

WOMEN's EYE VIEW -CCD

s m a l l c h a n g e ,

B I G D E A L S

Debates on poverty acknowledge that it is a complex issue comprising both material and nonmaterial deprivation. The poor are not only denied a means of income, food and shelter they also suffer from a lack of power, well being, confidence and the lack of information. The question is how best to prioritise the two distinct sets of needs while designing poverty eradication programmes. It is the choices made around this question, which determine the degree and nature of transformation effected in the lives of the poor.

This case study represents a combination of strategies. It addresses income-poverty of a network of 2,000 poor women; and provides the space for learning participation with an aim of building of capacities to sustain the very process of transformation.

THE COVENANT CENTRE FOR DEVELOPMENT

The Covenant Centre for Development is a voluntary organization whose mission is to build people's institutions and empower them to address issues of economic security. CCD operates in eight blocks in the southern Indian state of Tamil Nadu. This area, otherwise known as Ramnad Plains suffers from severe drought. As a result small farmers who grow paddy in the wetlands and groundnuts in the drylands, rarely get both crops. So mass scale distress migration to cities¹ ill equipped to handle them (usually to Madurai) takes place. The poor farmers are then confronted with a new set of problems of marginalisation and survival in the unfamiliar city environment.

Thus CCD decided that the only long term answer to the problems of the poor was in securing their livelihoods at home in their villages and decided to work with rural communities to build local skills and regenerate local resources with a view to providing economic security for the poorest households.

Kalasms: Women's Self-Help Groups at the village level

CCD began by training local women, who went on to organize 12 self-help groups at village level. Each of these groups has about 20 women. In each group, locally known as kalasms, members pool in their savings every month and borrow from the group fund at terms collectively agreed upon. In the lean season a large proportion of loans go towards meeting consumption needs such as foodgrains. During the agricultural season women borrow for agriculture and allied operation. Each group member usually saves Rs. 10-20 per month. Loans from the group fund thus created are lent out to members at about 2-3 per cent per month. A group member, Bhanumati points out that in her group, loans have been given for medical expenses, marriages, funerals, agriculture, school fees, house repair, buying cattle, redemption of old loans and food. She admits that the most challenging task of the group is prioritizing loan requests.

The kalasm or savings and credit group is more than a source of crisis credit for women, it is also a space within which women come together to analyse their problems, resolve conflicts, make rules and take collective decisions all the while gaining valuable experience in the management

¹ A door to door survey conducted by CCD in 30 hamlets revealed that 39% of the households migrated for most of the year and another 50% migrated seasonally.

of money and multiplying savings. They also serve to demonstrate within the group and to outsiders that women are indeed capable of borrowing and repaying loans.

The Federation: a federation of women's self-help groups

At the very start of this exercise CCD and women's groups jointly agreed that no external funds would be given to groups for the first three years. Instead the groups would have to depend on their own

resources and demonstrate their abilities to manage these resources for the first three years, before they received any external resources from formal credit institutions.

In 1995, in keeping with their plan, the federation known as the Mahakalasm was set up within the three-year self-imposed time limit. In 1996 registered the Mahakalasm as a trust. In other words, it now had a separate legal identity, independent of CCD. The federation's trustees are all representatives of the self-help groups. The organization does not own any shares in the federation, it simply provides support in an advisory capacity. Today, a total of 96 groups are part of three-tiered women's federation structure.

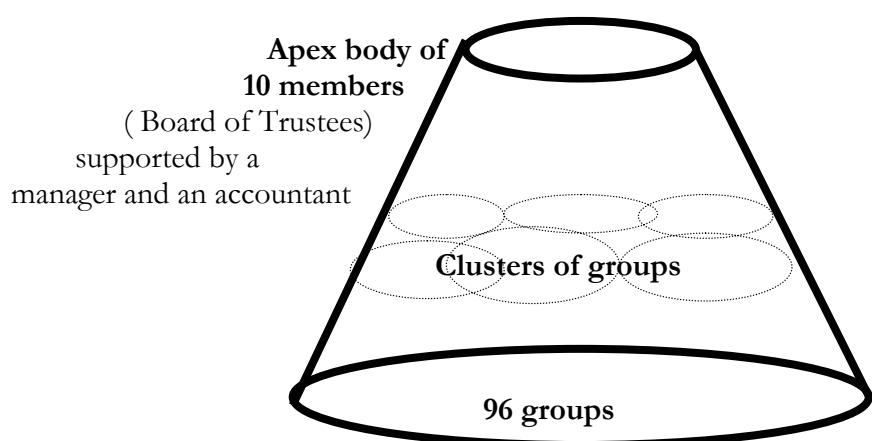
In addition to raising funds from member groups to set up a corpus fund for productive loans to groups, the federation also leverages external credit from financial institutions for various productive activities. Starting with Rs. 100,000 raised from member groups' retained earnings, the federation has successfully leveraged a total of Rs.2 million in loans from a variety of sources including banks, foundations, and NGOs. While the federation includes all 96 groups, the banking facilities provided by the federation are only extended to 41 mature groups based on a well laid out criteria of attending three years of successful operation, good repayment record of internal loans and total savings of more than Rs.20,000/-.

