

# News Reach

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## Letters to the Editor

### Getting into the Act

It was interesting to read Achintya's response (NewsReach May 2002) to Himansu Sahu's article, *How an Irrigation project was Stalled* (NewsReach February 2002). I would like to develop the idea further. What solutions do we have to the erratic functioning of the government development machinery at the district level and lower? I do not believe that the functioning of the machinery is going to improve in the near future. I believe it is incumbent upon us (I write as a Pradan alumnus) to propose solutions, first at the conceptual level and then in the field. This then would be a proper utilisation of the phenomenal intellectual resources within Pradan. Being large-scale implementers may not be sufficient. Several other 'contractor' type NGOs are getting into the act and are often delivering results at competitive costs.

Anand Kumar, Pradan Alumnus, Lucknow

### Throwing Starfish into the Ocean

Once upon a time there was a wise man who used to go to the seashore to do his writing. He had a habit of walking on the beach before he began his work. One day he was walking along the shore. As he looked down the beach, he saw a human figure moving like a dancer. He smiled to himself to think of someone who would dance to the day. So he began to walk faster to catch up. As he got closer, he saw that it was a young man. And the young man was not dancing. Instead he was reaching down to the ground, picking up something and very gently throwing it into the ocean.

As he got closer he called out, "Good morning! What are you doing?" The young man paused, looked up and replied, "Throwing starfish into the ocean." "I guess I should have asked, why are you throwing starfish in the ocean?" "The sun is up and the tide is going out. And if I don't throw them in they'll die." "But, young man, don't you realise that there are miles and miles of beach and starfish all along it. You can not possibly make a difference!" The young man listened politely. He then bent down, picked up another starfish and threw it into the sea, past the breaking waves and said, "It made a difference to that one."

Was the young man chasing a mirage? Maybe. He did it because he loved doing it. Did he consider if by doing this he was doing good to the society? Unlikely. It is however likely that his family and society would question him, as the wise man did. How long will he persist in the face of such questions? There are several factors which would influence that, one of which is how deeply he felt for the starfish.

While the story ends here, several possibilities arise. It is possible that the man who was doing his writing also picked up the cue and made a difference to another starfish's life. Or, if he did not, seeing the young man in action influenced somebody else. In another possibility, the young man could have started thinking about the miles and miles of beach and worked out ways to achieve more.

Sameer Kumar raised several questions in his article, *Development Dilemmas* (NewsReach March 2002) and at the end attempted to answer certain core questions. I cannot agree more with him that ultimately our action is about providing people choices and that we work for people



and not 'products'. But how do we ensure that the underprivileged fellow human beings - a large number of them - have more choices and lead a dignified life? I agree that a freer environment has to be created and people should have access to opportunities. But I also see an equal case for us to help the underprivileged to 'arise and awake'. If his neighbour could create more choices for himself, why can't he?

Again, while we work for the people, we work with them through products. Lift irrigation (LI) schemes or poultry or SHGs are not the end. They are the means. In fact, I shall be very happy if continued utilisation of the LI system has taken users to such a higher orbit of livelihood that they do not require it any more. For that to happen, the design, implementation and follow-up have to be appropriate and precise. We will also have to look at the economies of scale and all such aspects that serve the purpose of the product.

There is also the issue of core and marginal interventions with regard to the product we have chosen. For example, in the case with SHGs, our core intervention is to make it an autonomous microfinance institution as well as a livelihood promoter. This is where we have intensified our efforts. This by itself will not ensure that the girl children of SHG members have increased enrolment and attendance in schools. However, if the core intervention has made the SHG an effective institution, it is possible to enhance such attendance with marginal intervention. Consider the case where there would have been no differentiation between the core and the marginal. Can we make all interventions our core? Will that be a realistic goal? Isn't there a risk of all our interventions being marginal, thereby producing a marginal outcome, if at all? Sameer's article was truly interesting. I would be keen to know if my response addresses any of his concerns.

**Soumen Biswas, Ranchi, Jharkhand**

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

## Banking on Rural Banks

**Large-scale promotion of livelihoods for the poor is possible only if rural bankers play a more sensitive and proactive role**

**Madhabananda Ray**

Pradan promotes self-help groups (SHGs) as mutual support groups that are community units for external financial mediation leading to livelihood promotion. The SHG is thus a vehicle to economically empower the poor and marginalised, and to empower women in the family and in the wider community. We have promoted 560 such groups in the operational areas of the Godda project. The areas include Sundarpahari and Poraiyahat blocks of Godda district and Saraiyahat block of Dumka district in Jharkhand and the adjoining Bounsi and Katoria blocks of Banka district in Bihar.

So far our focus has been to promote as many SHGs as possible in the operational area to create a significant impact through an alternative, affordable and non-exploitative credit source at the village level for most of the poor rural households. These groups have been consolidated through cluster level organisations.

The groups we promoted have largely been successful in meeting existing small credit needs, which are by and large for immediate consumption needs and seasonal investment in rain-fed Kharif agriculture, through their own savings funds supplemented by loans from commercial banks. In the process these SHGs have been able to check the serious drain of resources (in cash or food grains) of members, which took place earlier due to extremely high and exploitative interest regimes of local moneylenders.

### Credit Stagnation

Although the economic situation of the families of members of these SHGs have improved somewhat, we observed that they got stuck at a certain level in demanding the credit

that was now available at more reasonable rates. We also noticed that although a substantial number of the groups have availed bank loans, they were not taking large enough loans to invest in income-enhancing activities. They were either unable to scale up their present activities, or initiate new ventures that would create demand for more credit. As a result, the incomes of these families have not been increasing to make significant impacts in their lives.

The reasons for this stagnation in credit demand are both external and internal. Internal reasons included the mind-set of individual members that stopped

them from thinking beyond a certain point in order to improve their economic lot, whereas external reasons included the lack of a supportive environment for livelihood promotion. We found that SHG members did not explore their potential primarily due to a lack of entrepreneurial spirit. Some did try but failed for reasons that included lack of market information, lack of availability of inputs and other services, poor infrastructure, lack of credit, inappropriate indigenous technologies, partially adopted improved technologies and lack of community support.

We thought that we could perhaps find some answers while conducting livelihood planning exercises in our project area. We found that in most cases SHG members lacked a vision of prosperity and could not think of any specific investment plan to improve their lot.

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We also realised that prolonged deprivation from mainstream institutions has created a definite impression in the minds the poor rural women that these institutions were not for them. This impression was reinforced by the insensitive and discouraging behaviour of government officials and officials of rural banks.

A majority of the poor families we work with have had some negative experience of government-sponsored programmes such as the Integrated Rural Development Programme (IRDP), Indira Awas Yojana and Jawahar Rojgar Yojana. It is also universally recognised among them that one has to grease palms or give a cut from loans to bank officials. On the other hand they feel that SHG loans do not have such strings attached.

Even in SHG-bank linkages, perceptions of both members and branch managers are limited. These perceptions are not conducive to demanding larger loans with longer repayment period for asset formation.

Even in SHG-bank linkages, perceptions of both members and branch managers are limited. Both tend to think that the loan amounts always

depend upon cumulative savings of the group and repayment periods are shorter. These perceptions are not conducive to demanding larger loans with longer repayment period for asset formation. Also, bankers usually require security for large loans that the poor women of the SHGs cannot afford.

