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Surviving Animal Attacks

Innovative interventions to stop Paharias in Sundarpahari being driven to the edge of starvation due to persistent wild boar and monkey attacks on standing crops

Soumik Banerji

It is about 2 am in the night. Rajesh and I are sitting on a *machan* (elevated platform), trying hard in the dark to sight an animal. Long white stalks of bajra waving in the slight breeze surround us. This is Sidhapara village in Sundarpahari block of Jharkhand and we are watching the crop at night like the rest of the village to stave off imminent starvation.

About 10 minutes later we hear a grunting sound and trampling of dry leaves. Rajesh yells, "The boars are coming!" In the dark I could barely see 5-6 large wild boars along with 6 sows pushing through the bajra and maize stalks in an attempt to chew the stems (which incidentally taste almost like sugarcane when fresh). Rajesh gets down from the *machan* with a 6-foot long spear and yells at the boars, who do not seem to be much bothered. In desperation, Rajesh throws his spear. The boars rush away only to return half an hour later. This continues all night.

Unceasing War

Jome of Tasgama village makes a bomb financed by a loan from a self-help group (SHG). He mixes gunpowder (Rs 50 a teaspoonful), stone chips and goat viscera to give the bomb the shape of an onion. He hangs it on a bush for drying. In the evening, he would keep it on the paths frequented by boars. The next week he reports that a boar was killed by one of the bombs he had planted.

The boars are attracted by the smell of the viscera and try to eat it. The bomb then explodes in the animal's mouth. The eco-

nomics works well since each bomb costs about Rs 100 while a dead boar provides pork worth at least Rs 2,500 in the local *haat* (market).

But this does not always happen. There is a 50-50 chance that a boar will try eat a bomb. Also, once a boar is killed in such a manner, others avoid such traps for months. In an agricultural season spanning about 4 months, no more than 4-5 boars are killed in a 1,000-hectare (ha) area. Also, the bomb maker runs a risk of explosion during its making and sometimes, domestic pigs die while trying to eat such bombs.

While passing through Charchari village, I come across a pack of about 100 monkeys merrily chewing away at the maize crop. Once they see me, they scowl and group together, probably planning an attack. I leave hurriedly. As I approach Tatakpara village, I see a group of children watching a blood strained dog lying in a maize field. This dog had paid with his life to save the crops to the 12-inch teeth of the wild boars.

Around Christmas about 13 wild elephants ravage the entire Chamdada village, killing 2 and eating precious cereals, as well as destroying the standing bajra crop. For the past 3 years it has been sleepless nights spent besides the fire with mothers holding on to their children in anticipation of elephant attacks.

These are excerpts from the constant war in the hills of Sundarpahari, where people

and animals fight each other to survive. Boars love bajra and monkeys love cowpea. Both relish maize. The amount of food crops such as bajra and maize and cash crops such as cowpea consumed by wild animals totally upsets the precarious food and cash balance of Paharia families.

Importance of Cowpea

An analysis of the economics of agriculture shows that the cash crop of cowpea not only generates hard cash but also funds Kurwa (cultivation of food crops such as maize, bajra and pulses). A typical family is able to earn at least Rs 3,000 from the cowpea crop grown without tillage and chemical additives.

Sundarpahari produces at least 250 metric tonnes of cowpea in a totally organic environment. However, losses of more than 25% of the cowpea crop through raids by wild animals (see tables 1 and 2) leaves the people stranded with more than 3 months of rice deficiency, which means further getting into the debt cycle where only the moneylender stands to gain.

The moneylender eyes other resources such as the trees like jackfruit, mango and mahua. He takes over the live trees as an

Table 1: Damage Caused by Wild Animals

% Crop Loss	Deficit Months
0%	0.5
5%	1.0
10%	1.6
15%	2.1
20%	2.8
25%	3.2
50%	5.9

appropriation of his debt at throwaway prices ranging between Rs 200 and Rs 2,000 and employs labourers and gets the trees chopped, sliced and transported to the *hatia* (market), where he is able to earn Rs 5,000 to Rs 15,000, depending on the type of the tree.

One of the main reasons of crop loss to animal attacks is due to lackadaisical vigil. The tribals need to maintain a 24-

Table 2: Loss to Wild Animals

% Crop Loss	Surplus (Rs)
0%	2,150
5%	1,980
10%	1,810
15%	1,640
20%	1,470
25%	1,050
50%	450

hour vigil, for monkeys during day and wild pigs during night. There is also a second constraint in disease outbreaks like malaria that force crop watchers to stay at home. When a disease strikes, a family loses doubly. They not only lose their crop to wild animals but also have to incur additional expenses for medical treatment. Again, the trees bear the brunt of paying for treatment costs.

Surplus Threshold

The surplus of the cowpea crop decreases after a threshold of 40 kg seed rate mainly due to increased crop raiding as the area increases. Thus 4-5 crop watchers are required at 100 kg seed rate along with huge interest required on the capital that may cross Rs 10,000 per family. Thus, the

25-40 kg seed rate appears to be the preferred choice (see table 3).

The success of the cowpea crop also depends on the type of soil and vegetative cover before the sowing. For example, trees

Table 3: Optimal Seed Rate

Seed Rate (kg)	Net Profit (Rs)
100	2,700
40	3,400
25	1,810
10	1,030

like harsingar (*Nyctanthes arboritritis*), katber (*Zizyphus xylophora*) and weeds like *Eupatorium odoratum* help in better productivity while trees like sal (*Shorea robusta*) do not. Apart from this, sandy soils with no water logging give better yields. Water logging leads to 100% crop loss.

The method of sowing also determines the yield, as in the southern hills seeds are dibbled with bamboo sticks called *jogi* while in the northern hills seeds are broadcasted. The latter yields a better crop but is not suitable in clayey and rocky terrain. Also, broadcasting seed means more credit as compared to sowing in case of dibbling.

The crop raiding monkeys are comparatively less in the northern hills due to the sparse canopy of big trees while wild boars are numerous due to heavy cover of bushes. The average yield per family is in the range of 5-6 quintals and average loan is Rs 3,500 as compared to 2-3 quintal production and Rs 700-1,500 loan in the southern hills. Timing is also important as early or late sowing means

more vegetative growth in the former and rainfall asymmetry in the latter. This either tend to increase vegetative growth or reduce fruit yield.

Critical Factors

We identified the following factors that are responsible for low surpluses from the main cash crop, cowpea:

- High interest charged by moneylenders, to the tune of 150% for seeds and sowing operations.
- Crop raiding by monkeys and wild boars causing at least 15-20% losses.
- Heavy rains in end September causing water stagnation in some fields, resulting in complete loss.
- Inability to sow in time as well as crop watching due to diseases like malaria.
- Scarcity of labour during sowing operations, resulting in delay in sowing, in turn leading to vegetative growth and loss of pods.
- Pests such as pod fly and pod borers, especially in years of low rainfall.

