount the worms in the middle storey of the branches with dense foliage to minimise losses due to natural vagaries.

The density of larval population on the plant should be regulated in such a way that minimum transfer is required. Overcrowding is avoided to avoid spread of disease and irregular growth of worms. After feeding for 2-3 days, the worms were able to seek shelter during heavy rains themselves.

Early stage rearing: After cleaning and disinfecting the *chawki* garden plot, the newly hatched worms were mounted on bushes and covered with nylon nets.

We selected tender leaves in the early stages of rearing. Worms were transferred after 3-4 days of feeding to other host plants. This is because the leaves become dirty, releasing a foul smell that repels worms and leads to reduced feeding and stunted growth.

During the adult rearing stage we visited rearing fields regularly to check whether humidity within the net was within prescribed limits. We showed rear-

ers techniques like raising the upper side of the net for proper ventilation. We also pointed out that if they were feeling hot and sweaty, it means humidity was increasing and more ventilation was needed.

Worms at the early stage are most susceptible to viral infections, which result in heavy losses of worms in the fifth stage. Nylon nets need to be shaken immediately after the rains to remove the water on the net. This allows free circulation of air.

All these techniques helped reduce young larval loss and ensured maximum survival of worms and improved yield by 10-15 cocoons per DFL.

Preventive measure against diseases: We closely monitored the practice of dealing with infected and dead larvae, ensuring that they were collected, destroyed and buried. We highlighted the importance of washing hands before touching fresh worms.

We also ensured that rearers checked the spread of viral infections through spraying of sodium hypochloride on the leaves and the worms once in every stage after the moulting of worms and twice in fifth stage.

Perceptible Changes

There have been perceptible changes as a result of our efforts this year. Passive rearers in the villagers have come forward to rear worms in the coming season, having seen this year's returns from rearing. Our efforts to ensure supply of DFLs, training to identify diseases on their own, etc have also led to renewed interest.

Equipped with more knowledge of diseases and their consequences, rearers are now coming forward for to collect DFLs from the grainages. Their faith in DFLs has been reinforced with

the successful results this year.

Poor quality of indigenously prepared eggs (IPLs) had been a reason for continuously low productivity. The state departments too have supplied low quality layings over the years.

As we know, in the past decade rearers from traditional areas went to Giridih to purchase *sarihan* seed cocoons. Rearers have been getting good crops from these.

With the continuous use of IPLs, diseases dominated the original stock and the crop had been continuously failing in the past 4-5 years.

In these years, whenever rearers got access to DFLs, they have harvested a better crop. This year they harvested bumper crop. The *sarihan* crop production, in contrast, is almost negligible.

The demand for DFLs has grown in traditional and fresh plantation areas. This year only those under the UNDP programme had access to DFLs. Other rearers are also keen to pay up to Rs 4 per DFL or more whereas they only pay Rs. 2.5 or Rs 3 at present.

Potential rearers have already begun to regularly visit nearby grainages or Pradan's office to enlist their names under the UNDP project so that they may gain access to DFLs as well as other benefits like training on the new technology of rearing and host plant maintenance. This is quite a contrast to the situation 2 years ago, when it was very difficult to convince rearers for seed crop rearing.

Awareness is growing about the quality of leaves being a critical factor in rearing. People are putting in special efforts to prune and pollard to improve the quality of leaf, which has an added advantage of providing fuel wood for 7-8 months for the villagers.

The effect of endosulphan in place of *rogar* to check the infestation of gall insects has also been a welcome addition, showing good results in terms of the growth of leaves and the plants. This has improved the quality of cocoons, particularly their silk content.

The rearing capacity and efficiency of management of individual rearers has also increased because of introduction of new rearing technology and proper maintenance of rearing field.

Initially most rearers handled no more than 100 to 200 DFLs. Now most ask for no less than 300 DFLs each. This is perhaps good, as when they had few DFLs even a small loss seemed large, and many even left their rearing fields when the number of worms dwindled.

These losses have been minimised with the use of nylon nets and spraying of chemicals in different stages against bacterial and viral infections. Even when there is some loss, it is not much as a percentage of the production.

Initially we did face some problems during the seed crop as the rearing season coincides with the agriculture season but this time people say they will do both simultaneously - manage rearing themselves and hire labour for agriculture.

Young persons in the age group of 20-30 are also becoming interested. The general trend has been that the younger generation was increasingly becoming disinterested in rearing and the art was dying out with the older generation.

The enormous returns within such a short time span and with such small investments, at a time when they do not have any other work, has spurred the youngsters on.

⁽¹⁾ *Tiny worms*

⁽²⁾ *A type of tasar worm that gives two crops of cocoons a year.* ■

Hydro-Ecology and Livelihood

A report on a visit to 3 watersheds in
Ahmednagar in Maharashtra

Dibyendu Choudhuri

JOGEN KALITA and I visited a watershed development programme in the Ahmednagar district of Maharashtra from 26th November to 1st December 2000. NABARD had organised this as a 6-day training programme for those who would be funded by them under their watershed development fund (WDF).

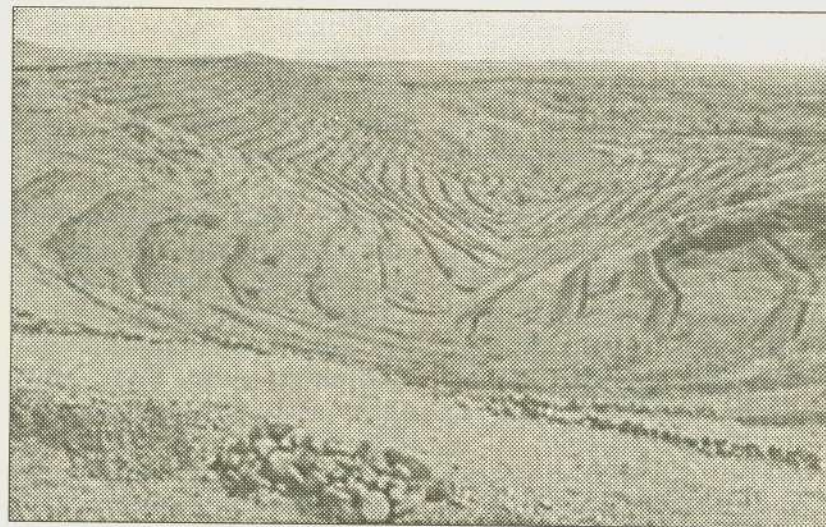
The West Bengal government has decided to take funds from the WDF and has selected the districts of Purulia and Bankura to implement this programme.

Purulia Zilla Parishad (district council) requested Pradan to support their Project Implementing Agency, the Panchayat Samiti, in formulating the watershed plan and implementing the programme.

Within Purulia, the district administration selected Kashi-pur block, where I was based. That is how Jogen, in the last few months of his apprenticeship, and I got involved. We also heard that 2-3 officers from the state government would attend this exposure visit.

We reached Ahmednagar by train on 26th November. The training was scheduled to start the next day, so we spent the first day visiting some historical places like Chand Biwi ka Maqwara and Ahmednagar fort.

Ahmednagar is a small district town. It is situated a little east



to the centre of a straight line joining Pune and Nasik. We stayed in a hotel. NABARD officials had informed us about the hotel in Purulia. The training was to be conducted by WOTR (Watershed Organisation Trust) at their training centre at Sangamner taluka.

Travel to Watersheds

Next day a bus was waiting to take us to Sangamner. We met other participants from NGOs such as BAIF, SAMUHA, MYRADA, PRAWARD and OutReach. There were also 2 government officers from West Bengal, one from Bankura's District Rural Development Cell and the other from Purulia Zilla Parishad.

A person from WOTR took us to their Ahmednagar office. It was a 2-storied building. We were taken to the first floor to a seminar hall, where we were

introduced to Mr Abraham and Mr Vedathe of WOTR.

