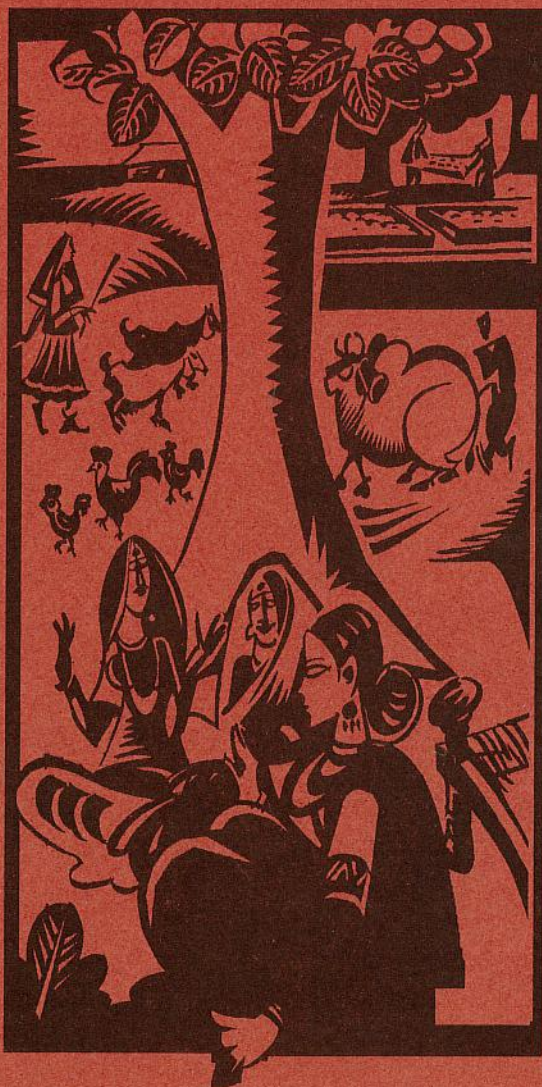


# News Reach

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## From Microcredit to Livelihood Finance

**We need to broaden the paradigm of microcredit to encompass livelihood finance in order to sustainably promote large numbers of livelihoods for the poor**

Vijay Mahajan

I have been asked to speak on microcredit and economic growth on the occasion to felicitate Dr M S Swaminathan on his 80th birthday. I trace the origin of microcredit to the 1976 when Professor Mohammed Yunus set up the Grameen Bank experiment on the outskirts of the Chittagong University campus in Bangladesh as an experiment. I think Professor Yunus needs to be recognised as the father of microcredit just as Professor M S Swaminathan is the father of the Indian Green Revolution. Both the interventions have made a huge difference to the lives of millions of people, particularly the rural poor.

Since the microcredit revolution came a whole decade or two after the Green Revolution, it was more sensitive to issues of poverty and gender inequality and thus had in its design a focus on the poor, if not the poorest, and specifically on women. By targeting the landless, microcredit also ensured that the poor could make a livelihood from activities other than agriculture.

This year is the United Nations Year of Microcredit. Microcredit started gaining international importance with the Microcredit Summit in Washington DC in February 1997. The Summit was organised to 'launch a global movement to reach 100 million of the world's poorest families, especially the women of those families, with credit for self-employment and other financial and business services, by the year 2005'. Perhaps, that is why 2005 is the year of microcredit.

I was at the 1997 Microcredit Summit. The presence of many luminaries at the 1997

Summit was an indication of the support garnered by the Summit. However, few raised any issues about the limitations of microcredit. After attending the Summit, I had written a critical article entitled 'Is microcredit the answer to poverty eradication?' (NewsReach, November 2002). My answer was a qualified no, but the article was largely ignored.

Since then, microcredit has become a global fad, to the point where all kinds of claims are being made in its name, as if it is the latest magic potion to resolve the problems of poverty in the world. In response, a range of others, from the Wall Street Journal to academic researchers like Jonathan Morduch have taken it upon themselves to question these claims and show that the impact of microcredit on the target households is exaggerated.

And now we have today's topic. Presumably, the question is - does microcredit promote economic growth? I want to use this opportunity to explore the connection between microcredit and economic growth. But before I deal with microcredit and economic growth, let me repeat what I had said in my 1997 article on the limitations of microcredit even as a strategy for poverty eradication.

### Limitations of Microcredit

To my mind there are 5 fatal assumptions regarding microcredit. They are as follows:

The first fatal assumption is that credit is the main financial service needed by the poor. Actually it is not. The poor need and want to save much more than they want to borrow. They also want to cover themselves



against risks through insurance.

However, the field in general does not adequately emphasise other financial services, such as savings and insurance. Savings are particularly important, as these act as self-insurance in case of smaller contingencies; meet sudden demands of cash such as due to illness in the family; act as margin money or 'equity' for borrowing, and to some extent, act as a collateral for repayment of loans, where savings are deposited with lenders. The experience of SEWA Bank in India for example, shows that women value a safe place to keep their savings as an important service.

Insurance is another important financial service for the poor, given their vulnerability to livelihood risks. Here one is not talking so much of life insurance but of crop insurance and insurance for income earning assets such as livestock and irrigation pumps. For certain occupational groups such as seafaring fishermen and miners, life insurance is important. Money transfers are an increasingly important service, as a large proportion of poor households have one or more members of the family migrating for part of the year or several years at a time, in search of work. Thus to focus on micro-credit alone and leave out micro-savings, micro-insurance and money transfers is myopic.

### Second Fatal Assumption

The second fatal assumption is that credit can automatically translate into successful micro-enterprises. This is the familiar debate of 'minimalist credit' strategies versus the 'integrated' approach to micro-enterprise promotion. Others (such as Mahajan and Dichter, *Small Enterprise Development*, Vol. 1, No 1) argue that there is no one correct approach and that the strategy for micro-enterprise promotion should be contingent on the requirements of

the situation, based on a systematic analysis.

Microcredit is a necessary but not a sufficient condition for micro-enterprise promotion. Other inputs are required, such as identification of livelihood opportunities, selection and motivation of the micro-entrepreneurs, business and technical training, establishing of market linkages for inputs and outputs, common infrastructure and some times regulatory approvals. In the absence of these, microcredit by itself works only for a limited and familiar set of activities - small farming, livestock rearing and petty trading, and even those where market linkages are in place. The Microcredit Summit Declaration did make a token recognition of this assumption when, in a shift from the draft to the final, they added 'other financial and business services' to credit.

### Third Fatal Assumption

The third fatal assumption is that the poorest all wish to be self-employed and can be helped by micro-credit. Most of the proponents of microcredit as the strategy for poverty eradication make the explicit assumption that the poor would all like to be self-employed. It is true that a certain proportion of poor people do like to take up small farming, livestock rearing, processing, manufacturing or trading activities, but usually they do so to supplement their income from wage-employment. A majority of poor people, particularly the poorest (such as landless labourers in India) want steady wage-employment, on- or off-farm.

Moreover, there is serious evidence that like all other 'single' interventions, microcredit works less well for the poorer clients. As David Hulme and Paul Mosley have shown in their important work *Finance Against Poverty* (Routledge, London, 1996), the increase in income of micro-credit borrowers is directly proportional

to their starting level of income - the poorer they were to start with, the less the impact of the loan. One could live with this finding in an imperfect world, but what is really troubling is that a vast majority of those whose starting income was below the poverty line actually ended up with less incremental income after getting a micro-loan, as compared to a control group which did not get the loan. This should stop recent converts from offering microcredit as the solution for poverty eradication, since it can do more harm than good to the poorest.

