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EVALUATING THE IMPACT OF NGOs IN RURAL POVERTY ALLEVIATION

INDIA COUNTRY STUDY

Mark A. Robinson

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Mark A. Robinson

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PREFAC

This Working Paper forms part of a substantial ODI research project which sets out to assess the impact of non-governmental organisations (NGOs) in poverty alleviating projects in different geographical and institutional settings. It follows the publication in 1990 of *Working Paper No.37*, 'Judging Success: Evaluating NGO Approaches to Alleviating Poverty in Developing Countries' by Roger Riddell, and is one of four similar country studies.

The other three, also to be published contemporaneously with this paper, are studies of Bangladesh, Uganda and Zimbabwe. They are the result of lengthy evaluations and country analyses undertaken during the course of 1990. The titles are as follows:

- 50 Evaluating the Impact of NGOs in Rural Poverty Alleviation:
Bangladesh Country Study, Sarah White
- 51 Evaluating the Impact of NGOs in Rural Poverty Alleviation: Uganda
Country Study, John de Coninck
- 52 Evaluating the Impact of NGOs in Rural Poverty Alleviation:
Zimbabwe Country Study, Ann Muir

The Working Paper is arranged in three parts. The first part is designed to contextualise the four case study evaluations of NGO projects in south India through discussions of India's particular development and poverty problems and performance, and the manner in which government, official aid and non-governmental initiatives address these problems of poverty.

The second, more substantial, part of the Working Paper presents the results of the four case study evaluations. These are:

- the Rural Development Trust (RDT), located 100 miles north of Bangalore in Anantapur district, Andhra Pradesh, and funded by ActionAid.
- the Phase III Integrated Rural Development Programme of Churches' Auxiliary for Social Action (CASA) in Guntur and Krishna districts of coastal Andhra, financed by Christian Aid.
- the Kanyakumari District Fishermen Sangams Federation (KDFSF) in south-west Tamil Nadu, which receives financial support from Oxfam.
- the agricultural development programmes run by Arthik Samata Mandal (ASM), in the Krishna delta region of coastal Andhra, with funding from Save the Children Fund.

The final part of the Working Paper draws together conclusions from the case study evaluations and assesses their wider significance for NGO poverty alleviation programmes in India.

SUMMARY

In spite of both steady economic growth and imaginative government programmes, India is still characterised by extensive poverty, largely rural-based and with particularly high concentrations in the eastern and central regions of the country. The government's most important poverty alleviation initiative is its Integrated Rural Development Programme (IRDP), a targeted approach based on the provision of subsidised credit for investment in income-generating assets. In spite of the resources allocated, the programme has suffered from a number of deficiencies which have reduced its effectiveness in tackling the problem of rural poverty. These include poor targeting, minimal material gains, low repayment rates and limited potential for sustainability.

Non governmental organisations (NGOs) have played an increasingly important role in trying to help alleviate poverty in India in the past decade. They are numbered in the thousands, and are concentrated mainly in the southern states of the country. NGO programmes are often compared favourably to government programmes both because they are thought to reach the poorest and because of their ability to improve the living standards of poor people. NGOs working in rural areas typically support development activities in a cluster of villages, often with support from foreign donors and the government, although a few operate at a state or even the national level.

This Working Paper reports on four case study evaluations of NGO interventions in south India, illustrating different NGO approaches to rural poverty alleviation within a broader community development orientation. All have some direct or indirect link with British NGOs. The first project, located in the dry interior region of Andhra Pradesh, focuses on the provision of crop loans to small and marginal farmers through a rotating fund set up by the NGO. The second project in coastal Andhra is aimed at improving the effectiveness of subsidised credit for the acquisition of income-generating assets of casual labourers and marginal farmers. Also in coastal Andhra, the third project was designed to raise the agricultural output of marginal farmers through a combination of land levelling, small-scale irrigation, and crop loans. The fourth case study project, located coastal Tamil Nadu, attempts to improve the income of artisanal fisherman through direct intervention in fish marketing.

The results of the four case studies show that the NGOs registered some success in improving the incomes and consumption levels of the poor, but encountered difficulties in reaching the very poorest. Moreover, success was heavily contingent on the existence of favourable local environment, especially economic and climatic factors. Partly for this reason, longer term sustainability was proving elusive for two of the four projects, raising problems of continuity following the withdrawal of the NGO. Successful NGO interventions to alleviate poverty were rooted in beneficiary participation at all stages of the project cycle and were characterised by strong staff commitment. Relatedly, favourable outcomes occurred if an adequate level of resources were provided for the project.

The Working Paper ends by highlighting the potential benefits of institution-building to improve the managerial and technical capacities of Indian NGOs. It also identifies the need for improved co-ordination and information sharing to maximise the impact of isolated NGO interventions.

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GLOSSARY OF ABBREVIATIONS AND TERMS

ASM	Arthik Samata Mandal
balwadi	creche
BC	Backward Caste
CAPART	Council for People's Action and Rural Technology
CASA	Church's Auxiliary for Social Action
CCF	Community Credit Fund
DRDA	District Rural Development Agency
EGS	Employment Guarantee Scheme
FCRA	Foreign Contributions Regulation Act
GDP	Gross Domestic Product
GNP	Gross National Product
gram	pulse (chickpea)
gram sabha	village assembly
harijan	scheduled caste
IRDP	Integrated Rural Development Programme
jowar	sorghum
KDFSFP	Kanyakumari District Fishermen Sangams Federation
kharif	winter season
lanka	island
mahila mandal	women's association
mandal	local administrative division
MDO	Mandal Development Officer
MPCE	Monthly Per Capita Expenditure
NABARD	National Bank for Rural Development
NREP	National Rural Employment Programme
NSS	National Sample Survey
panchayat	lowest tier of local government
rabi	summer season
ragi	pearl millet
RLEGP	Rural Landless Employment Guarantee Programme
RDT	Rural Development Trust

RRB	Regional Rural Bank
sangam	association/group
SIFFS	South Indian Federation of Fishermen Societies
SFDA	Small Farmer Development Agency
SC	Scheduled Caste
ST	Scheduled Tribe
thanda	tribal village
TRYSEM	Training of Rural Youth for Self Employment (Programme)
UNDP	United Nations Development Programme
VANI	Voluntary Action Network of India
zamindar	landlord

1.

OVERVIEW AND BACKGROUND

1.1 Poverty in India

India has the largest concentration of poverty in the world. Out of a total population of 815.6 million in 1988 (which had increased to 832.5 million by 1989), 322.3 million were estimated to be living in poverty (World Bank, 1989:58). India is classified by the World Bank as a low-income economy with an average per capita GNP of \$340 in 1988, on a par with that of China. Unlike China, however, income distribution is more unequal, and the conditions of those living in poverty more acute.

Economic indicators paint a favourable picture of India's growth performance in the post-independence period. The average annual rate of growth of GDP increased from 3.6% in the period 1965-80 to 5.3% in 1980-89. Between 1965 and 1989, the share of GDP accounted for by agriculture declined from 44 to 30%, with a corresponding rise in industry's share from 22 to 29% (16 to 18% for manufacturing) and services from 34 to 38%. India is the ninth most industrialised country in the world, and yet it also contains more poor people in absolute terms than any other country.

Despite India's large population, the average rate of population growth has declined marginally from 2.3% per year in 1965-80 to 2.1% in 1980-89. Only six other low-income countries have lower population growth rates than India, but its total population is expected to exceed 1 billion by the year 2000. While India's relatively low population growth has contributed towards positive GDP per capita growth rates, most of the increase in population has occurred among the poor.

A deeper insight into the extent and nature of poverty can be obtained from the *Human Development Report 1991* produced by the UNDP. Rather than ranking countries by GNP per capita, the report uses a composite Human Development Index (HDI) which combines life expectancy, literacy and real purchasing power to satisfy basic needs.¹ On the basis of these criteria, India moves up to 38 out of 160 countries in 1988, eighteen places higher than its position in terms of GNP per capita, near the top of the group of countries classed as having 'low human development'. Some of these indices are listed in Table 1, all of which indicate an overall improvement in the quality of life since 1960, even though the absolute number of people living in poverty only decreased marginally.

1.1.1 Trends in poverty incidence

Poverty in India can be examined in several ways. A common approach among economists is to attempt an assessment of the general trends in terms of indicators based on income and expenditure which can be compared to a designated 'poverty-line'. These can be disaggregated to reveal trends over time by region, and to highlight pockets of especially severe or extensive deprivation.

¹ The purchasing power-adjusted per capita GDP rises to \$1,053, compared to \$291 on the basis of the conventional GDP per capita index used by the World Bank.

Table 1: Indicators of human development in India

Life expectancy	<u>1960</u> 44	<u>1975</u> 52	<u>1990</u> 59
Under five mortality rate (per 1,000)		<u>1960</u> 282	<u>1989</u> 145
Population with access to safe water (%)		<u>1975-80</u> 31	<u>1988</u> 57
Daily calorific supply as percentage of requirements		<u>1965</u> 89	<u>1985</u> 100
Adult literacy rate (%)		<u>1970</u> 34	<u>1985</u> 44
of which male		47	58
female		20	29

Source: UNDP (1991)

The main set of data used to measure poverty in this debate is derived from the National Sample Survey (NSS) statistics, which examine changes in consumption patterns among different households in selected areas over time. Yet the question of whether the incidence of poverty in India has been increasing, declining or simply remaining static has been the subject of extensive, and at times acrimonious, debate among Indian scholars (Cutler, 1984).

The debate has centred on estimates of the number of people subsisting below a poverty-line generally defined in terms of a level of food consumption which is considered to be the minimum required to sustain a working adult. Hence absolute poverty is defined as the failure to achieve minimum energy requirements, which are in turn defined as minimum calorific intakes corresponding to specific *per capita* income levels. Since poor people spend up to four-fifths of their cash incomes on food, expenditure patterns are used as the basis for poverty-line estimates. Some authors, wary of the limitations of a simple head-count index, use the Sen index, which takes into account the gap between the poverty line and the mean level of expenditure of the poor as well as distributional inequalities. Conflicting interpretations of poverty trends therefore hinge on different choices of poverty lines and price indices, and different base and terminal years (Ghose, 1989: 308).

On the basis of a poverty line of Rs 200 per capita per year (at 1960/61 prices), which he derived from government estimates of all minimum needs, Minhas (1974) claimed that the proportion of people classed as poor had declined from 46% of the rural population in 1956/57 to 37% in 1967/68. This translated into an absolute fall in the

number of people below the poverty line from 164 to 154 million over the reference period.

His findings were contested by Bardhan (1974), who argued that the proportion of people below the poverty line had actually increased in the period 1960/61 to 1968/69. Unlike Minhas, Bardhan used a combined measure of poverty based on a minimum calorific intake of 2700 kcal and a monthly income level of Rs 15 at 1960/61 prices. He calculated that 38% of the rural population were below the poverty line in 1960/61, as compared to 53% in 1967/68, which he attributed to falling real incomes in the face of a doubling in food prices. Correspondingly, the number of people below the minimum calorific intake increased from 18% in 1960/61 to 63% in 1967/68.

In another study Dandekar and Rath (1971) used a poverty measure of Rs 180 per capita per year (corresponding to a daily calorific intake of 2250 kcal). On this basis, they estimated that 40% of the rural population and 50% of the urban population were below the poverty line at the end of the 1960s. Their figures also suggested that the absolute numbers of people in poverty had increased over the course of the decade. However, a later set of findings based on longer time-series data lent support to the premise that there was no discernible trend in the incidence of rural poverty (Ahluwalia, 1978), although these were strongly contested by others who argued that there was a rising trend (Saith, 1981).

More recently Ghose (1989) has argued that while there has been a tendency for the prevalence of poverty to decline, there have been marked fluctuations over time in line with changes in the relative prices of foodgrains.² He claims that there was a sharp decline between 1950/51 and 1955/56, followed by temporary reversals in 1957/58, 1966/67 and 1974/75, when the incidence of poverty increased, with a further decline from 1977/78 to 1983 (1989: 312-9). This is corroborated by Kakwani and Subbarao (1990: 16), who show that aggregate poverty declined markedly between 1973/74 and 1986/87, with a greater reduction in poverty for the absolute poor than the poor.

Overall, these more recent assessments indicate that the incidence of poverty fluctuated around a mean level from the mid-1950s to the mid-1970s, with a consistent fall thereafter. This conclusion is similar to that of the World Bank, which also argues that the proportion of the population below the poverty line declined during the late 1970s and early 1980s, accompanied by an increase in the real wages and expenditures of the poor. Data drawn from the 32nd and 38th rounds of the NSS indicate that 48% of the population (307 million people) were below the poverty line in 1977/78, falling to 37% by 1983 (271 million). The Planning Commission predicts

² Panel data assembled by Gaiha (1991) shows that there is considerable year on year variation in poverty incidence in line with changes in food prices and weather patterns.

a 29% prevalence rate for 1988/89 (some 230 million people), although a recent study argues that these estimates are artificially low (World Bank, 1989: 57-8).³

While there is now a substantial measure of agreement over a trend decline in the incidence of poverty from the late 1970s, the reasons for the decline are disputed. Ahluwalia (1978) claimed that agricultural growth is the main factor behind falling levels of poverty, implying that there was a significant 'trickle-down' effect at work. This was disputed by Saith (1981) who argued that agricultural growth has not resulted in poverty reduction, claiming that growth paradoxically led to greater inequality in the 1970s. Moreover, on the basis of a longer time-series, Ghose has demonstrated that periods of agricultural growth are not congruent with periods characterised by a significant decline in poverty incidence. Dismissing the 'trickle-down' thesis, he argues that price stability for foodgrains and targeted programmes aimed at redistributing incomes and assets have been the principal reasons for the observed decline in poverty from the mid-1970s (Ghose, 1990: 325). The World Bank (1989: 43) claims that an expansion in irrigation, increased demand for casual wage labour and the government's poverty alleviation programmes have all contributed to a decline in poverty over the past decade.

These findings have a number of implications for NGOs, many of whom share the view that the poor have gained little from rapid but uneven agricultural growth. They are dismissive of the existence of a 'trickle-down' effect, and some are openly sceptical of data which purports to show a reduction in poverty over time. NGOs also argue that even if the incidence of poverty has declined, there are substantial numbers of people still in acute poverty whose condition has barely improved since independence, and in some cases has worsened. Such doubts are used to justify their commitment to targeted interventions directed towards the poorest, irrespective of broader growth trends in the economy as a whole. Since most NGOs operate on a highly localised basis, they are more concerned with regional factors rather than with national trends in poverty incidence. The regional distribution of poverty is therefore of importance when it comes to assessing the extent to which NGOs concentrate their activities in areas of greatest need.

1.1.2 Regional dimensions of poverty

In a country the size of India, there are significant variations between different regions in terms of climate, resource endowment and local caste and class configurations. Historical factors have also played an important role in shaping the agrarian structure

³ Revised estimates produced by Minhas et al (1991) confirm a decline in poverty incidence but show an increase in the absolute number of those living in poverty. By allowing for price adjustment at the state level for the poorer sections of the population, their study estimates poverty incidence at 48.1% in 1985, falling to 45.9% in 1987/88, which indicates that the population in poverty rose from 346 million to 361 million over the same period.

in different parts of the country.⁴ These combine to produce regional disparities in the prevalence and character of poverty, which require further explanation if the complexities of poverty in India are to be understood in other than purely national terms.

Before going on to consider the regional dimensions of poverty, some comparisons between rural and urban areas help to complete the picture at the macro-level. In absolute terms, poverty in India is still predominantly a rural phenomenon. However, urban poverty is intrinsically linked to the problems of poverty in the countryside, which cause poor people to migrate to the cities in search of employment and to escape rural deprivation. The evidence suggests that while the absolute number of people in poverty is smaller in urban India than in rural areas, the incidence of urban poverty is higher and increasing; the number of people living in poverty in urban areas as a proportion of the total rose from 17% in 1970 to 22% in 1988 (World Bank, 1989:58). This has provided some justification for NGOs setting up development projects in cities, but NGO activities remain concentrated for the most part in rural areas, reflecting the fact that 73% of the total population live in the countryside.

Turning to regional disparities, a general observation is that the central (Madhya Pradesh, Maharashtra and Karnataka) and eastern (Bihar, eastern Uttar Pradesh, Orissa and West Bengal) regions are characterised by higher concentrations of rural poverty than the northwest (Punjab, Haryana, western Uttar Pradesh) and parts of the west (Gujarat) and south (Andhra Pradesh). The proportion of the population below the poverty line in 1987/88 ranged from 66% in Bihar and Orissa, 32% in Andhra Pradesh, to just 21% in Punjab and 23% in Haryana (Minhas et al, 1991).

