

News Reach

OCTOBER 2006

Volume 6 Number 10



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A Man of the Masses

The Nobel Peace Prize to Mohammed Yunus and the Grameen Bank inspires us to think of out-of-the-box solutions for the poor

D Narendranath

Mohammed Yunus and the Grameen Bank he founded in 1976 won the Nobel Peace Prize 2006 for their pioneering achievement at reaching out to more than 6.5 million poor women in Bangladesh with microfinance services, primarily small savings and credit. It feels nice to pay tribute to Yunus because he is one of us. He is one who we can relate to, and whose ideology and values are quite similar to what we uphold.

He is a peacemaker of a far different genre from the Dalai Lama or Aung Suu Kyi or even Mother Teresa. There are no peace sermons or house arrests in his work. There is no charity. He does precisely what we do on a day-to-day basis. Go to the villages, sit with women's groups, discuss savings and credit and livelihoods. In short, he is our man up there. In that sense, rewarding him for his work is like rewarding and recognising us, our kind of work. Even though vicarious, the sense of fulfilment is genuine.

Start in Chittagong

What did he do? Back in 1976, as part of a rural credit research programme from the University at Chittagong in Bangladesh, Yunus studied some villages in Chittagong. In all the villages he found the same set of problems - apathetic public credit delivery systems, and overwhelming dependence of poor people on informal mechanisms such as moneylenders, friends, relatives, etc. Sounds quite familiar, doesn't it?

Then he decided to experiment with an

unconventional way of lending. He lent out of his pocket the Taka equivalent of then US\$ 27 to 42 women bamboo weavers in the village. There was no security, just good intentions and trust. The women promptly repaid the loans.

This led him to set up the Grameen bank, that even today does this: Lends to asset-less poor women with no collateral, on good will and trust. The repayment rate of the Grameen Bank is about 99%.

This is now also the experience of microfinance institutions all over the world. Currently, the microfinance market is worth more than US\$ 100 billion, which has attracted the setting up of thousands of large and small microfinance institutions. There are a huge variety of institutions involved in microfinance delivery - commercial banks, both public and private, NGOs, and non-banking financial companies, which lend directly to the clients or through groups or federations of groups.

Barring India, where self-help groups (SHGs) dominate the microfinance industry, the Grameen model is the most popular microfinance model across the world. In fact, the two models differ only in form and not much in the content. Both are small group-based approaches.

Why have these group models succeeded? Basically because the groups bridge the information gap that an external banker has about the borrower. It is easy to bluff and get away from an external person but

not from your own neighbour, at least not in the rural context.

Yunus trusted the group of women to do what he could not have done - do proper credit appraisal, ensure proper use of the loan and repay on time. In addition, he also did something more unconventional - he took the bank to their doorsteps rather than waiting for them to come to him. He did it out of respect for them but there is an important practical lesson involved here - the less you trouble your borrower at the time of lending, the less she would trouble you at the time of repayment.

Laying Down Basic Principles

With the first US\$ 27 Yunus laid the foundation of the Grameen Bank and also set down the basic principles of microfinance. Respect your client and build a long-term relationship; take your services to her rather than making her come to you; assess her creditworthiness and not what she is going to do with your money; be flexible; and trust her wisdom to think for her welfare.

These were exceptionally out-of-the box solutions to the problem faced at that time. The Nobel Prize is for this genius. The Nobel Prize is also for those poor women who more than lived up to his expectations and demonstrated that the poor could be partners in progress rather than just be passive recipients of charity and doles.

Syed Hashemi, an erstwhile Grameen staff member, says that Yunus inspired thousands of professionals like him to work in microfinance. He further reveals that Yunus inspired not only people like him but also the village women whom he worked with.

In that sense Yunus was not just a professional who went to the villages but he related to the villagers at a much higher level. People wanted to be like him. Now that is an interesting thought to have: we as professionals go to the villages and work very closely with the community. We do motivate them to take up concerted action to better their lives and livelihoods. But do we inspire them?

The success of the Grameen Bank in delivering credit to poor people, and also make profits in the bargain, inspired thousands of other similar institutions to come up across the world, replicating the Grameen model as it is or coming up with variations. The SHG model in India is a powerful variant that has in a sense overtaken the Grameen model itself. In the last official count, there were 2.3 million SHGs in India reaching out to more than 35 million women!

Similar numbers come in from all countries with substantial population of poor people. But to see just see this as the achievement and resting on its laurels is not going to do any good to anyone. The Grameen Bank cracked the imbroglia of not knowing how to lend to the poor and recover the money. But that does not solve the problem of poverty. There are more challenges ahead for the practitioners, especially for us who like to push frontiers.

Going Beyond Microcredit

It is time that we asked whether we been able to go beyond microcredit that the Grameen model so successfully demonstrated. There has been some shift at the conceptual level. The term microcredit was changed to microfinance to institutionalise the idea that the financial service require-

ment of poor people go beyond just credit and include many others such as savings and insurance.

Savings is one particular area where our SHGs are not faring well at all. The savings rate in the SHGs do not vary across time and in that sense, does not show changes with respect to the family's earnings. There is no dispute that the families need to save: the poorer the family, the more the need to save, because savings is the ultimate security net. Current growth may happen with credit, but future security is in savings.

As for business institutions, even for poor families, totally debt based financing is not at all an appropriate strategy. For poor families, especially poor women, long-term savings can ensure old-age security, in a country like ours where the social security systems are in a deplorable shape. We need to provide this financial counselling to our SHG members on building up a savings portfolio: short-term, long-term, liquid and illiquid.

Surely, the families must already be into certain things like building assets, etc. but the two important questions are one, are they saving enough and in an appropriate mix; and secondly and most importantly, are the women creating savings in their name? The savings could be in the form of assets such as jewellery, or bank or post office deposits, but it is important to have them in the name of the women. This would help them lead a dignified life at old age.

Insurance is another financial service that we need to pay much more attention to. Again, with a large number of insurance

companies eager to tap the rural market, it is an opportunity for us to negotiate suitable life and non-life insurance products. Many of our teams are already involved in insurance as part of the livelihood programmes but life and health insurance is as crucial as livelihoods to ensure family well being.

Provision of insurance services needs large numbers, which will have to be aggregated. Thus, we need to set up strong federations that can play this intermediary role. But this is an effort worth taking up because it helps us deliver a much-needed service to the poor women who could face un-foretold misery if a calamity was to happen in the family like a death or a serious illness.

SHGs and Livelihoods

Livelihood in SHGs is one area where we have covered considerable ground and demonstrated some excellent models. Our practice in livelihoods also shows up the major weakness of the 'microcredit only' approach in microfinance.