We determined that out of the 6 factors, the first 4 were the biggest deterrent to profits.

Pradan began forming SHGs in these hills in 2001. The real expansion, however, occurred only in 2003. Today there are 30 SHGs in the hills across 25 villages. SHGs were able to leverage credit for the Jara and Kurwa agriculture seasons. The members were therefore able to save on the exorbitant interest charged by paying only

24% interest. Thus the credit provided in Jara and Kurwa cultivation saves Rs 609 per family for some of the poorest families in terms of interest as well as provided them Rs 150 per family as dividend earned from interest.

The families also benefited by focussed marketing through the SHGs. The SHGs procure the cowpea, pigeon pea and mahua flower produce and sell them in distant markets like Apna Bazar Cooperative in Mumbai in the case of cowpea or *dal* (pulse) mills in Ranchi in the case of pigeon pea or at local *hatias* in the case of mahua during the off season. This way some of the poorest families were able to get an average of Rs 1,645 as bonus from the trade.

The SHGs have also been able to create seed banks by which members are able to get seeds at low interest as compared to

the 100% interest charged by moneylenders. Thus, on a whole, the poorest families were able to generate about Rs 2,465 by simply becoming members of a SHG.

This income is effectively able to bridge the gap in the cereal deficit that high interest rates and crop raiding by wild animals bring about from 84 days to nil. In fact, it generates a slight surplus as disposable income! For people doing 40 kg Jara and bigger Kurwa, the surplus generated would be in the range of Rs 4,700. Thus a median score of surplus generated across families would be about Rs 3,500 per family (see table 4).

Do You Have a Mosquito Net?

Apart from this, the SHGs also play a vital role in trying to minimise the other bottlenecks like malaria that takes away members of the family from crop watching or sowing at the proper time, which

Table 4: Surplus Generated Across Families

Net Profit (assuming 20% loss from wild animals)	Amount (Rs)	Months of Cereals
Financed and marketed through moneylender	1,517	9.2
Additional surplus Jara financed by SHG	420	9.9
Additional surplus Kurwa financed by SHG	189	10.3
Additional surplus through SHG seed bank	61	10.4
Additional surplus cowpea marketed by SHG	810	11.8
Additional surplus pigeon pea marketed by SHG	135	12.1
Additional surplus mahua trading through SHG	700	13.4
Dividend distributed through SHG	150	13.7
Total surplus generated	2,465	13.7
Particulars	Surplus (Rs)	Deficit Months
Primary livelihoods without SHG	1,517	2.8
Additional surplus in primary livelihoods with SHG	2,465	0

Figures indicate economics of the poorest sections doing 25 kg Jara

acts as a deterrent to productivity. One of the eligibility criteria for getting a loan from the SHG happens to be a mosquito net!

Every member taking a loan must have a mosquito net that has been treated by K-Othrine. This is pyrethroid compound extracted from chrysanthemum. When the nets are dipped in a solution of K-Othrine and dried in shade, they are not only able to dispel mosquitoes but

Table 5: Requirement of chloroquine

Year	Tablets
2002	837
2003	502

also tend to kill the insects that come in contact with the net.

K-Othrine has so far not been found to have any side effects, according to the World Health Organisation. We have systematically treated about 71 nets across 5 SHGs and the results have been encouraging. It costs about Rs 10 per net to treat them with K-Othrine. The effects last for at least 6 months without washing. We have seen a significant drop in the issue of chloroquine tablets kept in medical boxes in the villages, indicating a drop in suspected malarial fever cases (see table 5).

Apart from this about 4 paramedics are being developed in the 4 SHG clusters through training at the Emanuel Hospital on malaria diagnosis through blood smears as well as through Rapid Dip Tests

and further treatment. These paramedics are from the community and thus charge comparatively less compared to the quacks. This also brings about some reduction in loss of trees to pay for treatment charges.

Saving Trees

Some SHGs have been able to offer mortgage loans to members who wish to sell live fruit trees like mahua, mango and jackfruit. The trees are mortgaged at 50-75% of their prevailing market value and a loan is extended. In this way, the trees are saved from the woodcutter's axe. The SHGs in turn recover the cost by selling the flowers, fruits or seeds.

The Gulabphool Mahila Mandal of Tatakpara village recently procured a mahua tree for Rs 400 from one of the villagers who was selling it to a trader to pay for his son's funeral. The SHG bought the tree from the profits it had generated from commodity trading. According to estimates, this tree yields about Rs 200 of non-timber forest produce (NTFPs) in the form of mahua flowers and seeds. Thus, the cost would be recovered by the SHG in about 2 years. It would also make a profit of Rs 130 in 2 years from flower trading that would be shared by SHG members equitably. Thus by 2006 the tree would give Rs 330 annually to the SHG for its entire life.

The Simripup Mahila Mandal of Salgama village decided to buy the huge jackfruit that one of its members was selling for Rs 2,000. The seller needed money to pay for his children's education in the mission school. By procuring the jackfruit tree, not only they were able to save the tree but would also be able to

pay off the invested amount in 3 years and subsequently generate an average income of Rs 800 annually by selling jackfruit at the local *haat*.

On the whole these activities have been able to instil confidence among members and have created a sense of solidarity where they can now stand collectively to meet the challenges of the external world. These options provide some freedom to choose from the oppressive and exploitative moneylenders, traders and quacks to institutions that have come up through their own efforts.

Areas of Concern

Some caveats, however, remain. With respect to saving the crops from raids of wild animals, we have still not been able to do much apart from financing home-made bombs. We had contacted the Wildlife Institute of India, Dehradun as well as the Centre for Ecological Sciences, Indian Institute of Sciences, Bangalore but no solution is in sight yet.

Problems of water stagnation in case of heavy September downpours also have no immediate solution since the water remains at the sub-surface level. In the past 5 years rainfall has been above normal during last week of September. Every year about 10-15% of the farmers suffer complete crop loss. We have been thinking about some innovative crop insurance instruments but it would require at least 10% premium charges at a no profit, no loss situation.

Credit leverage for agriculture as well as trading activity through regional rural banks is almost impossible as the capital required is extremely high and no SHG can

leverage such credit at present through SHG-bank linkage norms. A revolving fund purely for trading purposes could be a possibility.

Commodity trade, especially supplying to food retailing chains like Apna Bazar, requires mechanised drying, sorting, packing and weighing, all of which is presently done manually and thus have limits on quality achievement. Also, absence of proper storage structures sometimes result in losses, especially in long duration storage like mahua flowers.

Absence of roads makes transportation from the villages to motorable roads difficult, expensive and time consuming. The stark realities could probably be summed up by a remark made by Loknath Paharia, the erstwhile *mukhiya* (headman) to the local MLA, "Give us rifles to kill these animals or else take up rifles and kill us instead."