### Fourth Fatal Assumption

The fourth fatal assumption is that those slightly above the poverty line do not need microcredit, and giving it to them amounts to mis-targeting. Although several microcredit programmes, including the Grameen Bank in Bangladesh and its replicators, have a vast majority of their clients who are poor, mainly landless women, this is not true of a large number of other microcredit programmes, including India's self-help group (SHG)- bank linkage programme. Most microcredit programs mainly reach the upper layers among the poor and some, mainly those above the poverty line. Because the microcredit promise was to reach the poor, if not the poorest, this phenomenon is not well regarded.

Yet, access to credit by those who are not among the poorest is not very much better than for the poorest, and what is more, these people generate much needed wage employment opportunities for the poorest. In addition, it enables the microcredit channel to spread its costs over a larger base. To therefore treat any lending to those slightly above the poverty line as mis-targeting is naïve.

### Fifth Fatal Assumption

The fifth fatal assumption is that microcredit institutions can all become financially self-

sustaining. While one supports the overall move for financial self-sustainability, the assumption that this can be possible for all microcredit institutions, needs to be examined. Even the best cases take too long to get there (e.g. Grameen Bank of Bangladesh in its first 20 years) or have got there by shedding their NGO avatar, which needed early subsidies (e.g. PRODEM before it became Bancosol). India's SHG programme has grown big on the basis of external support to the one-time costs of group formation and on going group support costs. With political pressure to lower interest rates on loans to SHGs, even the variable costs are not being met in most places.

Recent studies by C-GAP show that only about a 100 of the 10,000 odd MFIs round the world are financially self-sufficient. Thus, the dual promise that microcredit is able to serve the very poor, and in a financially sustainable manner, is not borne out in practice. Experience shows that either one of these two mutually contradictory goals can be achieved, but not both together.

### Risks of the Microcredit-by-Itself-is-Enough Strategy

India has witnessed a large growth in microcredit over the last decade. By adopting and building on the work of a few pioneering NGOs like MYRADA, ASSEFA, PRADAN and DHAN, NABARD has helped make the SHG-bank linkage model now perhaps the largest microcredit programme in the world, with an outreach to nearly 24 million poor women, who have cumulatively received loans of over Rs 6,800 crore from banks. This is an achievement that we can all - NGOs, MFIs, NABARD, and the banks - be proud of.

But we should also not forget that the average loan size is around Rs 2,000 which is too little to even alleviate poverty, leave



alone lift a family totally out of poverty, or trigger local economic growth.

In many of the poorer states, it is still hard for SHGs to even open bank accounts, leave alone get a loan. In other states, where a large number of groups have been financed, there is an attempt by various political parties to interfere with interest rates and other terms on which the groups work, to cultivate this new vote bank. Thus there is a real risk that in celebrating the SHG-bank linkage microcredit program, attention is diverted from the larger problem of financial exclusion of the poor and banks are let off the hook from their real job.

A second risk that the poor may suffer as a result of an overemphasis on a microcredit strategy is the reduction in government budgetary allocations for other efforts at poverty alleviation, such as the well-trying but less dramatic strategies of investment in human capital such as through primary health and primary education programmes.

While there is no denying that such social sector programmes can be run more cost-efficiently and that they can be better targeted to the poor, the replacement of such programs with microcredit programs will be a double disaster for the poor. If the implicit subsidies to microcredit institutions are made explicit, then subsidizing microcredit programs versus subsidising social sector programmes can become an informed policy choice, rather than be carried out under the mistaken notion that the former will require only temporary and diminishing subsidies. But the implicit subsidies to microcredit, legitimate as they may be, are not being described or analysed.

Thus there is the risk of reducing the overall resource allocation for poverty alleviation and social sector programs. We need to recognise

that by pointing to numbers like the Rs 6,800 crore of bank credit to SHGs, politicians and the government can take attention off the fact that not enough resources are being put on more pressing needs such as nutrition, primary health and primary education.

We have to thank the Eleventh Finance Commission for recognising this and making additional allocations to the poorer states for precisely these things. But, as the mid-term review of the Tenth Five Year Plan shows, the progress on most of the Millennium Development Goals (MDGs) is tardy and no amount of microcredit is going to make up for that.

### **Microcredit and Economic Growth**

What should then be done to make microcredit become a true instrument of poverty alleviation, and even further, for economic growth?

In an impact assessment study carried out by BASIX 6 years after inception, we found that only 52% of our 3-year plus microcredit customers reported an increase in income, 23% reported no change while another 25% actually reported a decline. What was the reason for this? Our analysis showed that the reasons were unmanaged risk, low productivity in crop cultivation and livestock rearing and inability to get good prices from the input and output markets.

Based on this study, BASIX revised its strategy and now offers microcredit along with a whole suite of insurance products covering life, health, crop and livestock. For enhancing productivity, a whole range of agricultural and business development services are being offered to borrowers. For ensuring better prices, alternate market linkages are being facilitated both on the input and output side. Producers are encouraged to form groups and

cooperatives, which are then given institutional development services to become more effective.

Since microcredit is able to address the livelihood problem only peripherally, we need to broaden the paradigm from microcredit to livelihood finance. Let me explain the term first. Livelihood finance is a comprehensive approach to promoting sustainable livelihoods for the poor, which includes:

### **Financial Services**

- Savings
- Credit both short and long-term, for investment in natural resources: land, water, trees, livestock, energy
- Insurance for the lives and livelihoods of the poor, covering health, crops and livestock
- Infrastructure finance: roads, power, market places, telecom, as needed
- Investment in human development including in nutrition, health, education and vocational training

### **Agricultural and Business Development Services**

- Productivity enhancement
- Risk mitigation, other than insurance (such as vaccination of livestock)
- Local value addition
- Alternate market linkages

### **Institutional Development Services**

- Forming and strengthening of various producer organisations such as self-help groups, water users' associations, forest protection committees, credit and commodity cooperatives, panchayats
- Establishing systems for accounting, performance measurement, incentives, MIS, etc.

Seen in the above context, microcredit pales into insignificance as a 'solution' for poverty

alleviation and promotion of livelihoods. Microcredit by definition is a single intervention: small loans, given for short durations, with repayments beginning as quickly and as frequently as possible. Moreover, whether given through SHGs, Grameen Bank style groups, joint liability groups or directly to individuals, most microcredit eventually is loans to individuals, not to any collectives.

In contrast, livelihood finance will require large amounts. It may need more than just loans (it may need equity or risk funds and indeed some public subsidies). It will invariably be for long durations, at least 5 and maybe 20 years, and its use will almost always be for collective purposes. Thus, microcredit and livelihood finance are fundamentally different.

I had tried to explain the difference in a lecture in January 2004, in the memory of my colleague the late Jimmy Mascarenhas (From Microcredit to Livelihood Finance, NewsReach March 2004). To repeat, let me take you to a village called Rozkund in the Bijadandi block of the Mandla district of Madhya Pradesh, truly the heartland of India, known for the Kanha Tiger Reserve. The village is 16 km from a tarred road. The district was densely forested, though now the forest cover is denuded near inhabited areas. The rainfall is plentiful, between 1,200-1,400 mm per annum. The soil cover is still good. The inhabitants are mainly tribals - the Gonds, who till a generation ago lived off the forests and patches of valley land, irrigated by rivulets.

### **The Story of Anokhe Lal Gond**

Anokhe Lal Gond, a resident of Rozkund, has 3 acres of cultivable land and a separate patch of 2 acres on the hill slope. He has about 20 livestock, including a scrub buffalo, 2 cows, a pair of bullock and a dozen



goats. He is married and has 3 children, and his old mother lives with him as his father is no more and his brothers have separated. Anokhe is unable to make a living from his land and goes to Jabalpur, about 100 km away for about 6 months every year. His wife joins him for part of the time but comes back after every 2 weeks to look after the children and the cattle. With all this, we estimate Anokhe Lal's annual income to be Rs 15,000, putting him squarely below the poverty line.