Similar disparities are reflected in differences in the levels and rates of growth in real monthly per capita expenditures (MPCEs) derived from NSS statistics. Real per capita expenditures of the poorest 40% of the population in rural areas rose by only 11% between 1970/71 and 1983 (equivalent to an annual rate of 0.83%), compared to 13% for the rural population as a whole (0.97% per annum). In regional terms, eastern India registered the lowest MPCEs, followed by the south, which has experienced marginally higher rates of growth. Other regions (central, west and northwest) have all experienced growth which is higher than or equivalent to the all-India average (World Bank, 1989:46).

These trends are also highlighted in a comprehensive study of inter-regional poverty in the 1970s, which drew on NSS statistics on 62 agro-climatically homogenous zones. Using six different indicators for measuring poverty, the study confirmed the existence of a contiguous belt of extreme poverty extending from the eastern plains of West Bengal down to southern Tamil Nadu (with the exception of southern Andhra Pradesh, which was marginally better-off in terms of per capita expenditures), and an east-west

⁴ In northwest India commercial agriculture developed under colonial rule in the late nineteenth century, in the process laying the foundations for land concentration, and the emergence of a system founded on cash crop production and wage labour. In southern and eastern India a different structure emerged, in which large-scale commercial production is poorly developed. There is a greater concentration of poverty in these latter areas, where opportunities for regular wage employment are more restricted (Shergill, 1989).

belt taking in the central states of Orissa, Bihar, Madhya Pradesh and parts of Maharashtra and Gujarat (Jain et al, 1988). The major reason for these disparities lies in the generally poorer quality of soils and lower rainfall that characterise the central semi-arid region, and in the rigid patterns of land tenure, fragmented holdings and correspondingly low levels of agricultural development in the eastern zone.

Land distribution is a key factor in the incidence of rural poverty. While the numbers of operational holdings increased from 70.5 million in 1970/71 to 89.4 million 1980/81, many of the new holdings are very small. The number of holdings below one hectare grew from 36.2 million to 50.5 million, and those in the 1-2 hectare range from 11.1 million to 13.4 million in the period 1970/71 to 1980/81. As the numbers of small and marginal holdings have increased, so have the numbers of households without land and reliant on wage labour. In the ten-year period between 1973 and 1983 the proportion of casual wage labour in the total workforce increased from 22% to 29%, which is significant in view of the fact that 55% of the casual worker households were found to be below the poverty line in 1983 (Thamarajakshi, 1989).

Inter-regional variations in the incidence of poverty are also reflected in agricultural wage rates, which provide a good indication of the economic status of poor households, a large proportion of whom depend on earnings from casual labour. While there has been a rising trend in real agricultural wages in much of the country, there are significant disparities between regions. High wage zones to a large extent correlate with higher levels of agricultural development, for example in Punjab and Haryana, or effective unionisation (Kerala), while Orissa, Madhya Pradesh, Tamil Nadu, Maharashtra and Karnataka are states where low wages predominate (World Bank, 1989:50).

There can also be substantial differences in wage rates within different states, especially those marked by agricultural heterogeneity such as Andhra Pradesh, where three of the case study projects are located. For example, wage rates were higher in coastal Andhra Pradesh than in the drier interior areas. Agricultural wages also present a dynamic picture in which different sub-regions experience varying levels of real growth. Southern Andhra Pradesh experienced a slower increase in wage rates, although all areas of the state experienced annual increases in real wages greater than 2%. These trends suggest that an assessment of regional poverty incidence is incomplete unless intra-regional disparities are also taken into account.

These data provide further evidence to show that poverty is concentrated in the central and eastern regions, especially in the semi-arid belt running down the middle of the country. Logically one would expect NGOs to be concentrated in these areas, but considerable intra-state variations point to more local factors at work in determining where NGOs chose to operate especially in view of the fact that there is a marked concentration in the focus southern states. The growing problem of landlessness and consistent reductions in the size of operational holdings suggest that NGOs have a natural constituency among small and marginal farmers and casual wage labourers. Yet even among these groupings there exists considerable differentiation which is not captured in its entirety by aggregate measures of poverty derived from income and consumption indicators.

Indeed, many would argue that indicators such as these do not provide a sufficiently detailed picture of poverty as it affects different class, caste and ethnic groups, or indeed of variations within households. Moreover, the validity of the data used to make such assessments has itself been questioned (Vaidyanathan, 1986). Others, including many NGOs, argue that quantitative indicators can be misleading and that a careful assessment of qualitative factors (such as access to health and educational services, safe drinking water, common property resources etc.) at the local level can contradict the conclusions derived from a narrow interpretation of changes in income (Jodha, 1988).

1.1.3 Indicators of poverty

In addition to using income and consumption data to measure poverty incidence, there are a range of other indicators which provide further insights into the economic and social status of the poor. One such indicator is nutritional status, which is determined by food intake and diet. Although poor people typically spend 70% or more of their earnings on food, absolute levels of expenditure are low. A large number of poor people have consumption standards which are well below nutritional requirements. Data collected by the National Nutrition Monitoring Bureau showed that food consumption of the rural poor remained roughly constant since 1950, while that of the urban poor declined. Although food consumption among income groupings became more equal, there was no visible improvement for the poorest 10% of the rural population (Murthy et al, 1990: 7).

The Indian Council of Medical Research found that protein intake for the average Indian adult was only one-third of the recommended amount. Poor people traditionally relied on pulses as their major source of protein, but daily per capita availability declined by nearly 40%, from 69 gms in 1961 to 41 gms in 1986, well below the 80 gms daily intake recommended by the FAO. The average per capita daily consumption of animal protein is only 50% of recommended daily intake. The consumption of coarse grains, which formed a staple ingredient in poor people's diets, has also declined (Jain et al, 1988).

A number of village-level studies suggest that malnutrition is widespread among the poor. Surveys in India's semi-arid regions undertaken by ICRISAT found that mean calorific intakes among casual labour and small farmer households were far lower than for wealthier farming households. Among poor rural households between 25% and 46% of under-five children were malnourished, with children under three especially at risk (World Bank, 1989:50). A total of 46 million children were estimated to be malnourished in the 1980-88 period.⁵

⁵ The pernicious effects of malnutrition among children from poor households are borne out by the following statistics contained in a report by the Nutrition Foundation of India (cited in Jain, 1988). Of the nearly 23 million children born in India in 1983, 3 million were expected to die before they reached their first year; another 1 million would die before completing their childhood, despite a fall in infant mortality rates since the mid-1960s. Of the remaining 19 million, nearly 9 million will enter into adulthood with impaired physical stamina, low productivity and poor mental abilities because of serious under nutrition and ill-health during their childhood; another 7 million who will suffer milder forms of malnutrition may reach adulthood with less striking physical and mental impairment.

In the face of high rates of malnutrition, the poor are also prone to nutritional disorders such as vitamin A blindness, iron-deficiency anaemia, goitre and cretinism. Virulent diseases such as malaria, cholera and typhoid disproportionately affect the poor. Village studies indicate that the poor recurrently suffer from high rates of morbidity, which reduces household income and acts as a drain on household expenditure. Children from poor households are highly susceptible to diarrhoeal diseases in which malnutrition is a contributory factor.

Mortality rates are also more pronounced among the poor, largely as a result of malnutrition and disease, although crude birth rates per 1,000 population fell from 45 in 1965 to 32 in 1988, and crude death rates from 20 to 11 over the same period. For the population as a whole, life expectancy rose from 44 in 1960 to 59 in 1990 (UNDP, 1991). However, the regional picture presents a more varied scene with the eastern and central regions registering significantly higher death rates than elsewhere, although there has been a decline in all regions since the mid-1970s.

Levels of educational achievement tend to be particularly low among the poor, especially for women. While primary and secondary school enrolment has increased overall, girls register much lower rates of participation. In the case of secondary school enrolment, 50% of boys attended classes in 1987 compared to just 27% of girls. Literacy rates reflect these disparities. In 1985, 297 million adults in India were classed as illiterate. Literacy for the country as a whole was 43%; the percentage of male literates was 57% in 1985 compared to 29% in 1985 for women. Illiteracy is even more widespread in rural areas, and is especially pronounced among the poor. There are also significant disparities between different states, with literacy rates ranging from 38% for men and 14% for women in rural Andhra Pradesh, to 87% and 73% respectively in rural Kerala (World Bank, 1989:54-6).

Poverty in rural India cannot be captured in its entirety by quantitative data on incomes, consumption levels, health and nutrition. Some commentators have argued that improvements in the economic status of the poor are more properly understood by examining their priorities at the outset.⁶ For example, poor people place greater emphasis on changes in their economic status which are not purely related to incomes, such as reduced dependence on landlords and poorly paid work, improved mobility, shifts in consumption patterns, and the acquisition of consumer durables.⁷

Such factors will not necessarily be captured in an assessment of household incomes which emphasises cash remuneration. Indeed, the selection of variables for measuring poverty can affect the way in which changes in poverty incidence are interpreted. For example, in a study of changing poverty incidence in a village in Rajasthan, Jodha (1988) found that while real incomes had declined, other qualitative indicators of

⁶ Chambers (1988) groups these priorities in the following way: higher and more reliable incomes; better consumption at lower personal and social cost; increased asset-holdings and reduced liabilities; better security against exploitation and impoverishment; greater independence and self-respect.

⁷ Jodha (1988). All these factors were cited by villagers in the ODI case study evaluations and formed an important element in the way in which changes in economic status were assessed. See Robinson (1991).

change pointed to a considerable improvement in the economic status of poor households. While comparative data on social development are not available for different parts of the country, they produce a much closer approximation of the true extent of changes in the lives of the poor at the local level, which may either confirm or contradict measures of poverty based on incomes.

Caste and tribal groups experience poverty in different ways. Although traditional caste practices have been breaking down since independence, caste discrimination remains a pervasive phenomenon in many parts of rural India. While caste and tribal affiliations have become more closely identified with class, in that a high proportion of the scheduled castes and tribes are landless wage labourers or marginal farmers, such groups experience poverty differently to higher caste groupings with comparable incomes and asset-holdings (Omvedt, 1982).

Scheduled castes and tribes suffer a greater degree of social and cultural discrimination which reinforces their inferior economic status. Scheduled castes may be prevented from drawing water from a well in the middle of the village and are forced to travel further afield to procure water from a separate, and possibly inferior, source. They may be forced to perform duties for high caste households in return for security of employment or loans. They have to wait longer than other customers to be served in shops or banks, and waste time that could otherwise be spent on more productive activities. For such groups, changes in their economic situation may also have an impact in terms of their relations with other caste groups, which is reflected in increased self-respect and reduced discrimination, confirming that the social dimension of poverty can be as important as material considerations for the poor in rural India.

Poor rural women also experience poverty in ways that are different from and more invidious than those encountered by men. Women suffer disproportionately from ill-health and malnutrition and higher rates of illiteracy. Women are also prevented from carrying out particular types of work and are invariably paid less for agricultural work. It is difficult for them to inherit land, and women have to rely on more costly informal credit markets to secure capital for self-employment and petty trading activities.

Women are often subject to further hardship by intra-household consumption and income variations. Within poor households, women commonly consume less than men and young children, especially boys, and accordingly suffer greater debilitation from reduced food intake during times of shortage. Women-headed households, where the husband has died or absconded, tend to be among the poorest sections of rural society, because of limited employment opportunities and the additional responsibility of childcare which also reduces their mobility. It is for these reasons that poverty alleviation programmes funded by the government and NGOs place a particular onus on improving the economic and social well-being of poor rural women.

1.2 Government Poverty Alleviation Programmes

The Indian government has two central development objectives, as summarised in the Seventh Five-Year Plan (1985-90). One is to provide a framework of economic growth, principally through large public sector investments in power, heavy industry and communications, combined with policies designed to promote private enterprise development.⁸ Growth is considered to be a vital prerequisite for economic development through increased food supplies and expanded employment opportunities, although the limitations of a trickle-down approach are widely recognised.⁹ Nevertheless, sustained growth has provided the financial basis for a series of targeted programmes aimed at directly alleviating poverty, which constitutes the second major objective of government development policy.

Successive Indian governments have emphasised the redistributive role of the state in the pursuit of poverty alleviation and have adopted a wide range of approaches to alleviating rural poverty over the 40-year period since independence. Some of these have been universal and centred on service provision, in the form of health, education and water supply. Others have been in the form of food subsidies bound up with the public distribution system.¹⁰ There have been several attempts at land reform in the post-independence period, but with the exception of West Bengal, the achievements in this sphere have been relatively limited.¹¹

A range of programmes has also been developed for particular sectors, groups of people, and backward parts of the country. Over the past ten years many of these programmes have been consolidated into a more targeted approach designed to promote income and employment opportunities for the poorest, especially small and marginal farmers, landless labourers, rural artisans and women, of which the Integrated Rural Development Programme (IRDP) is the most significant in terms of scope and resources and provides the main focus for this section.

In the 1989/90 budget, total central government expenditure on rural employment and income creation schemes, social services and food and cloth subsidies amounted to Rs 95 billion (£3.5 billion). Plan expenditure was divided on a programme-wide basis as follows: welfare, health and human resources, collectively referred to as the Minimum Needs Programme, Rs 34 billion; rural works schemes, Rs 17 billion; IRDP and related programmes, Rs 5 billion; other rural development programmes, Rs 500 million. Non-plan outlays included Rs 14.2

⁸ The emphasis on the private sector has come about only in the last decade, with the shift towards economic liberalisation promoted by the Rajiv Gandhi government after 1985. Previously the policy of the government was to regulate the activities of the private sector through an array of licensing arrangements, import restrictions and foreign exchange controls, in order to promote import substitution and curb monopolies.

⁹ Economic growth in the late 1980s was fuelled by a consumer boom which primarily benefited a growing urban middle class and, to some extent, higher income groups in rural areas (ODI, 1989).

¹⁰ These include the rice subsidy scheme in Andhra Pradesh and the Nutritious Meal Scheme in Tamil Nadu.

¹¹ Although land distribution is central to the structural underpinnings of rural poverty, the experience of land reform in India is beyond the scope of this paper, which is restricted to an examination of targeted programmes of assistance in the form of grants and subsidies, and service provision. For an account see Joshi (1974).

billion for social service delivery and Rs 24 billion for food and cloth subsidies. Further expenditures are incurred by state governments in implementing additional state-specific poverty alleviation programmes, such as the Employment Guarantee Scheme in Maharashtra. Resources for rural development and social service provision were scheduled to expand in the Eighth Five-Year Plan (1990-95), in line with the spending priorities of the Janata Dal coalition government, but it remains unclear the extent to which the new government will honour this commitment in view of current cutbacks in public expenditure.

Foreign aid has also made a contribution to various government poverty alleviation programmes. Net aid disbursements in 1989 were \$1.9 billion (representing a real decline from a peak of \$2.2 billion in 1986), and equivalent to just 0.7% of GNP. Net inflows were \$2.3 per capita in 1989, one of the lowest among the low-income economies.¹²

Foreign aid to India has tended to focus on large-scale infrastructural projects, especially in the power and heavy industrial sectors, in line with the government's investment priorities. Over the past decade, donors have increasingly directed their attention towards poverty alleviation projects and have attempted to encourage the inclusion of poverty alleviation objectives in traditional investment projects. Agriculture and natural resource development have been a major focus for donor-supported projects, with the rehabilitation of wastelands, social forestry and watershed management emerging as major priorities in the late 1980s. There are also large programmes of assistance in the health and educational fields.

Nevertheless, the emphasis on large scale economic infrastructure projects remains strong, with DAC figures showing that 50% of official aid commitments were channelled into this sector in 1988. Productive activities, which include agriculture and natural resources, receive 31%, while social and administrative infrastructure were earmarked for only 12%. Foreign aid flows for anti-poverty programmes in the region of \$500 million (approximately Rs 6.5 billion at 1988 exchange rates), about 10% of the government's budget for poverty alleviation and social services and equivalent to the volume of resources provided to NGOs by foreign donors (see Section 1.3.2)

1.2.1 The Integrated Rural Development Programme

One of the first rural development programmes to be introduced by the government in the early 1950s was the Community Development Programme. Its main emphasis was on increasing agricultural production, through the introduction of improved farming practices and infrastructural development by means of village-level cooperatives. However the programme did not lead to substantial increases in output and richer farmers ended up as the principal beneficiaries. From 1961 it was largely superseded by the Intensive Agricultural District Programme which laid the basis for the bio-chemical package approach heralding the Green Revolution. But as a result

¹² The largest donor is the World Bank (through the International Development Agency) which provided concessional finance totalling \$820 million in 1988. Among the bilaterals, Japan is now the largest donor, with net disbursements amounting to \$179.5 million in 1988 (down from 303.9 million in 1987), followed by West Germany with \$152.3 million, the Netherlands (\$115.2 million) and Britain (\$112.6 million).

of the initial emphasis on the selective improvement of well-endowed districts, disparities between farmers and within regions increased.¹³

The experience of these initiatives indicated that a 'targeted-oriented' approach was required to direct productive assets into the hands of small and marginal farmers owning less than five acres of land who had failed to benefit from these earlier programmes. The Small Farmer Development Agency (SFDA) was introduced in the Fourth Plan period (1969-74), principally to channel subsidies and credit to poor farmers, incurring a total expenditure of Rs 2.3 billion during the period 1970/71 to 1979/80. The nationalisation of the commercial banks in 1969 laid the basis for a major expansion of rural credit, with the number of rural branches increasing from 1,832 in 1969 to over 30,000 in 1988 (Dantwala, 1989).