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Development Freelancing

A primer on freelancing in the development sector

Shaswati Ghose

A freelance development worker or consultant is just not anyone who happens to be between the last and next job or someone who has just decided to take a break. This article is written for someone who hopes to make a career of it and is starting from scratch after a few years at a development sector job. I stumbled into this life but here is a list to help decide a planned entry.

Life stage matters: Development consultancy is probably not a good idea if you are planning a family or have a young family. Life can become very erratic and travel requirements are very demanding. You may not be able to support your spouse when she needs to be admitted or needs that check up. You exist on a 'no work no pay arrangement'. Unless of course you have some desk based report writing and editing to be done that allows you to take a break but such work is limited in scope and value. Considering this just when kids are poised to enter college and expenses are likely to spurt (as even a non-secured educational loan requires a service holding guarantor) this and other counts is also not advisable.

Family situation: Is there another earning member able to anchor the home and pick up the expenses while your income has its crests and troughs? Cash flows may be erratic but expenses manage to be surprisingly regular. Even if you quit with a steady assignment in hand, be prepared for life after that is over.

Financial situation: Do you have adequate savings that you could dip into when work is lean? This is true when you are starting out without a ready assignment on hand.

All about networks: People may have work available but would not know you. You should already have extensive network or else gel with other networkers. Deciding to move out suddenly from an implementation position in the interiors to freelancing may be an uphill task.

Location: Living in rented premises? Expenses would be high. Being located in remote locations might be quaint but is difficult to interface with prospective clients. If you propose to move your family to your native place while roughing it out on your own, quality of life is going to suffer. Further, school changes and adjustments with the in-laws may take time.

Experience and qualification: They are undeniably relevant but not the only sufficient condition to keep gates open as I elaborate later.

A long haul: The thumb rule is that it takes roughly 4 years to really 'take off' despite possessing all the right attributes. I have this vouched by consultant friends in the corporate world, too. You would generate returns even earlier than that but it takes that long for incomes to match returns comparable to the present value of the steady job you quit. The period could be lower if you have strong networks.

This time period will go up if like me you mix philanthropy with business objectives from the start and are 'donating' time (work hours that do not generate any financial returns). One certainly needs deep pockets or a few helping hands or grit coupled with low recurring costs to make it.

Prerequisites for a freelancer

- Decent command over written English: one would be generating reports ad infinitum.
- Decent command over computer-based office applications.
- Knowledge of regional languages is a certain plus. Knowing one or two other languages well enough to converse in them is important if you would like to conduct trainings, etc. and not be geographically 'boxed up'.
- Multitasking: Capacity to take up a range of tasks and move from one to the other with relative ease. Strategising and training skills come in handy.
- Ability to live with erratic schedules: You will probably not be able to plan holidays for a long time to come, unless you are prepared to forgo opportunities that crop up precisely when you cannot take them up due to family commitments or health issues.
- Be a self-directed person: There is no set routine or schedule. Beyond a milestone or completion date there is little else. Doing a fixed quota of work or more each day requires practice and discipline. Expecting clients to rework schedules to accommodate you always could adversely hit reputations.
- Ability to learn while on the move and on the job and then being able to assimilate the learning well enough to be able to contribute right from the day one. Few agencies are prepared to pay for your learning time. In a development job, when being moved across sectors, you would probably be helped to understand the new sector or task, perhaps even see it first-hand. This is difficult to bank on in consultancies.
- Methodical in maintaining a filing and retrieval system.

● Inquisitive, perceptive, objective and analytical approach (this is the most difficult bit).

When to take the plunge?

Getting a feel of freelancing while in a job is difficult. You have to wet your feet at least once to know what it is like and decide for yourself. If your job does not enable you to take sabbatical do not put off the experiment to rather late in life when if it does not go off well, you may rue the decision and its impact on your career.

My suggestion is try tracking some of the 'consultants' you know. How many are actually continuing in that mode for upwards of 2 years without reverting to a job or having formed an NGO that is also taking up project implementation like any other NGO (akin to the very jobs they left, excepting that they have a freer hand in determining the direction of the NGO or are a key part of its governing body).

There is no right age to start. It is true that the development sector is likely to put a lot of stress on requisite 'experience' and 'qualification'. That is the best measure they have of sizing up your abilities. Conversely, when you start out young, your contacts may be limited to a small set of agencies and people who know you and your potential and are willing to risk you despite your very patent 'lack of experience'. You might have problems in getting opportunities to prove your worth.

Being able to leverage a reputation assiduously built over years of working in the sector is a certain plus as long as it also carries the right 'pedigrees' that a client is likely to value – tags of the agency one worked with, their perceived strengths

taken with period of association, even educational degrees to a lesser extent. This pedigree and reputation would help to land assignments, not necessarily keep the flow going from different sources. It would certainly not assure repeats from the same agency. However, it could also limit your perceived capacities to chosen sectors irrespective of your latent capacities or work availability.

Too much experience is also not advisable. Post retirement this may not be the best option unless many hold you in regard. It may however be good to keep you engaged with some cash flowing in. It is better to opt out a few years ahead of superannuating and start out.

Strictly speaking, experience in implementing does not necessarily make one a better consultant. Thus, long fruitful implementation experience does not always translate into the ability to consult unless of course demonstrating the implementation process itself is the assignment on hand. Yet development consultancy is best started by the younger lot after 5 years of hands-on experience and some documenting development experience seen intimately.

Starting out earlier would make you continue with the management school approach of 'solving cases' and desk-based number crunching and analysis. This also applies to people who hope to move from the field to the documentation and research cell of the same agency. This learning coupled with native aptitude may ultimately make you.

Level of skills required

Lets be clear about what one is generally not. One is not a technical subject matter

specialist in all matters and everywhere. A generalist in a group of specialists may well question fundamental assumptions to rev up the discourse. There are disciplines like management and law that have overarching relevance across several sectors. I will like to dwell a little more on this dichotomy of implementation and consulting using an allegory.

Courts are called upon to determine a range of issues involving intricacies of patents claims vis-à-vis counter claims revolving around detailed scientific matters, contract disputes around diverse manufacturing processes, costs and benefits of raising dam heights, etc. Despite an obvious lack of direct knowledge or ever having implemented any of them, they discourse and judge on basis of secondary knowledge sifting points relevant to determination of rights.

This is acceptable to most of us. Additional courts can call upon technical and process experts to assist the court in understanding the technical aspects if warranted. I see parallels with this and development consultancy. Thus, depending on your level of comfort with the technical aspects, you may call for technical help as required.

Having said that I feel one will be more comfortable freelancing having some work experience under one's belt. Coming from someone who has established an approach you would exude greater confidence. But banking on it alone is inappropriate as you will rarely always be in familiar territory for each assignment. Work experience is required for a real-world feel and to give one confidence.

One is not expected to carry all learning all the time in one's heads. Sometimes your observations fall short or people you rely upon for cross verification may fail you. Despite living in a village for an equivalent of 2 months, I still got my understanding of tier II of panchayati structure beyond the *gram sabha* wrong. Learning rusts and fades away if not used. After working for 3 months learning *tasar* 4 years ago I still made major mistakes recently while working on its prototype. I am more aware of the ever-elongating list of things that I do not know.