Livelihood promotion as we have experienced establishes that promotion of sustainable livelihoods for the poor requires a far more level of involvement and inputs than just provision of minimalist credit. Livelihood enhancement requires intervention both at the 'being' and the 'doing' levels. Our work in promoting sectoral livelihoods is especially path breaking.

But as argued many times over, the sectoral activities that we promote are not the only livelihoods that the people are engaged in. Each poor family is involved in multiple activities, many of which are seasonal. These activities, none of them indi-

vidually forming a large share of the total portfolio, together keep the family surviving and going. They also fit in well with the family's existing risk profile and coping strategies.

We need to study this entire portfolio well before thinking of any intervention. There could be many ways of strengthening the existing activities and enhancing family incomes. The activities could be as various as mahua collection, other forest produce gathering and selling, rearing goats or trading. It would be useful to sit with the family and understand how these activities can be enhanced.

Even while introducing new sectoral livelihoods, it is important to understand how the new activities strengthen or displace existing activities. All these actually require building the livelihood planning capability of the women. The women need to be trained to systematically understand their livelihood resources and then, plan for optimising returns.

Going Beyond SHGs

Graduation from the SHGs means going from one group to being member of multiple groups if needed. In addition to the SHGs, the woman becomes a member of co-operatives and other groups that Pradan or others may create. These groups would then become strategic resources or avenues for her rather than being just supportive props.

Microfinance or livelihoods for her will not be limited to any one group or any one device. The agenda will itself go beyond finance and livelihoods to areas more social and even political. That is the vision of the empowered woman that

we have before us.

These are some of the challenges that the microfinance and livelihood practitioners like us face. The Nobel Prize should not make us complacent. It should drive us to think that it is a recognition of all that has been achieved but also a reminder that there are many more milestones to be achieved.

Solving the problem of poverty and deprivation for the 3 billion poor of the world, of which a quarter billion are in our country, needs creativity, determination and the will to think out-of-the-box as Mohammed Yunus did.

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.

Social Business Entrepreneurs are the Solution

The discourse of capitalism needs to be expanded to include social business entrepreneurs

Muhammad Yunus

Capitalism is Interpreted Too Narrowly

Many of the problems in the world remain unresolved because we continue to interpret capitalism too narrowly. In this narrow interpretation we create a one-dimensional human being to play the role of entrepreneur. We insulate him from other dimensions of life such as religious, emotional, political dimensions.

He is dedicated to one mission in his business life - to maximise profit. He is supported by masses of one-dimensional human beings who back him up with their investment money to achieve the same mission. The game of free market works out beautifully with one-dimensional investors and entrepreneurs.

We have remained so mesmerised by the success of the free market that we never dared to express any doubt about it. We worked extra hard to transform ourselves, as closely as possible, into the one-dimensional human beings as conceptualised in theory to allow smooth functioning of the free market mechanism.

Economic theory postulates that you are contributing to the society and the world in the best possible manner if you just concentrate on squeezing out the maximum for yourself. When you get your maximum, everybody else will get his or her maximum.

As we devotedly follow this policy, sometimes doubts appear in our mind whether we are doing the right thing. Things do not

look too good around us. We quickly brush off our doubts by saying all these bad things happen because of "market failures"; a well-functioning market cannot produce unpleasant results.

I think things are going wrong not because of "market failure". It is much deeper than that. Let us be brave and admit that it is because of "conceptualisation failure". More specifically, it is the failure to capture the essence of a human being in our theory.

Everyday human beings are not one-dimensional entities. They are excitingly multi-dimensional and indeed very colourful. Their emotions, beliefs, priorities and behaviour patterns can be more aptly described by drawing an analogy with the basic colours and millions of colours and shades they produce.

Role of Social Business Entrepreneurs

Suppose we postulate a world with two kinds of people, both one-dimensional, but having different objectives. One type is the existing type of profit maximising. The second type is new, who are not interested in profit-maximisation. They are totally committed to make a difference to the world. They are social-objective driven. They want to give a better chance in life to other people.

They want to achieve their objective through creating and supporting sustainable business enterprises. Their businesses may or may not earn profit, but like any

other businesses they must not incur losses. They create a new class of business, which we may describe as a "non-loss" business.

Can we find the second type of people in the real world? Yes, we can. Are we not familiar with "do-gooders"? Do-gooders are the same people who are referred to as "social entrepreneurs" in formal parlance. Social entrepreneurship is an integral part of human history.

Most people take pleasure in helping others. All religions encourage this quality in human beings. Governments reward them by giving tax breaks. Special legal facilities are created for them so that they can create legal entities to pursue their objectives.

Some social entrepreneurs (SE) use money to achieve their objectives. Some just give away their time, labour, talent, skill or such other contributions that are useful to others. Those who use money may or may not try to recover part or all of the money they put into their work by charging fee or price.

We may classify the social entrepreneurs who use money into four types:

- No cost recovery
- Some cost recovery
- Full cost recovery
- More than full cost recovery

Moment Worth Celebrating

Once a SE operates at 100% or beyond the cost recovery point, he has entered the business world with limitless possibilities. This is a moment worth celebrating. He has overcome the gravitational force of financial dependence and now is ready for space flight!

This is the critical moment of significant institutional transformation. He has moved from the world of philanthropy to the world of business. To distinguish him from the first two types of SEs listed above, we will call him a "social business entrepreneur" (SBE).

With the introduction of SBEs, the marketplace becomes more interesting and competitive. Interesting because two different kinds of objectives are now at play creating two different sets of frameworks for price determination. Competitive because there are now more players than before. These new players can be equally aggressive and enterprising in achieving their goals as the other entrepreneurs.

SBEs can become very powerful players in the national and international economy. Today, if we add up the assets of all the SBEs of the world, it would not add up to even an ultra-thin slice of the global economy.

It is not because they basically lack growth potential but because conceptually we neither recognised their existence, nor made any room for them in the market. They are considered freaks, and kept outside the mainstream economy. We do not pay any attention to them, because our eyes are blinded by the theories taught in our schools.

If SBEs exist in the real world, it makes no sense why we should not make room for them in our conceptual framework. Once we recognise them, supportive institutions, policies, regulations, norms and rules will come into being to help them become mainstream.

Market is always considered to be an utter-

ly incapable institution to address social problems. On the contrary, the market is recognised as an institution significantly contributing to creating social problems (environmental hazards, inequality, health, unemployment, ghettos, crimes, etc.).

Since the market has no capacity to solve social problem, this responsibility is handed over to the state. This arrangement was considered as the only solution until command economies were created where state took over everything, abolishing the market.

But this did not last long. With command economies gone, we are back to the artificial division of work between the market and the state. In this arrangement, the market is turned into an exclusive playground of the personal gain seekers, overwhelmingly ignoring the common interest of communities and the world as a whole.