However, as with earlier programmes, the SFDA was limited in its impact (less than half the districts in the country were covered) and a large number of poor farmers were left untouched. An agency to cater for marginal farmers and agricultural labourers (MFAL) was also established in the 1970s (and later absorbed into SFDA), but it too suffered from similar limitations. While lending from non-institutional sources as a proportion of the total declined to just 39% by 1981, non-cultivators continued to encounter problems in securing access to credit from co-operatives and commercial banks, which generally insisted on some form of collateral.

Many NGOs launched rural development projects of their own during this period with credit constituting a major element in their strategies for reaching poorer farmers who had been excluded from government programmes. Two of the evaluation studies, Rural Development Trust and Arthik Samata Mandal, illustrate two differing approaches to rural credit, through a revolving loans scheme and by improving access to institutional credit respectively.

By the late 1970s the government realised that a more comprehensive approach to the problem of rural poverty was required, directed towards the provision of income-generating assets for the rural poor, to enhance or supplement earnings from agriculture. The Integrated Rural Development Programme (IRDP) was first launched in April 1978 in 2,300 blocks, and extended to cover all 5,000 blocks in October 1980. The broad objective of the programme is to provide credit with a capital subsidy to the rural poor to finance productive investments in income-generating assets.¹⁴ The incremental income produced by the asset is intended to take recipients

¹³ Several area-specific schemes were devised in the 1970s to provide assistance to less-developed areas characterised by a harsh environment or degraded ecosystem. Prominent among these is the Drought Prone Areas Programme (DPAP), which provides loans and subsidies to small and marginal farmers for soil conservation measures, social forestry and dryland horticulture.

¹⁴ The loans carry a subsidised rate of interest of 4%, and the schedule of loan repayments normally runs for between 3 and 5 years. The subsidy entitlement for SCs is 30% of the total cost of the asset, rising to 50% in the case of STs; all others receive 25%. There is a maximum ceiling of Rs 3,000 on the amount of subsidies available to SCs and Rs 5,000 to STs. In the 1980-85 Sixth Plan period the average subsidy amounted to Rs 2,787, rising to an average of Rs 4,215 during the Seventh Plan (1986-90).

above the poverty line after repayment of the loan which is the basis on which success is determined. Eligible households are those with incomes below a poverty line threshold of Rs 4,800, with a target group consisting of small and marginal farmers, agricultural labourers and rural artisans. The guidelines stipulate that at least 30% of the total beneficiaries should be from the scheduled castes and scheduled tribes, and 30% women; in 1987/88, 43% of beneficiaries were from the SC and ST communities, but only 17% were women (Pulley, 1989).

Responsibility for the implementation of the IRDP lies with the District Rural Development Agencies (DRDAs). The process of identifying eligible households is entrusted to block level staff who are responsible for surveying villages and drawing up a list of potential beneficiaries for approval by the gram sabha (village assembly) or panchayat council. These officials also help to identify appropriate investments and in submitting loan applications to the local bank. Eligible borrowers are technically free to purchase the asset of their choice, but in practice the range of options is restricted to milch animals, tyre carts, rickshaws, irrigation pumpsets, provisions shops and other small businesses, and group enterprises, which include stone cutting, printing and dyeing and other activities.¹⁵ The size of loans is determined by the asset which is to be purchased, with the DRDA revising the amounts each year in accordance with inflation. The subsidy element is paid directly into the bank account of the borrower, on receipt of the asset.

Real expenditure on IRDP has grown at an average rate of 14% per year since 1980/81, 6% higher than plan expenditure growth. The Sixth Plan target was 15 million households, (equivalent to 75 million individuals for an average family of five), as compared to an actual coverage of 16.6 million. This was at a cost of Rs 35 billion, equivalent to 38% of total public sector investment on rural development (Nickson, 1986). The Seventh Plan target was 20 million households, including some 10 million in receipt of a second 'dose' of loans who failed to rise above the poverty line first time round. Although there are indications that only 17-18 million households will be covered (about 25% of the total rural population living in poverty) in the 1985-90 period, the Eighth Plan target is expected to increase to 30 million households with an expansion in expenditure outlays for rural development. These optimistic figures on coverage from the Planning Commission lead it to predict considerable decreases in the incidence of poverty from 37% in 1983/4 to only 29% in 1987/88, although evidence on the impact of the programme casts doubt on such estimates (Dreze, 1990; Minhas et al, 1991).

A series of evaluations carried out in the mid-1980s painted a mixed picture of the impact of the programme during the 1980/85 period and drew attention to a number

¹⁵ There are separate programmes of support administered through the DRDAs for minor irrigation which are designed to benefit poor farmers, especially those from the scheduled castes and tribes. PASMA (Programme to Assist Small and Marginal Agriculturalists) provides grant support for individual tubewells, lift irrigation schemes and community borewells, as well as for land development. It complements the Jivandhara (Community Wells) programme which provides Rs 25,000 loan and subsidy packages to poor farmers to cover the costs of excavation, pumphouse construction and the pumpset.

of deficiencies.¹⁶ One such deficiency concerned the identification process. Drawing on the findings of six IRDP evaluation studies, Rath (1985) estimated that about 15% of those classified as poor actually had incomes above the official Rs 3,500 poverty line (during the Sixth Plan period) and were therefore not strictly eligible for loans and subsidies under IRDP. By comparison, the government's Concurrent Evaluation Survey showed that 64% of those involved in the programme had incomes below Rs 3,500 in 1984/85, and a further 21% were in the Rs 3,500-4,800 range (World Bank, 1989: 92). The NABARD study pointed to considerable variations in levels of ineligibility between districts, ranging from 7% in Andhra Pradesh to 47% in Gujarat (Subbarao, 1985).

In a detailed village survey in Uttar Pradesh, Dreze (1990) found that IRDP beneficiaries could be found in every income decile and that significant numbers were clearly not poor. The very poor were actually excluded as they were at a disadvantage competing for institutional loans and averse to risk. He attributed the inclusion of large numbers of non-poor to the absence of up-to-date land records, weaknesses in the survey questionnaire and pay-offs to village level government functionaries.

Nonetheless, in his survey of IRDP beneficiaries in Uttar Pradesh, Pulley (1989: 13) found that 90% of those deemed to be ineligible on income grounds were disadvantaged by caste or occupation, as this group included casual labourers, marginal farmers, illiterates and scheduled castes. Moreover, the evidence collected by Pulley, together with data from the second round of the Concurrent Evaluation, indicated that the majority of those who benefited from the programme were initially below the Rs 6,400 poverty threshold used as the cut-off point to determine success. The all-India data show that only 3% were above this level, whereas Pulley's figure was 16%, which could reflect increases in the cost of living over the two year period between the survey periods of the two studies (see Table 2). Despite this Dreze (1990) has argued that many of those who have purportedly benefited from the IRDP are borderline poor who experience periods of temporary poverty, which might also explain the high level of success attributed to the programme.

A further, and more fundamental, criticism concerns the poor income potential of many of the investments. According to the NABARD study, livestock, especially milch animals, goats and sheep, accounted for 40-50% of total investments, draught animals for a further 20%, minor irrigation 13-14%, and small businesses the remainder. The income potential of milch animals, which are the main asset acquired

¹⁶ These included studies by the National Bank for Agricultural and Rural Development (NABARD), the Institute for Financial Management and Research (IFMR) published as Gumaste *et al* (1987), and an evaluation by the Programme Evaluation Organisation (PEO) of the Planning Commission. The NABARD and PEO studies were based on a nationwide sample survey in 1983/84, while the IFMR study confined itself to five districts in Tamil Nadu and Maharashtra, albeit with a larger sample base and including beneficiaries and a control group. The studies are summarised in Subbarao (1985).

Table 2: Income distribution of IRDP beneficiaries

	<i>Income range</i>	<i>Rural population below poverty line (all India) 1984-85</i>	<i>Beneficiaries of IDRP (all India)</i>	<i>Uttar Pradesh</i>
Destitute	Rs<2265<	2%	24%	2%
Very, very poor	Rs2266-3500	14%	45%	24%
Very poor	Rs3501-4800	38%	21%	34%
Poor	Rs4801-6400	46%	5%	24%
Above poverty line	Rs6400		3%	16%

Source: Pulley (1989)

by the landless, is highly contingent on fodder supply and milk yield.¹⁷ Investments in handicraft production have generated very low returns for women, who have gained little from such activities (Mayoux, 1989).

A number of NGOs have attempted to raise the income potential and effectiveness of the IRDP by giving emphasis to group participation in the identification of appropriate investments and by fostering closer interaction with the intended beneficiaries. The CASA Phase III programme discussed in Part Two provides an illustration of this type of approach and serves as a point of comparison with the government's poor record in this regard.

Estimates of the income resulting from the purchase of income-generating assets form the basis for government calculations showing how many people have been brought above the poverty line. The NABARD study estimates that 40% of all beneficiaries rose above the poverty line during the Sixth Plan period, including those categorised as non-poor. However, when these are adjusted for price changes between 1979/80 and the survey period, only 19% were found to have crossed the poverty line. The study also pointed to significant variations between different states, with Punjab, Haryana, Maharashtra and Uttar Pradesh registering a 40% success rate as compared to 10% or less in Andhra Pradesh, Tamil Nadu and Rajasthan. Rath (1985) has

¹⁷ Buffaloes purchased through government auspices frequently rarely achieve their full milk potential of 6-7 litres, usually because the prescribed animals are of inferior quality (Rath, 1985: 242-3). Moreover, two animals are recommended to provide a constant year-round source of income, whereas in many cases the banks advance sufficient credit for only one, with the result that a net loss is incurred during the dry period when no milk is produced (Subbarao, 1985: 1831). Similarly, from his survey of IRDP beneficiaries in Uttar Pradesh, Pulley found that out of all the investments made by beneficiaries, dairy units registered the highest losses, although he noted that milk output would have been adversely affected by the drought conditions that prevailed in 1987 (Pulley, 1989:17).

argued that these estimates should be revised further downwards as loan repayments were not taken into account when calculating net income.¹⁸

However, a more accurate picture can be obtained if the impact of IRDP is measured by incremental increases in income relative to a household's pre-programme income and the cost of achieving such objectives. When these criteria are applied to IFMR data, the proportion of households exhibiting upward income mobility ranges from 60 to 100% in the sample districts. Relatedly, a higher proportion of those with a pre-programme income level close to the poverty threshold crossed this threshold than households in a lower income bracket. According to the PEO study, between 95 and 100% of households with incomes in the Rs 2,500-3,500 bracket crossed the Sixth Plan Rs 3,500 poverty threshold. Households with pre-programme incomes in the Rs 1,500-2,500 bracket and below displayed lower rates of success. Subbarao (1985) found that a higher level of success is achieved in areas with higher levels of infrastructural development and demand for services (see Table 3). He also noted that states with a higher incidence of poverty may not perform well in terms of the numbers of people crossing the poverty line, but may register a superior performance in terms of income mobility.

Another problem with IRDP concerns retention of the assets once the initial loan has been disbursed which may rest in the continued availability of credit (Kakwani and Subbarao, 1990). The second round of the Concurrent Evaluation of IRDP indicated that 71% of beneficiaries retained their assets after two years, and 56% had retained their assets and partly repaid the loans. By comparison, only 1.3% had repaid their loans and achieved significant income gains. Moreover, only a relatively small proportion of borrowers had fully repaid their loans and had applied to banks for additional credit (Pulley, 1989).

Pulley's findings (1989) from a survey of 960 IRDP beneficiaries in Uttar Pradesh in 1988 indicate that 82% retained their assets after two years, declining to 59% after five years. An important determinant of asset retention was found to be the income levels of beneficiary households. After four years only 46% of the poorest households retained their assets, while retention rates among less poor groups ranged from 64-75%. A number of additional factors (such as literacy, landholdings and skill levels) contribute to low retention rates. Asset retention is also lower where assets can easily be sold or where illegal payments have been made to local government officials responsible for the implementation of the programme. There is a strong incentive for beneficiaries to sell their assets once the subsidy has been paid, since they can realise the value of the subsidy in cash terms without having to wait for a secure income stream.

¹⁸ Subbarao (1985) and Dreze (1990) among others, have argued that the criterion of crossing the poverty line is an inappropriate measure for judging the impact of the programme since it is unrealistic to expect all classes of beneficiary to rise above the poverty line within a limited time period irrespective of their initial incomes. Such a measure takes no account of the level of incremental income generated by a particular asset or whether the income can be sustained over a number of years in the face of short-run shocks caused by weather, technology change and increases in food prices.

Table 3: Distribution of selected IRDP beneficiary households by area categories/income groups

<i>Area category</i>	<i>No. of selected households below poverty line at time of identification in income group of:</i>				<i>No. of selected households from the corresponding income groups which crossed the poverty line</i>			
	<i>Up to Rs 1500</i>	<i>Above Rs 1500</i>	<i>Above Rs 3500</i>	<i>Total</i>	<i>Up to Rs 1500</i>	<i>Above Rs 1500</i>	<i>Above Rs 2500</i>	<i>Total</i>
Tribal areas	28	52	21	101	1 (0)	1 (2)	21 (100)	22 (22)
Hill areas	20	42	29	91	6 (30)	13 (31)	29 (100)	48 (53)
Agriculturally developed areas	25	64	80	169	2 (8)	21 (33)	76 (95)	99 (59)
Desert areas	8	7	20	35	0 (0)	7 (100)	20 (100)	27 (77)
Good administrative infrastructure	58	63	84	205	2 (3)	19 (30)	84 (100)	105 (51)
Poor administrative infrastructure	30	96	82	208	5 (17)	0 (0)	82 (100)	87 (42)
TOTAL	178	341	349	868	15 (8)	69 (20)	345 (99)	429 (50)

Note: Figures in brackets are percentages to figures in corresponding income brackets at time of identification (prior to IRDP intervention).
Source: Subbarao (1985)

A final problem concerns loan repayments. Over the twelve-year period that IRDP has been in operation non-repayment of loans has climbed steadily. Overdues averaged 68% for India as a whole in 1986, if the subsidy portion is excluded. While some states performed better than others, the variation around the mean was relatively low, indicating that similar conditions apply in different parts of the country (Pulley, 1989).

One reason for the high levels of overdues is the criteria used in the selection of beneficiaries, where targets rather than absorption capacity determine disbursement. Another factor is the expectation of debt forgiveness, following the government's announcement in early 1990 that it would honour its election pledge to write off debts of up to Rs 10,000 for borrowers with good repayment records which has already had an adverse effect on repayment rates as several of the NGO case studies illustrate. A related factor is immunity from prosecution for defaulters; the worst that can happen is ineligibility for further credit from official banking institutions.

The evidence suggests that many of the problems with the IRDP are attributable to the absence of a proper planning framework for guiding the implementation of the programme at the block and district level. Disparities in the levels of poverty, infrastructural development and marketing facilities are generally not taken into account in the drawing up of block level plans. Rather, the units available for each type of activity are divided up on a block basis to ensure an even spread. Financial and physical targets are now determined for each district and block, taking into account local poverty variations. Despite these modifications, financial allocations continue to be determined by supply-side considerations rather than effective demand for credit or absorption capacity. While the DRDAs have a certain amount of discretion in determining the sectoral balance of the IRDP action plans, the existing system limits the scope for local level initiative and places an onus on meeting expenditure targets as opposed to the optimal use of credit.

Prescriptions for policy reform have been put forward by the World Bank¹⁹, although a number of commentators have expressed the view that the IRDP will always be limited in its impact due to its failure to provide a durable source of income for the rural poor, especially the landless (Rath, 1985) and the reluctance of the government to give serious attention to the structural causes of poverty (Dreze, 1990). According to this view, wage employment constitutes the major source of income for the landless and therefore the most effective way to alleviate poverty is through a major expansion of employment generation programmes. These are examined in Section 1.2.2 below.

¹⁹ The main recommendations can be summarised as follows: replacement of the poverty line indicator with a measure of success related to asset retention; replacement of centrally determined targets with guaranteed lines of credit for disadvantaged borrowers from individual banks conditional on regular repayment; replacement of a front-end capital subsidy with a periodic interest rebate for borrowers with a good repayment record; use of occupational eligibility criteria rather than income level; increased margin of interest to banks for IRDP loans (Pulley, 1989: 48-49).

1.2.2 Employment generation programmes

There are two main approaches used by the government in its attempt to tackle the problems of rural unemployment and under-employment. The first is based on skills training in order to promote self-employment, while the second concentrates on mobilising unskilled casual labour to develop the rural infrastructure.