One should try to find one's pitch – whether your skills lie in documentation or diagnosis, prognosis, corrective surgery, prevention, healing and in how many departments.

Ultimately, I feel, it is not all about knowing all the answers but the right questions in time and being able to validate and cross verify answers by observation or intuitive reasoning or relying on vicarious learning or through assistance of practitioners and being honest in your efforts.

Modus Operandi

Having decided to take up freelancing, deciding how to operate – as an individual, as a firm, NGO or a private limited company, is crucial. A 'private limited company to boot' is no claim to ability, effectiveness or manageability. The form of the consultancy has to be a well-considered decision. Here are some of the forms as seen from my perspective.

Individual

Advantages: You can start and stop when you like.

Disadvantages: Most agencies cannot give large (it is a relative term) work and in case of some others any work in the name of individuals. However, it takes time to reach the stature when agencies would farm out large tasks to you. When paying earnest money for government contracts, options like deposit at call and bank guarantee may not be open to individuals operating in their own name.

Proprietary Firm

Advantages: No separate filing of income and service tax returns is required. It can be clubbed with that of individual owner coupled with his PAN and service tax number. You can start or stop operating whenever you feel like with no formal process of closure. You need not register the firm. Client agencies may be able to farm out larger work in the name of agency and also make payments. It can provide bank guarantees in the name of the firm while bidding for some work.

Disadvantages: If your spouse works with you, the income tax department may not recognise payments to him as a valid business expense eligible for deduction (especially in absence of appropriate qualification) as this is also a tactic to dodge liability. The liability is unlimited. Both the above have the added advantage of not being required to make tax deduction at source (TDS) for lower order sub-contracts if one has paid TDS from collective fees at source (this applies provided the quantum of turnover does not necessitate audit). Therefore, you are saved from requirements of TAN.

Fees and expense reimbursements do not compel complying with FCRA requirements. Auditing of accounts is not mandatory

unless turnover exceeds Rs. 10 lakh (for consultancy and services-focused firms).

Partnership Firm

Advantages: Partnership deed not required to be registered but registration is recommended to obviate trouble later, which requires bases of partners share in surplus and asset to be determined. Unregistered partnerships can start and stop at will but for registered ones, the dissolution has to be as per requirements of the deed. Your near relatives like spouse could join as a minor shareholding partner and also be remunerated by salaries that will be permissible irrespective of her qualifications, etc.

Disadvantages: If all the partners are on the same footing with co-equal shares, managing the partnership itself could become an issue. It operates under its specific name but is not a body corporate so liability is unlimited. It means that each partner is individually and jointly liable for the liabilities undertaken by the firm (unpaid suppliers or staff). It cannot have more than 20 partners (others have to be consultants to the firm).

NGO

Advantages: Some client agencies (including government) may have preferences for research and training organisations set up with philanthropic motives rather than for-profit agencies though the nature of the agency may have little bearing on the assignment. It operates under a distinct name and style.

Disadvantages: For all receipts of foreign money even for expenses, FCRA requirements have to be complied with. Consultancy fees are a taxable receipt

even for an NGO even if separate books of account are kept. Only such assignments that are strictly in the nature of research and development in line with the organisation's objectives and constitute a fixed proportion of its total turnover would be exempted from income tax.

Legally speaking (derived from decisions of the Supreme Court), a society is not a body corporate (though it operates under its distinct name and can sue or be sued under that name). Hence, by extrapolation, the liability of its members may not automatically be limited. The yearend surplus belongs to the NGO and audit is necessary.

A Section 25 company would have comparable advantages and disadvantages as any NGO. In addition, it will have to comply with requirements of the Companies Act like periodic filing of returns. A Section 25 Company makes sense if you expect the 'development' initiatives to have synergy with the business goals of the remaining units of for profit organisation as well, with the holding company having a say in its activities.

Private Limited Company

Advantages: It is easy to set up. Only 2 people can set it up (maximum shareholding member is 50). It requires a minimum of 2 directors. Members have right to determine utilisation of the surplus including paying out dividends in keeping with organisation rules. Death or exit of some members does not affect its continuity. The liability of members is limited to unpaid value of share or the amount guaranteed (in companies limited by guarantee).

Disadvantages: Winding up (closure) process prescribed in the governing com-

panies act and the provision of company's own articles and memorandum apply. Fees have to be paid in proportion to authorised capital. Has a flat tax rate of 35% (for individual and analogy in proprietary firm's owner is allowed tax slabs of 10% to 30%). Audit (and thus the expense) is required whatever the turnover. A public limited company is tougher proposition and is hence not covered.

It is a mistaken assumption that operating as a company will increase appeal or ability to organise finances. Large consultancy projects do require greater capacity to fund ongoing work, which in case of shortfall of internal resources is best done on working capital loans. Banks typically would assess the asset profile of the company and if it is weak, require personal guarantees from amongst its members. In this aspect, form of agency hardly matters. Even before a credit history with secured loans has been built up, assuming chances of an unsecured loans at the very start of operations is being impractical. Besides you would need to build a work history before larger assignments make these become relevant considerations.

But if you only want to test the waters, first start out as an individual or proprietary firm and determine the best form subsequently. I would further suggest moving quickly to a proprietary firm with a distinct name. That way its own current account bank statement will show transactions and you build up a financial history. This may become important when you want to leverage it.

You can always convert it to a partnership firm or a private company incorporating the 'key name' (subject to availability) in

the names of the subsequent entity. I made this mistake and continued taking assignments in my own name till I became my own limiting factor. Also, I learnt managing service tax of one entity was easier than managing it for a consortium of individuals.

To be concluded

NewsReach Livelihoods Compendium

Are you a grassroots professional trying out new and innovative ideas in the field? Does your organisation work to promote livelihoods for the rural poor?

Are you on the look out for tested and successful interventions for the poorest of the poor?

NewsReach Livelihoods Compendium could deepen and broaden your knowledge about successful programmes implemented amongst the poor in the poorest states of India.

NewsReach Livelihoods Compendium is a collection of cases, narratives and articles about Pradan's livelihood promotion programmes. Most of these have been documented by professionals in the field. For your own copy (Rs 80, postage extra) write to Smita Mohanty at 3, CSC, Niti Bagh, New Delhi - 110 049 or email her at smitamohanty@pradan.net.

Wadis Work Wonders

The BAIF model of integrated orchard development on the hill tracts of western Maharashtra and southern Gujarat has yielded sustained benefits to the local tribal population

Nirmal Beura

A team from Pradan visited a few areas in Maharashtra and Gujarat in February this year to observe the *wadi* (orchard) programme of Bharat Agro Industries Foundation (BAIF). BAIF organised the exposure visit in such a way that we get an idea of the 'latest model' of *wadi*, and also where the oldest *wadis* were promoted in 1991. It was a 4-day visit, of which 3 days were set aside to visit the *wadi* programme and a day to visit the dairy programme in Kopargaon in Ahmednagar district.