Abraham gave us a brief description of the training programme and schedule. He also asked us about our needs and whether we could contribute out of our own experience. He made some changes according to the trainees' need. He also gave a brief description about WOTR and how they started the watershed programme and how they were doing it (See Box 1 on page 10 and

The West Bengal government has decided to take funds from the WDF and has selected the districts of Purulia and Bankura to implement this programme.

Box 1: A Brief on the Watershed Organisation Trust

The Watershed Organisation Trust (WOTR) is a resource agency for building capacity of NGOs and village self-help groups (SHGs) in watershed development programmes in Maharashtra. It was established in 1993.

WOTR supports 75 NGOs working in 174 villages in 22 districts. They are involved in 120 watershed projects, covering an area of about 1,35,000 ha. Although they started work from low rainfall areas (eastern side of the Western Ghats), they are also working in high rainfall areas (western side of the Ghats).

WOTR has conceptualised the watershed programme as impacting hydro-ecology. The target is to reduce soil erosion, conserve moisture and raise groundwater level. Earthen or loose boulder and masonry structures are created on drainage line and lands along with plantation (wherever required and possible).

After groundwater recharging and increase in carrying

capacity, WOTR intervenes in agriculture, animal husbandry, fishery and horticulture to generate livelihoods.

Irrigation infrastructure like water pumps, wells and drip-irrigation systems are also created but not from watershed programme fund. For this loans are taken from banks or SHGs.

WOTR treats each and every plot and drain of the watershed to bring about desired changes. They strictly follow the ridge to valley approach so treatments start from the ridge or the upper catchment of an area.

From the very beginning WOTR tries to build the community's stakes. Before the programme is sanctioned all families in a watershed have to contribute 4 days labour to show their willingness to take it up. This is called self-selection.

Free grazing and tree felling is not allowed. The village watershed committee (VWC) looks after the matter.

on some patches. This project was being implemented by an NGO named Social Centre. People from Social Centre took us for a field visit.

I was interested to see how the concept of watershed development had been transformed into reality and the impact of the programme. At first we proceeded towards a hillock, which constituted the ridge of that watershed.

On the slope we saw parallel trenches at regular intervals of 20-25 ft. The senior person from Social Centre said that those were called continuous contour trenches, which were built to conserve water.

Continuous Contours

Continuous contour trenches were dug on all hill slopes, which were refilled by digging another trench above the original one for conserving moisture for the plants. Trees were planted on the refilled trenches. The species were mainly *neem*, *eucalyptus* and *subabool*.

Grass cover had also sprung up after getting moisture. Nowhere did we see physical fencing for protecting the plants. We also did not see any domestic animal grazing there.

Villagers told us that it was a

Box 2 on page 11).

We started for Sangamner after lunch. It is about 70 km from Ahmednagar towards Nasik. As the bus left the city the landscape changed. The land was undulating, dotted with small hillocks, mostly barren or covered with cactus. The uplands looked like rocky wasteland. But in the valleys we could see some green patches.

Vedathe and Abraham were with us. They said annual rainfall in the area was around 350-400 mm. This is a rain

shadow area on the eastern face of the Western Ghats. Jowar is the main crop in *kharif* season.

The average land holding is high, around 7 ha. But land productivity is very low due to soil and water conditions. Villagers used to migrate for a few months for sugarcane cutting or for other jobs.

On the way we stopped to see a watershed programme at Bhangadewadi. Once again the landscape changed. Small hillocks looked green with grass. We could see plantation

Grass cover had also sprung up after getting moisture. Nowhere did we see physical fencing for protecting the plants. We also did not see any domestic animal grazing there.

We saw one percolation tank. The villagers said no one could lift water for irrigation from the tank. It was there for recharging groundwater.

precondition of the watershed programme that they had to ban free grazing. Initially, they could not do so for the entire watershed. But as the programme proceeded free grazing was banned in the whole watershed area.

Now the hills have become good sources of grass. Later when we went to the valleys we saw quality fodder like Lucerne were grown. In a patch I could notice the dressed grass, which were left after cutting for domestic animals.

We asked a villager how he has benefited from the programme. He told us that after the programme was started his village became "tanker-free".

Tanker Village

The Social Centre people told us that this village was once called "tanker village" because the government had to send drinking water to the village by tankers in the summer. They started the project in 1995 and within 1996 the village became "tanker-free".

Another important thing he shared was changing scrub cows to crossbred cows. With water conservation and better fodder, the villagers have started keeping crossbred cows. According to Social Centre data, there were 53 crossbred cows in 1995 but

now there are 211 such cows in the village. The present milk output is 2,150 litre per day.

From the ridge we proceeded towards the foothills. On the foothills we saw contour *bund*ing and field *bund*ing. These were done to check soil erosion and facilitate moisture conservation.

Structures had been created in the drainage line to slow down the velocity of water, thereby reducing erosion. Structures like gully plugging (with loose boulder), check dam, earthen *bund*, etc were seen in the drainage line to reduce water velocity and enhance recharging of ground water.

We saw one percolation tank. The villagers said no one could lift water for irrigation from the tank. It was there for recharging ground water. I was astonished to see that villagers could well relate between the intervention and its objective. And even check dams, which were holding water, were not being used for irrigation.

From the foothills we went to see the valley. All the wells were in the valley. We could see the green valley where farmers were growing *rabi* crops like wheat and onion. Some farmers said they even grew a summer crop.

In the winter when we went the wells had around 10-12 ft of water. Social Centre data suggests 13% increase in the *rabi* crop area after watershed treatment. Before intervention it was 487.2 ha and after intervention it is 550.7 ha.

This suggests that even before the intervention there was a considerable volume of water in the wells in the *rabi* season. But in summer it used to become dry which resulted in acute shortage of drinking water.

They had not only solved their drinking water problem, but also taken up summer crop in 17 ha of land. We could see that treatment in the upper catchment area had been useful for the valley owners.

Replicating Success

After this visit we went to a place called Darewari, 50 km from Bhangadewadi. The training centre was located in Darewari. We were given training for 5 days here. We also visited 2 more watershed projects.

Box 2: Salient Features of the Watersheds

- ◆ Total watershed is treated.
- ◆ Strictly ridge to valley.
- ◆ No direct livelihood-generating programme.
- ◆ Programme for soil and moisture conservation.
- ◆ After treatment people are take loans for livelihood activities such as pump, tractor, cow, well, seed, fertiliser etc.
- ◆ No activities for landless from the programme fund.
- ◆ Total ban for free grazing and tree felling.
- ◆ Before sanctioning all families in a watershed have to contribute 4 days labour to show their willingness to take up the programme.
- ◆ A notice board is displayed showing physical and financial progress. It is updated fortnightly.
- ◆ The watershed plan is a net plan (not a gross plan). All the plots are surveyed and interventions are estimated in the field and recorded.

One was at Darewari itself and the other one was at Mendhwan. Here, I would not discuss about the training programme. I would only talk about the watersheds that I visited.

After a one-day classroom session, we started visiting Darewari watershed project by jeep. Our training centre was within the watershed area. Abraham and Vedathe from WOTR accompanied us.

In Darewari also we could see the same kind of structures that we observed on the first day. As this project started in 1997, the whole watershed has not yet been treated.

After seeing the structures we proceeded to see the VWC (village watershed committee) office. Different kinds of records are kept there. The VWC members showed us all the record books. There were *shramdan* records, measurement books, bill books, maps of the area, stock registers, etc.

Some of these records were taken (such as maps and land holding) at the time of starting the project. Some data were taken regularly for smooth implementation (like measurement book, bill book, etc). The watershed committee paid volunteers to collect the data. Volunteers also looked after the implementation.

I was much intrigued by the milk register. There is a well-established milk co-operative

in the area. Milk was collected at one place and taken by milk van. So they had to keep daily data. I saw that there was a huge increase in milk production after the starting of the watershed programme.

Showcase Watershed

The day before last we went to the Mendhwan watershed, a programme started in 1989-90 with Social Centre as the implementing agency. We went there by bus.