The TRYSEM (Training of Youth for Self-Employment) programme was introduced in 1979 with the aim of promoting self-employment among rural youth from households below the poverty line. The scheme provided technical instruction for almost 940,000 individuals between the ages of 18 and 35 in the 1980-85 Sixth Plan period. While the intention was to promote self-employment across the different sectors of the rural economy, the main emphasis was on services, for example tailoring, carpentry and handloom weaving, sericulture, small businesses, maintenance and repairs. Special training programmes have also been set up for women.²⁰ Training facilities and marketing opportunities are examined at the outset, while loans and subsidies are arranged in advance with the appropriate credit institutions, in order to ensure continuity once the course of training has been completed. In this way, the TRYSEM scheme presents a more integrated approach than the IRDP, with the central government providing grant support for strengthening the infrastructure of rural training institutions.

An evaluation of the TRYSEM programme under the auspices of the Ministry of Rural Development in 1983 pointed to considerable inter-state variations in the number of people in self-employment as a proportion of those who received training. These ranged from 9% in Jammu and Kashmir to 71% in Punjab, with an average of 49% for the country as a whole. Clearly the success of the programme is contingent on the institutional capacity of local government and demand for services in different regions since high levels of agricultural output positively correlate with higher rates of self-employment. This would suggest that the potential for gainful self-employment outside agriculture is limited in less advanced areas where there is low potential demand for services (Subbarao, 1985). Such a finding clearly has implications for NGOs attempting to identify opportunities for off-farm employment, who operate under the same constraints as government programmes, but who claim a higher success rate by virtue of a more participatory approach. The three case studies in Andhra Pradesh examine some of the ways that NGOs have sought to tackle the problem of rural unemployment and illustrate the types of problems encountered in such interventions.

The government's rationale for funding large scale employment programmes stems from the recognition that a substantial proportion of the rural labour force depends on seasonal wage employment as its main source of income. During the lean season,

²⁰ The Development of Women and Children in Rural Areas (DWCRA) programme provides credit to groups of 15 or more women to help them start up group enterprises, the aim being to enhance women's income-earning capacity and thereby contribute to household consumption needs, in particular children's food requirements.

there are comparatively few income-earning opportunities outside agriculture. Many labourers migrate to other states in search of employment during this period, but a large number of households remain without work and their poverty situation intensifies, forcing them to reduce food intake and expenditure on non-food items. The problem is especially acute in the semi-arid regions where poorly developed irrigation facilities coincide with a single crop culture. A second objective of wage employment programmes is to improve the quality of rural infrastructure and agricultural land in less developed regions.

These employment schemes have their origins in the Food for Work programmes of the 1960s and 1970s. The National Rural Employment Programme (NREP) was introduced in the Sixth Plan (1980-85), during which it created 355 million work days annually at an average cost of Rs 6.8 billion (in the form of wages and foodgrains) shared equally between the centre and the states. The total number of days created by the programme rose to 380 million in 1987/88, with the state-wise distribution conforming closely to the proportion of ultra-poor. The NREP has been used to build roads, schools, minor irrigation facilities, and other community assets in rural areas.

A second scheme, the Rural Landless Employment Guarantee Programme (RLEGP), began in 1983 and was funded exclusively from central government funds. The RLEGP created an average of 282 million work days per year in the period 1985/86 to 1987/88 at an average annual cost of Rs 5.7 billion. Modelled on the Employment Guarantee Scheme of the Maharashtra state government (discussed below), it was primarily used for building community assets and provided seasonal employment, as its name suggests, to the landless. At the outset, the intention was to provide up to 100 days work per year to at least one member of every landless household.

Despite the volume of resources allocated to them, the impact of these programmes has been relatively modest. In the period 1985/86-1986/87, they created an average of 1.67 million days employment, equivalent to just 0.6% of total daily rural employment. The average number of days work received by each household in a given year ranged from 1.1 in Haryana to 16.4 in Rajasthan, with an all-India average of 6.1 (World Bank, 1989). Wage rates were barely above the subsistence margin and irregular payments acted as a disincentive to workers who participated in the scheme as a last resort (Subbarao, 1985: 1833).

Results of the first Concurrent Evaluation Survey on the NREP (1985-86) and a 1987 Planning Commission assessment pointed to further shortcomings and problems. They found that the NREP provided employment to only half the villages in each block on average since its inception, with particularly low coverage in Bihar, Uttar Pradesh and West Bengal, all of which have high rates of poverty incidence. While the scheme attracted workers from tribal or scheduled caste backgrounds, comparatively few women took part in the scheme (see Table 4).

Households participating in the scheme registered small but intermittent increases in incomes, reflecting the fact that employment was irregular and poorly paid. Local participation in the identification of suitable projects was often minimal. The evaluation survey also found that the maintenance of assets created under the NREP

Table 4: NREP state-wise distribution of employment, 1987-88

<i>State</i>	<i>Employment (million mandays)</i>	<i>Percentage of women employed</i>	<i>Percentage distribution of ultra-poor population</i>
Andhra Pradesh	28.8	41.8	3.9
Assam	3.4	Nil	2.1
Bihar	46.8	10.0	20.0
Gujarat	17.2	28.6	1.7
Haryana	2.2	Nil	0.6
Jammu-Kashmir	-	-	-
Karnataka	1.9	13.4	4.6
Kerala	9.9	26.7	3.0
Madhya Pradesh	50.7	27.1	8.5
Maharashtra	26.2	26.2	7.5
Orissa	22.5	25.7	5.4
Punjab	1.9	Nil	0.5
Rajasthan	24.0	24.2	3.2
Tamil Nadu	32.2	44.1	8.2
Uttar Pradesh	55.3	3.1	18.3
West Bengal	15.5	3.0	12.7
All India	379.6	20.65	100.0

Source: Kakwani and Subbarao, 1990

was generally poor. Similar problems of programme implementation and asset quality have also beset the RLEGP. Moreover, the objective of creating at least 100 days work for one member of each landless household was not met (World Bank, 1989: 99-100). Such problems illustrate the limitations of such an approach to large-scale employment generation and raise questions concerning its effectiveness as a key component of the government's poverty alleviation strategy.

A far more comprehensive employment-generation programme has been financed by the government of Maharashtra over the past decade, accounting for approximately 10-12% of the state development budget. The Employment Guarantee Scheme (EGS) provides statutory employment to all those seeking off-season work in government development projects, principally irrigation works and soil conservation in semi-arid areas. In this way the EGS has reduced the vulnerability of the poor when agricultural employment is not available. The main beneficiaries of the scheme are landless labourers and marginal farmers, especially those from tribal or scheduled caste households; women account for more than half the labour force. In the 1982/83-1984/85 period, the scheme accounted for 3.5% of daily rural employment in the state, rising to 12% for individuals with monthly expenditures below Rs 100. Average daily

attendance was 550,000, with each rural worker receiving an average of 10 days employment per year. Studies have shown that for the poorest households the EGS contributed between 10-60% of their total annual incomes (World Bank, 1989: 70). There has been pressure on the government to replicate the scheme on a nationwide basis but it has so far refrained from doing so, on the grounds that it would be extremely expensive to implement.

In 1989/90, the NREP and RLEGP were assimilated into the Jawahar Rozgar Yojana, an expanded rural employment programme designed to cover the whole country which attempts to address some of the difficulties encountered in the earlier programmes. Poorer areas are allocated a larger share of available resources on the basis of agricultural productivity and population shares of agricultural labourers, scheduled castes and tribals, who receive special priority under the scheme. Thirty per cent of the employment created is reserved for women. The stated objective of the new programme is to 'provide fuller employment opportunities to at least one member of each household living below the poverty line who seeks unskilled employment', although the number of days employment is not specified (Government of India, 1989). The primary focus is on the creation of productive community assets (minor irrigation works, social forestry, flood protection and soil conservation measures etc.) and welfare facilities (rural roads, school buildings, low cost housing, drinking water wells) designed to strengthen the rural infrastructure, and to complement other poverty alleviation programmes. These in turn are expected to promote economic growth and a steady rise in the income levels of the rural poor, although it is too early to assess the impact of the new programme.

The foregoing review has focused attention on a number of problems and limitations with government poverty alleviation programmes. On the positive side, successive governments have displayed some commitment to devising effective programmes to tackle the problem of rural poverty. The schemes have a wide coverage and have provided credit and employment to a large number of people. At the same time, however, their geographical coverage has been uneven and important groups among the poor (women and the landless) have only had a peripheral involvement. Where there have been benefits, it has generally been the less poor rather than the very poorest who have gained most, with a higher share of the benefits accruing to those already in possession of productive assets. The quantum of benefit, measured in terms of incremental income and increased employment, has generally been very low, and rarely sustained.

Government poverty alleviation programmes have been plagued by problems of implementation resulting in weak targeting, poor follow-up, low repayment levels and problems of asset retention. They have also been subject to local political pressures and petty corruption which has in turn undermined their potential appeal for the poor. Access to credit from banks on a recurrent basis in the form of crop loans also continues to be problematic.

These failings raise important implications for NGOs which, like the government, are committed to alleviating poverty through targeted interventions designed to raise incomes and increase employment. Yet NGOs argue that their approach is radically

different from that of government and claim higher rates of success in improving the economic status of the poor. Major points of difference lie in the smaller scale of their interventions, a greater commitment to social uplift and an explicit concern with participation, but there is a lack of comprehensive information available which documents their overall contribution to poverty alleviation.

The case for NGOs has to be judged on the basis of evidence which supports their claim to be more effective in alleviating poverty on a sustainable basis; the four case studies presented in Part II attempt to provide some insights into NGO performance in the light of the problems encountered by government programmes. Meanwhile, the third and final section of this introductory chapter examines the broader context of NGO interventions in India by focusing on their diversity, approaches to poverty alleviation, relations with government and sources of funding.

1.3 The Role and Impact of NGOs

There is widespread agreement among development practitioners, government officials and foreign donors that non-governmental organisations (NGOs)²¹ play an important role in helping to alleviate rural poverty in India. Their role is usually considered to be complementary to that of government, both in terms of providing additional resources and in making government programmes more effective. This view has formed the basis for a substantial increase in the level of funding channelled to NGOs from government sources and official aid donors. It is also a perspective that is shared by many NGOs, although some view their work rather differently.²²

NGOs in India are characterised by a rich diversity of approaches, traditions and activities, rendering the task of generalisation problematic, if not impossible. In a country the size of India there are major differences between individual states and regions. NGOs number in the thousands (some estimates suggest several tens of thousands), they cover most areas of the country and their activities affect a significant proportion of the population living in poverty. A number of studies have examined the types of activities in which NGOs are engaged and

²¹ This Working Paper is more narrowly concerned with those NGOs which are involved in development activities, which have as their objective improvements in the social and economic status of the poor, either through direct project interventions or by means of campaigning, training, research and documentation. In India such organisations are usually termed voluntary agencies (volags), although here the terms NGO and voluntary agency are used interchangeably.

²² One school of thought holds that voluntary agencies have the capacity to displace government which is not considered capable of effecting social change or sufficiently committed to the eradication of poverty as the main vehicle for promoting grass roots development (Sethi, 1984; Sheth, 1984; Kothari, 1984). The grassroots organisations formed by voluntary agencies are all seen to have the potential for linking up groups of tribals, women, scheduled castes and landless labourers into fully-fledged political movements articulating issues which directly concern the poor (Stephen, 1990).

identified a particular set of attributes with which they are associated, but there is relatively little information on their aggregate impact in alleviating poverty.²³

There are a number of networks which co-ordinate NGO activities at the national, state and local levels. Attempts at co-ordination have often been fraught with difficulty, since there are often sharp differences of perspective and orientation, although there have been some successes in bringing NGOs together around common sectoral interests or campaigning issues. While such networks have improved co-operation and information exchange among their objectives, they can create, or perpetuate, further sets of divisions among groups of NGOs over matters of funding and strategy.²⁴

In some ways, NGOs in India are analogous to the proverbial iceberg, with a small group of agencies (usually represented by a handful of charismatic individuals) assuming a high public profile, and known to government and foreign donors, whereas the vast majority are highly localised and virtually unknown outside the area in which they are working. It is therefore tempting for their adherents and opponents alike to make judgements about the overall impact of voluntary agencies based on the well-publicised performance of a few prominent organisations, whereas the picture as regards success is far more varied and less clear-cut on the ground.

The evidence on the impact of individual project interventions is surprisingly limited. It is unusual for NGOs to circulate the results of evaluations or to disseminate detailed information about their activities, even though a large number of evaluation studies are conducted each year, either at the behest of donors or at the initiative of the implementing agency. The major problem with this lack of information sharing is that the pitfalls of particular types of intervention are not taken on board by others. Those reports which do receive a wider circulation tend to concentrate on operational concerns related to programme goals or strategic orientation. Evaluations which attempt to gauge impact are of very variable quality and often fail to distinguish between changes in economic status attributable to the NGO and the broader changes taking place in the local or regional economy. NGOs are particularly interested in beneficiary participation in decision-making and in determining programme priorities, a theme that is especially prominent in self-evaluation, although this in itself does not reveal the full extent of a project's impact (Sen, 1987).

The four case study evaluations presented in the second part of this report attempt to identify the reasons for the success or failure of particular types of interventions, where NGOs combine different forms of income-generation with community organisation. It would, of

²³ There has been an enormous amount written on NGOs in India, but comparatively few studies examine their impact in any detail (Combe, 1989). The bulk of the literature has been concerned with debates over funding, partnership, classification and relations with government (see, for example, Sheperd et al, 1987).

²⁴ This was most strikingly evident over moves by one group of NGOs to institute a national code of conduct for voluntary agencies, ostensibly to curb misuse of funds and to clean up their public image, but this was perceived by others to be part of an attempt by government to intrude further on their autonomy. Their opposition to the initiative resulted in its abandonment. Another case in point is when donors set up networks of partner agencies in receipt of funding and non-project support, they can have the effect of isolating them from the wider movement.

course, be fatuous to derive generalisations about the overall impact of Indian NGOs from only four projects, but the evidence derived from their experience can provide some useful lessons. This can only be done effectively with reference to the wider NGO scene, by examining some of the attributes with which they are usually associated, the amounts of resources that they command and the debates concerning their role in poverty alleviation and in promoting social change.

1.3.1 Numbers, range and quantitative impact of NGOs

Estimates of the number of NGOs active in rural development in India range from less than 10,000 to several hundred thousand depending on the type of classification that is used.²⁵ There are nearly 20,000 organisations registered under the Foreign Contribution Regulation Act (FCRA) with the Ministry of Home Affairs, although the list does not distinguish between religious organisations (such as mosques and temple management committees), commercial bodies and voluntary agencies; only half of these fall into the NGO category. Besides those organisations which are eligible to receive foreign funds, there are many others which derive their financial support from internal sources, such as businesses and private donations. All voluntary organisations with more than seven members have to register with state governments under the 1860 Societies Act, although only a relatively small proportion of these are engaged in development work.²⁶

There have been several attempts to compile directories of voluntary agencies in India but few of these are comprehensive; most fail to provide information relating to their areas of activity, number of employees or basic income and expenditure data. The 1989 directory of voluntary agencies, produced by CAPART (Council for Advancement of People's Action and Rural Technology), lists 2,264 NGOs which it has either funded or are known to it, but it acknowledges that the list is far from comprehensive.²⁷ Taking into account these various sources, a realistic estimate of the number of NGOs actively engaged in rural development in India would be the 15-20,000 range, a figure that includes local and regional branches of national organisations registered under the Societies Act which operate as NGOs in their own right.²⁸

²⁵ NGOs are promotional agents which provide support and funding to the poor through functional groups (village-level bodies, women's committees, cooperatives, slumdweller associations etc.) which have the character of grassroots membership organisations rather than voluntary agencies.

²⁶ In Tamil Nadu, for instance, there are some 25,000 societies registered with the state government, but these include film clubs, card playing circles and professional associations. Less than 5% can actually be classified as development NGOs. Some vastly exaggerated estimates of the numbers of NGOs in India have been extrapolated from such figures which need be treated with caution.

²⁷ CAPART (1989). National organisations with multiple branches are listed once under their main office address, whereas in a local context these exist as NGOs in their own right.

²⁸ Organisations like ASSEFA in Tamil Nadu and AWARE in Andhra Pradesh operate through sub-district offices which serve a particular geographical area. These function as NGOs in the local context, whereas the thousands of village level associations through which they work do not.