As far as the bankers are concerned, it was NABARD that practically forced commercial banks to extend loan support to SHGs. NABARD re-financed the loans from commercial banks and conducted sets of sensitisation programmes for bank officers. It also started a programme to remove the initial hesitation of commercial banks regarding extension of bank loan for consumption and small investments to informal groups like SHGs. It thus helped a lot

of SHGs to get recognition from the banks.

But the task does not end there. It is rather the starting point towards economic development of poor rural India. The next step would be to ensure extension of large loans to SHGs without material security for economic development. This second step is yet to start in our project area despite very positive experience in initial business (NABARD's re-finance programme). The commercial banks are not yet ready to provide larger loans to SHG members on their own.

### Banker's Point of View

We therefore need to analyse this from the banker's point of view. So far the banks' priority sector lending was cushioned by the government through various subsidies. There are rare instances where commercial banks extended loans to the rural poor directly for their income enhancement. Even when such instances are found, we find these loans have been given to the better-off people in the villages.

Since the government's programmes were subsidised, they invited all sorts of vested interests that ultimately benefited others more than the intended beneficiaries. What happened in such sponsored programmes was that the intended beneficiaries got much less than the sanctioned money. Government and bank officials and local politicians gobbled up the lion's share.

In such a scenario none of them dared to ask for repayment. Some well intentioned politicians also tried to write-off such loans. Bank officers now highlight these cases to their policymakers as wilful non-payment of loans. Policymakers of banks then conclude that rural poor are not bona fide customers of commercial banks.

### Addressing Internal Blocks

To overcome the internal blocks of SHG members, we have developed a 4-day intensive livelihood planning exercise for their families. In this process a SHG member, along with a male member of her family, gets an opportunity to systematically reflect on her potential, make an activity plan and assess the volume of loan required to implement the plan to increase their family income on a sustainable basis.

The process helps member families to realise that they can leverage large loans from financial institutions through their SHG. It also helps us to understand the gaps in the capabilities of individual members and their training needs. The process also reveals the pattern of risk taking behaviour of members that provides the logical base for choosing a particular activity by a member. For details of the exercise please refer to *Planning Livelihoods* (NewsReach May 2002).

The outcome of the process was that we could estimate or project the volume of credit need of SHG member families in this area. We found that there are wide variations in credit demand. For example, in Sundarpahari block where the average annual income of a SHG member is about Rs 20,000, the credit need is Rs 75,000 per group. In the case of Katoria block, where the average income is Rs 35,000, the credit need is Rs 1,60,000. The credit demands of other blocks such as Poraiyhat, Saraiyhat and Bounsi fall somewhere between these extremes.

Using these figures, we arrived at an average credit demand of Rs 1.25 lakh per group, which translates to about Rs 10,000 per member. If we accept this average then the projected credit need of all the 560 SHGs would be Rs 7 crore. This is just for the purchase of

productive asset component of the activity. The working capital need would be another Rs 70 lakh to Rs 1 crore.

We also identified the capacity building need during the planning process and found that it varies depending on the types of activity and community. We have estimated that we would require an additional Rs 10,000 to Rs 15,000 for capability building of members of each SHG and to build support systems. The projected training cost therefore would be about Rs 70 lakh. The need for infrastructure is not assessed in these figures.

### Addressing External Factors

Our next step was to deal with external factors. Simply put, we needed to identify sources of finance for the different components that include individual productive assets, working capital, capacity building of the community, larger infrastructure and cost involved in providing techno-managerial support. We were able to identify some possible sources.

We first looked at the pattern of government funding. There are certain area specific programmes such as DDP, DPAP and DPIP that are grant based. Many of these have been combined into the Watershed Development Programme. But the spirit of this programme is the creation of common productive assets (or infrastructure) and not individual assets. Besides these there are programmes effective across the country such as IAY, JGSY, SGSY, PMRY, and PM Sadak Yojana. These belong to 2 categories: infrastructure development and livelihood generation.

Unlike the infrastructure development programmes, the livelihood generation programmes are partially subsidised for only the enlisted poor. There is no subsidy component for those who are not enlisted as poor. The



trend is clear cut. The government is focusing on creation of common infrastructure that will encourage livelihood promotion. If we are working with the poor, then we could try raising funds from the government's partially subsidised programmes.

But there are certain practical problems. First, these programmes are based on the officially listed poor determined on the basis of annual income of a particular year. This fluctuates widely in our project area. Within a year an above the poverty line family may become a below the poverty line family. The authenticity of such lists is doubtful. Besides, the discrimination within a particular SHG based on

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recognition by the government as poor is not acceptable to us. It cannot be a criterion for implementing livelihood promotion activities.

Secondly, the programme involves 4 partners: the District Rural Development Agency (DRDA), the group promoter (Pradan), local commercial

banks and the SHG. The functioning of DRDA is tardy at best. Banks are trying to avoid such funding citing the previous example of IRDP. For a single proposal we have to fight a battle with banks and DRDA officials. Thirdly, as mentioned earlier, this subsidy money itself invites all sorts of vested interests.

Lastly, if the government alone, with its scarce resources, has to subsidise all the components (Rs 10,000 per family) required for livelihood promotion, who would then invest in larger infrastructures like road, communication and services? We should therefore expect that the government would subsidise only in larger common public assets and infrastructure component of livelihood pro-

motion and provide basic services.

The Small Industries Development Bank of India (SIDBI) is another source of funds. SIDBI provides loans only to formal institutions for small-scale industries. But the SHGs are not formal groups and not all the preferred activities are in the small-scale industry category.

There is however certain activities preferred by some members of a group that are small-scale in nature. In such cases we can form co-operatives for those members only. But then the issue is how the original SHGs will function if we cannot start any activity with other members of the original group at the same time. An option could be by regrouping the SHGs based on activities. But then this group would be a new activity group instead of an existing affinity group.

Donor agencies can extend support for our institutional expenses, training and activity related service providers for SHG members and demonstration of new initiatives or ideas in the field on a small-scale. I do not think there is any donor agency that can extend large funds for the creation or purchase of individual productive assets or provide fund for the working capital component.

Summing up, the district administration takes care of the infrastructure component, donor agencies, government or financial institutions help in components such as capability building and grounding of innovations and cost involved in providing techno-managerial support for livelihood promotion.

But the major component in terms of volume of fund for individual productive assets creation and working capital (more than 90% of the livelihood promotion cost) is still not addressed. The commercial banks are the most

potential source for these components. This is where we run against a wall.

### Problems of Rural Banks

To start with, consider only the rural branches of all the banks in our operational area. We have seen that such branches are struggling for their existence due to many or all of the following factors.

**Annual transaction:** The main activity of these branches is to disburse money for government sponsored programmes, salary of teachers and other local government staff and some financial transactions with better-off families (many of them moneylenders) in their service area. Thus the annual transactions of most of the branches are less than a crore. Suppose in the case of branches at Roundhiya of Allahabad Bank and at Jaipur of UCO Bank, the projected credit need is more than a crore each. How would these branches respond to the demand?

**NPA burden:** Most of these branches are struggling with the burden of huge non productive assets (NPA) since the introduction of IRDP. It has made the banks cautious in further sanctioning of loans in their service areas. When a SHG applies for loan, the banker finds many of its members' husbands or fathers-in-law are IRDP defaulters. It has become a good excuse to avoid further loans. These stories about IRDP are well known. Ultimately it is that poor family which is victimised. The same thing is repeated even in the case of agricultural loans.