Mr Kedari from Social Centre accompanied us. After entering into the watershed area Kedariji recounted the story about how they started the programme here. Kedariji was the person who started the watershed project.

Mendhwan in Marathi means forest of sheep. When the project started, there were 6,575 sheep and goats and 100 scrub cows in the village. Kedariji wanted to do afforestation and wanted to ban free grazing. The villagers did not consider it a good idea because they had much livestock which needed free grazing.

But the village used to face acute shortage of drinking water in the summer. Kedariji took them to an older watershed at Aurangabad. After coming back the people wanted to take up the activity.

Mendhwan was the best example of how the watershed programme was linked with livelihood activities - how the hydro-ecological changes impacted agriculture and animal husbandry. The treatments were almost same as the first watershed we visited.

But as it was the oldest among the 3 we visited, the impact was more visible. The trees were taller, the valleys

Mendhwan was the best example of how the watershed programme was linked with livelihood activities - how the hydro-ecological changes impacted agriculture, animal husbandry etc.

were greener (See Box 3). Kedariji said the VWC are even doing a bit of fishery in a very small reservoir.

Kedariji gave us some data about the impact. It shows number of wells have not increased much but irrigated area has increased to a great extent. Net irrigated area in 1990 was 44 ha. Now it is 220 ha.

People used to purchase electric motors for irrigation. In 1990 there were 50 motors in the area. In 2000 it was 110. This is an indicator of water availability.

More Irrigation

Ten years' ago the number of pumps were just half of what it was in 2000. But the irrigated area was one fifth of what it was at the time of the visit.

Number of wells also did not change in the past 10 years. So, there might be two reasons for increased irrigation. Firstly, people became more aware about agriculture and secondly, there was more water available in the wells. According to Kedariji, both factors were responsible. And Mendhwan was a "tanker" village in 1990, Kedariji reminded us.

We got some more data from Abraham about this water-

Box 3: Rainfall in Mendhwan Watershed in the last 5 years

1996	170 mm.
1997	276 mm.
1998	362 mm.
1999	471 mm.
2000	350 mm.

shed. About 150 ha of wasteland had been afforested and grassed in Mendhwan. On the foothills (terraced land), we saw fruit plants like pomegranate, mango and guava. Before intervention only 12.5 ha land was covered with fruit trees. In 2000 the coverage was 51.65 ha.

Vegetable cultivation had increased from 0.4 ha in 1990 to 70 ha in 2000. At the same time, cultivation of millet had reduced. In last 10 years it came down to 315 ha from 460 ha. I think increasing vegetable production and decreasing millet production is a clear indicator of development.

There were other indicators too. There was considerable reduction in the number of sheep, goats and scrub cows (sheep and goats numbered 1,400 and scrub cows 18 in 2000). People were going for crossbred cows to ensure more returns.

Fodder was available abundantly in the watershed area. The number of crossbred cows was 25 in 1990. In 2000 it rose to 190. The village was producing 1,000 litres of milk daily, selling it to co-operatives at Rs 7 per litre. Milk has become a major source of their earning.

We then went to see a well

Fodder was available abundantly in the watershed area. The number of crossbred cows was 25 in 1990. In 2000 it rose to 190. The village was producing 1,000 litres of milk daily.

that earlier did not contain water due to the presence of a dyke. The Social Centre people contacted GSI and GSI used explosives to make a way for water to pass within the dyke.

It was difficult to understand what had happened there. But we could see the well full of water. We had lunch there. The menu was *jowar ki roti* and *sabji*.

Lessons for Pradan

In Pradan the primary focus in our watershed development programme (also) was livelihood generation for the poor. For that we sometimes compromised with hydro-ecology.

From watershed funds we created structures which were exploitative (like dug wells). From the watershed fund we installed lift irrigation, we promoted piggery. There are more such examples.

We might have our own logic for doing those, but why in the name of watershed development? Especially when we say that we cannot treat the whole watershed for lack of funds. I think when we say treating a watershed, we talk about hydro-ecology, not about installing lift irrigation or dairy.

On this visit I saw how the watershed development fund has been used to repair and recharge degraded land and water resources. After this repairing, livelihoods based on agriculture, animal husbandry, fishery, etc were promoted using loans from banks or SHGs.

There is lift irrigation and drip irrigation. But these are not seen as watershed development activities. These are seen as results of that.

In all the 3 watersheds I saw a sense of achievement in the

In all the 3 watersheds I saw a sense of achievement in the implementers. They have been able to implement the programme successfully. They have established a linkage between hydro-ecology and livelihood.

implementers. They have been able to implement the programme successfully. They have established a linkage between hydro-ecology and livelihood.

But within the short visit it was very difficult for me to understand the distribution of benefits. Some questions remain in my mind. Do the valley people (who are better off in the village) have more ownership over the programme (as because they are getting maximum benefit)?

What was the impact of the programme on the landless people? Was it limited only in getting wage at the time of implementation? What did the programme do to ensure equitable benefit for all section of the people? In VWC meetings, are decisions influenced by the better-off? Is there any mechanism to give equal opportunity to the landless or upper catchment people?

I could not get these answers in a 3 day visit to 3 watersheds. Still I would say that it was a huge achievement for the WOTR or the Social Centre people as far as hydro-ecology and the resulting incremental benefits are concerned. ■

Letters to the Editor

Interesting Article

Dear Editor,

I REFER to the article "Daring to Dream" in the March 2001 issue of NewsReach. The article was interesting. I however could not visualise how the arrows had been drawn. A picture might have been useful.

I have two points to make. First, almost all the credit needs are for trading. Critics would say it is easier to generate credit demand for trading rather than for production.

Such an elaborate exercise might not have been necessary at all. I would like to know if such visioning exercises elsewhere have generated significant loan demand for production or manufacturing purposes.

Second, the SHG members

The SHG members who are labourers for animal traders would now compete with them. Can they face the competition? They have to, if they are to be in the trade. Have these been discussed somewhere in action planning in a way that does not dampen their spirit?

who are labourers for animal traders would now compete with them. Can they face the competition? They have to, if they are to be in the trade. Have these been discussed

somewhere in action planning in a way that does not dampen their spirit?

*Soumen Biswas
Ranchi, Jharkhand*

Obstacles to Dreams

Dear Editor,

I WILL like to say a few words in reaction to the article by Professor Phansalkar in the March 2001 issue of NewsReach. I do not think the personal dream that he shares about the outcomes in a developed watershed is much different from mine or for that matter from anybody else's. In addition, I would only like to see the poorer having more access to and control over the developed resources.

What I would like Professor Phansalkar to educate us about is the factors hindering realisation of this dream. Some of the factors may be situation-specific and some may be approach-related. I personally would like to know more about the latter.

I am talking about the mistakes or lacunae that there might be in the approach of interveners like ourselves. If we were to attack the problem with a right framework the dream would become achievable.

I hope Professor Phansalkar, with his ample exposure, would give us an inkling of these crucial issues.

*Manas Satpathy
Anand, Gujarat*

Unsatisfactory Changes

Dear Editor,

THIS IS in reference to the March 2001 issue of

NewsReach. As a regular reader of the previous 2 issues, I would regrettably say that the look of NewsReach has not been as it was in the previous issues. The

What I would like Professor Phansalkar to educate us about is the factors hindering realisation of this dream. Some of the factors may be situation-specific and some may be approach-related.

font and the style adopted earlier were better.

This is also in reference to the letter to the editor published in the March issue. The letter has been trimmed to a significant extent, taking away the main issues of the sites and online commerce. Also the safety stock part has been deleted, maybe due to lack of space.

It also arbitrarily mentions "the treenway site" which actually would be out of any context in the letter for a reader. The complete website address should have been mentioned. These were the comments expressed by the members of the Godda team who also went through the same.

I sincerely hope these are not taken as mere criticisms. NewsReach continues to be interesting and we all hope that it continues to be our platform for exchange.