Aggregate numbers reveal only part of the picture as there are significant variations in the number of voluntary agencies in different states with a marked concentration in the south of the country. For example the CAPART directory lists 295 NGOs in West Bengal and 267 in Tamil Nadu as compared to 65 in Madhya Pradesh and just 5 in Jammu and Kashmir. To some extent these reflect differing patterns of poverty, but also historical factors (such as areas of Christian missionary influence or Gandhian activity) and the priorities of foreign donors. Some districts possess dense networks of NGOs, which overlap and compete for clients, while in others there are hardly any NGOs active on the ground.²⁹

NGOs in India can be grouped into six categories according to their scale of operations, although there are further differences relating to the nature of their work, approach and range of activities they undertake.³⁰

- large national NGOs working in several states in different parts of the country;
- large national NGOs working in most districts of one state;
- medium sized national NGOs working in a large number of villages in one or two districts of one state;
- small national NGOs working in a group of villages in one locality;
- large international NGOs with in-country representation providing funding and support to national NGOs;
- small international NGOs working directly in one or two localities.

The most common type of NGO in India is the small agency working in a cluster of villages in a particular locality with a handful of staff; as one moves up the scale there are comparatively few organisations which possess the staff or financial resources to work intensively at the state and national levels, although it is these organisations which are the most well-known in government and donor circles. Three of the four case study NGOs fell into the medium sized category, as each was working in a large number of villages (between 40 and 130), albeit with different degrees of intensity.

A number of the larger NGOs employing several hundred staff perform an intermediary role in channelling resources from donor agencies to small local NGOs, in some cases to several hundred organisations, and are not generally involved in

²⁹ For instance, Lall (1987) gives a figure of 5,000 agencies for Cuddapah district in Andhra Pradesh alone, which most probably includes all village-level associations as well as NGOs in the narrower sense of the term.

³⁰ These are discussed more fully in section 1.3.2.

project implementation.³¹ Most international NGOs do not have direct representation in the country and prefer to work through intermediaries, although several, like OXFAM, ActionAid and NOVIB, have regional offices responsible for liaising with and channelling funds to local NGOs. A few small international NGOs operate directly with one or two foreign staff, but these remain the exception rather than the norm (see Section 1.3.2 for details).

A further indication of the size of NGOs operating in the field of development may be derived from their financial turnovers, although NGOs are generally reluctant to divulge detailed accounts. Some of the larger national NGOs have budgets amounting to several tens of millions of rupees. One recent survey reported that 54 NGOs had annual turnovers in excess of Rs 1 million although this is probably an underestimate of the number of organisations in this size category.³² The same survey found that nearly half the NGOs sending in responses had budgets below Rs 250,000, which provides some support for the view expressed above that the majority of Indian NGOs are small scale and localised.

It is equally difficult to determine the income and expenditures of NGOs as a whole. One way of ascertaining their financial contribution is to add up funds from donor and government sources. Recent estimates suggest that the amount of foreign funds coming into the country for use by NGOs each year is in the region of Rs 9 billion (\$520 million), up from Rs 5 billion in the mid-1980s.³³ In quantitative terms, this is equivalent to approximately 25% of official aid flows, which stood at \$2.1 billion in 1988.

A further Rs 500-700 million is provided annually by CAPART and various government ministries. When individual and corporate donations are added in, an annual income figure of Rs 10 billion would seem a reasonable estimate, although this does not take into account unofficial payments or contributions in kind by project beneficiaries, which NGOs tend to include in their financial accounts. This figure is double the government's annual expenditure on IRDP (Rs 5 billion), and 10% of its overall budget for poverty alleviation and service provision, which indicates that the resources mobilised by NGOs are important but essentially supplement those provided by the government.

³¹ CASA (Churches' Auxiliary for Social Action), one of the four case study NGOs, is an exception in this regard, insofar as it administers funds on behalf of foreign funding agencies and is directly involved in project implementation. In the Phase III programme, the organisation functions as a medium-sized NGO with administrative support from the head office.

³² The survey drew on questionnaires returned by 318 NGOs (out of a total of 1891 which were initially contacted). Of these 40 declined to provide financial details, giving a sample base of just 278, which can only provide at best partial information about the sector as a whole (Nath, 1989).

³³ It should be noted that there was a significant fall in the value of the rupee in the late 1980s, which suggests that while the volume of funds has increased substantially in rupee terms, the foreign exchange equivalent has remained fairly static.

1.3.2 Approaches, relations with government and foreign funding

The fundamental objectives of NGO activity in rural India are poverty alleviation and the empowerment of the poor, primarily through small-scale development projects. Some NGOs have chosen to tackle the symptoms of poverty manifested in low educational standards, ill-health, poor sanitation and inferior housing by means of targeted welfare programmes. Others, among them the four NGOs examined in this study, have concentrated on enhancing the asset position and income earning potential of the poor through land improvement schemes, credit and skills training. Both of these centre on a consensual approach to development in which the existing social and economic structure is treated as given and is not directly challenged. An alternative approach has been for NGOs to empower poor people to demand resources from the state or to challenge injustice and exploitation.

The foundations for the contemporary voluntary agency movement in India were created in the pre-independence period. Some of the earliest voluntary activities were associated with the social reform movements of the late nineteenth century, which were largely concerned with educational and cultural matters, and only tangentially with the question of poverty. Christian missionary groups were responsible for establishing a network of hospitals, schools and welfare services for the poor in the first half of the twentieth century. A third voluntary tradition with its roots in the pre-independence period was the Gandhian approach, which combined social reform with village development activities.³⁴

The Christian and Gandhian approaches continued to underpin voluntary agency activities after independence. During the 1950s and early 1960s a number of voluntary development agencies came into existence founded on these traditions. An early focus of NGO activity was disaster relief and food for work programmes, which were particularly associated with Christian organisations.³⁵ Social welfare remained an important concern for many NGOs, and provided critical backup for public service provision in the early post-independence period. Agencies steeped in Gandhian values emphasised village uplift and self-reliance, and provided the foundation for development activities centred on small-scale agriculture and cottage industry. The Sarvodaya movement led by the veteran Gandhian, J.P. Narayan, took these ideas further and became an influential force in Bihar and parts of Uttar Pradesh (Alliband, 1983). The integrated development approach became popular in the late 1960s and early 1970s, with NGOs combining health and education with economic programmes in pursuit of poverty alleviation. It was also at this time that funding from international NGOs began to make its mark on Indian voluntary agencies.

During the latter half of the 1970s, a more radical trend emerged in the NGO movement associated with the activities of social action groups. These groups shared

³⁴ Campaigns against untouchability, dowry and liquor were prominent in the social reform programme of the Gandhian movement. Further details are provided in Alliband (1983).

³⁵ CASA was established soon after independence in 1947, and Caritas India in 1962.

the view of many on the political left that poverty was a structural phenomenon rooted in an unequal distribution of wealth, power and assets (especially land) which had to be tackled head on through the active mobilisation of the rural poor. Whilst they abjured a violent approach, the thrust of their activities was confrontational, with these groups initiating struggles over issues such as land reform, wages and bonded labour. Another dimension of their work rested on empowering the poor to demand efficient delivery of services from the state and the implementation of progressive components of government legislation. These activities centred on the formation of groups through which functional literacy skills and the creation of a critical awareness about the causes of poverty were disseminated (see the CASA study in Part II).

With the support of liberal foreign funding social action groups proliferated throughout the late 1970s and early 1980s, and established themselves as the dominant trend in some states, notably Tamil Nadu and Bihar, providing a sharp counterpoint to the programme-focused approaches which had found favour from the 1960s.³⁶ By the mid-1980s, however, their relatively limited achievements in the economic sphere resulted in a questioning of the basic tenets of the social action approach. At the same time, there had been growing criticism of the lack of participation by the poor in the design and implementation of NGO integrated development programmes.

From the mid-1980s, a further trend has emerged within the NGO movement, which emphasises the importance of a professional approach to development work founded on sound management, planning and co-ordination.³⁷ A parallel development has been the emergence of resource agencies which do work directly with the poor but provide support services to other NGOs in the form of training, evaluation and documentation.³⁸ These agencies are usually financed by core grants from foreign donors and from payments for staff training from individual NGOs. Intermediary agencies responsible for channelling funds from foreign donors to small national NGOs in some cases also provide these types of services, particularly in providing qualified staff for assisting with evaluations.

Over the past decade there has been an element of convergence between these various approaches, in which NGOs seek to combine project-specific development work with active organisation of the poor. In a reflection of this greater uniformity of approach,

³⁶ Many of the activists attracted to the groups had been influenced by the revolutionary ferment of the late 1960s and shared a cynical disdain for the prospect of a major shift in the balance of power and wealth in the countryside under the existing system. Others joined activist groups as a result of their participation in the JP movement during the period of authoritarian rule imposed by Mrs Gandhi under the emergency of the mid-1970s. Further sources of inspiration came from the ideas of Paulo Friere in Brazil and liberation theology which had gained ground in Latin America during the late 1960s. See Stephen (1990) and Unia (1991).

³⁷ An agency which exemplifies this approach is PRADAN (Professional Assistance for Development Action) which provides managerial support to individual agencies through professional consultants and directly implements development projects itself.

³⁸ Examples of such organisations are PRIA (Participatory Research in Asia) based in Delhi and SEARCH in Bangalore. The Centre for Education and Documentation in Bombay, as its name suggests, acts as a resource base for the voluntary sector.

community organisation is now treated, for the most part, as an essential pre-requisite of the successful introduction and implementation of specific programmes. Similarly, most NGOs recognise that organisational work among the poor cannot be sustained without material improvements derived from programme-specific activities.

Most NGOs work through groups, although there is considerable variation in both their purpose and in their approach to group formation. Some, notably the Gandhian agencies, chose to work through existing village institutions (panchayats or gram sabhas), but these are invariably dominated by the rural elite. For this reason, most NGOs prefer to form groups which exclude the wealthier members of the village community. These groups (known as sangams in the south) are organised in a number of ways as shown in the case studies; in some cases, caste or tribal affiliations constitute the basis for group formation (as for example in RDT), while others, particularly the social action groups, restrict their membership to the landless or marginal farmers. Another approach (such as that favoured by CASA and ASM), is where all the poor are included within the group irrespective of caste or class situation. Membership of such groups is either determined by a maximum landholding, say up to five acres, or by possession of a ration card entitling the holder to subsidised commodities. In some cases membership of the group is defined by a common occupation, such as farming or fishing.

This diversity of approach has tended to make co-ordination difficult to achieve. At the local level, these differences of approach are sharpened by competition over areas of operational activity, especially where there are dense networks of NGOs, and by personality conflict. Another factor which renders co-ordination difficult is that many local NGOs are preoccupied with development projects in the villages in which they are already working and do not perceive the need for or the potential benefits of sharing insights or resources with other organisations.³⁹ Rivalry over scarce government resources and official patronage also hinders co-ordination at the local level.

Despite such problems, some networks have been established at the state level, which seek to present a common front in negotiations with the government over legislation and policy formulation.⁴⁰ There are also examples of NGOs which have sought to form temporary networks with specific advocacy objectives.⁴¹ Other networks have

³⁹ In the Krishna delta region of coastal Andhra Pradesh there is a surprising lack of coordination between voluntary agencies working in the area. Agencies are often ignorant about the activities of other NGOs, even when they work in adjacent villages. For example, the coordinator of one NGO based in the district capital had never visited the offices of another organisation working in the same vicinity in the twelve years that he had been with the organisation.

⁴⁰ The Federation of Voluntary Organisations for Rural Development in Karnataka (FEVORD-K) and the Association of Voluntary Agencies (AVA) in Tamil Nadu are two such examples.

⁴¹ One such example is the current initiative of the various groups affiliated to the Young India Project in Andhra Pradesh which are seeking to persuade the government to extend Maharashtra's Employment Guarantee Programme throughout the country. The network attempts to draw together all the NGOs working in a particular district with a view to lobbying the government to provide guaranteed remunerative work to wage labourers during the lean season.

been formed by foreign donors, although these can also have the effect of creating or widening divisions between groups of NGOs.⁴² More recently, there has been an initiative to establish an NGO network at the national level. A number of NGOs, especially the larger and more established organisations, formed the Voluntary Action Network India (VANI) in April 1988 as a common platform for NGOs, initially to exert pressure on the government to amend or revoke contentious items of legislation. It has now expanded its remit and provides resource materials, and organises conferences on foreign funding and strategic issues of broader concern to NGOs. Despite this initiative, co-ordination between NGOs remains relatively weak, which results in a duplication of effort and limits their potential impact on a larger scale.

As NGOs have grown in size and influence, their activities have brought them into closer contact with government, the implications of which have been the subject of extensive debate (Combe, 1989). Relations between the government and NGOs in India may be considered from several angles. A dominant consideration is the increasing volume of programme funding from government sources. Another relates to the restrictions placed on the functioning of these organisations by the state which place limits on the extent to which NGOs are able to develop closer links with government.

The government has long recognised the positive contribution of NGOs in the field of social welfare, although it has only been in the latter half of the 1980s that their role in rural development has received explicit recognition. The prevailing view in official circles after independence was that voluntary agencies provided social welfare services in a manner that complemented state provision.⁴³ The Central Social Welfare Board was set up by the government in 1953 to provide assistance and training to voluntary agencies involved in organising welfare programmes for children, women and the physically handicapped. In the 1960s and 1970s, as NGOs expanded their activities into the field of rural development, the government provided new

⁴² A successful example of this type of coordination is the South Asia Partnership funded by Canadian International Development Agency (CIDA). The partnership is a consortium of Canadian and Indian NGOs which jointly take decisions over expenditure allocations in periodic consultative meetings. A particularly innovative example of donor-induced networking is the HIDA-MYRADA social forestry programme (also CIDA-funded) which provides funding and training in social forestry to 25 NGOs in Andhra Pradesh. The network has brought together a very diverse group of agencies which previously had little contact with each other, to share and exchange information over a common area of work.

⁴³ The 1st Plan (1952-57) document viewed the role played by NGOs in the following manner: "A major responsibility for organising activities in different fields of social welfare like the welfare of women and children, social education, community development, etc., falls naturally on private voluntary agencies. These private agencies have long been working in their own humble way and without adequate aid for the achievement of their objectives with their own leadership, organisation and resources. Any plan for social and economic regeneration should take into account the services rendered by these agencies and the state should give them maximum cooperation in strengthening their efforts. Public cooperation through voluntary service organisations is capable of yielding valuable results in channelling private efforts for the promotion of social welfare."

sources of financing through various ministries, although the sums disbursed were relatively small.⁴⁴

The Seventh Plan marked a watershed in the way that NGOs were viewed by the government. The plan document provided for an active involvement on the part of NGOs in the planning process together with a massive increase in the volume of government funds assigned for use by them in rural development programmes.⁴⁵ The work of voluntary agencies was considered supplementary to that of government in offering the rural poor a range of choices and alternatives, at low cost and with greater participation. Over the five year period spanning 1986 to 1990, voluntary agencies were allocated Rs 1.5 billion for rural development work. The plan document listed a wide range of anti-poverty and minimum needs programmes eligible for funding. Besides income and employment generation programmes like IRDP, TRYSEM, NREP and RLEGP, these also included social forestry, ecological development, primary health care, the provision of safe drinking water, education, rural housing, land ceilings implementation, enforcement of minimum wages and bonded labour rehabilitation.

A semi-autonomous body called CAPART (Council for People's Action and Rural Technology)⁴⁶ was created especially for the purpose of administering these funds, which were channelled through it from ministerial budgets.⁴⁷ In order to be eligible for CAPART funding, agencies have to be registered with the government for at least one year and working in rural areas. The bulk of CAPART's funding comes from the government, although a small proportion derives from bilateral aid funds, the main donors being Danida, SIDA and NORAD. There are detailed guidelines laying out the application procedures for different types of programmes and construction specifications for buildings, sanitation units and roads.

⁴⁴ For example, in the 3rd Plan (1961-66) voluntary agencies only received Rs 3.4 million in grant support for rural development. By the 6th Plan (1980-85) the allocation had increased to Rs 17.5 million, still a very modest proportion of plan expenditure.

⁴⁵ The government's shift in perception is evident from the following excerpt:
 "There is a good deal of voluntary effort in India, especially in the field of social welfare. The tendency so far has been to equate the work of voluntary agencies with only welfare activities and charity work ... There has been inadequate recognition of their role in accelerating the process of social and economic development. These agencies have been known to play an important role in providing a basis for innovation with new models and approaches, ensuring feedback and securing the involvement of families living below the poverty line. Therefore, during the Seventh Plan, serious efforts will be made to involve voluntary agencies in various development programmes, particularly in the planning and implementation of programmes in rural development."

⁴⁶ CAPART was created in September 1986 from the merger of two existing organisations, PADI and CART, with the twin aims of promoting NGO involvement in rural development and promoting new technological innovations through NGOs.

⁴⁷ Subsidies for IRDP and TRYSEM are administered through District Rural Development Agencies and loans from the nationalised banks, which form the point of contact for NGOs seeking to implement programmes with these funds.