These branches gradually become non-profitable and their regional offices start thinking seriously of closure or shifting of such branches (Damruhat branch of SBI, for instance). Many times even bona fide customers fail to repay on time due to distance of banks from the village and uncertainty regarding banking

hours. Often language becomes a barrier, particularly in tribal areas.

**Incompetent bank managers at rural branches:** I wonder whether it is strategy or coincidence that almost all the bank managers of these branches are surprisingly inept. Most of them are promoted from lower grades to the managerial cadre, many of them are at the fag end of their professional careers and a few are with very bad service records.

There is nobody who can challenge these managers. Higher officials rarely visit these branches. These managers utilise this as an opportunity and get sympathetic treatment of higher bank officials when any bad practices are detected because, according to one such branch manager, any transfer from such a branch is a reward for them. They misinterpret all good bank schemes in their favour and try to avoid such financing because they take it as an extra burden without any personal gain.

**Managers misguiding SHG members:** There are many examples of bank managers discouraging and even threatening SHG members against demanding larger loans. The Roundhiya branch of Allahabad Bank is an example.

**Delay in disbursement:** Delay in loan disbursement is another key area that requires special attention. This is very important for financing livelihood activities. Our experience has not been good in this regard. For instance, crop loans are sometimes disbursed when the crop is near maturity. The reasons are case-specific and ingenious such as transfer of bank managers, sanctioning of loan from regional office

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and lack of idea of the bank managers regarding the SHG.

*The loan product of the bank:* The loan money is the sole component of the loan product. It does not include continuous monitoring, extension of any sort of non-financial assistance (production techniques, market information etc.) or even regular visits by the bankers to build a good relationship that would help in repayment. In rural branches, one day (called a non-banking day) in a week is allotted for this purpose. This has been converted into another weekly holiday.

### An Alternate View

For any rural enterprise, the gestation period varies from 3 to 6 months. Another 6 to 9

months are required to stabilise systems such as raw material purchase, stabilisation of production process, sale of products, maintenance of quality standard as per market demand, etc. An entrepreneur would take about one to one and half years to arrive at a position where she would be able to repay the bank loan. This period is the most challenging stage of the enterprise as this is the period when the entrepreneur faces a lot of uncertainty. The bank moratorium facility does not really provide a relief as it only defers the burden.

This situation in our operational area could be seen as a good market for bankers, where an organisation (Pradan in this case) is taking the responsibility of establishing the enterprises. The only thing that bankers need to do is to disburse the loans on time.

This situation in our operational area could be seen as a good market for bankers, where an organisation (Pradan in this case) is taking the responsibility of establishing the enterprises. The only thing that bankers need to do is to disburse the loans on time. This will help a lot in increasing

the profitability of the branch that in turn will help to open more branches.

The banks also need to realise that their responsibility effectively starts from the date of disbursement. The loan is just one of the components of the activity. The bank along with Pradan also needs to extend technical support, pay regular visits and reschedule repayment if required. In the process a good and effective relationship could be built between the customer and the bank. It will benefit the bank in 2 ways: minimise the risk of failure and ensure the potential profitability of the activity that is the key factor for timely loan repayment. Such an arrangement will encourage others in that village to take such loans.

All loans involve risk in varying degrees. The banks and the government could share the risk. For this the government may deposit a certain percentage of the loan amount to each of the banks and could act as a guarantor. It does not involve any extra burden to the government. The subsidy money, which in any scheme does not always reach the ultimate beneficiary, could be deposited to the bank for this purpose.

The government could then ask the bank to reduce the initial cost of the loan in lieu of such a deposit. Alternatively, the government may directly subsidise the initial bank interest for one and half years. The interest structure of banks also need to be more encouraging for availing of larger volume of long-term loans for income enhancement of the rural poor.

Lastly, it is my personal view that despite our effort, large-scale promotion of livelihoods is possible only if the banker plays a more active and sensitive role and if the government creates such an environment.

## Weaving a Success

Ground realities prompted Pradan to promote tasar fabric weaving and marketing, which have made the project sustainable

Khitish Pandya

M S Sriram's article, *Spinning Off from Tasar* (NewsReach August 2002) was quite interesting. The issues raised by him on the genesis of the tasar weaving activities and the motivation for Pradan to be involved in it seemed all too familiar. I had also thought on those lines earlier but 2 years with Tasar Development Centre has given me an inkling on the real reason for being into weaving.

In my opinion, all the reasons that Sriram cites as well as the one given by Satya for being in tasar weaving are not the actual reasons. We got into fabric weaving because we were unable to sell yarn at that point of time, period. But like gutsy entrepreneurs, the tasar team explored options to make the activity sustainable instead of throwing in the towel.

### Show Saver

Fortunately, getting into fabric weaving and marketing the fabric have proved to be a show saver for our tasar project. Any layperson would have crowed for having stumbled on such an innovative means to survive. But since this is an activity that was not originally planned, we in Pradan are often defensive about it. Is it because of peer pressure in the NGO sector, which looks upon anything to do with making money as demeaning? We therefore keep trying to come up with logical explanations and justifications for the fabric intervention where none is required.

It is difficult to justify the fabric weaving activity as it is being done currently from

the livelihood agenda of Pradan. But it is a fact that without this activity we would have ended up with tonnes of unsold yarn and the entire livelihood project of yarn making would have become unfeasible. We should not however forget that the weaving activity is not central to our livelihood agenda and hence, it should be treated as temporary at best.

Alternately, we should explore the option of involving the primary stakeholders (the yarn makers) in it if we feel that being in fabric business is unavoidable. Personally I feel that it is difficult to be a big player in yarn as well as fabric at the same time. We therefore have to exit the fabric business gradually as it is not directly involving our yarn making groups.

We can continue our weaving division only if we decide to work with weavers to help strengthen their livelihoods so that it does not create any dissonance as far as our organisational objectives are concerned. We should remember that weavers are also poor people.

### Considering Options

If we wish to exit from fabric and stick to yarn, we have to consider a few options. We could consider quitting fabric altogether and concentrating on yarn marketing. But this would entail a lot of promotional expenses that will have to subsidised.

**We got into fabric weaving because we were unable to sell yarn at that point of time, period. But like gutsy entrepreneurs, the tasar team explored options to make the activity sustainable instead of throwing in the towel.**



Quality of yarn shall make or break the venture. Poor quality yarn shall be difficult to dispose, resulting in inventory pileup. In the fabric division, we have been able to use yarn of questionable quality and still make the fabric acceptable to the market. It would be utopian to suggest that we should produce only excellent quality yarn.

The reality is quite different. Newly trained women trying to work in a self-regulated environment with non-standard infrastructure and working conditions are likely to take some time to become perfect. In the meantime, the cost of the defective or unacceptable yarn that they shall end up producing would make even the most

steadfast of funding agencies quake since the cost of the yarn has a high raw material component and defective yarn cannot be recycled.

The market will definitely accept any reasonably priced yarn if it is consistent in supply and quality. The trade requires that they should be able to source enough yarn as and when they get an

order for designs created from any particular type of yarn. They would not like to promote any design in which the yarn used is likely to be bottleneck when they have to supply large orders.