With the economy expanding at an unforeseen speed, personal wealth reaching unimaginable heights, technological innovations making this speed faster and faster, globalisation threatening to wipe out the weak economies and the poor people from the economic map, it is time to consider the case of SBEs more seriously than we did ever before.

Not only is it not necessary to leave the market solely to personal gain seekers, it is extremely harmful to mankind as a whole to do that. It is time to move away from the narrow interpretation of capitalism and broaden the concept of market by giving full recognition to SBEs. Once this is done SBEs can flood the market and make it work for social goals as efficiently as it does for personal goals.

Social Stock Market

How do we encourage creation of SBEs? What are the steps that we need to take to facilitate the SBEs to take up bigger and bigger chunks of market share?

First, we must recognise the SBEs in our theory. Students must learn that businesses are of two kinds: business to make money, and business to do good to others. Young people must learn that they have a choice to make - which kind of entrepreneur they would like to be?

If we broaden the interpretation of capitalism even more, they will have a wider choice of mixing these two basic types in proportions just right for their own taste.

Second, we must make the SBEs and social business investors visible in the marketplace. As long as SBEs operate within the cultural environment of present stock markets, they will remain restricted by the existing norms and lingo of trading. SBEs must develop their own norms, standards, measurements, evaluation criteria and terminology.

This can be achieved only if we create a separate stock market for social business enterprises and investors. We can call it the "Social Stock Market". Investors will come here to invest their money for the cause they believe in, and in the company they think is doing the best in achieving a particular mission.

There may be some companies listed in this social stock market who are excellent in achieving their mission at the same time making very attractive profit on the side. Obviously, these companies will attract both kinds of investors, social-goal

oriented as well as personal-gain oriented.

Making profit will not disqualify an enterprise to be a social business enterprise. The basic deciding factor for this will be whether the social goal remains to be enterprise's overarching goal, and it is clearly reflected in its decision-making. There will be well-defined stringent entry and exit criteria for a company to qualify to be listed in the social stock market and to lose that status.

Soon companies will emerge which will succeed in mixing both social goals and personal goals. There will be decision-rules to decide up to what point they still qualify to enter the social stock market, and at what point they must leave it. Investors must remain convinced that companies listed in the social stock market are truly social business enterprises.

Along with the creation of the Social Stock Market, we will need to create rating agencies, appropriate impact assessment tools, and indices to understand which social business enterprise is doing more or better than others - so that social investors are correctly guided.

This industry will need its Social Wall Street Journal and Social Financial Times to bring out all the exciting, as well as the terrible, news stories and analyses to keep the social entrepreneurs and investors properly informed and forewarned.

Within business schools we can start producing social MBAs to meet the demand of the SBEs as well as preparing young people to become SBEs themselves. I think young people will respond very enthusiastically to the challenge of making serious contri-

butions to the world by becoming SBEs.

We will need to arrange financing for SBEs. New bank branches specialising in financing social business ventures will have to come up. New "angels" will have to show up on the scene. Social Venture Capitalists will have to join hands with the SBEs.

How to Make a Start

One good way to get started with creating social business enterprises would be to launch a design competition for social business enterprises. There can be local competition, regional competition and global competition. Prizes for the successful designs will come in the shape of financing for the enterprises, or as partnership for implementing the projects.

All submitted social business proposals can be published so that these can become the starting points for the designers in the next cycles, or ideas for someone who wants to start a social business enterprise.

The Social Stock Market itself can be started by a SBE as a social business enterprise. One business school, or several business schools can join hands to launch this as a project and start serious business transactions.

Let us not expect that a social business enterprise will come up, from its very birth, with all the answers to a social problem. Most likely, it will proceed in steps. Each step may lead to the next level of achievement.

Grameen Bank is a good example in this regard. In creating Grameen Bank I never had a blueprint to follow. I moved one step at a time; always thinking this step will be

my last step. But it was not. That one step led me to another step, a step that looked so interesting that it was difficult to walk away from. I faced this situation at every turn.

I started my work by giving small amounts of money to a few poor people without any collateral. Then I realised how good the people felt about it. I needed more money to expand the programme.

To access bank money, I offered myself as a guarantor. To get support from another bank, I converted my project as the bank's project. Later, I turned it into central bank project.

Over time I saw that the best strategy would be to create an independent bank to do the work that we do. So we did it. We converted the project into a formal bank, borrowing money from the central bank to lend money to the borrowers. Since donors became interested in our work, and wanted to support us, we borrowed and received grants from international donors.

At one stage we decided to be self-reliant. This led us to focus on generating money internally by collecting deposits. Now Grameen Bank has more money in deposits than it lends out to borrowers. It lends out half a billion dollars a year, in loans averaging under \$200, to 4.5 million borrowers, without collateral, and maintains a 99% repayment record.

We introduced many programmes in the bank - housing loans, student loans, pension funds, loans to purchase mobile phones to become the village telephone ladies, loans to beggars to become door-to-door salesman. One came after another.

If we create the right environment, SBEs can take up significant market share and make the market an exciting place for fighting social battles in ever innovative and effective ways.

Lets get serious about social business entrepreneurs. They can brighten up this gloomy world.

Courtesy: www.grameen-info.org

Present a New Idea for Peer Review

Pradan has always been in the forefront in innovating on new ideas that could be implemented at the grassroots. **Concept Papers** in NewsReach are a way to share and air new untested ideas to solicit peer feedback. If you have a new idea you would like to test before implementing, send us a 2,000 word **Concept Paper**. If you have experience or views on any **Concept Paper** that would help the author, email us at newsreach@pradan.net.

Evaluating the Computer Munshi System

An assessment of Pradan's computer munshi programme to improve microfinance operations in self-help groups

Aishwarya Lakshmi Ratan

Introduction

Several commentaries and reports are in circulation regarding Pradan's Computer Munshi (CM) intervention to improve the bookkeeping quality of microfinance collectives known as self-help groups (SHGs). This is done by connecting these groups with trained accountants (munshis), who use a computer with accounting software to maintain an electronic database of the SHGs' financial records and transactions.

In this article, we analyse qualitative data collected from site visits to three CM locations (Purulia in West Bengal and Keonjhar and Karanjia in Orissa) in August 2006, and overlay the operational details of the CM system on the designed model to highlight where the two are aligned and where they diverge.

A few core insights are drawn from the overall design and functioning of the project, which are relevant to any number of planned and implemented projects in the use of information technology (IT) for rural development.