In 1985/86 the annual budget was less than Rs 20 million; by 1989/90 this had increased fifteen-fold to a projected Rs 290 million (see Table 5). 90% of CAPART's funds are disbursed as grants (the majority are less than Rs 1 million), the remainder in the form of loans or subsidised credit. CAPART provides a maximum of 80% of the total project cost, with the remainder coming from bank loans, subsidies, contributions from beneficiaries or the implementing agency's own funds. Over the three-year period between 1985 and 1988, more than 1000 organisations received grants from CAPART totalling Rs 280 million (Khanna, 1990). In addition to the funds channelled through CAPART, the Central Social Welfare Board had an annual budget which amounted to Rs 156 million in 1988/89.

Table 5: Programme funds received by CAPART, 1983/84-1989/90
(Rs million)

<i>Scheme</i>	<i>83-84*</i>	<i>84-85*</i>	<i>85-86*</i>	<i>86-87</i>	<i>87-88</i>	<i>88-89 Revised estimates</i>	<i>89-90 Budget estimates</i>
IDRP	-	-	-	-	-	5.00	7.50
RLEGP	-	-	1.79	5.16	10.32	57.00	45.00
DWCRA	-	-	4.21	6.49	7.32	10.00	15.00
ARWSP	-	-	1.57	5.58	18.02	40.00	47.50
CRSP	-	-	0.57	2.87	3.87	30.00	50.00
PPPC	-	4.11	13.13	18.65	15.55	9.85	14.83
ARTS	0.47	14.44	19.74	28.61	20.03	40.00	520.00
OB	-	-	-10.18	3.10	10.80	60.00	
Total	0.47	18.55	41.01	77.54	78.21	202.65	289.83
Foreign donor	15.94	10.84	4.4	7.97	2.13 (utilised)	5.56 (utilised)	10.57

Notes: * Funds disbursed by PADI prior to formation of CAPART.

DWCRA Development of Women and Children in Rural Areas

ARWSP Accelerated Rural Water Supply Programme

CRSP Central Rural Sanitation Programme

PPPC Promotion of Voluntary Action in Rural Development

ARTS Advancement of Rural Technology Scheme

OB Organisation of Beneficiaries of Anti-Poverty Programmes

Source: Khanna (1990).

Many organisations seek funding from the government in preference to foreign donors for a number of reasons. Government funding does not require NGOs to apply for registration under the Foreign Contributions Regulation Act which can be cumbersome and time consuming. There has always existed a strong nationalist tradition among NGOs which abjures foreign funding on the grounds that it undermines their

independence and limits their freedom to determine programme priorities. Another argument is that the legitimacy derived from government funding can provide NGOs with a degree of protection from harassment in the field from vested interests.

Against this, dependence on official funds leaves NGOs susceptible to changes in government policy, and can result in programme modification to accommodate official funding priorities. A more profound concern is that government funding can lead to co-option, whereby voluntary agencies tone down their social and political objectives in order to secure financial support.⁴⁸ In practice, however, there is not such a sharp dichotomy between organisations in receipt of government funds as opposed to foreign funds, since most organisations seek a blend of funding from both sources.

Another dimension of the relationship between government and NGOs is in the realm of programme replication. There are many examples where the government has sought to replicate voluntary agency initiatives on a larger scale, especially in the case of technological innovation, healthcare and education. Related to this, there is a growing tendency for government bodies, particularly at the district or sub-district levels, to request NGOs to implement specific programmes or schemes. Government officials believe that if NGOs are made responsible for project implementation, the administrative costs will be lower, the scheme executed with greater efficiency and with the active participation of the intended beneficiaries.

As a consequence of local co-operation, NGOs find representation on consultative committees, for example, those responsible for determining IRDP funding priorities or for preventing atrocities on tribals and scheduled castes. Their contacts with local government officers and bank officials provide them with information regarding funding and can help safeguard their projects. However, relations with local government are not always cordial, and there are numerous instances where officials have placed obstacles in the way of voluntary agencies, either out of jealousy or to contain efforts at mobilising the poor.

While the government has been increasing the level of funding that it provides to NGOs, it has also sought to regulate their activities more closely. Over the years, the government has devised an elaborate legal framework to govern the activities of NGOs. All voluntary agencies with seven or more members are compelled by law to register with state or central governments under the Societies Registration Act, 1860 (or the corresponding state act), as a trust under the Indian Trusts Act, 1982 or in the case of religious organisations, the Charitable and Religious Act, 1920. This is usually a formality which takes up to six months to complete and rarely poses a problem, although registration is essential for NGOs wishing to apply for grants through CAPART or receive foreign funding. The government applies strict rules governing the receipt of funds from donors through the Foreign Contribution Regulation Act (FCRA) which imposes a further set of reporting requirements on NGOs (see below).

⁴⁸ The CASA case study provides an illustration of how these types of considerations are resolved at the project level.

The government has also tried to exert some control over the activities of voluntary agencies in the fiscal domain. Since the introduction of the 1961 Income Tax Act, most voluntary agency income was exempt from taxation. An amendment to the act in 1987 deemed that income accruing to voluntary agencies would now be taxable unless there were specific exemptions. It also required voluntary agencies to adopt the April to March financial year in common with government departments even though the FCRA financial year corresponded to the calendar year. Concern over the potential loss of income and additional administrative expenses that they would incur as a result of the amendment, provoked some intense lobbying on the part of the NGOs which had the effect of persuading the government to rescind the relevant parts of the legislation in December 1988.

In the administrative sphere, the government has attempted to establish a regular forum where NGOs and government officials could interact and exchange views. In 1982 Prime Minister Indira Gandhi wrote to all Chief Ministers requesting that consultative groups be established at state level to provide professional assistance to NGOs in the planning and implementation of poverty alleviation programmes, but the initiative failed to get off the ground.

In 1985, the government backed a proposal from a group of voluntary agencies which advocated the formation of a National Council of Rural Voluntary Agencies and corresponding State Councils. The main purpose of the State Councils would be to investigate complaints from voluntary organisations against government officials in regard to obstruction and harassment, and to look into allegations of mismanagement and misuse of funds on the part of NGOs. The National Council would prescribe a Code of Conduct for voluntary agencies to follow, the aim being to curb abuse and provide a regulatory framework to govern NGO activities (Deshpande, 1986). The proposals met with widespread opposition on the grounds that they would constrain the autonomy of voluntary agencies. Particular concern was expressed that government funding would be made conditional on voluntary agencies affiliating to the National Council, and by implication, the Code of Conduct. The level of opposition (much of it coordinated by VANI) was such that the government decided not to propose legislation and dropped the proposals accordingly.

Closer co-operation with government has not been without its costs. While the government has provided an increasing level of financial support to voluntary agencies, and has encouraged their participation in policy formulation, it has at the same time placed a number of restrictions on the freedom of NGOs to function independently. Less clear, however, is whether increased co-operation has resulted in greater development effectiveness; the CASA case study provides an example of such co-operation and shows how government programmes may be improved as a result.

The bulk of voluntary agency activity in India is funded by international NGOs. The volume of foreign funding being channelled to Indian NGOs in 1988/89 was estimated to be Rs 9 billion (approximately \$500 million). West German and Dutch agencies account for the largest share of funding, while British NGOs between them contribute

about 5% of the total.⁴⁹ Foreign funding agencies display a marked preference for projects which centre on community development, incorporating a range of sector components, among them agriculture, credit, health and education. At the same time they also tend to support activities that are popular in their own countries; women and environmental development were popular with funders in the 1980s, with the result that some national NGOs have tailored their programmes accordingly.

International NGOs for the most part work in collaboration with national NGOs, principally acting as a conduit for funds from their countries of origin. It is for this reason they are termed foreign funding agencies in India, although agencies such as Oxfam place substantial emphasis on non-project activities. Comparatively few international NGOs are involved directly in project implementation, these being small organisations in the fields of health or education, with a handful of foreign volunteers working alongside Indian nationals.

Funding mechanisms fall into four categories. The first is where the donor operates exclusively through an intermediary agency in India which is responsible for identifying suitable projects, liaising with partners and for monitoring and evaluating their activities. West German and Dutch agencies such as EZE, Misereor and Cebemo, generally work through established intermediary organisations or umbrella groupings.⁵⁰

The second type of funding mechanism is the consortia model favoured by the churches, where donor agencies pool their funds, usually in the form of block grants, which are then distributed by the intermediary agency. Caritas India performs this role for the Catholic agencies and CASA (Churches' Auxiliary for Social Action) for the World Council of Churches and individual agencies such as Christian Aid, which also maintains a large bilateral programme. Cafod (Catholic Fund for Overseas Development) channels most of its funding to Caritas India through a consortia of Catholic NGOs based in Hong Kong (Asia Partnership for Human Development).

The third approach is that favoured by Oxfam, Save the Children Fund and Novib, all of which have in-country offices, staffed mainly by Indian nationals, forming part of the parent organisation and performing a role similar to that of an intermediary agency.⁵¹ Oxfam tends to favour small agencies, viewing its project support as

⁴⁹ In 1988/89, Oxfam, ActionAid, Save the Children Fund and Christian Aid spent £10 million on programmes in India. Besides the larger agencies, most of the other British NGOs involved in development work fund projects in India. A rough estimate of the total volume of funding from Britain would be in the region of \$20-30 million.

⁵⁰ In the case of EZE, its main partner is AVARD (Association of Voluntary Agencies in Rural Development), an umbrella organisation servicing some 700 individual NGOs. Misereor works through the Indo-German Social Service Society (IGSSS), which has regional offices responsible for liaising with local NGOs.

⁵¹ Oxfam has seven regional offices in India, each with a team of project officers responsible for identifying and liaising with individual NGOs, visiting projects and processing grant applications. A co-ordinator in Delhi monitors progress in each of the regions but in practice the offices exercise a significant degree of autonomy. Under a recent re-organisation, decision-making has been decentralised with greater discretion over

catalytic and aimed at encouraging innovative approaches. In each region, Oxfam establishes priority sectors or identifies specific social groups for special consideration. In Karnataka, for example, women and nomadic tribals receive particular attention, with social forestry as a key sector. There is also provision for non-project initiatives, such as training, networking and inter-project visits with the purpose of encouraging cross-fertilisation of ideas between individual NGOs and promoting institutional development.

A variant on this approach is where the funding agency assumes a more active role in project planning, implementation and evaluation through an in-country office. ActionAid UK favours larger-scale integrated rural development projects, some of which are designed and initiated by ActionAid personnel, and later develop into quasi-autonomous agencies in their own right. In the case of existing partner agencies, ActionAid encourages a degree of uniformity in terms of sector priorities, programme objectives, and monitoring, and hence is rather more interventionist than other donors.

The fourth model does not involve an intermediary agency, and instead relations between donor and recipient operate on a one-to-one basis. Projects are submitted directly to the funding agency which processes the applications in its head office. The main form of contact with project partners is through periodic tours undertaken by desk officers of the agency concerned. Christian Aid, for example, channels most of its funds to Indian NGOs bilaterally, with a relatively small proportion administered through intermediary agencies.⁵²

Each of these funding mechanisms has advantages and disadvantages, although the trend is towards increasing decentralisation. While the intermediary agency approach is favoured by many funders because it devolves responsibility to an Indian organisation, there is not always sufficient accountability built into project selection and monitoring. However, while it can be difficult for donors to gauge the impact of programmes funded through some intermediary agencies, others carry out regular evaluations on behalf of the donors on the basis of an established track record. Agencies with in-country representation are able to monitor projects more closely, and provide important support services and advice through their regional offices. International NGOs which work bilaterally with Indian partners have in some cases cultivated long-term relations with a core of partner agencies and only develop links with new organisations after careful vetting.

Official aid donors have been increasingly willing to channel a proportion of their bilateral aid funds through NGOs, usually in the form of co-financing to international NGOs, or in some cases through grants to CAPART. Some donors have explored the potential for direct funding of Indian NGOs, but the government has tended to

policy and funding decisions now exercised by the Oxfam (India) Trust. Each office funds up to 100 projects at any given time, a number of which are with long-standing partner agencies.

⁵² In some cases Christian Aid appoints experts in the NGO field as "accompaniers" to provide advice and support to partners in preparing project applications and reporting.

discourage such moves.⁵³ Moreover, official donors lack the staff resources to monitor small grants directly or to develop a sufficiently detailed knowledge of the voluntary sector, with the result that most prefer to channel funds through agencies from their own country.⁵⁴ The prospects for a major expansion of direct funding are therefore rather limited.

The main item of legislation governing the receipt of funds from abroad is the Foreign Contribution Regulation Act (FCRA), which applies to voluntary agencies, religious associations and companies alike. The Act was introduced in 1976 in response to fears expressed in ruling circles about the increasing volume of funding coming into the country from overseas sources, some of which, it was alleged, was being used to fund subversive organisations.⁵⁵ It compels all organisations wishing to receive funds from abroad to register with the Home Ministry, to submit audited accounts on a half-yearly basis and to provide details of each individual contribution. Failure to submit audited accounts by the stipulated date or to provide full details of all payments can result in the withdrawal of the FCRA number and a government investigation.

While the legislation provided a regulatory framework to govern such contributions, it failed to satisfy the most vociferous critics of this form of aid.⁵⁶ In 1982 the government cracked down on alleged abuses of foreign funds by voluntary agencies, by appointing the Kudal commission of enquiry to investigate four prominent NGOs known to have links with the political opposition, although many of these allegations were subsequently found to be spurious or politically motivated.⁵⁷ The FCRA was

⁵³ Danida initiated a programme of direct support for Indian NGOs in 1988, with a ceiling of \$160,000 for each project. Prior to this an informal system existed whereby small grants of up to \$8,000 could be awarded at the discretion of Danida advisors. See Carr-Harris et al (1989).

⁵⁴ The UK Overseas Development Administration takes this view, and has no plans to begin a programme of direct support aside from the grants from the High Commissioners' Fund which are awarded to Indian NGOs on a discretionary basis.

⁵⁵ In 1969, at the height of a period in which government paranoia about foreign attempts at destabilisation was at a peak, the Home Minister, Y.B. Chavan, spoke of the "widespread concern about the receipt from foreign agencies of funds by individuals and organisations, whether working in political or social or economic fields." (quoted in *The Hindu*, 21 August 1989).

⁵⁶ The question of foreign funding has been the subject of extensive debate in government circles. Politicians of all hues have accused international NGOs of supporting subversive groups or encouraging ethnic tensions. Many Congress (I) MPs exhibit these sentiments, although the Communist Party of India (Marxist) and the right wing BJP are also averse to foreign funding. For a further discussion of these points see Tandon (1987).

⁵⁷ The four were the Gandhi Peace Foundation, the Gandhi Smarak Nidhi, the All India Sarva Seva Sangh and the Association for Voluntary Agencies for Rural Development (AVARD), each of which was connected in one way or another with the JP movement that had spearheaded the movement to oust Mrs Gandhi in the mid-1970s. The Kudal Commission submitted its final report to the government in January 1987, but it was not until August 1989 that the government released its response. Many of the charges related to allegations that donor agencies had been provided with sensitive maps and that funds had been misused for political purposes. Half of the 116 cases examined by the commission were dropped through lack of evidence and the remainder referred

further amended in 1984, primarily in response to anxiety about external support for the terrorist movement in Punjab, although it increased the government's leverage over voluntary organisations still further. It extended the definition of political organisations barred from receiving foreign funds, obliged recipient organisations to specify in advance the bank involved in the transaction and provided the government with further powers to inspect audited accounts. A number of NGOs have since had their FCRA registration numbers removed or suspended and applications now take longer to process, although the evidence suggests that the amendments to the Act have failed to curb unauthorised contributions.⁵⁸

Liberal funding from foreign donors has undoubtedly encouraged a proliferation of small agencies and enabled others to expand quickly. There are cases where rapid growth has diluted the effectiveness of the implementing agency, which in turn raises the prospect of the funding being terminated. A related problem is that the availability of funding encourages unscrupulous organisations to apply for support without adequate vetting. Individuals offer their services as consultants to NGOs, giving advice on appropriate sources of funding, and assistance in drawing up proposals and report writing. Few donors adopt a strategic approach in their country programmes, and in many cases funding decisions tend to be ad hoc and reactive. The case studies in Part II indicate that different types of foreign funding can influence the organisational effectiveness of local NGOs and certain types of institutional support may be more appropriate than project-based groups in helping them to achieve their objectives.

1.4 Case Study Selection and Methodology

1.4.1 The case study projects

The four case study projects illustrate a range of approaches to poverty alleviation favoured by different types of local NGOs operating in a range of geographical and institutional settings. Given the similarity of their overall objectives, one way of assessing the impact of NGO interventions is to compare them against government poverty alleviation programmes based on targeted forms of assistance, the limitations of which were discussed earlier (see section 1.2). However, a degree of caution has to be exercised when drawing conclusions from a small sample of projects, which do not enable one to make useful generalisations about the effectiveness of NGOs as a

to the intelligence bureau and various ministries and state governments for investigation. The report recommended stricter norms for funding and regulation of voluntary agencies working in border, coastal, tribal and other sensitive areas. *Lok Sabha Debates*, August 14, 1989.