Right now our yarn production is so little that it is inadequate to fill even the requirement of our own small fabric operation. So we shall have to scale up to a minimal level before we can think of getting into the yarn market fully. Fortunately, we have our fabric division to absorb the yarn being produced in the meanwhile. Till then

we shall obviously have to invest our time and energy in creating new designs, weaving them and marketing them.

In the perspective plan that we have drawn, we envisage shifting our focus from fabric to yarn gradually so that we are able to make the transition without compromising on commercial sustainability of the project. We are also in the process of trying to work out how to set up and structure the institutions that would be able to involve the stakeholders in a sustainable manner in all the activities starting from cocoon purchase to yarn making to marketing. Sriram's suggestions offer yet another perspective that would be helpful.

#### Write in NewsReach

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Caught in a dilemma?  
Want to share your questions?  
Done something differently?  
Found a new solution to an old problem?  
Used a known solution to solve a new problem?  
Write in NewsReach.  
Did an article strike a chord within you?  
Do you disagree with something you have read?  
Would you like to share your experiences with the writer?  
Or ask her or him a question or two?  
Send your responses to the articles in this issue to promote the exchange of views.

## Serving through SEWA

**The Self Employed Women's Association has adopted an integrated approach to address poverty and ensure continuous employment for the poor**

Ela R Bhatt

There is a great deal of discussion in both academic literature as well as among programme implementers on how to identify the poor and hence, how to reach them. Poverty was initially defined as an income concept. In recent years, it is also being seen as a vulnerability concept. Using the income concept, poverty removal is seen as happening through raising incomes. According to the vulnerability concept, poverty removal is seen as a process of removing economic and social vulnerability. Both approaches are valuable and meaningful. The income approach tends to lead more to income-generation programmes while the vulnerability approach leads to more social programmes such as on education and health.

At Self Employed Women's Association (SEWA), after years of working at the grass-roots as well as with policymakers at all levels, we find that both poverty and poverty removal need a combination of both approaches but with a deeper understanding of where the poor are placed within the structures of society. Poverty is connected to both the economic and social structures within which the poor find themselves. These structures have to be addressed to remove poverty.

SEWA's approach towards addressing these structural issues has been to focus on what the poor need to address the structures and situations in which they find themselves. These needs have been identified, not through an academic exercise but in the struggle to remove poverty. As a labour

union, our method of working has been to address problems as they are brought to us by our members and in that process to deal with new problems and issues as they arise. In this process we find out what are the real barriers the poor face and what they need to overcome them.

### Pool of Poverty

As a labour union our underlying approach is to see the poor as workers and producers rather than just as income-deprived or vulnerable people. The first structural issue is their place in the economy. Where do they fit into the economy? What is their contribution to the economy and what do they receive from it? What are the economic barriers they face? In this context we have adopted the concept of the informal sector as the main pool of poverty.

However, the economic structure is closely connected with the social structure. Barriers to entry to labour as well as product markets, for example, are closely connected with gender, caste and class. Further, social needs such as health, child-care, education and housing are all linked to economic capabilities as well as to the provision of social security by markets and the state. Thus it is the market and state structures which determine the poverty or well being of the people.

The interrelated nature of these structures

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Through SEWA Bank we very early discovered that we could not expect the loans to work towards poverty reduction without helping the small entrepreneurs to deal with changing markets and policies.

emerges very forcefully in our daily work. In dry rural areas for example, the provision for drinking water is closely linked to the capability of women to enter the labour markets. When we try to intervene to link embroiderers with markets, we find that we have to deal with the Gujarat Water Board for better drinking water schemes for them. Similarly, while organising women workers for better wages in tobacco processing plants, we were faced with the need for childcare for their children who otherwise had to spend their days in the midst of tobacco heaps. Although SEWA Bank is one of the pioneers of micro-credit, we very early discovered that we could not expect the loans to work towards poverty reduction without helping the small entrepreneurs to deal with changing markets and policies.

Since the economic and social structures are so interrelated, the solutions too have to be integrated. This means that there is

no one formula for poverty reduction. It has to be an approach which addresses the various economic and social factors that cause and perpetuate poverty. Hence, we adopted an integrated approach in SEWA, where various inputs are needed not one after the other but simultaneously.

We have seen that the poor are not merely deprived persons but workers and producers on their own right. They

wish to earn their living, not depend on doles or outside support. They need a continuous flow of employment through which they can earn enough in terms of cash and kind to meet their needs. In other words, they need full employment.

Here we would like to qualify what is meant by full employment in the context of the informal sector. In the formal sector, employment is created through the creation of jobs by firms and this employment is generally regular, full time, and protected employment with a clear employer-employee relationship.

### Jobs vs Employment

In the informal sector, however, there are no 'jobs'. Employment is a combination of self-employment, wage employment, casual work, part-time work and a variety of employment relations. At any one time, a poor person could be working at a number of different 'employments'. For example, a small or marginal farmer would also work as a weaver, or an agricultural labourer would also have her own cattle, or a construction worker would roll *bidis* in the night. The type of work she does may also be seasonal. A salt worker may be an agricultural worker during the monsoons, or a paper picker may make kites during the kite season.

Creating employment is then no longer a matter of creating 'jobs' but of strengthening these workers and producers to overcome structural constraints and enter markets where they would be competitive. Often these markets, which may be labour markets, product markets or financial markets, may not exist locally and would need to be built up or institutions created which would link with the larger markets.

If better functioning markets are required for reaching full employment, the role of the state is no less important. Policies and programmes of the government determine the institutions that control both markets and the formation of capabilities. Policies may create barriers to entry or they may facilitate growth of employment.

Government funds may destroy existing work or they may enhance the capacity of the poor to earn more. In India, although the government has begun the process of liberalisation, this process has been reached only to the formal sector and has yet to reach the poor, who remain strait-jacketed by confining policies.

### Integrated Approach

What do the poor need to reach a state of full employment? This could be answered in 4 parts. First, the poor need capital formation at the household level through access to financial services (savings, credit, insurance) to build up and create assets of their own (land, house, work shed, equipment, cattle, bank balance). Asset ownership is the surest weapon to fight the vulnerability of poverty.

Secondly, the poor need building of their capacity to stand firm in the competitive market i.e. access to market infrastructure, access to technology, information, education, knowledge and relevant skills (accountancy, management, planning, designing, etc.).

Thirdly, the poor need social security in term of healthcare, childcare, shelter and relief to combat the chronic risks faced by them and their families. Lastly, they need collective, organised strength (through their associations) to be able to actively

participate at various levels in the planning, implementation and monitoring processes of the programmes meant for them and also in all other affairs of the nation.

It is equally important that we ensure that the poor imbibe all the 4 components simultaneously in the combination that they think is viable and manageable by them. One without the other does not yield results. One after the other also makes no sense. This is very important.

### Towards Self Empowerment

SEWA responds to the needs of members such as banking and social security. SEWA tries to do that proficiently through building organisations of the poor. We try to mainstream our experiences in poverty reduction that worked and that have not worked. Our strategy of poverty reduction is a joint action of struggle and development through the organisations of the poor. Essentially, this entire process itself is that of self-empowerment.