On first sight, Anokhe Lal looks like a potential candidate for microcredit. But I maintain microcredit will not benefit him much, if at all. Let us take the typical microcredit loan, through the SHG route, which his wife could get by being a member of an SHG. For this, she will have to join an SHG, which someone, perhaps an NGO or a government agency would have to form. No such agency is in sight. But even if an SHG were formed, and then its members met and saved regularly, it would take a bank at least 18 to 24 months before the SHG would qualify for a loan. By that time Anokhe's wife would have saved say, Rs 20 per month, or Rs 360 in 18 months, to eventually get an SHG loan of perhaps Rs 1,000 or Rs 1,500. What would Anokhe and his wife do with this loan?

- They cannot level or bund their 3 acres of farm land, to conserve soil cover and rainfall, since it requires at least Rs 3,000 per acre or Rs 9,000.

- They cannot dig a well, which they need, since that requires Rs 20,000 and which, if it has not to dry up requires treatment of the watershed.

- They cannot buy a diesel pump and pipeline to raise water from a nearby stream, since that needs another Rs 15,000. The stream also requires watershed treatment if it has not to dry up.

- They cannot buy a buffalo, for that needs Rs 9,000 even for a graded Murrah, and even if

they do, without insurance, it can be a major risk. Once bought, it needs fodder, feed, veterinary care and the milk will have to be sold outside the village.

- They cannot plant trees on their 2 acres of sloped land, since that needs Rs 5,000 and the trees need protection from grazing for the first three years.

- They cannot get a road to their village or an electric line to their field, since the proportionate cost of each of these is Rs 15,000, or Rs 30,000 for both a road and a power line.

- They cannot educate their elder daughter beyond the local school, as it will need Rs 12,000 for her to pass a Teacher's Training Course.

### Positive Rate of Return

Yet, each of the above 'investment' opportunities has positive rate of return, shown by numerous World Bank and NABARD studies to be in the range of 25-30% and more. But all of them require larger, longer-term loans, with long moratoriums and no possibility of repayment for a number of years. Repayment is not only after a long-term but it is also rife with all kinds of uncertainties, since there are a number of externalities in the projects. This is the kind of situation, which makes financial institutions shy away.

Even if, we found a financial institution to give a loan for any or all of the above investment opportunities to Anokhe Lal, he alone cannot make much use of it, because almost all of these require collective action. Even digging a well in his own land, which looks like a simple, private thing to do, is no good, since unless the ridges and slopes overlooking the valley where his land are treated, the chances are that the water table will go down in a few years and his well will dry up.

Even if Anokhe gets water in his well, for

him to make a return on investment on his well and pump, he will have to at least partially grow cash crops such as vegetables and there is no way he can sell those, being 16 km away from a tarred road. In any case, drawing water from a well using a diesel engine is expensive, so unless he can get electricity, there is no point having a pump.

Thus, if the productive base of the village has to go up, it cannot be just for Anokhe Lal alone, but for a much larger number of farmers, if not all of them. This necessarily means they have to be brought together in various groups - SHGs for savings and credit, watershed groups for land and water conservation, forest protection committees for regenerating the degraded patches.

Thus, in one shot of reality, we find that an Rs 1,500 micro-credit loan is at worst an apology for no access to formal credit, and at best a palliative to be used to smoothen consumption in those months when Anokhe and his wife cannot even migrate to Jabalpur.

What Anokhe needs is not microcredit but livelihood finance. In that paradigm, the Livelihood Finance Institution (LFI) would begin with forming SHGs, not for disbursing credit but for encouraging savings and building a sense of solidarity. Other institutions - farmers' club, watershed committee, forest protection committee, and dairy cooperative - in the village would also be formed or strengthened. Over a period of a few years, investment would be made on all the above projects, adding up to Rs 100,000 just for Anokhe Lal's household.

But we need to remind ourselves that livelihood finance is not only about finance. For the land treatment to work, the trees to grow on the land on the hill slope, and for the road

to be built, functioning local institutions such as watershed committees, forest protection committees and panchayats are needed. To sell his vegetables or milk from his buffalo, in Jabalpur or Mandla, Anokhe needs to get together with other farmers, to transport the produce collectively. As we know, this rarely happens on its own. Some outside motivation and initial training is needed, from an NGO or a specialised agency such as an NDDDB team forming dairy cooperatives. Once formed, to function effectively, these groups, committees and cooperatives require regular handholding and ongoing institutional development. Intangible though that process is, it also requires an investment. Let us say this will need 25% on the Rs 100,000 of project investments we mentioned above.

After several more years, as the projects start yielding benefits, Anokhe would get a (back of the envelope) return of Rs 25,000-30,000 per annum and after paying interest and principal instalments, he would be able to increase his net annual income by at least 50-60%. He would also diversify his livelihood portfolio, reduce the risk due to rain failure after the crop is flowering and generate much needed work for his wife and his mother, while staying in their village. The investment would generate wage employment for landless families in the same village for an additional 60-120 person days. It would conserve land, water and increase the tree cover. Anokhe's eldest daughter could study and become a teacher, and the additional income would also enable the two younger children to finish school, and perhaps even pursue higher studies.

### To Eradicate Poverty

So, to get out of poverty permanently, Anokhe Lal and 40 million households like his, each need Rs 100,000 worth of direct investment, and another 25% of that amount as institu-



tional investment to make it work. Multiply and you arrive at a figure of Rs 500,000 crore (about US \$120 billion). This sounds like a large figure, almost 25% of India's GDP. But is that too much investment to eradicate poverty, while rebuilding the natural and human resource base of our country?

Even if India were to spare 2.5% of its GDP for livelihood finance on an annual basis, the task could be completed in a decade and we would still be in time for the 2015 deadline of the Millennium Development Goals for halving poverty. In any case, if we take into account that the Golden Quadrilateral and related highway works will cost the nation Rs 100,000 crore, and that the proposed river linking system is supposed to cost Rs 500,000 crore, livelihood finance is not such an expensive idea.

Thus, I wish I could say that microcredit can by itself promote economic growth. In reality, microcredit is barely adequate even as an instrument for poverty alleviation, leave alone economic growth. To serve the purpose of economic growth, we need a new paradigm of livelihood finance, with much larger levels of resource allocation, both from the public resources as well from the capital markets.

### **Towards a National Strategy**

So what's needed to adopt livelihood finance as a national strategy?

- Step one should be an intellectually rigorous analysis, careful crafting of the concept and then a wide and open debate on the idea of Livelihood Finance. The existing experience of both government and NGO projects in natural resource and human resource development should be thoroughly examined for lessons.
- Step two should be convincing the capital markets that Livelihood Finance is a good deal, and that the risk adjusted returns in it

are comparable to or better than well accepted investments such as "housing finance", which all banks are chasing with lower and lower spreads.

- Step three would be ushering institutional changes in the way our natural resources are owned and managed. New models will have to be developed which ensure a congruence of interest for the state, the community, and for the investors.
- Step four is ensuring that high quality human resources are made available to work close to the ground in the districts, where all the implementation is done, in places like Bijadandi. Only highly capable and committed human beings working at the grassroots can make livelihood finance benefit people like Anokhe Lal and his family.

I want to end by reminding ourselves of Dr Swaminathan's own views on the Green Revolution. Although he was one its foremost architects, as he realised the negative effects of the 'high yielding variety, high chemical fertiliser, high pesticide, high irrigation' strategy, both in terms of the environment as well as in terms of enhancing inter-farmer and inter-regional disparities, Dr Swaminathan changed his prescription in favour of sustainable agriculture, or what he calls the 'ever-green revolution'. It is the sign of a great leader to accept the flaws in what was a right prescription in different circumstances.