BUILDING IN WOMEN'S PARTICIPATION

A number of design elements have been incorporated into the federation structure to ensure that women are at the centre of all decision-making processes. The groups are organized into clusters (10-15 groups in each cluster) and the cluster leaders represent group interests at the highest level - the apex body.

Functions within the three- tiered structure are clearly, differentiated to accommodate and utilise a large number of women with varied skills.

THE FEDERATION STRUCTURE



Capacity Building at village level

For instance at the village level where the kalasms operate, the roles of the office bearers are kept distinct from each other. The accountant ensures that accounts, records, systems are properly adhered to by group members. While the group leader takes the lead in group decision-making processes, consensus building and negotiating with others. While it is common practice for those who can read and write to be entrusted with book-keeping and to monopolize leadership positions, there has been a conscious effort here to separate the role of the accountant from the leader so that more women irrespective of their abilities to read and write are given opportunities to take on responsibilities and build their capacities.

This separation of the two functions: leadership and accounting reflects the 2 crucial elements of self-help groups. These two elements: financial management and community mobilization are often conflicting forces within the group because the organising, and participatory aspect of group activities are not conducive to efficient money management. Nevertheless if the self-help group is to empower women, it must strive to create a balance between both processes:

- Grasping the know-how of money and
- Addressing group dynamics or maximizing the power of the collective.

The Cluster: Leadership support and keeping communication lines open

The cluster is an intermediary structure that keeps communication lines between the apex body and the 96 member groups open. A cluster consists of 10-15 groups. At monthly cluster meetings, its leader and accountant represent the group. The cluster-committee screens all requests from groups for federation loans. The cluster committee and the staff member each present their own analysis of the viability of the loans requested. The loan applications are then short-listed and presented with recommendations to the apex body of the federation.

The cluster level is also the place where the leaders of several groups converge to discuss common issues of concern. Here, women with special skills in conflict resolution, training, dealing with banks, record-keeping and business skills have been identified as resource persons who can work with a number of groups to address different needs of groups. The cluster level meetings also provide opportunities for different groups to interact and learn from each other's initiatives.

LIVELIHOODS PROMOTION

Working on Scale

CCD in partnership with local women has been able to upgrade the economic activities of a large number of women rather than simply promoting a few individual entrepreneurs. This has been possible because CCD's interventions were well grounded in the realities of poor women and they utilised existing livelihood activities and the local resource base to make a meaningful change for the better.

Livelihoods strategy

The search for lean season livelihood activities that would prevent out-migration meant mobilizing local knowledge, local capacities and local resources to enhance incomes. A survey of local livelihood

activities provided a list of 192 activities (trades and services) that were being undertaken in the area. These included brick-making pottery, basket-weaving, weaving and charcoal making. Where women in communities were already undertaking these activities the challenge was to work out what support was required in order to increase their incomes from these activities. How could these activities be upgraded from small survival efforts to micro-enterprises.

CCD worked with women's groups to identify the weak links in these activities. Often it was the lack of information and credit forced women to sell at low rates to creditors. Credit and information were the two inputs urgently required to turn the situation around.

In the next phase through informal consultations with women leaders, traders, state agencies, researchers, CCD was able to identify 4-5 activities, which it could focus on developing.