BAIF is a NGO into grassroots action promoting livelihoods like us. It works in 7 states in India. It has a research station in Urlikanchan near Pune and is known for its livestock and *wadi* programmes.

The first cluster we visited was in the villages of Akhar, Banvasi, Mokhadu, Bhondipara and Wagdi in Jawahar and Mokada blocks of Thane district and Peint block of Nasik district. We spent one and half days in these villages in the western part of Maharashtra. This region has a hilly terrain with slopes of more than 15%. The plantations in the area are relatively new, around 3-5 years old.

The *wadi* programme here is implemented through a comprehensive package (setting processes, engaging manpower, enabling local level functionaries, setting up support systems, etc). The latest model of the programme is amply demonstrated here. It also traces the refinements across the years. We spent one and a half days here.

The visit to the second cluster was in the

villages of Orias and Godmar in Kaprada block in Valsad district of south Gujarat, adjoining the area of the first cluster we visited. This region is less hilly with more cultivable area. We spent one and half days here, too. The plantations in this cluster are the oldest *wadis* promoted by BAIF, more than 9 years old.

It clearly demonstrated the output and impact of such a programme. We also learnt about institutional arrangements for processing and marketing produce. We stayed in the Vandsa campus and got to see both centralised and village cooperatives.

Intervention Context

Tribals such as Warle and Khokna comprise 98% of the population in the areas we visited. This hilly region has poor land and water resources as well as poor infrastructure. These are small hills, mainly wastelands and marginal lands. The tribal families have marginal landholdings of less than 1 hectare (ha) and cultivate only rain-fed crops of paddy, coarse millets, pigeon pea and oilseeds. There are a few landless families in each hamlet. Grain sufficiency is only for about 6 months. The tribals have an average of half an acre of lowland in which they cultivate paddy. Most families migrate to urban areas in search of wage labour.

The area has high rainfall (2,500 mm a year) and hilly terrain. Most rainfall disappears in unchecked runoff. The area experiences 2 extreme situations: heavy rainfall during the monsoons and water scarcity and extreme heat during summer. It is only 100 km from the Arabian Sea coast.

When we passed through the hilly terrains of Jawahar, we saw terraced mango and cashew orchards across the slopes. Thus, a barren landscape has been transformed into productive orchards.

Programme Background

In 1982, the BAIF Development Research Foundation initiated a programme to improve the living situation of tribal communities in south Gujarat affected by environmental degradation and labour migration. The foundation developed the *wadi* model, which combines improvement of human and ecosystem well being, after direct interaction with tribal communities. Today, over 25,000 families from 300 villages have adopted the model. The programme, which involved 9,000 ha of marginal land, is envisaged as a community-led participatory livelihood development initiative. It seeks to promote horticulture, forestry species and crops.

The *wadi* model is becoming a very popular way of regenerating degraded lands and developing sustainable livelihoods for the rural poor. The time-bound, result-oriented model that started with just 42 families from 8 villages in 1982 in the tribal block of Vansda in south Gujarat has now been replicated in the tribals blocks of Maharashtra, Gujarat and Karnataka. It will also be implemented in Maharashtra and Rajasthan to cover an additional 20,000 families.

What is a Wadi?

A *wadi* is an orchard that provides long-term sustainable income to a family. Effective use of available resources through soil and water conservation and crop cultivation also provide the income needed to meet immediate requirements.

Each participating family cultivates horticultural plants (mango and cashew) on 0.2 to 0.4 ha of marginal land. Some 800 trees are planted on the borders of each plot, which include teak, bamboo, gliricidia, acacia and eucalyptus to provide firewood, timber, fodder and green manure. A live hedge of cacti protects the plot.

Typically, a *wadi* plot of an acre has 20 mango trees and 40 cashew trees. This mix is selected on the basis of gestation period, production and suitability to the climatic conditions. Cashew has a shorter gestation period than mango. The species selected are based on trees that provide annual fruits. The mango varieties chosen are Kesar and Rajapuri, one for pulp and the other for pickles. For cashew, it is Venguria 4. There are also mixed *wadis* of guavas, amla and lemon but mostly it is the mango and cashew combination that has succeeded.

A typical tribal family generates an average income of Rs 6,000 from the resources each year by making use of the land, water and manpower. The orchard model makes assured income possible. By cultivating a one-acre orchard, a tribal family starts to generate an additional income of Rs 18,000 from the 7th year. By the 10th year, when the orchard production reaches full bloom, the profit is about Rs 35,000 (see table 1).

The investment required for the model in an acre of land is around Rs 13,000 across 4 years (see table 2 on page 16). Intensive agriculture as intercropping in the *wadi* is also an integral part of the package. Where water source is assured, the families are also encouraged to cultivate vegetables.

The development of marginal lands has gone hand in hand with water resource

development and soil conservation. Before the intervention, heavy rainfall and poor vegetation caused severe erosion. Therefore, building slope-specific soil conservation treatments protected the orchards. Trench-cum-bunds (embankments) were constructed on land with slopes less than 15%. Where slopes were more than 15%, trees were first protected by platforms. Later overall plot treatments such as trenching, gully plugging and terracing were undertaken.

For water harvesting and utilisation, temporary check dams were constructed across the rivers and streams. Immediately after the monsoons, the runoff water was harvested by constructing inexpensive and temporary check dams by using cement bags filled with sand and silt. Measures were also undertaken to irrigate the orchards during the summer.

There are a number of perennial springs in the hills. These were harnessed to irrigate

Table 1: Cost-Benefit Analysis for One Acre Horti-Forestry Plot

Particulars		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12
Mango	Unit	20	20	20	20	20	20	20	20	20	20	20	20
	Yield Kg/tree	0	0	0	5	10	15	30	50	60	80	80	80
	Total Yield	0	0	0	100	200	300	600	1000	1200	1600	1600	1600
	Rate/kg	10	10	10	10	10	10	10	10	10	10	10	10
	Total	0	0	0	1000	2000	3000	6000	10000	12000	16000	16000	16000
Cashew	Unit	40	40	40	40	40	40	40	40	40	40	40	40
	Yield Kg/tree	0	0	0	0.5	2	4	10	12	14	16	16	16
	Total Yield	0	0	0	20	80	160	400	480	560	640	640	640
	Rate/kg	30	30	30	30	30	30	30	30	30	30	30	30
	Total	0	0	0	600	2400	4800	12000	14400	16800	19200	19200	19200
Forestry	Unit	800	800	800	800	800	800	800	800	800	800	800	800
	Yield Kg/tree	0	0	0	50	50	50	50	50	50	50	50	50
	Rate/pole	50	50	50	50	50	50	50	50	50	50	50	50
	Total	0	0	0	2500	2500	2500	2500	2500	2500	2500	2500	2500
Intercultivation (vegetables, crops)	Rs	500	1000	1500	2000	2500	2500	2500	2500	2500	2500	2500	2500
Wages per plot	Rs	1950	1370	890	780	0	0	0	0	0	0	0	0
Gross Return	Rs	2450	2370	2390	6880	9400	12800	23000	29400	33800	40200	40200	40200
Cost of Production	Rs	0	0	0	0	5000	5000	5000	5000	5000	5000	5000	5000
Net Returns	Rs	2450	2370	2390	6880	4400	7800	18000	24400	28800	35200	35200	35200