Microcredit and the SHG-bank linkage programme was the right remedy for the ills of a banking system rendered hostile to the poor after the excesses of the IRDP under which they were forced to lend to a government generated list of poor households. It is time the proponents of narrow microcredit and the SHG-bank linkage programme move from this to the more holistic concept of livelihood finance.

## **Building Pradan for 2015**

**The task of crystallising a vision for Pradan in 2015, the first phase of an exercise to identify challenges and opportunities in 2015, has been completed**

**Nivedita Narain**

In November 2004, Pradan launched an initiative to identify challenges and opportunities in 2015, and ways in which Pradan can grow to meet these challenges. Well-known organization development consultants Dr Rolf Lynton and Dr Deepankar Roy facilitated the process. It was steered by Pradan's Executive Committee and guided through by a consultative group of over 50 professionals with 6 or more years of work experience in Pradan. The Swiss Agency for Development and Cooperation (SDC) is supporting the initiative.

The first phase of collectively crystallising a vision for 2015 came to a close in May 2005. This involved extensive consultations with poor families, external stakeholders from a variety of sectors such as business, finance, higher education, Panchayat Raj institutions (PRIs), donors, media, etc., and all Pradan staff.

### **Background**

Pradan is in a unique stage in its organisational life. It is now in a position to grow rapidly, to reach many more poor people. Today it is one of the largest voluntary organisations in India engaged in promoting livelihoods among the rural poor, working with about 100,000 poor families in 7 states.

Pradan has developed a portfolio of effective programmes to improve livelihoods of the poor. It has built effective systems to recruit

and train educated youth as development workers in significant numbers. It has strong internal systems and a large pool of potential leaders in the form of more than 50 professional staff members who have over 6 years experience in rural development. Pradan enjoys the support and goodwill of the people with whom it works in villages and an array of public and private institutions concerned with poverty alleviation.

This is therefore the time to make long-range choices. While growth in outreach is an imperative, it is crucial to look at scaling up rapidly rather than in increments. In order to do so, Pradan addressed the following questions:

- How does Pradan grow or multiply very fast?
- Are there alternatives to the present set-up with a centre and branches?
- Are there ways to combine the advantages of being large with those of being small and free-spirited?
- What about issues such as resource mobilisation, leadership, creativity and entrepreneurship?
- What structures are more suited to development professionals applying themselves for others (the poor)?

The process was divided into 3 broad phases (see table 1 on page 10). They were:

- Building a vision for 2015
- Designing Pradan in 2015
- Implementing the design from April 2006



**Table 1: Events and Outputs for Pradan 2015**

Events	Outputs
External consultations	About 200 interviews with group-wise stakeholders
Staff consultations	7 regional consultations with 270 staff members
Processing the above information by 50 professionals with 6+ years in Pradan	Nature of external linkages, nature of poor and development tasks
Staff consultations at annual retreat with 180 professional staff	Nature of external linkages; nature of poor and development tasks
Vision 2015 by 50 strong leadership pool with 7+ years of experience	Finalised nature of poor, finalised development task, finalised linkages and internal components of initiated thought

### Building a Vision

The first phase of building a vision, from November 2004 to April 2005, has just come to close. This interim report focuses on how this vision was built. Pradan engaged in this process without preconceived notions, ideas and strategies, save the fundamental goal of making a significant and positive impact in the lives of poor people in rural India.

Pradan 2015 is an initiative to develop a collective vision and shared understanding of the development scenario in 2015, and to formulate concrete action steps to address the projected challenges. Internal consultations elicited the views of Pradan staff about the likely development scenario in 2015 and how Pradan might position itself at that time to achieve maximum impact. External consultations sought to crystallize the perspectives of potential supporters and collaborators vis-à-vis rural development in 2015 and the role they perceive for Pradan.

The Executive Committee and 2 co-opted members of Pradan's staff steered the process through the ensuing 6 months, until May

2005. Data generated through consultations was processed and vetted by a Consultative Group (CG) of 52 Pradan professionals with more than 6 years experience in Pradan. A secretariat of 3 professional staff members based in the head office anchored the process.

Pradan followed the Institution Development (I-D) Framework, evolved by Dr Rolf Lynton and others (see box 1). It provides a comprehensive, rigorous and orderly way to look at various components of the institution that need to be worked on.

This report provides an overview of 2015, in terms of external expectations, internal aspirations, nature of poverty and poor people's aspirations, Pradan's development task and Pradan's linkages with the external world. It also outlines the next steps towards designing Pradan in 2015.

### External Expectations

The Steering Group identified stakeholder groups in Pradan's world. These included the finance sector; media; NGOs; progressive farmers and educated youth; political par-

### Box 1: The I-D Framework

The Institutional Framework (I-D) Framework has 5 internal and 6 external components. The 5 internal components are:

- I-Doctrine (=Mission, Policies, Norms)
- Leadership
- Programme
- Resources
- Internal Structure

The six external components = linkages to the institution's environments are:

- Enabling (to assure communal, e.g. legal acceptance)
- Normative (to tune into and out of current standards)
- Functional (to deal with, e.g., clients, suppliers et al) - financial
- Diffuse (to build and maintain wide-spread good will)
- Collegial (to stay in touch with individual and institutional expertise)
- Supportive personal (to access personal counseling coaching)

Classic imbalances occur between

- Internal and external components
- Functional and enabling linkages,
- Normative and diffuse linkages (most neglected)
- Overload and conflict (through making easiest linkages serve many purposes)

ties; spiritual gurus; donors; government and quasi-government organisations; Panchayati Raj institutions; higher educators; resource institutions and technical experts; modern technology; special interest groups including environmental, gender, rights based, etc., and market institutions, traders, business houses and business associations.

Views of stakeholder groups were collected through structured interviews. The Consultative Group then took charge of the process of painting a picture of 2015, based on these views of stakeholder groups, by drawing implications for Pradan's development.

The most important expectation that emerged from consulting external stakeholders was that Pradan needs to proactively collaborate with them rather than be receptive to external influences. This implies a major shift from Pradan's present stance.

### Nature Of Poverty And Poor People's Aspirations

A clear view of the nature of the poor and their aspirations in 2015 emerged from interviews. Geographically poverty is concentrated in the north and eastern states of the country. The poor in 2015 are those who are unable to migrate out of their villages, which include old people, women-headed families, the disabled, people in poor health, and women in migrant families. In cities, migrant workers, unskilled workers and new arrivals are poor.

Poor families have unequal opportunities, and are discriminated against in a variety of ways (caste, class). They are unemployed, vulnerable and exploited. They have no access to basic amenities. They are very aware that their rights and entitlements are not being upheld and that justice is not being done. Many are aggressive as they cannot claim these, and there is widespread frustration and hopelessness at their low bargaining power.

The poor aspire to bring about changes in their lives. They have well articulated expectations that include no distress migration, education for the children, adequate drinking water, better communication and infrastruc-



ture (road, telephone, vehicles). There look forward to reduced liquor consumption and better food security. They aspire to better housing and health and medical facilities.

The poor will demand diverse services and will be ready to pay for quality services. In the area of livelihoods, for instance, poor families seek marketing of their produce; fair price for their produce; need more savings, credit and insurance services. As natural resources get degraded, they seek alternatives to potential scarcity of water in rural areas and there is growing demand for alternative fuel energy (as fuel wood will be scarce.).

Poor people see Pradan working to improve the lives of women and the poor by *marg darshan* (showing the way). Pradan would help them enhance their knowledge and skills through training, working on health, linking with markets (arranging inputs, promoting trading of commodities and sale of outputs, etc.) and introducing new ideas.