The following are the ways in which women's survival activities are being upgraded:

- ⇒ Providing and accessing credit so that women are not compelled to sell at low rates to contractors who pay in advance
- ⇒ Providing and accessing information on prices of raw materials, processed goods and finished goods in different markets to enable competitive pricing.
- ⇒ Experimenting with different storage facilities to withhold stocks and sell at a better price later.
- ⇒ Adding value to goods by semi -processing or grading them.
- ⇒ Pooling resources and collectively undertaking some forward or backward linkage activities such as marketing to achieve economies of scale
- ⇒ Directly linking women's groups with consumers or institutions, rather than going through a middleman

UP-SCALING CHARCOAL-MAKING: Making more credit accessible

Charcoal-making is one of the important seasonal activities that the federation has been instrumental in scaling-up. An analysis of this activity showed that the raw material - a shrub that grows in abundance in the area-is available at a low cost or at no cost and the skills required are well known to local families in the area. The only problem was that local contractors control the charcoal business in the area by advancing money to poor families who must sell the charcoal to the contractors. Those selling charcoal are constrained by the fact that they are indebted to the traders and thus are unable to negotiate a fair price.

The middleman buys without weighing the charcoal. Price offered is for 30 k.g. but the actual contents may weigh about 45 k.g. He has a "fixed rate" for each bag of charcoal. He usually buys at a rate that is so much lower than the prevailing market rate that in effect for every two bags of coal which he buys, he gets one bag of charcoal.

The main intervention in this activity has been to circumvent the trader and his business malpractices by providing members access to credit through the Mahakalasm. or federation. Kalasm members get loans ranging from Rs. 5,000 to Rs 15,000. This investment is used for the 45-60 day cycle. It goes towards the purchasing of the trees used for charcoal-making and transportation. The initial investment

recovered 15-60 days and the profit generated from the first cycle are re- invested in the second cycle. The profit from the second cycle is large enough to repay the loan plus invest in agriculture. In some cases, the profits of the first two cycles may be re-invested in a third cycle of charcoal making. Because credit is provided through the Mahakalasm the producers can

withhold stock and sell it during the agricultural season when prices are the highest. RS. 90/- to-110/- per bag containing 30 k.g. of charcoal.

The federation is now exploring the possibility of value addition through pulverizing charcoal and is also planning to market charcoal directly to local industries. The Mahakalasm has accessed a loan of Rs. 330,000 from the Small Industries Development Bank of India to fund charcoal-making.

TAMARIND PROCURING AND MARKETING

CCD and the Mahakalasm are also working together to make tamarind collection and marketing into a commercially viable activity. Tamarind trees grow in abundance in the drought prone areas of the Ramnad Plains near Madurai. A high demand for tamarind plain fruit exists in South India because it is commonly used as seasoning for food. CCD felt that tamarind collection could be a seasonal activity that can be used to supplement agricultural income in the lean season.

A non-commercial activity, tamarind collection, had to be converted into a commercial activity. Women traditionally collect tamarind for household consumption and the surplus is given to friends and

relatives. 722 women from 40 groups were convinced by the federation leaders to procure, collect, process and sell fruit. They were made aware of the fact that there was a good market for both the seed and the tamarind pulp. Mahakalasm members had earlier conducted an intensive market survey of neighbouring markets. They identified markets where tamarind was available for as low as Rs.45/- a basket and as high as Rs.100/-.

The federation provided credit for this activity from external credit accessed from a foundation. This money (Rs. 700,000) was invested in procuring and processing tamarind fruit pulp and seeds from the group members.

The women collected the tamarind fruit, decoated, de-seeded and packed them in palm leaf bags made by local artisans. The federation was responsible for marketing. A total of 53 mega tonnes of fruit was

collected and 33.5 mega tonnes of seed were collected. The total cost of this activity was Rs. 4.75 lakh of which Rs 1.94 (about 40 per cent) was spent on wages paid to women for collecting and processing fruit.

The fruit was then sent for storage to a godown. CCD was responsible for the storage. The federation leaders supervised the work of the women and ensured the quality of the stored tamarind. While some was marketed immediately, some pulp has been kept in cold storage to sell at a later date.

BUYING AND SELLING GROUNDNUT

When groundnut is harvested, women who work as wage labour are often paid in kind. Women exchange groundnuts for other provisions at the local grocer. The grocer generally undervalues the produce, paying less than the actual worth of the groundnuts. Six months later the grocer sells the groundnuts back to the women as seed for the next agricultural season the kalasms identified this problem as something they wanted to address. The women decided to visit local markets to find out the prices of groundnut. They found out that immediately after the harvest, groundnut can be sold at local markets for Rs. 2 per 1.4 k.g. The women found that if they

bought groundnut at Rs. 2 per kg, pool their stocks, packed it in gunny bags and sold them they could get Rs. 4 per kg at least. If the groundnut was stored for six months, dried and processed as seed material, it could fetch up to Rs. 12 per kg.