*Soumik Banerjee
Godda, Jharkhand*

Indian Micro-Finance Practice

An International Perspective

Thomas Fisher

New Economics Foundation

MICRO-CREDIT HAS become a major developmental tool and is fast developing as an international industry, with its own trade associations, dedicated finance and other support organisations, research and journals.

The term "micro-credit" is suitably neutral to allow such a development. In contrast to "social finance" used in Europe and "community development finance" in the United States, "micro-finance" masks any ideological underpinnings, appropriate to a phase in the international development endeavour where ideology is out of fashion.

The search is on for practical, workable solutions and micro-credit seems to provide a solution. By delivering financial services at a scale, and by mechanisms appropriate to the poor, it can reach them. By providing the poor with credit for micro-enterprise, it can help them work their own way out of poverty.

Workable Trinity

By providing loans rather than grants, the micro-credit deliverer can become sustainable by recycling resources over and over again. In other words, micro-credit appears to deliver the holy trinity of outreach, impact and sustainability. No wonder the development sector has become so excited.

A major contributing factor to the growth of micro-credit has



been that its practice has increasingly dovetailed with the ideological paradigms that currently dominate economic development. There is no need for structural changes any more or for significant redistribution of resources, if the poor can use markets to help themselves out of poverty through their own initiative and energy, with a helping hand extended through market mechanisms.

If market mechanisms are by and large neutral, there is little need to consider the complexities of governing their operations or even the challenges of linking the poor to mainstream markets.

Why then is the reality more complex that this exciting scenario would suggest? First and foremost, the link between micro-credit and poverty reduction has not been proven. Among the range of possible micro-financial services, micro-credit has predominated on the assumption that it will deliver

higher incomes and increased assets to the poor through micro-enterprise.

Far less attention has been paid to the need to reduce risk, which is perhaps the most pressing need, especially for the poorest households. Indeed, injecting capital into existing micro-enterprises, or creating new ones, may enhance the risk that their poor owners face.

There is evidence that as a result of the risk a proportion of micro-credit clients has become worse off after accessing micro-loans. The reduction in risk is why many poor people would prefer regular wage labour than managing their own micro-enterprise, even if such opportunities were available.

Consumption Smoothing

Micro-credit providers cannot take their poor borrowers for a ride. While most providers

Micro-credit providers cannot take their poor borrowers for a ride. While most providers emphasise investments of working or fixed capital in micro-enterprises, the reality is that many clients use the credit for consumption smoothing, as most funds are fungible within a household.

emphasise investments of working or fixed capital in micro-enterprises, the reality is that many clients use the credit for consumption smoothing, especially as most funds are fungible within a household.

Such consumption smoothing can allow households cope more effectively, but it also runs the risk of pushing them further into debt if they cannot repay the loan out of enhanced income streams.

More appropriate financial products for this purpose are savings, insurance and loans to allow poor people to repay high-interest loans to moneylenders. And yet these have received far less attention than micro-credit for micro-enterprise.

Also, while such products to enable consumption smoothing can stabilise a poor household's condition, they cannot propel them out of poverty.

Vijay Mahajan, in *Issues in Sustainability of Micro-Finance Institutions - A Practitioner's Viewpoint*, BASIX, has put it aptly. He

says, "Only when the scope of micro-finance is increased to cover the combination of savings, credit and insurance services can an MFI make a sustainable contribution to poverty alleviation."

"This is a departure from the earlier thinking that only credit is what the poor needed. The new approach recognises the livelihood patterns and constraints of the rural and urban poor."

"For example, a vast majority of the rural poor are landless and usually do not have the skill-set or the inclination to become self-employed. To such people, the most important financial service needed is savings (usually small and frequent deposits with doorstep collection) and later, credits, which is initially used for consumption needs."

"Only after a certain stage of income can credit be used for 'productive' purposes. In the meanwhile, poor households need insurance to reduce their vulnerability to a variety of adverse events, which can make a big dent in the financial health of the household, wipe out savings and send them back to moneylenders."

With such a strong international focus on micro-credit for micro-enterprise, it is perhaps surprising that less attention has also been paid by MFIs to linking the poor to growing market opportunities and to enhancing the control they can exercise over their economic environment.

Strengthening Enterprise

Enterprise promotion was a focus of international development activity until the early 1990s. Many involved in those endeavours feel that the

growth of minimalist micro-credit has diverted attention from the on-going challenges of creating or strengthening enterprise.

An important conclusion of initiatives to promote enterprises had in fact been that finance is often not the ruling constraint and yet international thinking and practice on the wider needs of enterprises has progressed little since the early 1990s. It is gradually resurfacing under the name of "business development services".

In terms of control over the economic environment, the ownership of assets in particular can significantly reduce risk to households in the face of fluctuating incomes or expenditure demands.

Empowerment Paradigm

However, as individual micro-entrepreneurs, most micro-credit clients remain as vulnerable to economic circumstances as they did before taking any micro-loans. Economic development is therefore as much about empowerment of individuals and groups as about incomes and assets.

As soon as we entertain such concepts, it becomes apparent how inappropriate it is to restrict our focus to economic parameters only. There have already been elaborate debates on the impact of micro-finance on issues of gender and women's empowerment, particularly in the Bangladeshi context.

Within the Indian context this has gone further, as practitioners have often seen micro-finance as an effective mechanism around which to organise poor people, especially women, in order to contribute to civil society and local democracy.

As Al Fernandez reports in *The MYRADA Experience: Putting Institutions First - Even in Micro-Finance*, MYRADA, January 2001: "MYRADA will continue to pursue its mission of 'building people's institutions'. It will continue to use the management of credit... as an instrument to build the capacity of institutions of the poor.

"...The findings from the studies [reviewed] indicate that where credit management is used as an instrument to build institutions, it reduces to a considerable extent the marginalisation of the poor and poorest members both within the groups as well as in society.

"Credit management rather than credit provision has the potential to be an instrument for institution building, which in turn lays the basis for empowerment."

No Simplistic Associations

Given the complexities of poverty, a simplistic association of micro-credit and poverty alleviation is therefore naïve. The promising scenario for micro-finance painted at the start of this introduction is also problematic because the economic ideology that has led to the rapid growth of micro-finance within the international development sector is often leading in exactly the opposite direction elsewhere.

In the North, the increasing globalisation of the financial sector is leading to the withdrawal of financial service provision to poorer communities and neighbourhoods. This manifests itself, for example, in the widespread closures of bank branches in disadvantaged areas of the UK or the threat to the legislative frame-

work for community reinvestment in the US, which has given an incentive to enormous investment by banks in social housing and micro-enterprise in particular.

The growing competition within the globalising financial sector is the underlying cause, leading not only to mergers that draw banks away from local service provision, but also to direct assaults on an older generation of micro-finance institutions such as cooperative banks in Germany and credit unions in Ireland.

Are these developments of relevance to micro-finance outside of North America and Europe? Unfortunately, yes. The highly restrictive regulatory environment for micro-finance within the European Union (EU), including often very high barriers to entry, is already a threat to the rapid growth of micro-finance practice in central and eastern Europe, as a number of those countries approach accession within the EU.

The new Basle committee guidelines on risk weighting, developed by central bankers in the industrialised world, are likely to increase the cost of lending to micro-enterprise. This will restrict both micro-finance practice, and those who invest in it, the more southern countries become integrated within international financial markets.

The results of such integration are already evident in India, where the past decade has seen an increased focus on liberalising the financial sector.

This is not a defence of the old financial system that was in serious need of reform. However, it does raise concerns

The growing competition within the globalising financial sector is the underlying cause, leading not only to mergers that draw banks away from local service provision, but also to direct assaults on an older generation of micro-finance institutions such as cooperative banks in Germany and credit unions in Ireland.

about the future for micro-finance under the new trends. Financial standards applied globally are being gradually adopted within the Indian financial sector as well.

M S Sriram at IIM Ahmedabad argues, "New barriers to entry are being created for setting up financial institutions - the minimum capital required to set up a non-banking financial institution was first set at Rs 2.5 million in 1997 and later increased to Rs 20 million.