Pradan would also work to improve their access to suitable savings, credit and insurance services; promotes farm and non-farm job opportunities in rural areas; foster resource husbandry (harvesting water, irrigation) and its management, and builds skill and knowledge for livelihood diversification (fish production, horticulture, etc). It would create revenue models for delivery of services and promote entrepreneurship and business development with village youth. Poor people also wish to see Pradan people active in politics.

### Internal Aspirations

Internal consultations aimed to elicit the views of Pradan staff about the likely development scenario in 2015, their energy flows, and how Pradan might position itself at that

time to achieve maximum impact. A fairly clear picture emerged. The staff felt that energies will flow towards exploring new poverty pockets and areas, building teams to increase Pradan's outreach, and enhancing Pradan's image as a large livelihood promoting organisation.

The staff also felt that strengthening livelihoods involves a sub-sectoral approach to strengthen existing livelihoods and create new opportunities, mitigating risks, adding value, increasing productivity, upgrading technology, introducing environment friendly technologies (e.g., bio-fertilizer and vermicompost), accessing new markets (e.g., design and position rural and tribal products in international market, export forest based products), etc. Pradanites would work at multiple levels, creating strong linkages for poor people and their organisations, (e.g., to integrate the supply chain, access local and global markets and the service sectors, expert agencies, etc.).

Energies would simultaneously flow towards ensuring family well-being; dignity; including the excluded; making the village (and poor families within) significant actors in the Indian economy, and demand their entitlements and rights related to livelihood resources (financial services, land, forest and water rights).

Building and nurturing people's institutions would be another key area of work, the staff felt. It would involve building a wide range of organisations (co-operatives, producer companies, business entities, community retail shops, provision of various services, self help groups, cluster bodies for health and sanitation, etc.) with relevant linkages to address livelihoods and broader well being issues of poor people. This would involve setting sys-

tems that help the community manage operations of different activities by itself; sending Pradan staff on deputation to strengthen these institutions; building cadres of local people to provide services as employees of these community based organisation or as entrepreneurs, etc., and establishing and managing bankable models and enterprises.

Pradanites energies will flow to influencing policy to be pro-poor. Pradan's Research and Development wing would spread ideas of grassroots development action across the world and reduce the gap between lab and land. Pradan would also promote a university system or college for young people interested in rural development as a vocation. Internal HRD would be an important area and Pradan would sensitise, mobilise and build capacities of professionals and mobilise more women professionals into development. Overall Pradan would bring in and build a large number of development professionals.

Mobilising resources would be a major area of energy flows. Pradanites would mobilise large funds for infrastructure development and livelihood promotion from government, while meeting part of Pradan's own operational costs from activities, commercialise various small producers institutions and help them access cheaper credit. Pradan staff's energies would also flow to setting up a micro finance bank, to help poor people link with the finance sector;

Pradanites would collaborate with a variety of actors. This includes helping panchayats for development planning; drawing synergies between market and politicians; building linkages with government, resource institutions, markets, NGOs and PRIs for livelihoods and to ensure poor people's access to health and education; linkages with business hous-

es, corporates, media, markets (global and local); collaboration with government for planning and leveraging funds, etc. Pradanites energies would also flow into their own development as individuals and professionals.

### Implications for Pradan's Development

This has a variety of implications for Pradan's own development. As an organisation Pradan would need to play various roles (building linkages for poor people and their organisations with the external world, training, marketing, fund raising, managing professionals, research, etc.) and proactively collaborate with a variety of actors.

Pradan would need to mobilise government funding sources for large-scale finances. It would need to be a resource to others in the sector, building capacities of government staff, NGOs, other support organizations, etc. Pradan would need to collaborate with resource institutions and experts for training people, leadership training, organisation development know-how etc, as these roles would come to the fore.

The push for increased outreach would require a high degree of innovation in approaches, livelihoods, building peoples' institutions to take charge of livelihoods services and processes, developing institutional mechanisms to manage service providers and finances, and training modules. Pradan also has to respond to the aspiration of professionals, to accommodate their needs for space, growth, autonomy, flexibility, ownership and creativity.

Pradan's own livelihood portfolio would be extremely diverse. The struggle to manage quality while ensuring quantity highlights



the need for creative approaches coupled with strong systems. Pradan would need to ensure better returns through its interventions, at lower costs.

A sectoral livelihoods focus on a large scale would mean that Pradan has to pay attention to engage closely with the market (e.g., standardising quality norms and certification, trade policies, product branding, developing a different profile of cadres for marketing, sales and promotion, insurance products for risk coverage, etc.). There will be a need for balancing a sectoral livelihood focus with well being issues of poor people and marginalized sections of society.

As Pradanites would manage programmes on behalf of the poor, simultaneously building their capacities and institutions to take charge, there will be a need for strong systems and processes (financial, management control systems, etc.) with well-developed indicators, and a high level of automation and data processing capacities across geographical space and producer entities. Many more Pradan professionals would be deployed to run surrogate peoples institutions in the initial years. As people's institutions mature with large-scale financial transactions, these would become centres of power play.

Pradan would require large numbers of people to achieve this growth, and needs to raise huge financial resources for programme investments, and to meet its own costs. Policy advocacy, and research and development would require Pradan to focus on documenting, publishing and dissemination, collaborating with media and resource institutions, set up norms and standards for performance, etc.

There would be exchanges of professionals between Pradan and other agencies. Pradan

will need to design capacity building modules for other actors who engage with poor people and their institutions, too, perhaps through a distinct set up for training and resource development (knowledge creation, curriculum development, organising logistics for training, etc).

Pradan would also need to allocate resources for capacity building of professionals. This would be a key area requiring attention, as Pradan needs to prepare itself to handle new tasks and roles that include building self-reliant autonomous community institutions, collaborating with multiple stakeholders, programme management, promoting large-scale livelihoods, addressing issues of entitlements and access to basic services, the need to be media and technology savvy, need to acquire more knowledge in other fields -health, education, legal rights, alternate energy, institution building, trade of organic product, certification etc. Pradanites would therefore need standardised training modules to impart knowledge and multiple skills. Pradan also needs to revisit its mission statement, goal and development task in 2005.

### Development Task 2015

The Development Task in 2015 thus captures the essence of a series of deliberations, reflecting the hopes of poor communities, aspirations of Pradan staff, and expectations of external stakeholders (See table 1).

### New Stance

In a significant shift of stance from 2005, Pradan will proactively seek out partners with common areas of interest in 2015, in the context of the development task. It will orchestrate the web of partners, keeping the needs of poor people in focus. Pradan will enter into a relationship of give and take, also helping 'others' in order to achieve common developmental tasks.

**Table 1: Development Task 2015**

<b>Operational Area</b>	<ul style="list-style-type: none"> <li>● Rural areas in current 7 states</li> <li>● To explore: North-eastern states, Eastern Maharashtra</li> </ul>
<b>Coverage</b>	<ul style="list-style-type: none"> <li>● 100 districts (6% of the population &lt;\$1 a day)</li> <li>● 400 blocks, 23,000 villages</li> <li>● 250 SHGs per block</li> <li>● 1.5 million families</li> </ul>
<b>Tasks</b>	<ul style="list-style-type: none"> <li>● Promoting sustainable livelihoods based on integrated NRM and non-farm enterprises</li> <li>● Motivating, mobilising and building capacities of community members</li> <li>● Identifying, adapting and promoting technology; experimentation</li> <li>● Fostering functional mechanisms, including community organisation and external linkages</li> <li>● Fostering mechanisms for sustained impact, growth and spread</li> <li>● Enabling poor people access basic amenities and claim rights and entitlements</li> <li>● Promoting and nurturing viable people's institutions</li> <li>● Setting up service enterprises</li> </ul>
<b>Approach</b>	<ul style="list-style-type: none"> <li>● Working directly with poor communities in the spirit of enabling communities to build upon their skills, initiative, resources and entitlements rather than delivering services or solutions</li> <li>● Developing people's stakes</li> <li>● Identifying, reorienting and nurturing functional leaders in the community</li> <li>● Helping communities learn to effectively deal with mainstream institutions</li> <li>● Creating pools of resource people and service providers</li> <li>● Collaborating with PRIs, NGOs, government, resource institutions</li> <li>● Policy advocacy</li> <li>● Generating awareness of rural issues through media</li> <li>● Prototype development</li> <li>● Mobilising financial resources</li> <li>● Expanding pool of development professionals</li> </ul>

### Next Steps

With Vision 2015 in place, Pradan is now ready to systematically craft the structure, processes, leadership and resources required in 2015. A Working Group on Structure 2015 was constituted in June 2005. This group plans to present alternate structures to the Consultative Group by October 2005. Pradan would then work backwards to identify what

the scenario would look like at different time points (2012, 2009 and 2006) and develop a plan for implementation. This process is expected to be completed by March 2006, and ready for implementation by April 2006.