Table 2: Cost of *Wadi* Components for One Acre

Particulars	Unit	Year 1		Year 2		Year 3		Year 4		
		L	M	L	M	L	M	L	M	
Pit digging										
Forestry	800 no	200								April-May
Fruits	60 no	240								April-May
Grafts	60 no		1500		300		0		0	June-July
Forestry	800 no		1200		300		0		0	June-July
Fertiliser			600		800		1000		1000	June-July
Pesticides			200		250		300		300	June-July
Equipments			300		200					June-July
Fencing material			300		200					June-July
Subtotal		440	4100	0	2050	0	1300	0	1300	
After care Forestry	800 no	80		170		170				October
Application of fertiliser	60 trees			60		60		120		October
Basin preparation I	60 trees	60		60		120		120		October
Weeding I	60 trees	60		60		60		60		October
Live Hedge fence I	One acre	300		120						October
Subtotal		500		470		410		300		
Land development	One acre	500		300						December
Mulching	60 trees	60		60		60		60		December
Staking and shade	60 trees	60		60						December
Watering winter	60 trees	120		120		140		140		December
Weeding II	60 trees			60		60		60		December
Subtotal		740		600		260		260		
Basin preparation II	60 trees			60		60		60		March
Live Hedge fence II	One acre	130		100						March
Watering summer	60 trees	140		140		160		160		March
Subtotal		270		300		220		220		
Grand Total		1950	4100	1370	2050	890	1300	780	1300	13740

* L = Labour M = Material

the orchards and cultivate cash crops on a small-scale.

Funding Strategy

Under the bilateral cooperation between the governments of Germany and India, the Development Bank of Germany has extended funding support of Rs 550 million by way of grants for 10 years with effect from

1994-95. NABARD is the project holder on behalf of the government of India, channelising the fund for the programme. It monitors project implementation and provides steering and policy support.

BAIF is the main programme-implementing agency. The funding provides support for 10,000 tribal families (8,000 landowning

and 2,000 landless families) through sustainable agri-horti-silvicultural production. Its objective is to assist these families cross the poverty line in 11 years.

BAIF has also received support from various agencies such as the National Wasteland Development Board, National Rural Employment Programme, Tribal Development Department, district development agencies, banks and various international agencies to extend the programme to include an additional 25,000 families.

Outputs

In 2003, 190 metric tonnes (MT) of cashew and 500 MT of mango were produced. Although the target was 10,000 families, the programme has been able to assist 12,827 through *wadis* developed over 11,897 acres. The *wadi* farmers are organised as Gram Vikas Mandals run by their own Ayojan Samities at the village level and as cooperative societies formed at a cluster of villages.

A typical cooperative society unit comprises cashew processing, mango pickling and pulping activities carried out by 3 sub-units with partial processing support from 5 village level processing centres. Presently there are 10 cooperatives while the operational processing units comprise 20 village brining units (semi-processing), 10 village level cashew processing units, one central pickling unit, one central pulping unit and one central cashew processing unit.

We visited the main cooperative where pickling and pulping was done. The trade name of the cooperative was Vasundhara. It produces pickles, jams, jellies, chutney and pulps. Quality standards are rigorously maintained and there are professionals

employed especially to market these products across the country. The cooperative processed 200 tonnes of cashew nut, 500 tonnes of pickles and 50 tonnes of mango pulp in 2003. The annual turnover was about Rs 20 million.

Local Level Implementation

The strength of the programme is high quality implementation. BAIF local level offices are similar to our approach of a multi disciplinary team working at block levels. In addition, they have employed diploma holders for implementation on a project basis to support the professionals. A professional usually works with around 300 *wadi* farmers and more than 60% of his time goes into attending monthly meetings of the village level planning committees.

BAIF emphasises a lot on exposure. Exposure visits are arranged so that farmers can visit similar or new activities established by other farmers both within and beyond their region. This provides an opportunity for direct interaction with fellow farmers. These visits also motivate prospective participants.

Once convinced of such an intervention, a farmer applies for the programme in the village planning committees, the basic unit in the village. Village level activities are organised by forming participant planning committees. These are representative bodies of participants set up to plan and review programme activities, identify participants' needs and develop appropriate mechanisms.

Each planning committee has between 10 to 15 members and each member represents a group of 5 to 6 participants. The committee members are selected on the basis of spe-

cific criteria such as owning a good orchard or having a good rapport with villagers.

The committee holds monthly meetings to review ongoing work and plan work for the coming month. It also sorts out village-level problems and discusses participant's needs. Planning committees are in operation in all programme villages. All programme work, from the selection of participants to providing them with credit, is routed through these committees. The committees' range of activities includes provision of inputs or inter-crop cultivation, grain bank development, operation of agro-service centres and the collection and processing of produce.

Other Support Services

There are other support services at the local level that have direct bearing on the programme. Local youth have been trained as field guides (to provide agriculture-related services); technicians to repair hand pumps and engines; masons; barefoot accountants (for village-level record keeping) and health guides (to provide health services to villagers) and nursery technicians for raising grafts. The health guides are provided with basic medicines.

The comprehensiveness of the programme is not thus limited to raising trees but also facilitating access of these families to primary healthcare, safe drinking water, credit and repair of farm implements and equipment. A strong cadre of these support providers has boosted local initiatives.

The programme has also offered a basket of opportunities to shape the people's future. This was quite evident from actions such as families shifting their houses into the orchards, becoming receptive to new concepts and techniques (mango grafting,

nursery raising, composting, appropriate irrigation systems, immunisation, etc.) and thinking towards optimum utilisation of available resources.

Training of families is also a part of the implementation strategy. Training is imparted at all levels (technical as well as motivational) in local training centres.

The phenomenal success of BAIF's *wadi* model could be attributed to strong emphasis on need-based technical inputs and programme design, smooth mobilisation of large scale funds, a sound implementation strategy, promotion of local service providers and cadres and post-production institutional mechanisms.

Impacts

The sheer magnitude of the programme is laudable, both in quantity and outreach as well as the quality maintained in implementation. Another aspect of its large-scale success is its ability to channelise resources from a various agencies - national, local, foreign. Assured grants have led to large-scale quality implementation. Both the outreach of the programme in numbers and the funds mobilised from government and local agencies was extraordinary.