Background on SHGs Structure of SHG Operations

The set-up of an SHG is very close to the age-old Indian chit fund (also known as a Rotating Savings and Credit Association or ROSCA). A group of 10 to 20 adults get together and make small (Rs 5-20) and regular (usually weekly) contributions towards a common savings pool. This money is then continually re-lent to one or more of the group's members at a set interest rate (almost always calculated on a reducing balance).

The path to sustainability of an SHG lies on the linkage of the group with a commercial bank over a period of time. The group can then borrow larger amounts collectively (at a low rate of interest) for lending to individual members, thus removing the capital constraint faced by the SHG due to its own limited resources. Most SHGs earn on the spread between the external group rate (~9% per annum) and the internal individual interest rate they charge (12-24% per annum depending on the maturity of the SHG).

Win-Win Opportunity

This presents a win-win opportunity for all parties involved. It is one big loan instead of 12 mini-loans for the bank to service. It is a cheaper loan for the borrowing women than the external rates they have to individually pay private financiers (>36% annual).

The linkage also has the added benefits of flexible principal repayment for members as long as they make their regular interest payments on time. The group members also end up being co-owners of the high dividends earned on this pooled capital. This is the key factor that differentiates SHG-style microfinance from regular banks and Grameen-style joint-liability-group microfinance, as there is no third-party lender. Thus, the capital loaned and the returns on it remain within this group of low-income women.

SHGs in India are supported by nodal government agencies like the National Bank for Agricultural and Rural Development (NABARD) and the Small Industries Development Bank of India (SIDBI), both government re-financing institutions. The

SHG-bank linkage programme in India is one of the largest microfinance programmes in the world, with an outreach to over 1.6 million groups, or more than 16 million member households.

However, the quality of these groups is highly nebulous at present, as there is no systematic and aggregated record of their financial health and operations. SHGs are promoted by more than 3,000 different supporting institutions across the country (NGOs, state governments, religious institutions, etc.), each with its own system of SHG promotion.

Use of IT to Enable SHG Operations

IT is used in financial systems to enable both back-end infrastructure (the Management Information Systems or MIS) and front-end delivery channels for both cash and information (ATM, Point-of-Sale device, agent with handheld device, etc.). Since the major costs in microfinance come from transaction and delivery costs, the latter problem is the focus of this report.

Given the nature of SHG operations, almost all cash transactions are internal since the lenders and borrowers are within the same group. Only in the case of linkage with a bank, the group makes a monthly external payment of its bank loan instalment. This feature makes it possible for SHG accounting and data transmission channels to be conceived independent of physical cash-transfer channels.

The Case of Pradan

Pradan is one of the 3,000 SHG-promoting and supporting institutions in India. It is an NGO with operations in rural areas of northern and eastern India. It has an outreach of 6,000 SHGs across 3,000 villages in 27 dis-

tricts of 7 states, translating to more than 86,240 member households (2004). Pradan has been focusing on promoting viable livelihoods for the rural poor over the past 15 years, primarily through improving agricultural productivity and business development (including irrigation and watershed management interventions), and supporting other income-generating rural industries like dairy and animal husbandry.

Pradan's professional staff members coordinate groups of rural women to form SHGs for microfinance as a first step in organising rural communities for development activities. A group of 10-12 SHGs in an area form a 'cluster' and 10-20 clusters form a 'federation' of SHGs.

Pradan then uses this network of SHGs to plan and conduct interventions in livelihood support and promotion. Pradan-promoted SHGs have a reputation for lasting longer, having good peer-monitoring and support, building sizeable group assets, easily linking with banks, and running transparent internal financial operations compared to the SHGs promoted by other institutions.

However, Pradan staff repeatedly faced a number of issues in their day-to-day operations. These included:

Major errors in accounts: The weekly financial records of SHGs were often incomplete and regularly had major errors in calculation and tallying. Even if literate, the SHG Group Accountants (GAs), whether internal or external, dreaded their accounting task, since the amounts transacted in an SHG are not standard and vary from meeting to meeting. The required tasks included calculating weekly interest dues for each member on varying loan amounts (some at higher penal-

ty interest rates), aggregation of voluntary savings, tracking overdue loans, and readying balances for the next week's meeting.

Arduous annual auditing and dividend distribution procedure: Annual dividends in an SHG are distributed proportional to individual member savings, and so the computations are intensive. Pradan staff devoted an entire month each year (March-April) just for auditing the account books of the SHGs they promoted. The mistakes in weekly entries by the GAs showed up at this time, and reconciling the SHG accounts with bank records and member beliefs and statements about their repayment was very difficult, requiring professional auditors' help.

Wastage of SHG members' time: The members spent 2-2.5 (sometimes up to 4) hours in the weekly meetings in doing the calculations and accounting. When aggregated, this has an opportunity cost of losing 8-10 hours or one full day of work each month. This translates into around Rs 360 in lost wages for a group of 12 members in a month (@ Rs 30 per daily wage).

Dependency behaviour - not fully 'self-help': In the absence of the skill to handle these complex bookkeeping tasks, the SHGs then became dependent on Pradan's professional educated staff to manage and check their accounts, clearly taking away from the vision that they would be fully independent community organisations.

Wastage of Pradan staff time in correcting SHG accounts: Pradan's professional field staff ended up spending much of their time checking and correcting the accounting books of the SHGs, even when their real objective was to run projects around livelihood promotion in these areas through the promoted SHG.

No reliable, up-to-date record of SHG financial performance to give partners: It was not possible to provide reliable and up-to-date records to NABARD, linked banks, etc. to evaluate the success and viability of these microfinance collectives, since neither were the internal accounts of each SHG maintained accurately nor were they aggregated at any level. This also prevented Pradan from identifying weak SHGs (in terms of poor meeting attendance, irregular repayment, low savings contributions, etc.) early on, and to prioritise how best to intervene and strengthen such groups.

The Computer Munshi Intervention to Improve SHG Quality

To respond to these constraints, Pradan came up with the idea of outsourcing the weekly accounting tasks of the SHGs they promoted to a third party professional accountant. This would reduce their (Pradan and the SHGs') accounting burden and improve the quality of SHG accounts.

The accountant or munshi had to have a monetary incentive to provide this service regularly, yet each SHG would not be able to afford a costly munshi 'service fee'. The pricing problem was addressed by designing an optimal scale for operations, so one munshi would service a large number of SHGs (100-200), charging each a nominal fee to maintain their records (Rs 2 per member per month or Rs 30 per SHG per month).

In order to enable the munshi to handle such a large number of weekly transactions efficiently, he would have access to a personal computer on which the electronic records of the SHGs would be stored (hence the name Computer Munshi). This necessitated that the CM be located in an urban or semi-urban

area, with some electricity infrastructure. The CM's responsibilities would therefore include weekly data entry of the handwritten SHG transaction records, checking calculations and tallying figures, updating the electronic records for each SHG, calculations of new dues and balances, and transmission of a hard copy of this information to each SHG before their next meeting. He would also supply aggregated financial information on his client SHGs to the promoting agency (Pradan) as well as to external stakeholders for a fee.