*This article is excerpted from Pradan 2015: An Interim Report, July 2005*



## Rearing Stall-Fed Goats in Alwar

Pradan's pilot project of raising male kids for meat in Alwar district of Rajasthan has yielded positive results

Naveen Jha

Each year Pradan's field teams pilot new activities in various areas and expand outreach of mature sectoral programmes to new locations and families. Pradan teams have piloted goat rearing as a source of livelihoods in Madhya Pradesh, Rajasthan and Orissa. This article presents a case study of an initiative to promote the fattening and sale of male goat kids as a source of livelihoods for poor people in Rasgan village of Ramgarh block in Alwar district of Rajasthan.

Pradan has been working in Rasgan since 1999. The field team promoted village-level organisations of poor women to develop two micro-watersheds supported by the government's Employment Assurance Scheme (EAS), constructing 20 paals (earthen dams), 6,000 running meters of contour and field bunds (embankments), 8 spillways and 3 johads (tanks). The team focused intensively on agriculture and dairy as sources of livelihood, mainly with Meo (local Muslims), scheduled caste and Odh Rajput families.

The team found that it was not able to engage Odh Rajputs in development activities, although they were the poorest in the area. These families usually migrated to Punjab as agricultural labour, primarily to pluck cotton and sow paddy. It was their main source of cash income (about Rs 3,000 to Rs 4,000 in 2 months), which the families used to survive during the lean agricultural months.

Regular migration in this community also posed a challenge to Pradan as a development agency, as the families could not nurture any village-based institutions such as self-help groups (SHGs) and co-operatives. After various rounds of consultation with them, the team introduced male kid fattening in 2003 as a livelihood option with 22 Odh Rajput families in Rasgan village.

### Programme Design

The poorest community in this area, Odh Rajputs constitute 35% population. Migrants from Sindh in Pakistan after partition, they were daily wage earners engaged in earth-work, farm labour and rearing small cattle and goats. The government allotted 16 bighas (4 hectares) of land to each family in 1947. The land is of poor quality, compelling the families to subsistence farming. On the main they were forced to migrate for daily labour. They also reared cattle and goats for a supplementary income.

Dairy, Pradan's main intervention in the area, was not attractive to them as they were traditional shepherds in Sindh. They also sought activities that provided lump-sum income rather than a supplementary weekly or fortnightly flow of cash.

Fattening male goat kids was an attractive proposition to these poor families. Linked with the Muslim festival of Bakrid, the activity starts 5-8 months before the festival and

ends with the festival sales. Each family can earn Rs 5,000 to Rs 12,000 in this cycle of 5-8 months from a batch of 3-5 kids. Meat is the output of this activity. Women are the main rearers in the families, with marketing taken care of by the men, who access markets in faraway places such as Mumbai, Delhi, etc.

The intervention involved forming SHGs of Odh Rajput women to access commercial credit; purchasing healthy kids; reducing castration mortality and weight losses; providing quality feed and supplements; ensuring timely veterinary support, and marketing.

### Accessing Credit

Pradan facilitated the forming of SHGs of poor women so that they were able to pool savings, lend it among themselves to meet small credit needs and leverage credit from banks. Banks in this area tend to require monthly repayments of the principal loan amounts from SHGs. They also restrict themselves to a savings-credit ratio of 1:4 or 1:6.

Pradan negotiated with bankers and encouraged them to assess the business potential of this activity. The bankers responded to this new idea by providing 'bulk loans' of Rs 3 lakh each to 3 SHGs, at an unprecedented savings to credit ratio of 1:12. They also specially designed these 'bullet loans', where the interest component of the loan was repaid in monthly instalments and the entire principal amount was repaid in one shot after the goats were sold.

Traditionally, these groups are not good repayers of loans, mainly because credit instruments have not been designed to meet their special needs. The negative experience of repayment in the Integrated Rural Deve-

lopment Programme (IRDP) is a case in point. However, the experience of this pilot initiative was completely different. There has been 100% repayment over the past 2 production cycles.

Encouraged by this positive trend, the State Bank of India is now willing to extend loans to all interested SHGs for this activity. It is important to note that the entire activity is based on commercial loans and there is not subsidy component.

### Purchasing Healthy Kids

Purchasing healthy kids based on colour, shape and size is of paramount importance in this activity because they are closely linked with buyer (Muslim) sentiment. While buying kids during the festival of Bakrid, Muslims prefer goats that are black with white spots, white with black spots and reddish brown.

The breeds that suit these requirements are non-descriptive. Popular wisdom holds that Jamanapari, Sirohi and local breeds have been crossed to arrive at these desired characteristics. This crossbreeding has resulted in 2 new non-descriptive breeds locally known as Nagphani and Totapari. These breeds efficiently convert feed into meat and fetch premium prices. The rearers were therefore encouraged to buy these breeds.

### Reducing Castration Mortality

Castration mortality is a major problem in this area. The traditional ways of castration are unnecessarily cruel and painful. Around 30% of the kids do not survive castration. Those who survive take over a month to recover and then gain weight very slowly.

In order to address this problem, Pradan trained 3 local paravets to carry out castra-



tion using modern sanitary methods. As a result, mortality due to castration has been reduced to zero.

### Quality Feed

The Odh Rajputs traditionally free graze the animals. This results in slow growth and wide prevalence of diseases. Managing the herds also becomes difficult. Pradan held extensive discussions with the rearers and convinced them to stall feed the goats. It helped the families to locally design low-cost feeders depending on herd sizes. The poor families innovated and adapted this in a variety of ways.

Rearing the kids takes about 8 months. For the initial 4 months, the rearers fed each animal 1 kg of feed comprising 50% maize, 20% wheat and 30% dhaincha. The animals were also fed 3-4 kg of dry and green fodder. In the next 4 months, the feed was increased based on how much a particular animal demanded. The rearers ensured that the feeders were always well provided. In last 15 days 100 gm of mustard oil is added each day and the goats are regularly bathed.

### Veterinary Support

Lack of timely veterinary support (preventive and curative) was also a felt need among the rearers. Pradan ensured that each rearer family has a medicine kit containing essential medicines. The rearers also hired a veterinary doctor, who visited the village twice a month to check the general health of the male goats, and review, monitor and resolve issues raised by the local paravets. The rearers pay the fees of the veterinary doctor.

### Marketing

The goats are collectively transported (about 120 kids to a truck) and sold in Mumbai and Delhi before Bakrid. The market is unorgan-

**Table 1: Rasgan Pilot Outcomes**

Particulars	2004-05	2005-06 (plan)
Families	43	78
Male kids	268	400
Investment (in Rs lakh)	10.48	18
Sale value (in Rs lakh)	15.36	26
Net profit (in Rs lakh)	4.88	8
Average family income (Rs)	11,350	10,260
Average profit per goat (Rs)	1,820	2,000

ised and prices are based on the appearance of the animals.