## Profits from Pigeon Pea

Cultivation of pigeon peas in the uplands of Santhal Pargana could provide an alternate livelihood for the poor

Yoganand Mishra

Pulse crops play an important role in Indian agriculture. Their ability to use atmospheric nitrogen through biological nitrogen fixation is economically sound and environmentally favourable. India is the largest pulse-producing nation with 35% of the world's area under the crop and 27% of the total production.

The pulses cultivated during the Rabi season include chickpea, lentil, field pea, lathyrus (*khesari*) and *rajma*. Pigeon pea, *mung* bean, horse gram and cowpea are cultivated during the Kharif season. The Kharif harvest accounts for 40% of the total production. Pulses account for roughly 1/5th of the total area under food crops and contribute about 1/12th of the total food grain production in the country.

The area under pulse crops is around 23 million hectares (ha), the production around 15 million tonnes and average productivity about 650 kg per ha. At the present rate of consumption, the demand for pulses is estimated to increase annually by 3.3%. According to official estimates, the requirement of pulses is likely to be around 19 million tones (MT) in 2010 and 24-26 MT in 2030. This will require about 75% increase in the production by 2030.

### The Inspiration

In 2000 our team in Dumka was exploring livelihood opportunities for poor families in the area. I attended a local area economy workshop conducted by Thomas Fisher of NEF and Sankar Datta of IGS organised at Ranchi. As a part of the assignment for the 2nd phase of the workshop, I opted for the pigeon pea sub-sector study team. This team confined the study mainly to the Santhal Pargana region.

### Box 1: Agronomic Package for Pigeon Pea

**Name of variety:** Bahar

**Crop duration:** 270 days

**Type of land and soil type:** Upland, sandy loam

**Land unit for calculation:** 1 acre

**Land preparation:** Three ploughings with local ploughs and ladders.

**Pre-sowing land treatment:** Application of Folidol dust @ 10kg after 2nd plough to avoid white ant attack.

**Basal dose of fertiliser:** Application of Urea 5 kg, DAP 40 kg and MOP 5 kg behind the plough just before sowing as basal dose.

**Seed treatment:** Seeds inoculated with rhizobium and phospho-bacterium to increase nodule formation.

**Sowing of seed:** Line sowing with a seed rate of 5kg. Uniform spacing at the rate of row-to-row of 2.5 inches and plant-to-plant of 2 inches.

**Intercultural operation:** Manual weeding and hoeing at 5-7 leaf stage of the crop.

**Top dressing:** Top dressing of urea @ 5 kg for the vegetative growth of the crop after the intercultural operation.

**Plant protection:** Application of Endosulfan 35 EC @ 2.5 ml per litre (400 ml) to prevent the attack of leaf folder and other sucking insects at early and flowering stage, Endosulfan 35 EC @ 2.5 ml per litre (800 ml) to prevent pod borer attack.

**Expected yield:** 5-6 quintal.

We found that nearly 20-30% of the total cultivable land that generally remains either fallow or sown under millets or low productive crops is available for pigeon pea cultivation. Pigeon pea was generally cultivated on degraded lands of low soil depth and poor moisture retention capacity. Farmers are traditionally skilled in cultivating the crop, mainly for household consumption. The study also found that marketing channels are available for raw pigeon pea and its cultivation overlaps with the cultivation of maize and paddy.

I interacted with farmers on the economics of cultivating pigeon pea during the study, which made me confident that cultivating it would be profitable in this region. This conviction was reinforced by the local availability of resources such as land, labour, market and skills, which is essential for any successful livelihood intervention.

We wanted to first demonstrate an improved agronomic package so that farmers are encouraged to take up cultivating pigeon pea on a commercial basis.

### Package of Practices

We selected 2 villages for the demonstrations: Phitkoria in Kathikund block and Amratola in Shikaripara block. We have promoted numerous SHGs in these blocks. We selected a demonstration site of 3 ha in both villages. Scientists of Krishi Vigyan Kendra, Sujani, Deoghar, who visited the sites at our invitation, validated the plan. The agronomic package is given in box 1 on page 14. We also prepared the economics of cultivation based on the agronomic package, which we shared with the farmers (see box 2).

We shared the agronomic package and economics with selected farmers in both the villages. We also informed them of the other expected benefits of cultivating the crop. These included

- Dry stalks of pigeon pea are used as fuel. One farmer may get 3-4 month's fuel from one acre.
- Being a leguminous crop, it enhances nitrogen fixation.
- Heavy shedding of leaves adds considerable organic matter to the soil and is thus an effective tool for fertility management.

### Box 2: Economics of Pigeon Pea Cultivation

Sl No	Items	Quantity	Unit	Rate (Rs)	Amount (Rs)
1	Folidol dust	10	kg	15	150
2	DAP	40	kg	9	380
3	Urea	10	kg	5	50
4	MOP	10	kg	5	50
5	Seed	05	kg	30	150
6	Rhizobium and Phospho- bacterium	02	packet	10	20
7	Endosulphan	1.2	litre	310	372
<b>Total</b>					<b>1,172</b>

Note: Thus the cost of cultivation, excluding ploughing and labour cost, is Rs 1,170 per acre. Gross expected return per acre, considering the yield at the rate 5 quintal per acre and rate of raw pigeon pea of Rs 1,400 per quintal, is Rs 7,000. Net expected return after deducting the cost of cultivation is Rs 5,830 (7,000 -1,170).



- The husk of the pods is a nutritious cattle feed. From one acre of land, one farmer can get 10-12 big gunny bags of cattle feed.
- It checks soil erosion in un-embanked lands.

The farmers agreed to implement the demonstration plan with 2 different approaches. In Phitkoriya the farmers preferred to carry out every activity collectively to ensure timely implementation. In Amratola farmers preferred to do it individually on individual plots within the selected patch.

### Implementation

The land was treated with folidol dust and prepared by 3 ploughings. Line sowing was done with rhizobium and phospho-bacterium inoculated seed. Basal dose was applied behind the plough. The spacing was maintained according to a predetermined plan. Gap filling with seeds was done after 12-15 days of sowing.

When the plants have spouted 5-7 leaves, weeding and hoeing operation was carried out in 80% of the plots followed by top dressing of urea. At this stage we noticed leaf curling in the plants in some plots. As a preventive measure, Endosulfan 35 EC @ 2.5 ml per litre (400 ml per acre) was applied in all the plots to prevent the attack of leaf folder and other sucking insects. Endosulfan 35 EC @ 2.5 ml per litre (800 ml per acre) was again applied at the pod formation stage to prevent the attack of pod borer.

In Phitkoriya the growth of the plants were uniform in most of the fields since the farming was done collectively. In Amratola the growth of plants were not uniform in different fields. The height of plants in both the villages were in the range of 6-8 feet and there were 6-10 branches in each plant.

After the ripening of the pods, the pigeon pea

was harvested, thrashed and stored. In Phitkoriya the grains were packed in bags and stored for final weighing. All farmers were present during weighing of the crop. The harvest was 26.88 quintals, which means that the average production per acre was 3.84 quintals. Assuming a rate of Rs 1,400 per quintal, the sale value of an acre of the harvest was Rs 5,376. The crop was ultimately sold at the rate of Rs 1,800 per quintal and the net profit per acre was Rs 4,206. In Amratola the yield ranged from 2.5 quintal per acre to 6 quintal per acre.