To transmit this information between the SHGs in the villages and the CM's location every week through a reliable yet low-cost channel, the CM hires a set of peons who are residents of the villages served. Each peon collects copies of the Regular Meeting Transaction Statement - 1 (RMTS-1) forms of between 30 and 50 SHGs each week. These are dropped off in particular drop boxes by the SHGs once their weekly meeting is done.

The peon then delivers these RMTS-1 copies to the CM, and returns the processed RMTS-2 print outs reflecting updated balances and dues for the next week back to the individual SHGs in his area before their next weekly meeting. The CM pays each peon Rs 3 per SHG per week for this data transport work.

The software for this SHG accounting system (named McFinancier) was developed by Sharada Computer Services, based at Palam Vihar near New Delhi, in 2002. It runs on Windows 98 and XP. Pradan's CM project was initially funded by CARE, NABARD and SIDBI, who provided the existing set of computers as grants. There are 45 CMs serving Pradan SHGs at present.

Assessing the CM System

Has the CM system been successful in addressing the problems it set out to solve? The assessment is a mixed bag at this stage, with many clear gains but also many grey areas where various new types of costs have arisen from the CM system. We discuss some of these below.

Improved Quality of SHG Financial Records - YES

The CM system has led to an improved quality of SHG financial records. The financial records of most Pradan-promoted SHGs in a block are now all standardised and stored on a single database that is updated weekly. A number of important ratios on the financial health of individual SHGs and their members are generated each month (trial balance and member balance sheets) and given to the groups and to Pradan for a fee. In Karanjia, Pradan staff use these numbers to create summary reports on the health and vital statistics of each cluster of SHGs on MS Excel to compare performance across the member groups easily.

Whether good or bad, the numbers for all SHGs using the CM system are now available for inspection at a central location by Pradan and the SHGs' external partners. For instance, it took all of five minutes to note the high percentage of loans overdue by at least a week in the past quarter (830 out of a total 3,500 loans in one location, 1,127 of the outstanding 1,741 loans to members of 124 SHGs in another), likely due to this being the monsoon season when loans drawn are high and repayment of principal is low.

Similarly, the Portfolio at Risk ratio was seen to have fallen from 9% in 2004 to around 7% in 2006 in one location. Until now, making

such accurate instant evaluations of a large number of SHGs spread across distant rural areas over time was impossible.

For the records to be accurate and useful though, the respective Pradan staff spent significant effort on the initialisation process. As soon as an SHG's handwritten records were audited and verified, the RMTS-1 drop-off and RMTS-2 delivery systems were operationalised so that there was not even a single week's lag between the updating of the manual and electronic databases then onwards.

However, there is likely some self-selection bias around which SHGs end up using the CM system. The better quality SHGs are usually the ones more diligent about following the regular schedule of manual RMTS-1 entries, weekly drop-off of forms, and CM service fee payment, and likely the ones to reap the most gains from this intervention.

Time and Cost Savings for SHGs from Outsourcing Weekly Accounting - Partially YES

There has been some time and cost savings for SHGs from outsourcing weekly accounting. Compared to the Rs 360 costs of collective time spent at SHG meetings each month in the earlier system, each group's regular meetings under the CM system take half as much time, i.e., an hour each week or 4-5 hours each month (so associated cost of around Rs 180 in lost wages).

However, error correction in the CM system has taken on a new set of costs. Given that the data is entered by hand in the RMTS-1 form, whose carbon copy is sent to the CM for electronic data entry, there are now some time costs associated with this double data entry process (illegibility from bad handwrit-

ing, movement of the carbon sheet so the copy doesn't register the entry, forgetting to enter values in required columns and rows, etc.). When there are such irreconcilable errors, the CM sends a chit or letter through the peon to the particular SHG asking them to visit him the same week to clarify what is on their RMTS-1 form.

One CM estimates this share of irreconcilable errors to be between 10% and 30% of all accounts processed each week. For each such mistake, it costs an SHG Rs 80-100 (travel + food) to send 1-2 of their members (the women do not usually travel alone) to the CM's location to get the error clarified.

This means that the average SHG gets an error correction call once in five weeks. The cost of this is about Rs 64 in time spent on error correction each month by a single SHG. Those SHGs who systematically have such errors each week face higher costs. Additionally, each SHG pays on average Rs 30 to the CM for the services provided. In sum, the time and cost savings of Rs 180 from outsourcing weekly accounting tasks has to be balanced with the average Rs 100 in new costs of error correction and service charges in the CM system to calculate net benefit.

Time and Cost Savings for SHGs in Annual Auditing and Dividend Distribution - Partially YES

There has also been some time and cost savings for SHGs in annual auditing and dividend distribution. Previously, the annual auditing of SHG accounts were conducted in 'camps' held in the villages, where Pradan staff and a professional auditor checked the account books of 10 or so SHGs on a single day, spending 6 hours or so in the process. Although this meant that the average group would spend around 30-40 minutes on this

exercise, most of the SHGs ended up spending the entire day waiting for their turn to audit in serial order.

Now, it takes 15 minutes for the CM to give each SHG a print out of their annual financial statements. Each SHG is given an appointment with the CM on a set date and time in March or April, when they come to the CM's office and have their accounts audited and dividend distribution calculated.

The actual time saving between the two systems is questionable, since 1-2 members would need to spend an entire day on this in either case, either waiting in line in the first case or travelling to the CM location in the latter. But, the quality, ease and transparency of accounting are significantly higher in the CM system, even if the associated time costs are about the same.

Creation of a Sustainable Linkage with a Service Provider - Uncertain

It is uncertain whether the CM system has created a sustainable linkage between the SHGs and the service provider. The attractiveness of the CM role in terms of running a profitable enterprise is not as clear as the model would predict. Finding and retaining a 'good' computer munshi has been extremely difficult, and where the programme is not running well, it is primarily because of the high turnover rate among CMs.

The problem is systemic, as those areas where SHGs need the most accounting help (poor areas with high illiteracy and few services) are also the ones where it is very hard to motivate talented and educated people to stay.

There are invariably some 'hidden costs' to

the present CMs' businesses. In three of the four locations visited, the CMs were running operations out of the local Pradan office (no rent costs). The computers across all the visited locations were received as grants through Pradan, and even where the CM was paying EMIs to the SHG Federation (in whose names the PCs are registered), these were merely token amounts.

Even with these subsidies, the one independent CM visited only earned around Rs 2,000 in net profit each month, which is lower than profits from other unaided 'side' businesses run by the same entrepreneurs (Xerox, STD/PCO booth, etc.).