### Outcome

In Rasgan the average income per family from this activity ranges between Rs 8,000 and Rs 28,000 depending on herd size. The average income was Rs 11,350 in 2004-05 (see table 1). The average income from an animal was Rs 1,800. The rearers are paying for all veterinary costs. They have learnt to value the usefulness of stall-feeding.

This activity has had other positive outcomes. All families involved in it have stopped migrating for wage labour. A more settled life in the village has resulted in indirect benefits such as regular schooling for the children.

## Incorporating Women's Issues into Pradan's Work - II

Experiences of various organisations would help Pradan to integrate women's issues while promoting livelihoods for the rural poor  
Jui Gupta

### Visit to Mahila Samakhya, Chitrakut, Uttar Pradesh

Although a government programme, Mahila Samakhya works as an independent NGO to empower disadvantaged rural women through knowledge transfer, capacity building and developing grassroots institutions among them. Its programme motto is empowerment through education. The strategy it employs is one that addresses the contexts of these women rather than coming with a predetermined approach. The women are organised into self-help groups (SHGs), which are utilised as learning groups. Facilitators and resource persons of Mahila Samakhya assist these SHGs.

Mahila Samakhya is one of the best-designed programmes started by the government for women's empowerment. Eminent feminists, academicians and intellectuals conceptualised this programme. The basic objective was to educate women by information dissemination, awareness creation and by creating a space for rural poor women to discuss their own issues. The programme was launched simultaneously in many states of India.

Mahila Samakhya started as a pilot project in 10 districts in Uttar Pradesh, Gujarat and Karnataka during 1988-89. It has since grown into a programme of scale and is currently being implemented in 60 backward districts in the country covering over 9,000 villages in 10 states. It is estimated that over two lakh

women are actively mobilized and organised by the programme with a much larger number being impacted indirectly.

The programme focuses on the following:

- Providing education to women and children, especially girls and child labourers;
- Promoting health awareness;
- Facilitating livelihood options, savings and credit, access to government resources, natural resource management;
- Building capacities so that women are able to participate in local governance;
- Ensuring effective delivery and functioning of government services and structures, and
- Articulating women's concerns and tackling social issues like alcoholism, violence against women and child marriage, and challenging and changing traditions that discriminate against women.

SHGs meet at regular intervals, and Mahila Samakhya facilitators and resource persons attend many of these meetings. SHG members discuss various issues related to their lives, such as education, health, political empowerment, legal literacy, livelihoods, violence, alcoholism and institutional self-sustenance. Small games are also organised to facilitate learning, and more formal workshops and *melas* (fairs) are organised from time to time.

Most SHG members are illiterate, others are either only functionally literate or have very little education. So, personal face-to-face



interactions have continued to be the main knowledge transfer strategy for Mahila Samakhya. Within the obvious constraints of these means, Mahila Samakhya still has shown significant outcomes. Internal capacities within SHGs and their federations are being developed, aiming for self-sustaining learning networks. Every SHG woman is a member of one theme group or the other, and these theme groups meet separately across SHGs, developing knowledge bases and capacities in their particular theme area.

The main functionaries of this programme are called *sahayoginis*, who are village women with some education (8th -10th standard) and good communication as core strength. They are paid Rs 3,000 per month. The *sahayoginis* are given charge of 10 villages. Each village would have identified a potential *sathin* selected from the village itself. The *sahayoginis* work in close association with the *sathins*. The primary work of the *sahayoginis* is to motivate the women to organise themselves, form *mahila mandals* (SHGs) and meet at regular intervals to discuss things related to their present condition.

One of the main tasks of *sahayoginis* is to help the women to understand their life, their problems, rights and duties. As the rapport with the women increases, different aspects are discussed that include:

- Analysis of patriarchy
- Gender analysis
- Control and access over resources and their own earning
- Subjugation of women
- Role and responsibilities of men and women
- Sanitation, health and entertainment
- Food, nutrition, hygiene and food security
- Hours spend in income generation.
- How to handle situation of inequality in a non-threatening manner

- The mechanism to deal with various situations and how to strike deals and negotiate some core beliefs

The Mahila Samakhya programme designed and run special residential school for women and school dropout girls for 6 months. After that they could appear for class 5 exams in a regular government school. Parents were encouraged to provide support to their daughters so that they can continue with their studies.

### Heartening Impact

Perhaps the greatest and most heartening impact of adult women's empowerment and education has been the impact that the programme has had on the lives of girls, especially adolescent girls. The focus on adolescent girls has evolved over a period of time. While the programme objectives envisaged that it would impact and ensure girls' education, and that appropriate and supportive educational interventions like the Mahila Shikshan Kendras would be introduced, the issue of girl's education did not surface from the very beginning. In the initial stages, there was a conscious focus on mobilising and organising women. As the collectives of women coalesced and discussions began to centre more and more on the status of women, the questions of how to change the future invariably centred on how to equip the younger generation to negotiate and challenge an unequal world.

The programme strategy focussed on the following:

- Ensuring information flow on the issues raised by women, using a variety of print and oral media followed by discussion and analysis from a woman's perspective;
- Periodic thematic training's on health, social forestry, environment, Panchayati Raj, etc.;
- Skill development in literacy, masonry, herbal medicine, accounts, bookkeeping, etc.;

- Capacity building in leadership, decision-making, negotiation, conflict resolution, and participation in local bodies, and
- Provision of educational alternatives like Mahila Shikshan Kendras, which are residential learning centres and facilitating the emergence of alternative forum for women such as the health centres, women's courts.

The strength of this organisation is community organisation and trying to address the needs of women. The *sahayoginis* are local people and they understand the needs and problems of local women and are able to identify themselves with the problem. They have also proved to be very stable in their work.

The earning opportunities for these women are very rare so their bonding with the organisation is pretty high. I met 3 *sahayoginis* who are working since the inception of the project and found that they closely identify themselves with the vision and mission of the programme.

### Visit to SEWA Lucknow

The founder members of SEWA Lucknow are Runa Banerjee and Shehba Hussain. In 1979, there was a UNICEF study to understand the stake of women on their income. The study was conducted among the main 5 cottage industries of Uttar Pradesh. They were Chikan embroidery in Lucknow, leatherwork in Kanpur, bangle making in Firozabad, carpets weaving in Mirzapur and making brassware in Moradabad.

The study found out about the extent of exploitation by middlemen, the bad working conditions, the low wage rates and exploitation of child labour. At that time there was a felt need to start some income-generating work for the poor urban slum dwellers, especially among the Muslim community, and in

nearby rural areas.

Shehba used to work for UNICEF at that time and Runa joined her for this study. They thought of starting their own work and establishing an organisation to provide equal earning opportunities to women to earn supplementary income to gain respect and dignity in their families. When Runa and Shehba decided to work for poor women in 1981, they wanted to take stock of the situation prevailing at that time. Runa conducted a survey on the status of women slum dwellers. Then she started organising the women through door-to-door contact, talking to the men and women individually and trying to understand their lifestyle and livelihood problems.

Initially they thought of working with Chikan artisans, as this was a traditional craft carried out only by women (70% of it Muslim women) for supplementary income. Middlemen used to provide these women work on contract at only Rs 1-2 per day.

When SEWA Lucknow started organising the women to provide design and marketing support and provide fair wages, it also started strengthening the backward and forward linkages. Its broad objectives were:

- Providing supplementary income to the women through this work so that they gain respect in the family;
- Reviving the dying art of chikankari, reviving the market, developing market friendly designs (various colours and designs), and marketing the diversified product;
- Eliminating middlemen, and
- Enhancing skills of the women to increase their bargaining power that would lead to their empowerment.