Some of the farmers performed excellently. In Amratola, Mohammad Abdul Ansari cultivated the crop in 0.197 acre of land and took a harvest of 120 kg at an average of 6 quintal per acre. He had pruned the growing tip of all the plants at the one-foot height stage. Probably due to this a large number of branches emerged from the plants and resulted in this amazing yield. With such yield per acre the net profit could be to the tune of Rs 7,000.

### Learning

We learned a lot from this demonstration. For instance, in the fields where thinning and weeding was done properly, the plants witnessed vigorous growth, increased flowering and higher rates of pod formation compared to the untreated plots. We also saw that gap filling was a critical activity. If some seeds couldn't germinate, re-sowing should be done within 5-7 days after majority of the seed germinated.

Manual weeding was cumbersome for the farmer. If we could introduce mechanical weeders and weedicides, it would help ensuring on-time intercultural operation. We also learnt that broadcasting of fertilisers reduces the intake of the nutrients, thus reducing yield. Application of fertiliser in the furrow lines

### Box 3: Revised Agronomic Package for Pigeon Pea Cultivation

**Name of variety:** Bahar

**Crop duration:** 270 days

**Type of the land and soil:** The Land should normally be un-bunded with a mild slope. Bunded land can also be used provided there is no water stagnation in the field. The crop grows best on well-drained light to medium textured deep soils as they permit free development of the roots.

**Economic unit of the land:** The minimum area under cultivation should be one acre per farmer to optimise profit realisations. Depending upon the farmer's capability to manage the farm effectively, this cultivable area can go up to 2.5 acres. Preferably a reasonable number of farmers should cultivate the crop in one big patch of land so that preventing grazing and crop protection measures become easier.

**Land preparation:** Three ploughings are essential with local ploughs. Ploughing may be started after the onset of monsoon. In pre-sowing plough, Folidol dust @ 10 kg per acre should be applied to avoid the attack of white ants. Generally 4 pairs of bullocks are required to plough one acre of the land for one plough. Ploughing with tractor or power tiller is cheaper and more effective. It may require certain incentive to promote the culture of hiring power tiller or tractor. These machines can easily plough one acre of land in one hour.

**Seed rate:** A seed rate of 4.5 kg per acre is required for optimal plant density. This seed rate would ensure row-to-row spacing of 2.5 inches and plant-to-plant spacing of 1.5 inches. Additional seed is to be kept at the rate of 5-10% of the seed rate for the use in gap filling.

**Rhizobium inoculation:** Seeds need to be inoculated with Rhizobium before sowing. A suspension of Rhizobium and Phospho-bacteria should be prepared by mixing 100 gm of each in one litre of water. Proportionate amount of seed needs to be mixed with the suspension so that the latter forms a thin layer around the seeds. Treated seed must be sown within 10 hours after drying the treated seeds in a cool place. Seeds can be treated in the

night and sown early next morning.

**Time of sowing:** 1st to 3rd week of July.

**Method of sowing:** Seed is to be placed at the soil depth of 4-6 cm in furrows followed by the application of basal dose of the fertiliser. Row-to-row and plant-to-plant spacing of 2.5 inches and 1.5 inches respectively should be maintained.

**Gap filling:** It should be done within 5-10 days after majority of the seeds germinates in a particular plot.

**Fertiliser application:** Application of Urea 5 kg, DAP 40 kg and MOP 5 kg behind the plough just before sowing as basal dose. Top dressing of urea is a critical factor of production and should be applied at 5-7 leaf stage at the rate of 5 kg per acre.

**Intercultural operations:** Since we are going to introduce herbicide for weed control, no weeding operation would be required. Agricultural implements like mechanical hoe could be used for hoeing operation. Pigeon pea checks the profuse growth of small weeds after attaining a height of 2.5-3 feet.

**Use of herbicides:** This is the cheapest and best method of controlling weeds. Pre-emergence and broad-spectrum herbicides are desirable. Fluchloralin @ 0.75 kg per ha (brand name: Basalin 45 EC) is recommended. A dose of 3.3 ml per litre of water is to be sprayed after 1-2 days after sowing in the field with a total volume of 200 litres of water in one acre of land. Basalin is available in 0.5 and 1 litre packs.

**Plant protection:** At the early stage apply Endosulfan/Endosil 35 EC @ 2.5 ml per litre (400 ml for one acre) 25 days after sowing to prevent the attack of leaf folder and other chewing and sucking insects. At the flowering stage, Endosulfan/Endosil 35 EC @ 2.5 ml per litre (800 ml for one acre) is to be applied to prevent the pod borer attack.

**Yield:** Grain: 6 quintal per acre, Husk: 12-15 big gunny bags per acre. Stalks: 4-5 month domestic fuel sufficiency per acre per family.



## Box 2: Economics of Pigeon Pea Cultivation

Sl No	Items	Quantity	Unit	Rate (Rs)	Amount (Rs)
1	Folidol dust	10	Kg	15	150
2	DAP	40	Kg	9.50	380
3	Urea	10	Kg	5	50
4	MOP	100	Kg	5	50
5	Seed	5	Kg	30	150
6	Rhizobium & PB	2	packet	5	10
7	Weedicide (Basalin 45 EC)	0.66	litre	390	257
8	Endosil	1.20	litre	220	263
<b>Total</b>					<b>1,300</b>

The total cost of cultivation according to the revised package is Rs 1,300. If all the critical factors are taken into account, then production can shoot up to 6 quintals per acre. Expected gross returns from one acre of land is Rs 8,400 (sale at Rs 1,400 quintal per quintal). Expect net profit would be Rs 7,100 (8,400 -1,300).

increases the efficiency of the nutrient uptake.

In absence of top dressing of urea, flowering was delayed almost by 12-15 days and was non-synchronous. Late sowing coupled with non-hoeing operation in 20% plots reduced the yield.

The major learning was that community farming was a better method to create awareness amongst the people. The yield of 26.88 quintal from 7 acres of land and the resulting net profit of Rs 29,500 from hitherto barren land made a significant impact on the farmers.

Based on the experience we devised a revised package for the farmers (see box 3 on page 17). The economics of the revised package is provided in box 4.

## Issues and Concerns

In the Santhal Pargana region, people just cultivate the Kharif crops and the land is then left free for grazing. Crop protection becomes an onerous task after the Kharif

season. Due to this, farmers try to involve as many farmers as possible in the cultivation. In such a scenario, maintaining the unit size of one acre per farmer becomes difficult.

Timely supply of fertilisers and pesticides by dealers in Dumka would be difficult even if we plan beforehand since they operate on a very small scale. This year's procurement experience for only 200 acres was bitter. We need to develop a mechanism to address this by linking some of the entrepreneur farmers with big dealers or representatives of different input companies for large-scale expansion.

Although an existing market channel is available for the marketing of raw pigeon pea, with the increase in production there might be a decline in the price. We need to work on this. Setting up a pulse-processing unit could address this issue by acting as a price control mechanism in the area.

## The Colours Say It All

Developing a user-friendly evaluation format for illiterate tasar reelers and spinners in Godda by using colours

Binod Raj Dahal

Pradan's Godda team is involved in watershed development, irrigated agriculture and promoting savings and credit activity besides activities related with the programme to promote and strengthen tasar sericulture. Most of the women engaged in producing yarn out of cocoons are illiterate. Although they have been engaged in this activity for quite some time now, we are yet to introduce systems to ensure minimum standards of production depending upon various critical parameters.