The participating families have established orchards without disturbing the traditional cultivation area. The major part of the orchards is planted on wastelands (18%) and marginal lands (75%). Almost half of the total area under orchards is treated with appropriate soil and water conservation measures.

Wadis farmers have benefited the most where irrigation was assured. With assured irrigation, the families also cultivated veg-

etables and other crops. Some of the standing crops that we saw during our visit were banana, wheat, summer creepers, eggplant, tomato and watermelon. Hiring pumps for irrigation in the *wadi* was common. Water was lifted mainly from nearby streams.

A tribal family basically sees the *wadi* as an asset and shifts their hut and permanently settles on that piece of land. The quality of orchard plantation and regular care was evident from visits to the field. The trees were well groomed, and appropriately pruned and medicated. All the steps of implementation were religiously followed.

The visit to the *wadis* is an eye opener to what efficient implementation could do to an intervention. Taking care of trees after plantation to the fruiting stage and beyond was adequately taken care of. We saw no incidence of disease and the staking of trees and basin preparation was in line with the various stages of implementation.

Integrated Model

The *wadi* programme started off with an orchard model but as it proceeded, it became an agriculture-horticultural-forestry model. The orchard programme is based on a farming system approach that includes horticulture, forestry, intercrops for food and cash income and intensive cultivation of cash crops on small plots.

The programme is planned with a family as a unit. The intensive utilisation of existing land and water resources of the family helps to generate self-employment opportunities throughout the year. At the end of 7 years, the horticulture and forestry plantations become productive and the income from these resources including agriculture helps the family to rise above the poverty line on

a sustainable basis.

Intercropping in the *wadi* for traditional and cash crops is the prime focus that sustains the farmer's interest. It builds on better production of traditional food crops. This *baari bagaan* (homestead orchard) will become a productive asset providing full time employment and income to the family round the year. The programme is not looked at only as a horticultural initiative but moves holistically, keeping in mind the family's entire needs and requirements.

The programme addresses many issues of the tribals adequately. It creates an asset for the tribal family and develops their ownership of the marginal piece of land. It builds on the tribal liking for planting, nurturing and protecting trees. Simultaneously, it works on strengthening the output from existing traditional farming for food. Then it creates water resources and purposefully intervenes in cultivation of cash crops.

Stage by stage intervention involving the families, simultaneously building and imparting skills, keeps the family motivated and attentive. The programme is sustainable and stable. The *wadi* diversifies the risk of income for the family by investing in horticulture, forestry and agriculture.

Promoting Service Providers

Another striking feature of the programme was the promotion of support services through local youths. BAIF actively promote field guides for agriculture extension, village health guides (mainly women) for health related issues, self-help group leaders, barefoot accountants for maintaining accounts of all village level programme accounts, hand pump technicians, oil engine technicians and nursery technicians.

These service providers have been built on scale. We need to explore the thoughts, processes and remuneration of these service providers. Their impact on the quality of life of the villages was clearly visible.

Having taken the family as a unit, the programme has also addressed concerns of the family on health. It is possible to create, without taking much of professional time and input, systems for addressing health issues in the village. Village health guides have done that. There is increasing access to healthcare, awareness on health related aspects and basic primary treatment by the guides at a reasonable price. Immunisation, pregnancy care, chlorination of wells have improved.

Even after 12 years of orchards, cultivation of vegetables is possible with adequate spacing and selection of appropriate variety with smaller canopy. The fear that orchards would end intercropping is not true. To make a visible impact, the *wadi* programme has to go hand in hand with watershed activities. Appropriate water and soil conservation techniques have to be built to sustain the initiative in the area.

The marginal piece of land lying under-utilised is converted into a productive orchard by planting grasses, multipurpose trees and fruit crops. In the process, there is increased penetration and retention of water at the root zone, increase in soil organic matter through addition of leaf litter and plant debris and foliage generated in the *wadi*, reduction of runoff, soil erosion, etc. The quality of land is gradually improving, helping it to become more productive. Despite such a long gestation period, sustaining the motivation of the tribal families in the *wadi* and taking care of trees

and fencing was worth the effort.

Lessons

The *wadi* approach is suited to the kind of families we work with, especially in Jharkhand. We have seen that such people have a liking for planting small numbers of various fruit trees. Also, Jharkhand is climatically suited to this activity. In command areas of lift irrigation schemes promoted by us, there is a strong possibility of replication. Beautiful orchards would gradually bring the tribal families into commercialised agriculture. In locations where uplands are available, this programme could be taken up extensively through an area saturation approach.

In the recent years Pradan has taken up specific sectoral interventions. But that in itself would not result in synergies at the household level. A family based farming system approach will be more comprehensive and holistic.

Another issue is the cost per hectare. While the *wadi* model costs around Rs 35000, a significant part could be mobilised from the community as contribution, both in terms of labour and material. At least when the *wadi* model has been amply demonstrated in that region, the cost per hectare could be drastically reduced. Similar experiences in our Purulia project reinforce this. Here the people's contributions are an integral part of the programme.

Catalysing Product Development in Micro-finance

Impressions on attending an ICICI-organised workshop on developing new products in micro-finance

Anish Kumar

I attended a workshop entitled 'Catalysing Product Development in Microfinance' organised by the Social Initiatives Group (SIG) of ICICI on March 5, 2004. I attended the first day of the 2-day workshop, which included sessions on breaking new grounds in finance, livelihood finance and health insurance.

The workshop was to provide participants an overview of the progress and initiatives taken by ICICI to make financial services accessible to the poor and also enthuse partners about the possibilities and help them increase the outreach of the financial services manifold. The 'poor' need to be replaced by 'unserved', which would include poor of various hues.

Nachiket Mor, who also heads infrastructure finance in ICICI, heads the SIG. Nachiket had worked in Pradan for a while before moving on to ICICI. ICICI got into micro-finance about 4 years ago when they took over Bank of Madura, which was already into micro-finance. What interested ICICI was the great promise micro-finance held, a demand projection of Rs 45,000 crore and excellent repayment rates. ICICI's efforts have been to bring credit at low cost, a combination of capital (high cost) + credit (low cost), securitization and syndication to the micro-finance sector.

I see great potential for us in Pradan to capitalise on this opportunity. We can increase our outreach manifold wherever credit is a constraint. To give a figure, ICICI is ready with a rollout of Rs 6,000 crore for the sector in 2004-05 and intends to have assets of Rs 2-3 billion

dollars or Rs 10-15,000 crore. More importantly, I see there is a great opportunity for us to learn how we can reconfigure our interventions to make them financially fail proof for the communities we work with. There is a range of options like credit, asset insurance, weather insurance, price hedging and life and health insurance. With the expertise available with ICICI and its width of financial services, we can look to address many issues that had been raised in the Retreat this year.

Limited Understanding

I observed in the workshop that the understanding and experience of livelihood work is very limited. Most of the focus was on micro-finance institutions. We (Pradan) did not have a slot to present our understanding. The discussions thus remained around the supply side such as reconfiguring the products, delivery mechanisms, etc.