Over the years, SEWA Lucknow has been able



to popularise the chikan market not only in India but also internationally. The dying art of *chikankari* has seen consistent growth over the years. Today the market is worth Rs 500 crore, out of which the share of SEWA is Rs 2.61 crore. SEWA Lucknow has helped increase the wage rates of Chikan artisans by providing healthy completion.

Today SEWA products are a popular brand, symbolising fashion, pure cotton, and intricate finish. The brand name is well known for the fair wages paid to artisans. Presently SEWA Lucknow has 5,000 women as members, who are regularly working with the organisation.

SEWA Lucknow also tried to look into other problems of women. In 1996, they participated in the Gomti River cleaning project in collaboration with the municipality in mobilising the 64 slum communities who were affected badly due to drain blockages and overflowing dirty water. Realizing the various needs of women and their family members, SEWA Lucknow started micro-credit activities. In 1994, 1,000 women were given a loan of Rs 5,000 each. The amount was fully repaid by the members. A credit limit of Rs 10 lakh was also availed from SIDBI. This amount is rotated amongst members, amounting to loan disbursement of Rs 44 lakh. More than 90% of the amount has been repaid to SIDBI.

According to the staff of SEWA, micro-credit can cause small miracles and bring about very positive changes in the lives of women if they have a clear-cut plan to invest the money. These loans were used also by other family members (husbands and sons) to start small shops or to buy new rickshaws, etc.

SEWA Lucknow employs 76 people, out of which 80% are women. Except for a few, most of the present staff were earlier members of

SEWA and used to get wage employment from the organisation. There is therefore a special and strong bonding between the staff and the organisation that is worth appreciating.

### Education

The organisation has always taken a keen interest in the issues of women. When there was a consensus among members that their children faced a problem in education, SEWA started a co-educational school for the children of members. It is now a high school with 200 students. Till now 5,870 students have completed their non-formal education in this school. The school is self-sustainable and is managed by the contribution from parents.

### Health

The other important aspect that members identified was healthcare. Poor living condition, lack of nutrition and uncontrolled births cause a lot of health problems among the women and their family members. SEWA Lucknow therefore started its own clinic to address this. There are 2 doctors in the clinic. Special cases are referred to other specialised doctors who are in contact with SEWA. The clinic can handle small operations and can accommodate 10 indoor patients. The strong networking with medical services allows SEWA to store and distribute necessary medicines.

### Housing Loans

All the women staff and members I interviewed very proudly mentioned housing loans. Although these women make significant contributions to their families, they lead a completely dependent and insecure life. This is particularly true in the Muslim community. Due to the focus on well being of the women, this aspect of housing loans was identified by SEWA as a way to empower the women. It therefore came out with a unique housing loan facility in collaboration with HUDCO. An initial

### Box: The Story of Juhi

Juhi lives in Daliganj, a slum of Lucknow. Her father died in 1981 when she was 5 years old. She has 3 sisters and no brothers. Her mother used to work as a cook to earn a livelihood. Food was always a problem at home.

She came to know about SEWA from a neighbour. She attended a training exercise in chikan embroidery. Her uncles were not in favour of her working for SEWA. She however persisted with the support of her father's sister. Juhi started working for SEWA as an artisan. Later she was absorbed as a staff member. She has also passed her high school examinations while working for SEWA.

Currently she earns about Rs 3,000 per month. Her sister is studying for her Masters degree with Juhi's support. In 1994, Juhi took a housing loan to build her own house. She says that this was a turning point in her life as people started to respect her ability and her family. She is now capable of organising an exhibition of chikan embroidery almost single-handedly. She is in charge of quality and deals with women artisans, checking their quality of work and making payments, etc. Juhi is a confident person today who takes pride in her work.

loan of Rs 8,500 was given to the members to repair or extend their houses or to buy land and start a new construction. The repayment amount, fixed with the consent of the women, was deducted directly from their payments due with SEWA.

Many members took repeated loans to build good houses. They feel very proud to have a house in their own name. Once the housing loans were repaid, the houses were in the names of the women, which created a lot of confidence and pride in them. I thought this is an innovative way to boost the morale and confidence of women.

### Livelihood Work

SEWA Lucknow has been very successful in creating a brand name for itself. This is the main strength of the organisation. It has excellent marketing arrangements. According to the staff, their bulk sales happen through exhibitions in Indian metros and other cities. They also hold exhibition internationally. They have been able to create an enormous amount of

goodwill in the market.

Runa is confident that she can market the production of 15,000 women. SEWA is however not been able to expand so much due the lack of working capital. It is therefore seriously working towards that.

The strength of this organisation is the ability to provide earning opportunities to more than 5,000 women in a sustainable manner. The kind of ownership and leadership that is provided by the members is simply amazing. Its ability to focus on certain sectors that are very close to the heart of poor women is the hallmark of the organisation.

*To be concluded*



## News and Events

- The Bank of India felicitated Pradan, among other organisations and individuals in Jharkhand, for its distinguished accomplishments on September 10, 2005 on the occasion of its centenary year. Pawan Ojha received the citation from the Minister for Rural Development, Jharkhand in presence of the Chief Minister of Jharkhand. The Bank of India has recognised Pradan as a 'Vishisht Grahak' for promoting a number of SHGs and other organisations and promoting their linkages with the bank.
- Saroj Mohapatra from Pradan's Chaibasa team and Yatesh Yadav from Radan's Dausa team attended a 5-day inception workshop held at IRMA, Anand during August 22-26, 2005 on a multi-locational study conducted by the IWMI-TATA Programme. The study, to be conducted in 13 states, comprises issues related to livestock and water, supplementary irrigation, nature of agriculture, quality of water, water and Dalits, urban water supply, fisheries, etc.
- Dr Pearl Drego of the Transaction Analysis Centre for Education, Research and Training (TACET) conducted a workshop on transaction analysis and emotional literacy for field guides in Ranchi during August 29-31, 2005. Avijit Mallik, Madhabananda Ray, Dhrubaa Mukhopadhyay, Saroj Mahapatra, Nivedita Narain, Smita Mohanty, Jibdas Sahu, Nirmal Beura, Kirtti Bhushan Pani, Ajay Kumar Samal, Binju Abraham, Alak Jana, Dinabandhu Karmakar, Arnab Chakraborty, Dibyendu Chaudhuri, Mousumi Sarkar, Soumen Biswas, Manas Satpathy and D Narendranath participated in the workshop.
- Pradan's Agriculture Research Unit (ARU) organised a perspective building exercise on integrated natural resource management on August 4-5, 2005 in Jamshedpur. The objective of the exercise was to help the teams to build their perspective around integrated natural resource management, to help the teams to come up with a common vision, and to build their perspective plan around that. It also organised a meeting in Ranchi during August 23-25, 2005 to discuss Pradan's integrated natural resource management strategies.
- A programme on gender, poverty and development was held in Kesla during August 28-31, 2005. Twenty-two Pradanites attended the programme. Nivedita Narain and Abha Bhaiya were resource persons.
- The 34th Batch of Apprenticeship commenced on August 16, 2005. Forty-four development apprentices have joined in this batch.
- The working group on PRADAN 2015 met during August 18-20, 2005. Dr Deepankar Roy facilitated the meeting. The meeting discussed and agreed upon the non-negotiable aspects of PRADAN 2015, which all Pradanites will adhere to.

### 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](mailto:newsreach@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.



**Professional Assistance for Development Action (PRADAN)**

3 CSC, Niti Bagh, New Delhi 110 049, India

Tel/fax: 011 2651 8619/2651 4682. Website: [www.pradan.net](http://www.pradan.net)

E-mail: [newsreach@pradan.net](mailto:newsreach@pradan.net)