"While the banking industry has been opened up for private sector participation, the entry barrier is an initial capitalisation of Rs 1,000 million, recently hiked to Rs 2,000 million.

"The next target of the regulators will no doubt be the neighbourhood urban co-operative banks which currently have an entry-level capitalisation requirement of Rs 5 million.

"Unless the newly introduced Local Area Banks spread significantly, mainstream financial entities will be all but closed for micro-finance institutions. This marginalises MFIs and makes

the mainstream institutions an exclusive club serving only the wealthier parts of the population.

"The figures in the last decade speak volumes on the focus of mainstream financial institutions vis-à-vis vulnerable sections of Indian society. The banks' priority-sector lending target has not been achieved, particularly so in the case of direct lending to agriculture.

"Gross capital formation in agriculture has been declining in the past few years. There are also moves to close down loss-making branches - usually in the rural areas - rather than turning them into profitable units as has been achieved in Indonesia, for example."

Shrinking Promise

It is from this perspective that the ideological underpinnings that have contributed so significantly to the recent growth of micro-finance in the South are shown to be far less promising in the longer term.

Issues of poverty alleviation versus financial sustainability, of local provision versus globalisation, have sometimes led to a polarisation in the micro-finance field between the "finance school" and the "poverty school".

The former celebrates the

mainstreaming of micro-credit (BancoSol has sold certificates of deposit on Wall Street). The latter is often suspicious of financial sustainability, believing it will inevitably lead a micro-finance institution away from its focus on poverty.

However, such polarities are as unhelpful as naïve integration. With millions of poor people in developing countries still beyond the purview of banks, there is a need for the provision of micro-financial intermediation at a mass scale. And this can often only be achieved through sustainability.

At the same time, micro-credit is clearly not going to solve poverty, but can only serve as a complementary tool within a broader strategy to reduce poverty.

Polarisation in the debate does however bring out important points. Financial sustainability is by no means the only issue in sustaining micro-financial services for poor people. Vijay Mahajan (op cit.) argues that the changing demand and supply conditions for financial services impact significantly on sustainability. MFIs have to remain focused on their mission and organisational sustainability is as challenging as financial sustainability.

Ground Realities

In terms of sustaining their mission, the simplistic association of micro-credit and poverty alleviation misses the hard reality on the ground that many micro-finance practitioners face. Managing the tensions between their developmental mission and the demands of a financial institution is perhaps the most challenging feature of micro-

finance practice that seeks to target the poor.

It has been argued that this tension is not inevitable. Whether inevitable or not, it is certainly common. As one entrepreneur put it to me, "I often have to choose between the two on a daily basis."

Yet review the literature and it becomes clear that how to manage this fundamental tension at the heart of micro-finance practice hardly attracts any attention beyond either polarised debates of poverty alleviation versus financial sustainability or heroic assumptions about the ease with which they can be combined.

This article is based on the draft introduction to a book on Indian micro-finance that I am facilitating. What does this book seek to achieve?

By illustrating micro-finance practice in India, as old as that in Bangladesh, it seeks to review a diversity of practice that goes well beyond simplistic associations or polarised debates. Indian practice is extraordinary in the diversity of its practice, and not least in the development missions with which micro-finance is combined.

SEWA Bank provides a range of financial services, including savings, credit and insurance to address the diverse financial needs of poor people. BASIS seeks to use micro-credit for promoting livelihoods by providing other technical assistance and support services. CDF's primary focus is on developing local democratic institutions, in particular the new mutually aided cooperatives, but has found that micro-finance is an excellent tool around which to organise such cooperatives.

In terms of sustaining their mission, the simplistic association of micro-credit and poverty alleviation misses the hard reality on the ground that many micro-finance practitioners face.

For over 25 years micro-finance practitioners have developed very significant innovations: insurance services, linking savings and credit groups to banks, integrating micro-finance into agendas for women's empowerment and civil society.

Many MFIs, including Pradan, have sought to change the institutional environment, for example by lobbying for policy change (BASIX), fighting for the rights of informal sector workers (SEWA) or changing the attitudes of bankers towards poor customers (MYRADA and Pradan).

Diverse Practices

In India, an exclusive focus on micro-credit for micro-enterprise is the exception rather than the norm. The diversity of potential developmental agendas for micro-finance that go well beyond a financial tool, therefore become much clearer.

At the same time, most Indian practitioners have always worked from the assumption that developmental objectives need to be combined with financial sustainability.

Take the oldest micro-finance institution in India, SEWA Bank, which has been sustainable throughout its history because it is based on savings, while its mission is clearly focused on the empowerment of woman slum-dwellers.

India therefore has much to

offer, not only in terms of international debate on micro-finance, but also in terms of practice.

For over 25 years micro-finance practitioners have developed very significant innovations: insurance services, linking savings and credit groups to banks, integrating micro-finance into agendas for women's empowerment and civil society, using money-lenders as intermediaries to change market prices, etc.

In spite of all this, Indian practice is little known beyond the circles of Indian practitioners and those who have worked with them.

To many Indians this diversity, flexibility and integration of micro-finance practice is taken for granted. But it reflects a combination of important characteristics that is not necessarily seen elsewhere.

First, of course, India itself is as diverse as many continents. Second, its integrating culture has often led practitioners, from Gandhi to humble village workers, to integrate new ideas and methods and make them their own rather than see them as irreconcilable polarities. Thirdly, India remains the largest democracy in the world and democratic issues have been at the heart of many developmental initiatives, including micro-finance.

At the same time, India has a long tradition of attention to entrepreneurial and organisational development. Indeed, India has been a major home of the growth of these professional disciplines.

The book will therefore also focus on some of the organisational challenges that face

micro-finance institutions from an organisational development perspective, rather than from a technical perspective that sees micro-finance institutions purely as financial institutions.

While the international literature on micro-finance is full of guides to improve technical performance (especially systems), there is very little that can help practitioners with, for example, the organisational tensions often inherent within micro-finance institutions or the nature of the social entrepreneurs who are by and large responsible for founding and leading MFIs.

It would be presumptuous to suggest that the book will provide clear guidelines to manage these organisational tensions (it will not!), but at least it will place them where they belong at the heart of micro-finance practice. ■

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Lessons from the Past

A nostalgic look at formative years in Pradan and working with the rural poor

Chiranjibi Sahoo

I HAVE thought of writing in NewsReach, for which, like many others, I waited anxiously every month. But a couple of questions would bother me whenever I thought of writing. Is the topic relevant? Will I be able to write sense? What is it that I want to achieve by writing this article?

This is not an article in the typical sense. In this I want to share some of my experiences in IIM Ahmedabad and how my formative years in Pradan have helped me to look into the future.

I joined Pradan as a development associate in Chakradharpur Project on 17th October 1995. I was fresh from campus, with hardly any exposure to the outside world but an intention to work for a noble cause. The appeal was mostly emotional.

The associateship and then the apprenticeship period helped me to develop my own understanding of rural development. I could not but appreciate the importance of livelihoods and the roles a professional can play.



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I was fortunate enough to share my thoughts with Rati, Dinabandhuda, Achintyada, Deep, Subodh, Nivedita, Ranjan and other colleagues around me. The different organisational events were classrooms where immense value addition took place.

Tangible Output

What came out vividly during those periods was the importance of generating some tangible output for the community. Today in IIMA, I again discover the importance given to a tangible output, which is a result of

careful analysis of the situation and helps prepare a strategy considering all ramifications.

I remember one discussion with Achintyada, where he said that we, the professionals, have education and exposure that have given us enormous confidence to survive and prosper in this competitive world. We are capable of generating more alternatives and to capitalise on the best one.

In my understanding growth is driven by the ability to generate more viable alternatives and the capability to work on the best. Growth requires resources and in an efficient market resources are supposed to find their best users.