I did bring this dimension into the discussion because the entire market estimate at Rs 45,000 crore cannot be reached by releasing supply side constraints. A substantial market of over 50% would be of clients where capacity, aspiration and other similar issues that we daily grapple with in Pradan would also be important. The 'unserved' market is not necessarily poor and thus, there is big opportunity for banks here and that explains the growth of MFIs (micro-finance institutions) and NBFCs (non-banking financial companies) and a dearth of livelihood promoting institutions.

In the presentations of Spandana and SKS, it was clear that there is a shift to the urban and peri-urban poor. It will be interesting

to see the profile of clients with these MFIs. For example, Spandana's average client consumes Rs 12,000 worth of rice. The 44 odd crore poor surviving below 'a dollar a day' would not have this profile. There were many similar issues. The whole activity might just end with micro-finance having little impact on abject poverty.

The partners raised the issue of financial viability of a branch. Spandana had a different take on this because in their experience a branch becomes viable in 15 days flat. There was some heated discussion on how Spandana as a NGO was collecting savings and on the high interest charged on loans. Vijay Mahajan in his own inimitable style suggested instead of a branch we now need STEM (Single Terminal Enabled Mode), where entities such as STD/PCO booths could collect savings and also sell credit, insurance and other products.

ICICI is also working on technology-enabled services such as a low cost ATM. It appears that a range of options would emerge in the near future. We need to clear keep our antennas attuned enough to create a space for our requirements. Another point in increasing outreach was manpower. Nachiket suggested the option of getting banking professionals from regional rural banks (RRBs) and public sector banks. He also suggested that ICICI could look into the possibility of co-branding if it can help get quality professionals. Some found the idea useful. Someone also suggested that ICICI take over some RRBs.

My own understanding is that a branch (or stem) or manpower is not a constraint if one is talking of the 'unserved' market, which has investment opportunities. Spandana's experience in Guntur and Vizag

in Andhra Pradesh of over 10-fold growth in one year that too extremely profitably with operational and financial self-sufficiency figures well over 120% is a pointer.

The keys here are client profile and economic profile of the area. The biggest impetus of growth in this case was with the urban poor. These are risk takers in thriving economic opportunities. Other outreach suggestions were using Sahara and Peerless agents. Issues such as usage of credit, control and access over income, increased drudgery of women, dearth of opportunities and institution building were not discussed. Finding and grooming social entrepreneurs was also not on the menu.

Resource Degeneration

Vijay discussed about livelihood finance. He related his recent trip to Dungarpur in Rajasthan, which is grappling with consecutive droughts and opined that natural resources like land, water, forest and livestock require reinvestments that the people are not able to do. Increasing fragility on this front is forcing the poor to migrate, becoming credit risks in the process. The ability of local economy for credit absorption is very low.

He said that these would require a different model of financing than micro-credit. In these cases large and collective finance would be required. Investments would be required in social structures. He gave the example of NABARD's watershed work in Ahmednagar, BAIF's work in Dhruv and quoted studies showing internal rate of return of 23-27% on investments (at capital costs of 12%). Vijay made an impassioned appeal to ICICI to look at financing these kinds of work, as sooner or later the larger economy would be affected with

this type of resource degeneration.

The other issue is the ability of infrastructure to create 'repayable surplus' and the 'willingness of user' over a large area, which includes subsistence farmers. User charges levied in irrigation dams is an example. Nachiket said that there is no information available for this work. He also gave bankers a definition of 'unavailable information': it is not known whose stake other than the lender's would be affected in case of failure of the project.

There was discussion of venture finance available to Silicon Valley entrepreneurs in terms of 'idea' or 'knowledge' equity. Nachiket pointed out that these financiers look for a return of 100-200 times on this kind of finance, which is clearly unavailable here. He then asked whether Pradan has ever approached any venture fund or whether we would be able to float another organisation for the activities.

Vijay suggested that ICICI could put 10 of its personnel for 30 days in looking at these kinds of work and find out the financing proposition. The key issue in livelihood finance for the poor as I understand it, apart from resource restoration and capacity building, which are akin to social investments, are flexibility of loan products on tenure and size (to take care of resource upgradation); investments for collective infrastructure and viability gap financing.

I had useful interaction with Ravikumar of NCDEX on price hedging. They can immediately start on soybean. They have also agreed to look into poultry. Similarly, corn, paddy and other cereals are also on their radar screen. A health insurance

model was suggested by SIG where critical illnesses are covered at lower premium and lesser illnesses gets covered at CBO/NGO level from service charges and an arrangement with a service provider is made for cashless transaction. I thought this could fit with our self-help group (SHG) federations. Similarly, DHAN Foundation has tapped housing finance at an interest rate of 7.5% from State Bank of India. We could make similar attempts.

Concrete Action Areas

Lastly, let me summarise the concrete action areas. Let us understand that SIG initiatives and ICICI's width in financial services such as ICICI-Prudential, ICICI-Lombard, Mutual fund, web trade and commodity derivatives and its pro-action and ability to draw cheap finance through mutual funds and external commercial borrowings presents us a golden opportunity. We need to work jointly with them to customise products according to our requirements. The key is scale to get others interested. Some possible areas we can look into are as follows:

- This retreat almost all of us talked of risk mitigation in all forms. We can bundle life and health insurance with SHGs. We can take the help of SIG to do some category education and product development.
- We can bundle asset insurance, weather insurance and price hedging in all our livelihood interventions and customise a bundled product separately for all our activities.
- We can look at securitization, asset leasing, venture finance, quasi-equity and other financial instruments to raise cheaper finance for up-scaling our activities.

News and Events

- The National Institute of Rural Development, Hyderabad organised a one day National Consultation on material development for rural development training on April 30 2004. Apex training institutions, state institutes of rural development, other training institutes, government agencies and NGOs including PRIA, BAIF and Pradan participated in the meeting. The agenda was to assess need and identify areas to develop training material and work out an approach. Neelam Maheshwari represented Pradan in the meeting. She made a presentation on Pradan's Internal Learning System.

- Mahila Abhivruddhi Society, Andhra Pradesh (APMAS) has published a report on the Andhra Pradesh Sustainable

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Livelihood Strategy. The report is an outcome of a workshop conducted on March 22-23, 2004 by APMAS in collaboration with the Aga Khan Foundation under the Sustainable Community Based Approaches for Livelihoods Enhancement (SCALE) project funded by the European Commission. Those interested in the full text of the report may write to S Srinivas at ssrinivas@apmas.org.

- Twelve development apprentices attended Process Awareness and Sensitivity Module (Phase I) between April 26 and May 1, 2004 in New Delhi.

- Pradan's Consultative Forum met in Kesla during April 11-15, 2004.

- One hundred and eighty Pradanites attended the Annual Retreat during February 28 - March 2, 2004 in Kesla.

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



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