In this article I have tried to document efforts to set up standards of classification in the yarn production system. I have also tried to get it formatted and evaluated through specially designed participatory tools. During the process of discussion, we felt the need to have a simple measuring tool to assess the performance of the reelers in order to sharpen their awareness about their own performance.

My attempts to develop a participatory evaluation format for reelers and spinners was triggered in Sundarpahari when Soumik Bannerji began developing pictorial pass-books and cashbooks for women self-help groups (SHGs) promoted by Pradan (*Picture Perfect* NewsReach April 2002). I started working on a standard of classification for the yarn production system for reelers and spinners in Saraiyahat based on a colour code.

In this format the pictures are nothing but a play of colours preferred by the yarn producers according to grades determined by them based on critical parameters. Since a pass-

port sized photograph of the spinner or reeler is attached with the format, anyone who can recognize the photograph and knows the index of colours would easily assess her performance in yarn production during a particular period of time.

A producer can grade her performance by tracing her progress in the format. She can also take this performance analysis forward by focussing on dimensions she is lagging behind in. This format, introduced amongst woman yarn producers in Razda village, has worked well. It is not unusual to hear the women now call each other by the name of colours they have earned based on their performance rather than their usual names.

## Choice of Colours

I thought that colours would be the best way to simplify the grading system. I had earlier conducted a colour combination exercise in other groups to make them aware about the quality of the yarn. An idea struck me that we could use colours to develop an evaluation format.

In one meeting I asked the women to choose their preferred colours. Since all the participants did not have the same choice, we graded the colours according to the number of participants who preferred a particular colour. In this exercise involving a group of 25 reelers, 11 out of 25 preferred green as best and black as worst, with blue and red in between. We then selected these colours to represent excellent, good, poor and bad

We selected green, blue, red and black to represent excellent, good, poor and bad performance of the reeler.



### Box 1: Types of Yarn

There are 2 types of yarn: reeled and spun. Reeled yarn is yarn that is produced continuously through the combination of single filaments from a fixed number of cocoons. Spun yarn results from a process of unwinding from a single cut cocoon with a limited twist over the yarn. Reeled yarn is finer than spun yarn and has uniform colour, denier (denier is the unit weight of the 9,000 metres of yarn) and lustre. As a result, reeled yarn is much more valued in the market.

production performance of the reeler.

During the meeting it was clear that the majority of the women wanted to produce yarn in large quantities in order to earn more money. But it was evident that quantity alone was not sufficient to ensure good profits. Reeled yarn fetches a better price in the market than spun yarn because of its quality (see box 1). The participants therefore agreed that they also needed to focus on producing quality yarn in order to maximise profits.

After discussions we decided to incorporate 3 components in the format. They were quality of yarn, quantity of yarn and profit to reeler. I then graded these parameters through the colours chosen by the participants.

### Grading Parameters

Profit is a prominent aspect of the activity for yarn producers. We decided that A-grade profit would mean that the reeler earns Rs 700 or more a month; B-grade profit would mean she earns between Rs 501 and Rs 699 a month; C-grade profit would mean earnings between Rs 300 and Rs 499 a

month and D-grade profit would signify earnings of less than Rs 300 a month. These were symbolised by green, blue, red and black respectively.

As in profits, there are 4 grades regarding quantity. A-grade production signifies a reeler who produces more than 2 kg of yarn a month (green); B-grade production signifies a reeler who produces between 1.5 and 2 kg a month (blue); C-grade, signifies one to 1.5 kg yarn a month (red), and D-grade production signifies less than a kg of yarn in a month (black).

As far as grading quality is concerned, there is already a practiced system in case of spun yarn. A *gundi* (bundle) of 500 metres is fixed in spun yarn length. If a *gundi* is equal or less than 15 gm, it is A-grade (green). If the *gundi* is 16-18 gm, it is considered as B-grade (blue). Up to 20 gm is C-grade (red), whereas more than 20 gm is considered as D-grade (black), which is also considered as the reject grade. We also defined an A-grade spinner as one who produces at least 80% A-grade yarn. The respective percentages for B, C and D-grade spinners are 60-79%, 50-59% and less than 50%.

There are no recognised grading methods yet for reeled yarn in our project areas. We are however shortly going to introduce a quality standard based on the denier (D) system. According to this standard, if a 3,000 metre long reeled yarn weighs 25 gm (75 D), it is considered to be A-grade yarn. If the same length of yarn weighs up to 30 gm (90 D), it is considered B-grade. The possibility of C-grade reeled yarn is rare.

Possibilities of B-grade reeled yarn is relatively less in the production system we follow. I therefore introduced a system where a

producer's quality status is measured through the frequency of presence of B-grade reeled yarn. According to this, an A-grade reeler gives 100% A-grade yarn (green); a B-grade reeler produces some B-grade yarn in a 15-day production cycle (blue) and a C-grade reeler is one who produces B-grade yarn twice a month (red).

### Positive Results

We are yet to ascertain the impact of this format on a large scale but the changes visible amongst the target group are positive. Earlier the women used to focus only on profits. But now they know that there is not only a profit column, but quality and quantity columns as well, which ultimately influence good profits.

There was a felt need among the reelers to assess an individual member's performance. We solved this issue by simply pasting a photograph of the particular member in the beneficiary column. It has made the format so easy that every yarn producer is clear about her performance on the respective parameters for a particular period.

I give below an example of how the format works (see box 2). In this example, the woman in photo 1 performed excellently in all the 3 parameters. Her quality of yarn belonged to the A-grade with high quantity so she could book good profits. In the case of the second woman, the quantities were not

sufficient and she produced a mixed quality of yarn. She could book only a marginal profit out of this activity and would therefore have to focus on improving both quality and quantity to improve her profits.

The third woman had a problem since she did not produce quality yarn at all or produced low percentage of A-grade spun yarn. She was also not able to produce quality reeled yarn. In this particular case, she has a problem of skill. A change agent has clear evidence of this and can therefore intervene accordingly. Each group member could also find ways to help her improve the reeling or spinning activity.

### Acknowledgements

I am thankful to Soumik Bannerji for his inspiration to act on my ideas and for sharing his PRA tools. I am equally thankful to Dhrubaa Mukhopadhyay who encouraged me to write a report regarding the process and gave it value by presenting it in a workshop. Team leader Madhabananda Ray was the key person to suggest the standard profit parameters for this activity. I am also grateful to my colleague Dimbeswar Pathak for his warm company and discussion regarding the content. Last but not least, the help from *didis* of Razda village was invaluable to document this tool.

### Box 2: Format for Self-Evaluation by Tasar Reelers

Reeler	Yarn	Quantity	Profit	Performance
Photo 1	Green	Green	Green	Excellent
Photo 2	Blue	Blue	Blue	Good
Photo 3	Red	Green	Red	Poor



## Post Boxes for Pradan

A report on the decentralised postal report collection system at Palkot, Gumla district, Jharkhand

Soumik Bannerji

In May Anamika Bose, Sarbani Bose, Pranjal Saikia, Dimbeswar Pathak and I visited Palkot in Gumla district to understand the self-help group (SHG) Report Collection System in operation. We found it pretty effective and would like to share it with other Pradanites.