As professionals in development, perhaps the biggest challenge is to recognise the resources in the community and to figure out their alternative uses. Also challenging is the

task of creating this ability in the community.

Then comes the issue of working for the poorest of the poor and ensuring equity. I am sure such issues are occupying a major share of the time in the meetings in Pradan even today.

What is of relevance perhaps in this electronic age, where the marketplace is getting bigger and the value chains are getting fragmented, is that we identify the niche where the poorest can operate and leverage their competence.

I am not sure what these niches are and what competencies the poorest have. Perhaps that is the task ahead before development practitioners, to enable the poorest to participate in the economy in a more vibrant fashion. Sometime back Dinabandhuda came up with the idea of a labour bank. Could we think more over that?

Technological Innovations

It is needless to emphasise the role of technology in shaping economies. Technology has enormous strength to create value if used strategically. The rate of change of technology and the adoption rate have grown astronomically in recent years.

To take an example, it took 38 years for radio to reach 50 million users. It took 13 years for TV and 10 years for cable to reach the same figure. However, it took the Internet only 5 short years to achieve the same user base.

It took Priceline just 150 days to achieve mega-brand status as compared to McDonalds, which took decades. All these emphasise the point that there is no limit to human aspirations and there is a need to tune all strategies to the imminent threat or opportunity i.e. technological change.

Out of 6.07 lakh villages in India, 3.78 lakh have PCOs and the rest are planned to be covered by 2002. The rural tele-density is expected to grow exponentially by 2010. Is it an opportunity, looking at the convergent technological possibilities? Can it be strategically used to bring opportunities and create wealth for the community?

Latest Buzzword

The market is coming with new opportunities and challenges for the producers in today's economy. The buzzword nowadays is "collaboration" and not "competition".

There are opportunities for farmers in terms of the increasing efficiency of agricultural commodity markets due to the participation of more players, low cost of relevant information and faster incorporation of information into the prices.

This will bring down the volatility in the price structure. WTO and opening up the economy will force our producers to be more quality conscious and will make us vulnerable to international movements.

The challenge is sophistication in production with adequate stress on quality while maintaining a cost advantage. It is high time such concepts are introduced amongst farmers and a culture to drive production efficiency is established in the areas of comparative advantage.

I came to IIMA to learn management tools and techniques and to broaden my horizon of thought by the association with students from various fields and by interacting with the faculty. My areas of interest were marketing, strategy and general management.

I kept a close watch over micro-finance developments and

It is needless to emphasise the role of technology in shaping economies. Technology has enormous strength to create value if used strategically. The rate of change of technology and the adoption rate have grown astronomically in recent years.

financial innovations in commodity markets, on which I did a couple of independent studies. Another area that excited me was the changing technological environment and its impact on our lives. Life at IIMA was as full of rigour and dynamism as in Pradan.

I am not very sure of what I am going to do next. As in Pradan, for the time being, I can think of the coming 5 years. Going back to development and entrepreneurship are the 2 major options before me now.

My preference is to become an entrepreneur, of course subject to the smile of a venture capitalist.

Editor's Note: Chiranjibi wrote this while he was in IIM Ahmedabad. He joined the Godrej group on 30th April as an Assistant Manager and underwent training in Chennai. He has since joined at Calcutta as the unit head of Godrej Agrovet Ltd's East India operations. The business of animal feeds, agro input and processed food is Rs 40 crore per annum. Chiranjibi will be looking after the business in Orissa, Bengal, Bihar and the Northeast. ■

Breaking the Monopoly of Moneylenders

Self-help groups in Chor Basai and Ghansoli are giving moneylenders a run for their money

Katy Stern and
Andrew Stern
May 1999

THIS STUDY of self-help groups (SHGs) was designed to assess the quantitative and qualitative impact of SHG loans on members and their families. The researchers also noted differences between Meo and non-Meo members' loans.

The research was conducted from May through August 1998 in the Chor Basai and Ghansoli villages located in Rajasthan. The key findings include:

◆ As SHG groups grow older and gain access to more capital, more loans went to animal husbandry, farm, finance and

commercial purposes.

◆ SHGs have provided competition to moneylenders who previously had a monopoly on credit availability for health-care loans.

◆ Meos took 56.5% more loans towards the basic needs of food, home expenditures and healthcare than non-Meos.

The Mewat people live in the Alwar and Bharatpur districts of Rajasthan and the Gurgaon and Faridabad districts of Haryana. The Meos, as the Mewat people are called, converted to Islam in the 14th century. The people, however, have kept close ties to their Hindu past. The Meos observe both Hindu and Muslim festivals.

Four factors have isolated the Meos in the past 150 years. First, the Meos supported the last Mogul emperor during the 1857 Revolt. Second, fundamentalist activity starting in the 1920s has detached them as a community.

Third, in 1947 the Meos lost many of their educated, wealthy leaders, who moved to Pakistan during partition. Finally, the recent rise in Hindu nationalism has also furthered their isolation.

Today, Meo life is focused around agriculture and religion. Almost every Mewat village has a mosque where men go to pray and gather. The

Mewat region gets 550-600 mm of rain every year, 80% of which falls during the Southwest monsoon from July to September.

During the growth of crops in the monsoons, daily life of Mewat women follows more or less a set schedule (See Box 1). Meo women face an uphill battle to gain social and economic status.

Low Literacy

They are not encouraged to attend school by their families and they may not participate in religious ceremonies either. Hence, the literacy rate for women is 22.5% in the Alwar district where the Chor Basai and Ghansoli villages are located.

Pradan began working in the Alwar district in 1987 to promote the upliftment of the Meo and other lower caste communities. Pradan is focusing on women's savings and credit groups (SHGs), soil and water conservation and bettering agricultural practices. Pradan, begun in 1983, has a wealth of experience working in eight states.

Pradan's work in promoting women's issues in Alwar is highlighted in their SHG programme. Fifteen to 20 women get together to form a savings and credit. Members take out

Today, Meo life is focused around agriculture and religion. Almost every Mewat village has a mosque where men go to pray and gather. The Mewat region gets 550-600 mm of rain every year, 80% of which falls during the Southwest monsoon from July to September.

Box 1: Schedule of Meo Women in the Monsoons

4.30-5 a.m.	morning prayer.
5-5.30	go to field for defecation.
5.30-6	fetch water (at least six pots).
6-9.30	milk cattle, give fodder, clean cattle shed, sweep house, make dung cake (<i>upla</i>), churn milk, wash utensils, prepare breakfast, serve breakfast, eat last.
9.30-11	fetch water, bathe and water animals.
11-3.30 p.m.	go to field, collect fodder and fuelwood, weed fields.
3.30-5.30	return home, bathe, fetch water, feed animals, milk cattle.
5.30-6.30	cook dinner.
6.30-7.30	serve food, eat last.
7.30-8	family goes to sleep.

loans from capital raised from their combined savings. The interest from these loans goes towards paying the interest on the women's savings.

There are 140 SHGs in Alwar, affecting over 1,600 families. Thirty one of these SHGs are linked with banks and are taking loans at market-rate interest.

In order to conduct a more complete study of the impact of SHG loans, particularly of the

Meos, the researchers conducted both a quantitative and qualitative study of 3 SHGs in Chor Basai and 4 in Ghansoli.

The quantitative study included the collection of all loan forms used since the beginning of each SHG. Three hundred and thirty two loan forms were collected from seven groups.

However, the analysis reflects the use of 258 loan forms since loan forms of two groups' loan

were ruled out. Translators were used to help identify each borrower, time the loan was taken, amount of the loan as well as its purpose.

The qualitative study included making multiple visits to both Chor Basai and Ghansoli to become aware of their living practices. Twenty seven SHG members were selected randomly to participate in surveys. These surveys were conducted with the help of translators and focused particularly on healthcare loans that were taken from each SHG.

The researchers' found that women who are members of SHGs are very active in them. SHGs meet weekly in a mutually agreed location with an accountant who records loans, deposits and the minutes of each meeting.