⁵⁸ An Estimates Committee report submitted to the parliament in the late 1980s noted that despite the amendments to the Act, it was "totally inadequate to cope with the stupendous task that lies ahead in connection with the detection of organisations which might be engaged in clandestine and anti-national activities with the foreign contributions received by them." It is estimated that the volume of funds coming into the country from abroad is three to four times higher than the amount received through authorised channels. *The Hindu*, 21 August 1989.

whole. Nevertheless, what they can do is highlight the achievements and limitations of particular types of NGOs in their attempts to raise the economic and social status of the rural poor from which some lessons can be derived.

In view of the multiplicity of NGOs operating in the country, the case study projects were drawn from two southern states where NGOs have had a long involvement in rural development, namely Andhra Pradesh and Tamil Nadu. The four case studies were selected from projects which concentrate on economic programmes such as off-farm income-generation, credit and agricultural development, often in the context of a broader commitment to community organisation. These are the Rural Development Trust (RDT), in Anantapur district, Andhra Pradesh; Churches' Auxiliary for Social Action (CASA) and Arthik Samata Mandal (ASM) in Krishna and Guntur districts, coastal Andhra, and the Kanyakumari District Fishermen Sangams Federation (KDFSf) in south-west Tamil Nadu.

Each of the four projects focus on different types of economic programmes which illustrate a range of NGO approaches to poverty alleviation. Rural Development Trust manages an integrated rural development programme located in the semi-arid region of central Andhra Pradesh. The evaluation concentrates on the impact of the crop loans programme, reflecting the centrality of agricultural credit in many NGO interventions. The CASA Phase III programme is situated either side of the Krishna river delta in coastal Andhra Pradesh, which has borne the brunt of several major cyclones in recent years. The programme aims to mobilise subsidised credit from banks for income-generation purposes, and provides a practical illustration of NGO-government collaboration, which is becoming increasingly commonplace in India. The Arthik Samata Mandal agricultural programme located in the same area also has a crop loans component, supported by investments in small-scale irrigation and land reclamation. The Kanyakumari District Fishermen Sangams Federation is primarily concerned with fish marketing and provides an insight into the problems and successes of an NGO working exclusively with artisanal fishermen.

The four NGOs also differ in their philosophical orientation and approach to rural development. All are local project-based organisations in receipt of funding from one of the UK NGOs and fall into the category of medium-sized national NGOs. RDT is the largest of the four, and exemplifies the integrated approach to rural development from a broadly secular perspective. CASA, while founded on Christian principles, shares a secular approach to development, but places a greater emphasis on social objectives and community participation. ASM combines elements of the Gandhian approach with a distinct atheist philosophy, but adopts an orthodox view of development characterised by top-down decision-making and a strong emphasis on external inputs. KDFSf is distinct, in that unlike most NGOs, it was created as an apex body to co-ordinate the activities of existing fishermen's associations, which gives it the character of a membership rather than a service organisation.⁵⁹

⁵⁹ Absent from the NGOs involved in the study are any social action groups, even though several have explicit social development objectives. Such groups see themselves as distinct from programme-oriented NGOs and consider their activities to be less amenable to impact evaluation. Their exclusion is not intended to diminish

The case studies are organised in the following manner. They begin with a brief description of the project and a short summary of the main findings. This is followed by a description of the geographical context and the history of the project itself. The main part of the study presents evidence detailing the impact of the intervention, paying particular to the nature and distribution of project benefits, and considers its cost-effectiveness and potential for sustainability and replication in the longer term. The concluding section reflects on the successes and drawbacks of the project and the lessons that may be derived from it. The broader conclusions arising out of each of the case studies and their implications for NGO policy and practice are presented in Part III of the Working Paper.

4.1.2 The evaluation methodology

A similar methodology was employed in each of the four evaluation studies using techniques drawn from rapid rural appraisal and participatory evaluation, within the overall framework developed for the ODI research project (Robinson, 1991).

The evaluations drew on three main sources of data: information collected from interviews with beneficiaries, discussions with NGO staff and local government officials, and a review of project documentation and relevant secondary materials. In each case preliminary visits were made to the project to determine the parameters of the study and the proposed methodology. These centred on group discussions to ascertain which indicators would be most appropriate to measure impact and change, and to guide the form and content of more detailed interviews at a later stage.

The advice and suggestions of NGO staff were taken into account in planning the fieldwork. One or two members of staff accompanied the evaluation team and facilitated group discussions. In some cases, field staff were given separate questionnaires to assess their perceptions of the project and its impact.

A representative sample of beneficiaries from a limited number of villages were interviewed in each project location. The process of village selection took the following factors into account: differences in the length of involvement of the NGO, age and degree of cohesion and effectiveness of groups (according to the perception of the NGO), socio-cultural differences (caste and ethnicity), geographical location (differences in access to government services, proximity to market towns and quality of communications) and the overall level of economic development (intensity of land use, diversity of economic activity and nature of local infrastructure).

Although the villages were selected on the basis of the above criteria, a cluster approach was adopted in some cases, with visits to villages located in the same area as the sample village. This provided the evaluation team with a better understanding of the situation and problems of the groups under investigation and of the degree of

co-operation that existed between groups. Villages were also visited where the NGO had not been active to provide a point of comparison.

Three levels of interviews were held in each of the case study villages. Initially a group discussion was held with the membership as a whole to derive information about the changes that had taken place in the village following the intervention of the NGO. The group discussion also provided information about the occupational structure of the village and the types of economic activities that had been taken up by group members. Group records and account books were examined and more detailed discussions were held with committee members and group leaders.

Further interviews were then held with small 'focus-groups', consisting of between six and ten individuals sharing a common occupation or economic activity, such as small and marginal farmers, women, rickshaw-pullers etc. Semi-structured interviews were held with a representative sample of individual beneficiaries from each focus group using a checklist of indicators derived from the group discussions. Non-beneficiaries were also interviewed for comparative purposes. Between 40 and 80 interviews were conducted in each project, depending on its size and the numbers of people involved.

The information derived from field investigations together with secondary project data and background materials were collated into a preliminary field report which was then discussed with project staff and later revised for inclusion in the Working Paper.

2.

RURAL DEVELOPMENT TRUST: COMMUNITY ORGANISATION PROGRAMME ⁶⁰

2.1 Overview and Summary

Rural Development Trust has been promoting development activities in the Anantapur district of Andhra Pradesh since 1969. The Community Organisation Programme forms a key component of an integrated rural development project which also includes health, education, skills training and, more recently, ecological development, covering some 280 villages in the district. Credit is provided to small and marginal farmers through village associations (sangams) for investment in agricultural inputs, enabling them to cultivate their land more intensively without having to rely on high-interest from moneylenders. This evaluation study examines the impact of the credit programme on the economic and social status of poor households in six mandals (administrative divisions) in Anantapur district where ActionAid UK is the main funding agency.

The Community Organisation Programme has contributed towards an improvement in the economic and social conditions of poor rural households, although it has proved difficult to improve the status of the very poorest who lack land and productive assets. The Community Credit Fund (CCF) provides an important source of credit for resource-poor farmers which has reduced dependence on moneylenders. The availability of credit has encouraged a gradual shift towards groundnut production, which has in turn raised incomes, although a general expansion in the cultivated area under groundnut in response to increased demand for edible oils on the domestic market has also encouraged this trend. In its existing form, however, the CCF is unlikely to prove sustainable in the longer-term due to farmers' limited capacity to repay loans under recurrent drought conditions.

The programme has not succeeded in creating strong and self-reliant sangams which are responsible for the administration of the credit scheme. Only a minority are actually capable of administering loans without the help of field staff. The administrative costs are equivalent to 30% of the value of credit disbursed, reflecting the fact that large numbers of small loans are expensive to administer. Nevertheless, these costs have to be balanced against the important benefits generated by the loans, both in terms of enhancing crop production, and providing a cheaper and more accessible source of credit. The programme offers limited potential for replication in its present form, largely because of its large size and staff-intensive character, although it does illustrate the difficulties of providing a ready source of credit for resource-poor farmers in a drought-prone environment, whether from NGO sources or from government.

⁶⁰ The evaluation was carried out by two researchers, Mark Robinson, a Research Fellow at the ODI, and E.S. Sampath Kumar, working both as a consultant to RDT and head of the Society for Social Education and Voluntary Action (SEVA), an NGO working in Kurnool District. During the first part of the fieldwork they were assisted by Ignatius Sunder Raj from ActionAid India.

2.2 Project Context, History and Structure

Anantapur district is located in the drought-prone region of Rayalaseema in Andhra Pradesh, bordering on the state of Karnataka. The capital of the district is Anantapur town, which had a population of 120,000 in 1981. It is situated 200 km north of Bangalore on the main road to Hyderabad and serves as the main commercial centre as well as the headquarters of the district administration. Besides Anantapur there are several small market towns providing services and trading outlets for neighbouring rural areas. Most are linked by metalled roads with frequent bus connections. Villages are often up to 5 km apart and linked by unmade roads, although most are now connected to the electricity grid.

The harshness of the local environment cannot be overstated. Vegetation cover is sparse, consisting mainly of scrub and thorny undergrowth. Average annual rainfall is only 520 mm, the lowest of any district in the state. Moreover, there is substantial variation between different years, with an average of one in every four declared a drought year. Groundnut requires rain at two critical periods; during planting, to encourage shoot growth, and at the time of harvesting, so that the pods can be extracted easily. The rain falls intermittently and in bursts, and rarely does the rainfall pattern correspond to farmers' needs. Only 13% of total cultivated area is irrigated, primarily by tubewells and canals. The major river in the area, the Pennar, dries up in the summer months and consequently has little potential for irrigation.

The net sown area is 47% of the total geographical area in Anantapur district. The major crop is groundnut, which has undergone a very substantial increase in acreage over the past twenty years. Groundnut accounted for 60% of the total cropped area in 1985/86, as compared to 20% in 1963/62. Millets remain the major food crops grown in the area, despite a marked decline in production in recent years. Paddy is an important food crop during the rabi season (December to April).

Most people living in the area are engaged in farming with 80% of the workforce in the district classified as cultivators or agricultural labourers in the 1981 census. Land ownership is highly skewed; farmers owning less than five acres of land accounting for the majority of cultivators, but a relatively small share of the total cropped area. Agricultural labourers account for 38% of the rural labour force, but since small and marginal farmers tend to supplement income from their own plots with wage labour, the proportion of landless labourers is relatively low (estimated at 11% of all households in the project area).

Agricultural work is mainly restricted to planting, weeding and harvesting during the June to December groundnut season, which typically generates two to three months work. There is some additional work available to men in January and February in separating out the groundnut pods and building fodder stacks, usually amounting to one month. Since only a very small proportion of the gross cultivated area is double-cropped, there is comparatively little work available. Some people secure employment in the paddy fields or tending irrigated groundnut, but here again the work is irregular and limited to a maximum of one or two months. Wage rates tend to be Rs 10 for women, Rs 15 for men, with some variation depending on the task performed. Apart from agricultural wage labour, some villagers are employed in traditional artisanal activities such as leather-tanning, shoe-making, mat-weaving. Others run provisions shops or small businesses.

The Scheduled Caste population accounts for 13.7% of the district population, and Scheduled Tribes 3.2%. The Scheduled Castes, who are predominantly agricultural labourers (a small proportion are small and marginal farmers), are further divided into various sub-castes. The tribal population is mainly Lambada, descended from migrants from Rajasthan who settled in the area more than one hundred years ago. They generally live in separate settlements (thandas) with distinctive cultural traditions, speaking a different language. The Backward Castes constitute the majority caste (in reality a collection of sub-castes) and for the most part are agriculturalists, although relatively few can be classed as wealthy. As in other parts of Andhra Pradesh the dominant caste in the area are the Kammas, who tend to be the richer farmers and engaged in money-lending.

The main impediments to removing poverty in the Rayalaseema region are the uneven pattern of land distribution, environmental constraints and the limited availability of off-farm employment. Farmers owning less than five acres of dry land cannot sustain their household needs without both husband and wife going out for casual wage labour. Even in a good year, such farmers can only just make ends meet from groundnut cultivation; when the rains fail, yields are barely sufficient to cover the costs of inputs. Sharecroppers only secure very marginal returns from leasing arrangements with the added benefit of fodder. It can safely be assumed that the majority of small and marginal farmers are below the Rs 4,800 poverty line. Only those with access to irrigation can be assured of higher incomes from paddy cultivation, but such farmers are a minority.

Landless labourers who are exclusively dependent on irregular earnings from wage labour are the poorest, and generally live a hand to mouth existence. Many were formerly bonded to particular landlords to whom the family was indebted, resulting in bonds lasting many years in succession, where the individual concerned had to render obligatory labour services as repayment. Although the practice of bonded labour has practically ceased, the conditions of landless labourers remain harsh. Wage labourers have to supplement family incomes during the February to June lean season with periodic employment on public works programmes or in many cases migrate to neighbouring states in search of work - some even go as far as Bombay to work on the construction sites. The poor are highly dependent on high caste landlords for employment and credit, and vulnerable to unfavourable climatic conditions which can reduce the amount of work available in times of drought. Ill-health, bad sanitation, inferior housing and poor diet are all symptomatic of poverty in the area, and are compounded by caste and ethnic discrimination in the case of harijans and tribals.

Government anti-poverty programmes centred on credit, soil conservation, minor irrigation and wasteland development are all administered at the mandal level. These include the Integrated Rural Development Programme (IRDPP), the Drought-Prone Area Programme (DPAP) and the Programme of Assistance for Small and Marginal Farmers (PASMA), all of which are implemented by a team of Village Development Officers (VDOs) each responsible for a cluster of villages. Outlays for these programmes in 1989/90 were Rs 32.1 million, Rs 36.0 million, and Rs 8 million respectively. RDT has relatively little contact with the district administration and makes limited use of government resources available through the various poverty-alleviation programmes listed above.

Rural Development Trust was formed in 1969 by Vincent Ferrer, a former Jesuit priest. The initial aim of the project was to improve irrigation facilities for poor farmers in Anantapur

district. Community irrigation wells were constructed through an extensive food for work programme. The programme was discontinued in 1978 with a reorientation and expansion of the project in favour of an integrated development approach. This also marked the launch of an extensive child sponsorship programme through an active partnership with ActionAid UK. Health, education and community organisation were established as the key sectors of the project, with a separate women's programme from 1982, and skills training from the late 1980s. A massive ecological development programme was started in 1988 which combines water harvesting measures (mainly contour bunding) and social forestry with employment generation. It is now the largest component of the project in terms of funding and human resources.

The Community Organisation Programme was born out of the realisation that many poor farmers failed to benefit from the irrigation programmes of the early 1970s. It was founded on the assumption that poor people had to be more explicitly targeted for development assistance. The target population included small and marginal farmers owning less than 5 acres of land, and the landless. It was felt that village associations representing the interests of the poor were necessary in order to enhance the economic and social conditions of all those below the poverty line (about 60% of the population). For ease of administration, sangams were formed on caste lines, so that in any one village there would be separate sangams for the Scheduled Castes and the Backward Castes. Tribals, who generally lived in separate settlements, were also organised into their own sangams. The sangams became the focal unit for all the sectoral programmes, especially health and education, and later credit. Eligibility for sangam membership was determined by the poverty criterion, and by having a child in receipt of sponsorship. Responsibility for implementation of the programmes was initially vested in the sangams, and later through a team of community organisers.

The overall objective of the project as defined in the 1990 Three Year Plan is 'to assist the poorest communities in fighting against the causes of their poverty and to bring about self-reliance and self-support in their social and economic conditions.' The Community Organisation Programme has three more specific objectives. These may be stated as follows:

- to create an awareness among the rural poor of their common social and economic problems and to provide them with the means to overcome these through the formation of village sangams;
- to improve the income levels of poor farmers through the provision of credit and extension in appropriate agricultural practices;
- to promote increased self-reliance by enabling poor people to manage programmes themselves on a sustainable basis.

Development is considered by RDT to be a long-term process, in which economic and social change are treated as equally important. Poverty is accordingly seen both as a structural phenomenon arising from inequalities in the distribution of wealth and assets and as a social situation characterised by poor education and a limited awareness of individual potential. Long-term poverty alleviation is intended to address basic needs at the local level, namely food, clothing, shelter, knowledge and services, as well as social and political rights.

In this context, the sangam is intended to act both as the starting point for village development activities and as a forum for unifying poor people. In short, the sangams are meant to enable people to come together to create an awareness of common problems for collective action. In fulfilling these social and economic objectives, the sangams were conceived as the pivotal unit around which other programmes would function. An early experiment in delegating responsibility to the sangams for implementation of the different programme activities proved unsuccessful, with the result that sectoral administration became more centralised. Nevertheless, the administration of credit is considered to be the joint responsibility of the sangam and village-level field staff.