The kalasm identified women with good business sense and advanced them money to procure groundnuts, semi process them and then sell them as seed to the same local women. The advantage for women is that they get a fair price for their produce while the entrepreneurs in the group build their capacities to do business.

Learning together

The staff of CCD and federation leaders along with about 50 women who have some business skills are jointly involved in the exploration and experimentation of livelihood activities. The involvement of women in the exploratory phase provides a way for them to learn, experiment and try out their entrepreneurial skills within the protected environment of the Mahakalasm.

This experimental learning process puts to use the existing business skills of women, thus minimizing the organization's role. It also provides a space for women to collectively test out and strengthen their capacities to take on market forces - acquiring information, analysing costs, negotiating in markets and collecting raw materials from local areas.

INSIGHTS

As economies grow and open up, it is often observed that the poorest have no share in the benefits of such change. Their inability to keep pace with the changing economies, further marginalizes them. This initiative is grounded in the reality of poor women. It recognizes that even the poorest have resources and skills that can be built upon. It has used women's own savings however small they may be to build an institution that is owned, managed and controlled by local women. This new institution is being recognized by formal institutions as a legitimate player in the local economy, thus attempting to carve a niche for the poorest in the local economy and reap the benefits of its growth.

The multi-layered federation fulfils a number of needs of the member groups. It also demonstrates the strategic manner in which the differential capacities of a large network of poor women can be effectively harnessed and upgraded. Everyday survival needs are taken care of by the group fund created from the small savings of the group at the village level. Loans from the savings and credit groups reduce vulnerability to seasonal fluctuations in income.

Who does what in the federation ?

APEX BODY/ MAHAKALASM	CLUSTER BODIES	GROUP / KALASM
<ul style="list-style-type: none"> ◆ Interfacing with markets ◆ Leveraging external credit ◆ Providing large loans to groups ◆ Builds capacities to manage large sums of money and run an enterprise ◆ Peer group support for leadership ◆ Space for practising specialised skills 	<ul style="list-style-type: none"> ◆ Inter-group experience sharing ◆ Screens group applications for federation loans ◆ Peer group support for leadership ◆ Space for practising specialised skills ◆ Builds capacities for collective decision-making 	<ul style="list-style-type: none"> ◆ Space for practising specialised skills ◆ Mobilises women ◆ Mobilizes women's own resources ◆ Provides consumption loans and small production loans ◆ Builds capacities to manage money ◆ Builds capacities for collective decision-making

- ◆Builds capacities to manage money
- ◆Builds capacities for collective decision-making

Regular meetings among group leaders at cluster level provides a support system of peers for group leaders. In addition, the cluster body promotes an inter-group learning process in which women find out what is happening in other groups around them. In some cases this has helped women locate raw materials and markets in nearby villages, thus leading strategic alliances between groups.

The apex body of federation leaders essentially takes on the task of interfacing with the outside world because it has the ability to pool a large amount of resources and use these to leverage resources from

the market. It would be difficult for individual women or individual groups to perform all these functions on their own. In effect the Mahakalasm substitutes the functions of the traditional middleman. But with one crucial difference. The Mahakalasm represents group interests. By procuring goods from member groups and marketing on their behalf, the Mahakalasm negotiates for good deals in the market and pays a fair price to groups. In the process federation leaders get a chance to sharpen their own business skills.

Most initiatives around economic empowerment tend to focus on building the skills and resource base of a few prospective entrepreneurs. But CCD's partnership with women's groups demonstrates that it is possible for creating decentralized people's organization to manage and control local resources and utilize traditional skills to bring about large scale transformation. Scale, in this case not only implies the volumes of business, but also the large number of people who are involved and derive a benefit from such business. More than 2,000 women are part of the 96 groups that make up the federation. For instance, credit for charcoal has already added significantly to the annual incomes of 300 families, 400 women are involved in the collecting, processing of neem, over 700 women are involved in the buying and processing of tamarind.

By supporting the formation of a decentralised institutional structure which is owned by women and in which women's knowledge and capacities are made visible and strengthened, CCD along with the federation has created a process that addresses both income-poverty and the intangible elements of poverty: the lack of information and exclusion from decision making processes.

CCD's intervention in partnership with women's groups works because the strategies used successfully use the logic of business, but locate this logic within an organizational structure that embodies the values of participatory decision-making.