The peons across locations are clearly performing the physical RMTS form delivery job at marginal gain or at a financial loss. Particularly in low density, hilly and forested areas, the manual collection and transport of the records between the SHG and CM locations each week is very time-consuming and expensive (not covered by a Rs 3 fee per group per week).

For example, a peon serving 37 SHGs in a 12 km radius, spends two days in collecting and delivering the RMTS forms locally by cycle and one day taking the forms to the CM location in town and back (by bus) each week, earning an average revenue of Rs 444 each month, with just his bus travel + town food costs coming to around Rs 90.

It appears that the peons perform this task at present only as an add-on to other ongoing tasks or work in their local and urban areas; partially driven by the social value they see in such 'service' work. Finding such 'service-minded' workers at this price then becomes very difficult as the remoteness (and therefore travel costs) of the rural loca-

tion in question increases.

There also seems to be an optimal time to introduce the CM system to an SHG as a paid service. Groups that are very old are too set in their own manual record-keeping ways to change, while groups that are younger than 6 months do not have enough money accumulated to be able to spend such amounts on just accounting.

So transitioning the SHGs to the paid service after they are 6 months old has been found to be optimal. However, willingness to pay seems to be extremely sensitive to the price. SHG members clearly refused the idea to pay more than Rs 30 to the CM per month, even when rising input costs (stationery, toner, etc.) were explained.

Greater Focus on Development Work - YES

At an organisational level, the most acute constraint targeted and consequently the greatest gain has been for the Pradan staff, who are now able to spend time doing their 'real' work, i.e., promoting and implementing their social and livelihood programmes with the SHGs and not correcting the RMTS-1 forms for the groups they work with.

This extra time spent with the groups now is in mobilising group action for a particular social problem (for example, protests around the malfunctioning of a tube-well in the village) or in training members in a particular livelihood promotion programme (for example, rice intensification techniques to increase paddy yields).

Security and Privacy of Financial Data - NO

The security and privacy of SHG and member financial data is yet to be ensured. The ques-

tion of 'who owns and controls the SHG's financial data' is important and is as yet unresolved in the CM system. The electronic records of all SHGs sit on the hard drive of the PCs used by the CMs. The only back-ups are the monthly CDs of the updated records sold to Pradan.

It is interesting to note that PCs used to store and process SHG financial data are not connected to the Internet or any other network, partly due to concerns about them being infected by viruses. Still, the present system needs to fully think through financial information security and privacy considerations of this

Comments on the Use of IT in Development projects

The CM intervention has involved the adoption of the PC in the way industry adopts a particular technology - using efficiency and quality considerations. This has implicitly involved an assessment of the 'value' of a computer, which ironically very few projects in the Information and Communications Technology for Development (ICT4D) space have undertaken.

Even in successful ICT4D projects such as ITC's e-chaupal, it is the crop procurement service and the higher price offered at the ITC centre that primarily attracts farmers to the centre, much less the ability to check price information for the crop using the PC. Very rarely have we asked the question, "So what is the 'capability' provided by the PC that no other mechanism or tool can provide to this set of people for a lower price?" In the case of e-chaupal, the price information can in fact be accessed cheaper via TV, or mobile phone networks, and so the value of the PC as the device of choice for such information retrieval and dissemination is questionable.

However, the CM intervention has a straightforward answer to this question - the value of the computer here is its 'computing' power. For this reason, the computers enabling the munshis are used only to store and process the SHGs' financial data. This 'capability' cannot be afforded by an alternate mechanism at this scale for the same price, and is independent of all the other 'capabilities' - communication, networking, information search and retrieval, etc. that are complementary to the basic PC and that are the more problematic components of running rural tele-centres or computer kiosks. The CM system therefore provides a reliable offline service that is PC- and task-specific and therefore, of measurable value-addition.

Appropriate, Hybrid Technological Solutions

While this theme has recurred time and again in several contexts, ranging all the way from the Digital Study Hall project using PostmanNet to transport educational DVDs via the Indian postal system (Randy Wang), to ATMs being mounted on trucks and taken from village to village, the importance of appropriate hybrid technological solutions is critical in developing country contexts.

The CM system has not installed wireless towers dedicated to providing internet connectivity (costing a few lakh each and requiring a large number of towers and users per tower to be viable), nor have they pursued expensive PDAs and handheld devices as necessary communication infrastructure to have electronic data transmitted from the SHGs to the CMs directly, which would theoretically automate the entire SHG accounting process (and attract good press).

The task to be achieved has been broken down into manual and electronic compo-

nents, with a clear emphasis on which option is lower-cost and more reliable for which sub-task. Internet connectivity is still expensive and highly unreliable in rural India, but manual transport of aggregated data on paper is very cheap. On the other hand, manual accounting has minimal increasing returns to scale, while the use of computing devices clearly display a growing cost advantage as the size of data to be processed increases.

Balancing Business Constraints and Development Goals

Several recent studies point to the tension between running ICT-based interventions in rural areas for 'development' purposes (involving subsidies of some type) versus for purely commercial benefit (Renee Kuriyan, Savita Bailur). The final test of need is indeed willingness to pay.

We see Pradan struggling with the same pressure in trying to make the CM system viable. A business survives when it meets some demand of a set of clients and recovers costs plus some profit from them. However, should the demand flag or the price offered by the service provider be unacceptable to the clients, the business will face the possibility of closing down.

This 'closing down' is not an acceptable option in 'development enterprise' projects where there are influential stakeholders to the functioning of the system apart from the direct clients, i.e., those who see a public good or positive externality being generated by this programme.

In such a scenario, subsidisation by the third party becomes highly likely and in fact may even affect client behaviour around willingness to pay and their expectations around

price. The CM intervention partially internalises these two separate sources of demand by having the external stakeholder (Pradan itself) pay for the data generated through this system (Pradan is charged Rs 10-15 by CM for summary sheets and data of each SHG to be supplied each month).

This is part of the reason why the CM system has a greater likelihood of running as a revenue-generating business than most other 'development enterprise' ventures, where the demand of the third party promoters (apart from the direct buyers and sellers of the service) is never internalised in the service's price. Yet, this creates a new dependency of the 'development enterprise' or the CM system in this case, on the demand of and revenues from the third party agency, i.e., Pradan.

Conclusion

The CM system has been very successful in addressing some key problems in SHG micro-finance promotion and sustainability, including having higher quality, up-to-date, standardised and aggregated electronic financial records of SHGs; having weekly and annual accurate accounting of SHG records performed by a professional, relieving the SHG members of this arduous task, and Pradan staff being able to focus on their 'real' work of rural livelihood promotion.