It was midday when we reached Pradan's Palkot office. The weekly *hatia* (village market) was at its peak. We saw people coming with folded papers, which they dropped in a basket just outside the office and then proceeded to the *hatia*. We picked up one of the papers and found that it was a copy of weekly cash sheets of our SHG cashbook.

The *hatia* has always been an important event in the lives of tribals. They come dressed in their very best not only to buy and sell but also to meet, talk, drink and make merry. We always felt that the *hatia* is one place where you could easily interact with the community at large. It could be effectively used for a large number of purposes like quick messaging with the community, which we in fact do. But during our visit to Palkot we saw how the *hatia* is being effectively used for report collection of SHGs, which is an important part of our appraisal system.

We first came to know of this system of decentralised postal report collection at this year's Retreat at Suktawa while talking to Pratibha, our colleague in Palkot. Report collection is the process by which Pradan acquires information about the financial details of SHGs. It contains the weekly con-

solidated data of all financial transactions of a particular group. It is an appraisal system through which we get to know how the group is performing financially. We also get to know its meeting frequency and attendance percentages.

In the conventional system a report collector is appointed, who could also be the group accountant or cluster accountant, to collect and submit cash sheets for submission at our offices. The report collector is paid Rs 20 per SHG. He also prepares the monthly consolidation sheet that is submitted at our offices. A Pradan professional verifies the report and files it appropriately for future reference. During verification the professional checks for errors and tries to explain the shortcomings. At the end of the year, there is a separate audit of the group for which SHG members pay Rs 40 to the auditor. The annual expenditure per SHG for this process is Rs 280.

### Palkot System

At Palkot the SHG reports are collected using the postal system based on weekly *hatias*. Post boxes are kept at vantage points in the *hatias* so that representatives of the SHGs can bring and deposit the reports while attending the market. These boxes are made of galvanised sheets and cost about Rs 160 each. These are put out on *hatia* day and taken away by the evening by the owner of the house where it is placed.

These boxes are meant to collect reports of a cluster of 10-15 groups. The reports are then collected by some member or a service

provider and brought to the office for consolidation. For this the collector is paid Rs 30 per cluster (Rs 3 per group for a cluster of 10 SHGs). However no payment is made if SHG members happen to deposit the report sheet at the office.

At the office the respective cluster manager consolidates all the cash sheets for which he receives a payment of Rs 2 per cash sheet, amounting to Rs 8 per month for each SHG. The cluster manager not only consolidates but also tracks for errors that are recorded in a separate column as deviations. He also notes down the particular type of errors occurring while completing cash and monthly sheets in an error copy.

A project accountant who is well versed in the accounting system helps the cluster manager. He may also visit the respective cluster during the monthly meetings to correct errors and help the group accountants clear their concepts. For this Pradan pays the project and cluster accountant Rs 40 each per cluster (Rs 8 per SHG per month).

Thus the total cost of the report collection exercise amounts to a maximum of Rs 228 (Rs 3 + Rs 8 + Rs 8 = Rs 19 per SHG per month). Out of this the payments for cluster and project accountants are need based depending on the maturity and skill of the cluster. No payments are required where the post box is located at the office building as in Palkot where the office is near the *hatia*.

Thus the cost may vary from Rs 8 to Rs 19 with an average of Rs 12 per SHG. This translates to about Rs 144 a year, about half of what it takes under conventional system. Since consolidation is done weekly with an error tracking system and monthly correction, no separate audit procedure is necessary.

### Advantage Palkot

The Palkot system has a number of advantages over the conventional report collection systems. They include:

- The members of the SHG are directly involved in the collection process.
- The process uses the *hatia* effectively as members do not have to come only to submit the reports.
- The cluster manager and project accountant are indirectly involved as they offer their services.
- These services are based on need and are suitably withdrawn once the SHG accountant graduates to better understanding of the system.
- The process is cost-effective.
- Error tracking system reduces accumulation of errors and provides insights into common errors for training.
- Since errors are discussed and corrected at cluster meetings every month, there is no separate need for annual audit.

It was great to know that *hatias* could be utilised for gathering data on the functioning of SHGs. We found it relevant for our project area as *hatias* are an important event in the community's life and the process fits in with traditional ways. We have placed 2 post boxes at important *hatias* in the Sundarpahari block in Godda. These post boxes are a permanent fixture and we are using them for other information collection such as in tasar or watershed as well.



## People, News and Events

- Fifty two apprentices joined the 26th batch starting August 1, 2002.

- Mithun Som at Godda, Roopa Ratnam at Kesla and Bartika Sharma and Nitin Sharma at Dholpur have resigned. We wish them luck.

- Ten apprentices attended a village study and PRA workshop at Kesla from August 5-10, 2002. The programme was facilitated by A Raadhakrishnan and Krishna Reddy of OutReach and co-facilitated by our colleagues Ajaya Samal and Manoj Kumar.

- The SHG financial software, McFinancier, has been adapted for Pradan's use by Dr Sharada Nagarajan. It was formally launched at a training programme in Ranchi on August 7-9, 2002. Eighteen Pradan teams sent one member each to participate in the training programme. These staff members would take the lead as trainers to train and assist other team members and ensure that the accounts of all the SHGs are streamlined and entered into the software formats.

- Santosh Patnaik of the 23rd batch graduated from the apprenticeship programme and has joined Pradan as Executive. He is based in Barhi. Welcome!

- Vijay Mahajan has been chosen by the Schwab Foundation for Social Entrepreneurship as one of the world's outstanding social entrepreneurs. Every year the Foundation provides an opportunity for the Schwab entrepreneurs to come together to share knowledge, experience, exchange best practice and build capacity in specific, high priority areas. All selected social entrepreneurs are supported for two years to participate at the Annual Meeting of the World Economic Forum, which takes place at the end of January in Davos, Switzerland.

The Foundation currently has 41 members and this year, they accepted an additional 20 social entrepreneurs into the network. The Foundation supports its network members for a 3-year period. Earlier in the field of micro-finance, APAEB, Brazil; BRAC Bangladesh; PDA, Thailand, and SEWA, Gujarat were nominated. Now BASIX joins the elite group.

- **Update on Kharif Intervention:** We held a review meeting at Ranchi on August 6, 2002. The participants included Ajit (Gumla), Amulya (Balliguda), Arnab (Purulia), Bijay (Keonjhar), Dhiraj (Khunti), Sameer (Lohardaga), Satish (Hazaribagh), Dinabandhu and Manas. We have till that date procured more than 73 tonnes of seed and sold more than 67 tonnes. We followed the standard procedure for nurseries on more than a thousand acres that would benefit 1,826 families.

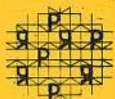
The prevailing drought would badly affect our intervention plans. Most of the nurseries are over mature and are either drying up or are abandoned by farmers for grazing. Because of a sudden supply of seed by the state government at subsidised rates, identified farmers denied to collect seeds from us at Purulia.

If it rains in our project areas, we would try to motivate some families to go in for a second nursery. We have decided to follow the wet method in these cases, where seedlings can be made ready within 15 days of transplantation. Also depending on the rains, we would try motivating some families to go in for direct seeding (germinated) on wet beds. We have also decided that if the moisture is adequate for direct dry sowing, we would try involving some farmers, hoping that it rains soon. In all these above cases we will have to choose varieties that would mature in 3 and half months.





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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