In Chor Basai and Ghansoli the lowest participation rate was 88.5% (See Box 2). Participation is recorded not by a woman's physical presence in a meeting, but her contribution of a mutually agreed amount (generally between Rs 10-20 every week).

Box 2: Participation Rates

Name of Village SHG	Participation Rate	Date of SHG Formation
Chor Basai II	Not Available	Not Available
Chor Basai III	88%	15 June 1994
Chor Basai IV	92%	10 August 1997
Ghansoli I	95%	6 November 1995
Ghansoli II	90%	26 July 1996
Ghansoli III	99%	29 November 1996
Ghansoli IV	98%	14 March 1997

Box 3: Purpose Statements of Loan Forms

Productive Uses	Non-productive Uses
Animal Husbandry Farm	Food
Farm	Health
Finance	Home
Shop	Marriage
29%	63%

A woman can best evaluate the costs and benefits of her physical presence in a meeting and therefore she must take that decision. However, as the group bears the burden of the cost of capital, members are required under threat of monetary fines if they do not submit their weekly savings.

Why would women be so interested in participating in the SHGs? Part of the answer is found in the loan purpose statements. The researchers recorded 54 different purposes from over 300 loan forms.

Generalising the 54 purposes into categories, we saw 59% of the loans go towards home expenses, food and healthcare. In fact, there was more than twice the number of loans towards non-productive uses than there was towards productive uses (See Box 3).

There was a noticeable difference in purposes stated for Meo and non-Meo loans (See Box 4). Meos took 56.5% more loans towards the basic needs of food, home expenditures and healthcare. Their average loan size was also smaller than that of non-Meos.

Interesting Pattern

The researchers did further study on 2 Chor Basai and 2 Ghansoli SHGs, which have been in existence for at least one year. When specific loan purposes are compared to how

long the four groups have been operating, we found an interesting pattern.

As the group grows older,

Generalising the 54 purposes into categories, we saw 59% of the loans go towards home expenses, food and healthcare. In fact, there was more than twice the number of loans towards non-productive uses than there was towards productive uses.

more loans go to productive purposes such as animal husbandry, farm, finance and shop than to non-productive uses

such as food, health, home and marriage (See Box 5).

Moneylenders charge very high interest rates on loans, 3% per month and higher. The SHG provides loans at a lower interest rate at 2% per month. Now many of the women prefer taking their healthcare loans from the SHG rather than the local moneylender.

Competition to Moneylenders

Some women still take loans from moneylenders because SHG loan amounts are limited to the savings of the group. However, as SHGs mature, they take loans out from banks as a group and thus have a larger sum of money to loan out. The SHGs have provided competition to the moneylenders, who previously had a monopoly on credit availability in Chor Basai and Ghansoli.

Meo and non-Meo SHG members primarily went to moneylenders for their healthcare loans before the formation of their SHG. Non-Meo people indicated that they took only healthcare loans from moneylenders.

However, Meos indicated taking healthcare loans from multiple sources besides

Box 4: Loan Purpose Statements Meo vs. Non-Meo

Loan Purpose	Meo	Non-Meo
Food	28%	16%
Home	30%	18%
Finance	4%	12%
Shop	1%	7%
Animal Husbandry	7%	11%
Health	14%	12%
Farm	8%	8%
Marriage	4%	5%
Other	4%	11%

Box 5: Loan Purpose vs. Time in 2 Chor Basai and 2 Ghansoli SHGs

Year	Loans for Productive Uses As % of Loan Rupees
1st year	19%
2nd year	49%
3rd year	77%

moneylenders (i.e. mortgaging their property and belongings, working as agricultural labour and taking loans from relatives).

Healthcare Loans

The health survey indicates that women primarily took loans for healthcare from their local moneylender before the SHG formation. In fact, 67% took loans for healthcare purposes from the moneylender before the SHG was formed.

The researchers found that 58% took healthcare loans from their SHG and 39%, who previously used other sources for healthcare loans, now only take SHG loans.

When focusing primarily on moneylender usage differences between Meo and non-Meos, the survey shows that Meos used moneylenders much more than non-Meos before the SHG was formed (See Box 6). However, after the SHG was formed, only 10.0% and 12.5% of Meos and non-Meos took

money from moneylenders.

The SHG loans have provided significant competition to moneylender loans. In fact, women told the researchers that moneylenders have begun spreading bad rumours about SHGs to hurt their reputation.

Fourteen percent of Meo and 12% of non-Meo loans are towards healthcare needs (See Box 4).

The researchers were able to witness an SHG meeting that clearly depicted the assertiveness of the members. Conducting business may not be easy for the facilitator, but the women who had an agenda for the meeting did not leave until their voice had been heard.

In the village especially, the women seemed to have more respect and authority than men do. This quality is to the SHGs' advantage in being able to make changes happen.

One Pradan worker explained how the women of one SHG rallied together to get their road fixed. They went to their

Block Development Officer and loudly voiced their complaint. The women did not stop protesting until the job was done. When united over a common goal, the women of these SHGs accomplish their vision.

Kela is a member of an SHG in Chor Basai. Her group has linked with the Punjab National Bank. They have taken out loans from the bank two years in a row, 1996 and 1997, at 12% interest per year.

The group divided these loans into smaller loans, principally for animal husbandry at 24%

The researchers were able to witness an SHG meeting that clearly depicted the assertiveness of the members. Conducting business may not be easy for the facilitator, but the women who had an agenda for the meeting did not leave until their voice had been heard.

interest per year. A few women took loans for Rs 8,000 Rs10,000 to purchase buffaloes for milking.

Kela was one of the women who took a loan to buy a buffalo. Kela's dairy venture has been quite a success. Kela's buffalo produced 11 litres milk a day, which she sold for Rs 10-12 a litre. She fed the buffalo fodder costing Rs 40-50 a day. On an average, she made more than Rs 50 per day. This was a very good profit considering labourers earn about Rs 60 per day.

While commercial banks

Box 6: Loans from Moneylenders Meos vs. Non-Meos

	Before SHG	After SHG
Meo	78%	10%
Non-Meo	58%	12%

require capital collateral to insure the repayment of loans, the SHGs used social collateral -- each woman has her reputation at stake. Social ties in India are incredibly strong and the memories of those who hold the ties even stronger.

The researchers found that while interviewing a woman, the other women huddled around, "aiding" her memory if she "forgot" how much money she had borrowed.

Meetings are incredibly vocal affairs. If a woman did not pay an instalment on time, the other women let her know their dissatisfaction strongly.

The group as a whole approves all loans. This creates an interesting social dynamic, as the women all know each other's lives so well due to the nature of village life. Hence, if members learn that a woman needs a healthcare loan, they give preference to her.

Each SHG sets up its own rules for meeting dates,

The group as a whole approves all loans. This creates an interesting social dynamic, as the women all know each other's lives so well due to the nature of village life. Hence, if members learn that a woman needs a healthcare loan, they give preference to her.

required weekly deposits and penalties for missing meetings or late payments. These penalties are imposed to keep free-loaders from gaining unearned benefits.

The case of entry and exit into the SHG is an important issue. To exit a group a woman must make her request to the group.

The woman may keep all the money she deposited in the group. However, she may only get the interest to date if she has remained in the group for more than one year.

To enter a group, a woman must first have the same amount of money as the rest of the individual members to deposit (all women carry the same balance). In addition, the other women agree to the new member's addition.

Conclusions

Based on the quantitative and qualitative study of Chor Basai and Ghansoli villages, the following conclusions were drawn.

◆ Women who are members of SHGs take an active role in them.

◆ Women participate in SHGs so that they can have access to money to meet their needs.

◆ From the 54 loan form purpose categories, 59% of all loans are for home expenditures, food and healthcare.

◆ Meos took 56.5% more loans towards basic needs such as food, home expenditures and healthcare than non-Meos.

◆ As SHG groups mature, more loans are going to finance farming, animal husbandry and shops.

◆ The SHGs have provided competition to moneylenders,

The case of entry and exit into the SHG is an important issue.