At the same time, a number of problem areas remain in the present CM set-up that are keeping the system from running as intended in some locations, including the high costs associated with irreconcilable errors resulting from the double data-entry process, for which SHG members need to personally visit the CM to make the necessary clarification; the problem of attracting and retaining appropriate talent as CMs in these remote

areas, the paltry gains received by most peons in carrying out the manual transport activity integral to the functioning of the system, particularly in areas with low population densities; sensitivity of SHG demand to the CM's fees; the implicit subsidisation (hidden costs) of many CMs' enterprises causing new dependencies on Pradan, and unclear mechanisms for protecting the privacy and security of the SHG members' financial records.

Resolving these operational difficulties through even more cost-effective communication channels between rural SHGs and the urban and semi-urban CM (for instance, through mobile telephony and cellular phone network-based data transfer), even greater scales of operation per CM, and clear data protection and security features will make for a more efficient and sustainable system.

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Dreams, Hopes and Ground Realities

A study of career aspirations of young professionals in the development sector and government service reveals interesting perceptions

Lalitha Iyer & Snigdha Vasireddy

Professionalism in the development sector is seen as an important path to institution building. Thus, a deeper understanding of the motivations and aspirations of young professionals on the threshold of their careers is useful for organisations in shaping their recruitment policies.

We recently had an opportunity to compare the career aspirations of two different groups of young professionals as they were just entering their professional careers. This paper presents the data and offers some inferences that may be relevant for recruitment into the 'professionalised' NGO sector.

The study was carried out concerning the career and personal goals of young professionals, mainly engineers, in two different work settings. In August 2005, we had access to a group of 38 professionals who are working in a non-governmental organisation (NGO) with projects in four states focusing on livelihood promotion through irrigation and water resource development.

This survey was part of a review of their human resource policies. The group included engineering, social work and agriculture graduates with a year or more of work experience. We were interested in how the professionals viewed their own career path and the efforts they were making to build a career.

A questionnaire was prepared to obtain data and most of the items were open-ended questions. Based on the patterns of response and their recurrence, the data was classified into various categories. These categories helped us refine the questionnaire

and make it less open ended for further use.

The second version of the questionnaire was used with a group of 226 engineers who had been recruited in the irrigation department of a major southern state. These were analysed to provide some inputs to the department for their training plans.

We are now comparing these two databases to examine the differences between the two groups. The two groups share many common features such as

- The nature of their work
- The hardships of remote locations
- Challenges of tough projects
- Need to work closely with local communities
- Peer group like classmates in 'fancy' jobs elsewhere

Indeed, the salary drawn is in the same range for both categories though government service offers longer-term benefits like pension and gratuity. However, the profiles of the employers are very different. The NGO has a strong commitment to its work and puts in effort to groom these youngsters to become well-rounded development professionals. The government department is bureaucratic with tremendous pressure to change to more participatory dealings with the community and enhance efficiency in water resource management.

Career Aspirations

We tried to explore the different aspects of work that the candidates aspire to pursue their career in. These were found to be managerial, technical, research and academics, community and mobilisation and personal.

While most people in the NGO sector are aiming at managerial positions, the government engineers are inclined towards technical jobs. We may perhaps associate this with different levels of openness to risk. The government engineers seem to seek the safety of technical expertise while the NGO professionals seek to grow their overall managerial abilities.

Members of both the groups are working in different ways towards achieving their goals and aspirations. The efforts of respondents towards career development were recorded. The broad categories were found to be developing managerial effectiveness, deepening knowledge and developing personal effectiveness.

Those from the non-government sector who did not make any efforts openly admitted the same. They said that the work schedule and the remote locations were obstacles in this regard.

When asked if they were satisfied in terms of time spent for family commitments, 78% from the government sector were happy while the figure was 49% for NGO sector. The reasons cited were distance from home and work pressure.

The respondents were also asked to comment on the major constraint anticipated in fulfilling career and other goals. We received many responses, which have been categorised into organization issues, lack of learning opportunity, inadequate personal skills and personal attitude.

While the government employees held themselves responsible for not being able to achieve their goals and aspirations, the employees of NGO felt that organisation issues were major hurdles. More detailed conversations revealed that the government

engineers felt that they could grow in their career in the department provided they took care of their relationship with superiors.

Inferences

This comparison allows us to draw some tentative inferences about the differences in career orientation between professionals joining the development sector and government service.

Young professionals in government service aspire to become technical experts and perceive opportunities within their service for such growth. They do not experience too much of a challenge in balancing their official responsibilities along with commitments in personal life. They are reasonably sure of career prospects and growth opportunities in their organisation. They recognise that they have to develop the appropriate personal attitudes to move ahead in their career. 2

The young professionals joining the development sector have aspirations to impact poor communities in society. They are therefore keen to develop their managerial abilities. They often carry heavy task loads and have little time either for self-improvement or for personal commitments. They are more anxious about the constraints within their organisation that will affect their career advancement.

These differentiators can be useful for recruitment of development professionals. The right candidates would be those with some aspirations for social change and an orientation to develop managerial and community mobilisation skills. Human resource policies within the development sector should recognise personal and career development needs of such professionals rather than negate these aspects in order to retain professional talent.

Organic Manure takes Hold

The promotion of vermicompost production among poor families has spread to various states after modest beginnings in Dumka district of Jharkhand

Jibdas Sahu

2005 was a very good year for 50-year-old Basanti Devi, a member of the Ma Saraswati Mahila Mandal, a self-help group promoted by Pradan in Dumka district of Jharkhand. She was able to buy two quintals of rice for household consumption without borrowing and was able to spend on healthcare for her husband and a grandson.

She bought books and garments for all her grandchildren and gave a facelift to her house by putting shingles on the roof. She was also able to buy a pig and sell it later at a profit.

Jasomati Devi, a SHG member from the Mirdha community has a similar happy tale to narrate. She spent around Rs 1,000 for medical treatment of her 5 grandchildren, Rs 500 for herself and Rs 300 for her son. She repaid some of her loans to the SHG, and was still able to buy sufficient rice and grocery for her family. She also treated herself with a silver necklace.

Fifty-five-year-old Paro Devi, a member of the Maa Laxmi Mahila Mandal, also had a good year. She presented a bicycle and a silver chain to her son and a silver necklace and earrings to her daughter-in-law. She was also able to repay Rs 1,100 of the Rs 1,700 loan she had taken for her son's wedding, besides purchasing enough rice so that her family do not go hungry.

She was able to pay tuition fees for her 2 grandsons and was able to buy them books besides going on a pilgrimage. She has also

purchased a goat. And she has done all this through her own earnings. She also plans to give her son Baldeb money to get a driving license.

All these women, living in villages in Dumka, have succeeded in making a difference in their lives by producing and selling organic fertiliser (vermicompost). Paro Devi sold around 52,000 earthworms and 15 quintals of vermicompost and earned about Rs 20,000.

She used 4.5 quintals of vermicompost in her agricultural land for growing potato and mustard. If the business continues to do well, she plans to put tiles on her house and build a room within a year for her youngest married son.

Basanti Devi earned around Rs 22,000 by producing vermicompost. She has now decided to purchase a pump to irrigate her vegetable patch. Jasomati Devi sold around 65,000 worms and 7.5 quintals of vermicompost and earned a neat profit. As for the future, she plans to purchase 2 bullocks. She also plans to buy a golden earring for herself if she can earn more from this activity.

All these women say that after they started earning from vermicompost and vermiculture, they always have some money in hand and do not have to borrow. They naturally feel happy about it. They feel that their living standards have improved and they now have more peace of mind. Producing and

selling vermicompost and vermiculture has brought about this transformation in their lives.

Organic Benefit

While working with tribal and other backward class rural people in Dumka district, we found that farmers did not have the means to buy and apply chemical fertilisers in their fields. They were instead using a lot of organic manure of degraded quality in the fields to enhance crop production.

We also found that this degradation in the manure was caused due to poor management of the cow dung and organic wastes. The practices of applying manure were archaic.

We found that farmers were applying unprocessed cow dung in the fields during the off-season, which remained exposed to open sunlight in summer and was washed off during the rainy season, leading to loss of plant nutrients. It was also a prevailing practice to store farmyard manure in season, which is also inappropriate.

The Dumka team therefore thought of promoting vermicompost in the area. Vermicompost is an easy and economic alternative to chemical fertilisers for these farmers. Besides being cheaper, organic manures such as vermicompost have a beneficial effect on soil and plants.

Almost all families in the area own cattle. The area is surrounded with vegetative cover and organic wastes are available in sufficient quantity. In the forest fringe areas, dry leaves are available in copious quantities. These are good sources of raw material to convert into nutrient-rich vermicompost.

Vermicompost, the casting (excreta) of earthworms, is a rich and balanced source of essential plant nutrients. First, organic waste is allowed to decompose for about 2 weeks. Earthworms then consume this partly decomposed matter and, through their metabolic activity, transform it into organic manure known as vermicompost.

The manure can be applied to fields and the nutrients available in it are immediately available to plants for uptake. It is thus an eco-friendly alternative to commonly available chemical fertilisers.

Farmers in this region do not use chemical fertilisers in large quantities, as a result of which land quality has not deteriorated to a great extent. We therefore found it worthwhile to promote the production of vermicompost, which if used in sufficient quantities, would go a long way to restore the fertility and productivity of the land.

There were other reasons to promote vermicompost production in the area. There was no shortage of people who depend on migratory wage labour for their livelihoods, who would find it profitable to produce vermicompost. We therefore thought that if we promote a cooperative engaged providing the market services for the vermicompost, it would provide the linkages to stabilise the activity as an additional income for such poor families.

Successful Demonstration

Keeping this perspective in mind, we demonstrated the activity with the help of experts in the field in a few villages in Shikaripara block of Gumla district. The success of the demonstration prompted us to spread this activity in other areas of the block.

We also found that producers gained in confidence after just a few cycles of operation. The feedback we received from farmers was also very positive. Users found a significant change in land fertility. A few of the producers also became so proficient that they could facilitate the spread of this activity in other areas by becoming service providers.

Gradually, we initiated this activity in all three blocks of Gumla. We expanded the reach of this activity on a cluster basis so that services could be provided in a systematic and effective manner. In two years we were able to promote this activity among 250 poor families.

This gave us the confidence to spread the activity in neighbouring Godda district. It worked well there. In the meantime, farmers from other Pradan field team started visiting the activity to explore the feasibility of adopting it in their locations. We prepared a pool of service providers to spread it in the project area as well as in other team locations.

In Dumka alone, more than 1,000 families took up the activity. Our strategy to spread the activity with the support of service providers and through producer-to-producer communication worked extremely well. As a result, we found that almost all the producers were able to achieve four cycles of vermicompost production in a year. Our decision to supply vermicompost for use in raising tasar host plantations also helped the spread of this activity.

Expanding Outreach

The news of this successful intervention spread and experts and policymakers, both internal and external, started visiting the

three blocks where we were promoting this activity. They found the promotion of vermicomposting to be a suitable intervention for small and marginal farmers in the central India plateau.

Farmers from other Pradan locations started visiting the vermicompost producers and saw for themselves the efficient and effective practices in producing vermicompost. We found that communities from Siddhi in Madhya Pradesh, Keonjhar in Orissa, Purulia in West Bengal and Lohardaga, Gumla, Chaibasa and Deoghar district in Jharkhand were interested in taking up this occupation.

The Gumla team provided the required support to other teams so that this activity could be promoted in a variety of locations. We supplied earthworms, imparted field trainings and provided all the support we were capable of. Besides other Pradan field teams, other NGOs also showed interest. A few NGOs from nearby Pakur district visited our location and started promoting this activity in that district.

Present Reach

Currently more than a 1,000 families are producing vermicompost in Dumka alone. Some time ago we stopped purchasing vermicompost from the producers so that they were able to apply it in their own fields. More than 50 farmers are applying vermicompost in their field to cultivate paddy, vegetables and mustard. They unanimously report excellent results. Farmers find it convenient to use vermicompost on standing crops.

We have tested the composition of the compost in modern laboratories and have found that the nitrogen content is less

than adequate. The composition of other nutrients was found to be sufficient. We therefore advised producers to add more leaves and green waste to the raw material.

Since this occupation is a source of cash income for many producer families, we now need to establish a system that can provide them with marketing services. We are thus thinking of promoting an agri-horticulture cooperative.

Alternatively, these services could also be provided through the formation of a producers' company. We plan to initiate action on this front soon. We have already started collecting data and opinion from farmers and producers in order to figure out how to go about this in a systematic and efficient manner.

We are also experimenting with different types of culture beds to make it more convenient for producers to reduce loss of nutrients and save time in making the raw material half-decomposed so that it is easier and faster for the earthworms to convert it into vermicompost.

Another area of concern for us is to find out effective ways of storing the compost for at least 5 to 6 months before use in the field without losing nutritive value.

NewsReach Livelihoods Compendium

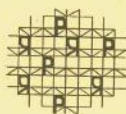
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NewsReach Livelihoods Compendium is a collection of cases, narratives and articles about Pradan's livelihood promotion programmes. Most of these have been documented by professionals in the field. For your own copy (Rs 80, postage extra) write to Smita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



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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