To exit a group a woman must make her request to the group. The woman may keep all the money she deposited in the group. However, she may only get the interest to date if she has remained in the group for more than one year.

who previously had a monopoly on credit availability.

◆ Now that Meo and non-Meo women both have access to SHG loans, they are predominantly taking their healthcare loans from their SHG over any other loan source.

◆ The most common health problem facing both Meos and non-Meos are fever and stomach pain.

◆ When united over a common goal, the assertive women of these SHGs accomplish their purpose.

◆ With the purchase of buffaloes from a SHG loan connected with the Punjab National Bank, members like Kela are booking good profits.

◆ While commercial banks require capital collateral to insure the repayment of loans, the SHGs of Sakhi Samiti use social collateral.

This is an edited excerpt from a study done by student volunteers Andrew and Katy Stern. ■

IITD Alumni Association Award for Outstanding Contribution to National Development

Acceptance Speech

Vijay Mahajan

April 28, 2001

PROFESSOR SIROHI, Professor Jain, Mr Muthu and other office bearers of the IITD Alumni Association and fellow members of the Alumni Association,

It is with a deep sense of humility, mixed with joy, that I stand here in front of you to accept the Award for Outstanding Contribution to National Development. Joy, because in the 20 years that I have been working in the field of rural development, this is the first and only award I have received.

It is always gratifying to be recognised and it is even more so when the recognition comes from friends and fellows with whom one spent one's formative years.

It was at IIT Delhi that I got to learn a bit of economics and a bit of the other social sciences, along with engineering subjects.

It was at IIT Delhi that I, a city dweller from a middle class family, first encountered the idea of using "appropriate technology" to overcome rural poverty. It was at IIT Delhi that teachers like Professor Indiresan whetted my interest in the application of technology to solve social problems.

It was here that I first learnt of the work of people like Bunker Roy at SWRC, Tilonia, Anil Sadgopal at Kishore Bharati, Hoshangabad and Dunu Roy at the Vidushak Karkahna,

Shahdol. It was through the Hoshangabad Science Teaching Program of Kishore Bharti that I first went to an Indian village to "teach" middle school science teachers how to teach science to rural children.

Starting with a belief that rural people needed appropriate technology, it was not long before I began to understand that the problems of India were not primarily technical but social, economic, political and even cultural.

This shift in perspective was fundamental but it also enormously broadened the scope of what I needed to understand to even formulate the problem of rural poverty in India.

I graduated from IIT Delhi around the time the Emergency was declared. The previous two years had seen the Nav Nirman student movement in Gujarat and Jaya Prakash Narayan's call for total revolution in Bihar.

Not being of revolutionary ilk, or even political, and put off by the idea of joining the civil services due to the Emergency, I took up a regular job as a marketing executive in Philips.

In the 4 years that I was in Philips, mostly in Eastern India, I had the opportunity to travel extensively in rural and small town India in Bihar, Orissa, Bengal and the Northeast.

The more I saw hinterland India, the more I felt I had to do something to grapple with problems of severe poverty and inequality that stared me in the face every day in villages sur-

rounding industrial townships like Bokaro, Rourkela, Durgapur and Bongaigaon and other small towns that I used to visit.

During 1978, I learnt of the work of Professor Ravi Matthai, the founder Director of IIM Ahmedabad. He had, after stepping down as Director, launched the Rural University Project in Jawaja, Rajasthan, working with weavers and leather workers.

I decided to go to IIM Ahmedabad to work with Professor Matthai. I was lucky that I got a chance to be his student as also of Professor Ranjit Gupta. I went to Jawaja a number of times from IIM Ahmedabad, including for my summer placement in 1980.

After that experience, I was clear in my mind that I would use my professional education in technology and management to work for the development of the rural poor of India.

I have continued to do so for the last 20 years in various capacities - working at the grassroots in Bihar and later MP and Rajasthan with Pradan, an NGO I set up in 1982 and worked in till 1991.

Taking a break to be a trainer-consultant-researcher for 5 years in 1996, I then set up a rural livelihoods promotion company, BASIX (Visit www.basixindia.com for more details).

Friends, I said I accept this award with a feeling of joy as well as humility. I feel joy because all of you are highly distinguished in your respec-

tive spheres of work, yet you have chosen me for this honor. I take this as a sign of your support for the cause of rural livelihoods.

Yet I feel humble because the task is very large and one's contribution is miniscule. Just to give you an idea of the magnitude of the problem: India will have over 12 to 15 million additional people seeking work every year in this decade. The economy at the best of times has not generated over 6 million livelihoods.

In 20 years of work, with all my colleagues in Pradan and BASIX, we have been able to support perhaps 1,50,000 livelihoods. Thus, the task has only just begun.

I was asked to particularly talk about my future plans. Friends,

I have no hesitation in saying that I will devote the rest of my life promoting sustainable livelihoods for the rural poor. I hope to do so more effectively and at a larger scale.

To multiply my work, I hope to attract many more bright and committed young people from the IITs, the IIMs, Agricultural Universities and so on to work in the field of rural development at the grassroots, as hundreds of my colleagues in Pradan and BASIX are doing.

Friends, the country has no shortage of resources - natural or financial. It is good quality human resources that we are short of, to work in the field of rural development.

We need no more than five persons per block in our 3,000 odd

poorer blocks or no more than 15,000 young professionals, to pledge to spend five to seven years of their lives in the service of rural India. If this happens, I assure you the face of rural India will change.

I hope some of you in the audience will consider joining this field-even on a part-time basis-and encourage youngsters: your sons, daughters, nephews and nieces to work for rural development.

I assure you, from personal experience, that it is a highly satisfying profession and full of challenges and satisfaction. If 15,000 of us work on this task, there is no doubt that together we can help promote sustainable livelihoods for 15 million rural people a year. It is a task worth addressing. ■

People News and Events

◆ We welcome new executives Shubhendra Sanyal at Lohardaga and Himanshu Sahoo at Baliguda.

◆ Subhasish Mukhopadhyay, apprentice of the 20th batch, has dropped out.

◆ Ranjan Mohapatra has resigned from Pradan. He was based in Keonjhar. Ranjan plans to set up a trust to continue developmental activities in Orissa. We wish him all the best.

◆ Jyoti Kumari, based in Kesla, has left the project to get married on May 24, 2001. Congratulations! ■

◆ The Deputy Resident Representative of UNDP, Ms Dorothy K Gordon, visited Jharkhand between 19-22 May. UNDP has been requested by the state government to help develop

a development vision and plan for the state. Soumen Biswas, Jui Gupta and Anirban Ghose briefed her on May 19 about Pradan, its projects in Jharkhand and issues regarding development in the state.

Anirban accompanied Ms Gordon to 2 villages in the Palkot block of Gumla on May 20, where she interacted with members of 5 SHGs and one irrigation group. She called a meeting of leading NGOs of the state on May 22, where there were free discussions on various issues ranging from problems of development in India to Bihar politics to issues facing us.

◆ Anirban Ghose attended a 4-day "Training Needs Assessment" workshop for state government officials involved in implementing the SGSY programme in Jharkhand. The workshop was sponsored by UNDP and organised by NIRD at Jamshedpur.

The first two and a half days was spent with Divisional Commissioners and the PT, DRDAs. The next day and a half was spent with the APOs, BDOs and VLWs. Among NGOs present were Praxis, Seed (a Jamshedpur-based organisation) and Pradan. Educational institutions present were XLRI and XISS.

◆ The Executive Committee met in New Delhi from May 8-10, 2001.

◆ Professionals from teams in Madhya Pradesh, Chattisgarh and Rajasthan participated in a 2-day workshop on May 27-28, 2001 in our campus in Suktawa to discuss the design of the apprenticeship programme.

Contributions to this column may be sent by email to pradan-ho@ndb.vsnl.net.in or by post to Pradan, 3 CSC, Niti Bagh, New Delhi 110 049. ■