The Community Organisation Programme is a key component of the overall project. Besides community organisation, a central programme activity is the Community Credit Fund (CCF), established soon after the formation of the sangams in 1980. For the first three years, the fund was built up by annual contributions from RDT (in effect from ActionAid) of Rs 60 per family which was deposited into a bank account held by the sangam. Individuals could draw on the fund to meet petty expenses, especially on agricultural inputs and other items of household expenditure, provided that they had no record of default. After 1986, the CCF evolved into a fully-fledged crop loans scheme and RDT's contributions gradually increased each year, provided that farmers contributed a matching amount, with loans carrying an interest rate of 11%, on par with that charged by commercial banks.

Farmers are entitled to borrow on a regular annual basis at the time of sowing in June, rather than intermittently according to specific needs. The credit is used primarily for the purchase of agricultural inputs such as fertiliser, pesticide, seeds, bullock hire for ploughing and labour expenses, with the aim of enhancing production. Individual contributions have since increased, in some cases to Rs 200, with RDT continuing to provide a matching amount. This has allowed the CCF to grow quickly, enabling individual farmers to borrow up to Rs 1,500 provided that they repay regularly and in full. The CCF is designed to become self-sufficient once the amount of funds available for loans has reached an optimal level in relation to farmers' needs, currently estimated at Rs 2,000 for a five-acre plot. The programme also aims to make the sangams increasingly self-reliant so that over time they are able to assume greater responsibility for credit management.

The project is functioning in ten mandals (administrative divisions) in Anantapur district. In six of these mandals, funding for the project comes from ActionAid UK; in the remaining four mandals Aide et Action is the principal funder. In 1989, the total cost of RDT's programmes funded by ActionAid was Rs 11.7 million (£426,000). The budget for the Community Organisation Programme was Rs 1.02 million in 1989. This was divided between staff costs for group organisation and the Community Credit Fund, half the cost of which was met by co-financing from the European Community. An additional cost of Rs 126,000 (12.6% of the programme budget) was incurred as a share of overall project administration, capital expenditure and monitoring and evaluation, bringing the actual budget to Rs 1.14 million.

In the 135 villages covered by ActionAid the target group population is 13,800 households (70,000 people), out of a total population of 24,800 households. Out of the target group population, 36% are Scheduled Caste, 16% tribal and the remainder Backward Caste. Assuming that some 60% of the population can be classed as poor, the number of families

reached by RDT is equivalent to 6% of the rural poor in Anantapur district (population 2 million). When added to the number of people in the villages covered by Aide et Action, approximately 10% of poor rural households in the district are in some way benefiting from RDT's activities. The project as a whole is working in 280 villages, approximately 30% of the total number of villages in the district.

A total of 800 people, including those working part-time, are employed in different programmes on the project. There are 64 staff employed in administering the Community Organisation Programme, divided between three field offices. Each field office is headed by an Assistant Director, who reports to the Programme Director in Anantapur. There are eight community organisers, responsible for supervising the work of 49 social workers who interact with the sangams on a regular basis, providing guidance and administering the Community Credit Fund. A driver is assigned to each of the three field offices. Volunteers (karyakarthis) in each sangam who assist the social worker were previously paid a monthly stipend, which has since been discontinued.

2.3 The Impact of the Case Study Programme

2.3.1 Realisation of objectives

The Community Organisation Programme aims to raise the incomes of poor farmers, promote social awareness through village sangams and foster self-reliance in the longer term. Through the Community Credit Fund (CCF), the programme has succeeded in contributing towards an improvement in the economic conditions of small and marginal farmers by encouraging a trend towards groundnut cultivation. At the same time the availability of credit through the CCF, which is both more accessible and cheaper, has reduced dependence on moneylenders (see below). However it is doubtful whether the CCF is sustainable in the longer term due to environmental constraints (see below) and for reasons related to the capacity of the sangams to administer a revolving credit scheme. Moreover, the sangams do not appear to have developed into strong and self-reliant community organisations which are able to take up social problems confronting the rural poor on the one hand, and effectively enable such communities to manage their own affairs on the other.

Membership of the sangams

Poor farmers are organised into separate village-level associations (sangams) as Scheduled Castes (SCs), Scheduled Tribes (STs) and Backward Castes (BCs). Sangams are primarily targeted at small and marginal farmers owning less than five acres of dry land, and landless households. Of 59 people interviewed, 30 (51%) owned between 2 and 5 acres, 7 (12%) less than 2 acres, and 7 (12%) were landless.

In the SC and ST sangams the majority of members fell within these categories. A small proportion were relatively better-off as a result of acquiring land or access to irrigation facilities enabling them to double-crop. Others had access to sources of income outside agriculture, including remittances, but few could be considered well-off. BC sangams, in contrast, contained a significant number of members who were

clearly not in the target group category. Nine of those interviewed (15%) owned more than 5 acres of dry land, and in some cases substantially more. Many also possessed irrigation facilities. In one village a significant minority of the BC sangam were wealthy farmers from the Kamma caste, which raises questions about the rigour with which beneficiaries were initially selected. In some cases women had joined the sangam following their husbands' death, or, for reasons of sickness, had taken their husbands' place, generally with very positive results.

Purpose of the sangams

The purpose of the sangams is threefold: to facilitate action and discussion on issues and activities for the benefit of the community, to practice democratic processes in decision-making and to develop local leadership qualities. The evidence collected from the field investigations suggests that most of the sangams appear to fall well short of these objectives. Sangams primarily function as credit groups, bringing farmers together to discuss issues such as size of contributions and problems of repayment. They facilitate the process of loan distribution and provide an organisational structure for repayment. However, the CCF is perceived as RDT's programme which is provided as a service to the community. There is little sense of ownership of the scheme, although there is significant variation between different sangams in terms of the level of involvement of beneficiaries in the administration of credit. Many continue to depend to a high degree on RDT social workers to disburse credit and to collect repayments. This has important implications for the sustainability of the scheme (see below).

Aside from credit, groups also discuss other RDT programmes such as education, health and, in some cases, the eco-employment programme. Some view sangams as a forum to exchange information about agricultural practices such as cropping patterns, use of fertiliser and seed varieties.

Achievements and limitations

Sangams vary considerably in their capacity for independent action and decision-making. In a few instances the sangams fulfil a broader role in providing a forum for the collective action of their members. In one case, the sangam enabled its members to seek redressal of outstanding grievances related to the distribution of ceiling land by the government. In another, sangam members came together to petition the government for permission to cultivate a substantial tract of land owned by temple authorities. However, these are the exception rather than the norm.

The ending of bonded labour contracts over the past decade has invariably taken place independently of the sangams. Similarly, improvements in wages and conditions for agricultural labour appear to have taken place regardless of the sangam, although there are some exceptional cases where sangams have taken up wage issues. Many social problems within the village communities do not appear to have been dealt with by sangams. For example, endemic consumption of arrack (country liquor), the subordinate position of women, poor sanitation and illiteracy do not appear to be discussed or acted on by the sangams. However, it should be noted that resistance on

the part of the dominant landowning castes to the formation of sangams, which were perceived as a threat to their own authority, has in some cases undermined their cohesion and blunted their capacity to address wider social issues.

Although in most cases sangam members were unable to explain the broader purpose of the sangam, there have clearly been some important qualitative benefits arising from sangam membership, especially for the Scheduled Castes. Many reported that they are now less deferential to higher caste villagers and that the practice of untouchability had diminished, even if it has not completely vanished. Better education of their children has assisted in this process. Coming together as a group has given members greater confidence to approach outside local government and bank officials. Such changes are indicative of enhanced social status for Scheduled Caste villagers in the wider community, although not all of these can be attributed to the existence of the sangam.

There is a marked difference between SC and ST sangams on the one hand and BC sangams on the other. BC sangams were more narrowly concerned with benefits that they received or could secure from RDT. Beyond this, their attitude towards sangam activities was one of indifference or apathy. In contrast, SC and ST sangams displayed greater interest and motivation in relation to sangam meetings. Such differences reflect the fact that the CCF and other RDT programmes have had a greater impact on SC and ST communities than on BC communities, which do not suffer to the same extent from extreme poverty or caste discrimination.

Participation

Sangams clearly perform an important role in bringing poor villagers together in a common forum where they are able to articulate and discuss shared problems, which is not the case with village panchayat councils where the poor are usually denied effective representation. Nevertheless, it is not evident that all members participate equally in sangam meetings. The landless members in particular do not play an active role in proceedings as discussions often relate to the interests of farmers owning land, who are the principal beneficiaries of the programme. Moreover, sangam leaders exercise a fairly dominant role in meetings and have a tendency to speak on behalf of others. This has a positive side insofar as a leadership among the poor is developing, but also a negative dimension as regards limits on participation.

Comparisons with women's sangams

There are also important differences between the women's sangams (organised separately through a Women's Programme) and the men's sangams. In contrast to men's sangams, women's sangams appear to have taken on a wider range of social issues related to sanitation, health, street-lighting and adult literacy, although the revolving savings schemes seem to be a central item for discussion, especially among the newer groups. It is noticeable that women appear more confident and articulate about the purpose of their sangam than their male counterparts. They point out that by coming together in regular meetings there is greater respect and mutual support between women in the community which did not previously exist. Women members

are also more willing to learn about self-improvement and want to develop new sources of income and employment.

2.3.2 Economic and social impact

Changes in cropping patterns

An important finding of the evaluation is that credit from the CCF has encouraged a rapid shift towards groundnut production on the part of small and marginal farmers. Prior to the expansion and reorientation of the CCF in 1986 most small farmers grew food crops, usually a mixture of millets and pulses (akkullu). Comparatively few cultivated groundnut since yields were generally low and the credit needed for inputs difficult to acquire. Alongside credit, a land reclamation scheme initiated by RDT in the wake of the 1985/86 drought enabled many farmers to bring land under groundnut and to extend the area under cultivation, as many previously kept their land barren. A number of external factors such as the favourable market price of groundnut oil and agricultural extension also played a role in encouraging this shift, but this does not detract from the impact of credit (see Section 2.3.4).

There have been other important benefits for small farmers as a result of taking up groundnut cultivation. Many have reduced the amount of time spent on casual labour on the lands of richer farmers. Small and marginal farmers now tend to cultivate their lands first before going to work on land belonging to richer farmers. A number of former bonded labourers have managed to pay off their debts and have taken up cultivation. The availability of credit under the CCF has contributed to this process. Increased income from groundnut cultivation has also encouraged farmers to take up sharecropping in the rabi season, as they are able to purchase seed and other inputs from the sale of groundnut in the kharif. Similarly farmers who cultivate groundnut under irrigation in the rabi season can use seed saved from the kharif crop for this purpose.

Improved economic status

The most visible effect of this shift in cropping patterns has been increased incomes for the majority of farmers. The returns on groundnut cultivation are found to be far superior to food crops, although yields vary according to soil quality, local rainfall patterns and the aptitude of individual farmers. Farmers achieve an average gross output of 8-12 bags (40 kg each) per acre when the rains are good, yielding a gross profit of Rs 2-3,000. On a 5 acre plot the gross returns can be in the region of Rs 10-15,000. This compares with an average of 2-3 bags of foodgrains per acre, yielding approximately Rs 4-600, equivalent to Rs 2-3,000 on a 5 acre plot when the rainfall is insufficient as in the 1989/90 crop year.

Even after costs of investment are deducted (approximately Rs 3,500 for a 5-acre plot), groundnut production can generate returns three or four times higher than traditional foodgrains. For this reason, farmers' incomes have increased significantly over the last four years, which have also been characterised by good rainfall. The cumulative effect of three good successive crops of groundnut has undoubtedly raised

the incomes of target group farmers substantially, enabling many households to cross the official poverty threshold (Rs 6,400), although it is questionable whether such changes are sustainable in the longer term given the continued vulnerability of farmers to drought and crop failure and their limited capacity to save.

Evidence of improvements in the economic status of beneficiaries can be seen in the form of improved food consumption, more regular purchase of clothing which is of better quality and the acquisition of basic household utensils. Farmers have also been able to purchase bullocks and small plots of land, and clear off outstanding debts to moneylenders.

There has been a dramatic shift in the food consumption patterns of poor households. Rice is now the main food staple, whereas ragi, jowar and other millets used to be the dominant foodstuffs. Whilst nutritionally inferior to millets, rice is perceived to be a higher status food. Families now tend to eat meals more regularly, and the phenomenon of having to go without food at night during the lean season now appears to be one of the past for most people. The sale of groundnut has also provided farmers with cash with which they can purchase rice to supplement household needs, as well as spices and vegetables. It is here that the positive impact of the shift towards cash crop production can be detected, although some of these gains have been eroded by inflation in the prices of foodstuffs and other household necessities. Apart from increased incomes derived from food production, the changes in food consumption patterns which have taken place are attributable to several factors unrelated to the project (see section 2.3.4).

Increased income from agricultural production has to some extent enhanced the ability of farmers to cope with calamities, such as drought and sickness. Seed saved from the previous year's harvest provides security in times of need; small amounts can be sold if the need arises. When the farmers used to rely exclusively on food crops no such security existed. Some farmers rotate groundnut with jowar or horsegram, others intercrop groundnut with traditional crops on a 1:7 basis to provide them with some of their food requirements. Many of the poorest families no longer migrate out of the area in search of temporary employment during the lean season, as returns from groundnut cultivation are sufficient to meet household needs if supplemented with additional income from wage labour.

Advantages of the CCF

Aside from the direct benefits accruing from having access to credit, there are a number of benefits related to the CCF as an alternative source of credit. The most important benefit cited by farmers in terms of the advantages of the CCF over private credit was reduced dependence on moneylenders, which has had both a beneficial economic and social impact. The majority of small and marginal farmers (and to a lesser extent middle-income farmers) traditionally depended on private moneylenders (usually big landlords) for the bulk of their credit needs. The main purpose of loans was consumption needs (especially following crop failure) and for marriages and festivals. Many marginal farmers and agricultural labourers were tied into bonded

labour contracts as a result of incurring debts which carried high rates of interest (typically 24% per annum).

With the spread of groundnut cultivation farmers began to borrow for seed, fertiliser, bullock hire for ploughing and labour costs. To secure a loan farmers had to make frequent visits to the moneylender, in the process wasting time that could have been spent tending crops. Where the moneylender lived outside the village additional costs were incurred in travel and food to make these visits. The need to petition for loans was also a demeaning process which confirmed traditional caste and patron-client relations. The provision of a loan was (and still is) commonly made conditional on farmers having to work on the landlord's plot before working on their own land and incurring delays in sowing and harvesting. Even when the moneylender finally agreed to a loan, it often came too late to enable a farmer to purchase seed and other inputs at the optimal time, i.e. at the onset of the rains. Output was reduced as a result.

In addition to reduced dependence on moneylenders, loans from the CCF are timely, as they come just before sowing in June, and they carry a lower rate of interest. The matching contribution from RDT is clearly regarded as an important benefit, especially since higher contributions by farmers will be matched by RDT, enabling farmers to increase the amount they can borrow over time fairly quickly. In some cases, access to credit from the CCF had encouraged farmers to approach banking institutions for additional loans for agricultural purposes in the form of crop loans or for the purchase of assets in the form of bullocks, ploughs and carts. There are, in addition, several cases where joint families have two, and in some cases three, adult members taking loans from the CCF for the same piece of land which is farmed jointly, giving them access to quite substantial loans.

However, for a significant proportion of farmers interviewed in the study, the volume of credit available through the CCF does not meet their full requirements, and many continue to borrow from moneylenders and banks to supplement the CCF loans. This is especially true of middle-income farmers who had ready access to institutional credit. Other farmers borrow from the CCF for their agricultural needs and resort to moneylenders for loans to cover marriage expenses and dowries, although there is an element of fungibility between these two sources of credit, and their end use is not always clearly demarcated.

There are also some costs incurred in moving away from moneylenders to the CCF for credit. The patron-client system contained an element of reciprocity and was not purely confined to rent extraction by rapacious moneylenders, especially where the moneylender was also the local landlord. Some farmers complained that the CCF was more inflexible than moneylenders in demanding repayments within a fixed time schedule irrespective of crop performance. In times of drought some moneylenders would display an element of flexibility in waiving interest payments or staggering repayments to ameliorate the effects of crop failure, in return for labour commitments or other favours. The reciprocal dimension of the patron-client relationship therefore helps to explain the propensity of some poor farmers to continue taking loans from the moneylenders, particularly where the latter rely on having a regular supply of casual labour during the harvesting season.

2.3.3 Distribution of benefits

While groundnut production is more profitable than foodgrains, yields vary considerably according to rainfall, soil type, seed quality and extension advice. Production is consistently higher on deep red soils and lower on red sandy soils, giving rise to significant variations between farmers in different parts of the project area. Farmers also benefit to varying degrees depending on the size of their landholding, possession of assets and the nature of leasing arrangements. Landless labourers who borrow credit from the CCF for non-agricultural purposes also benefit, but not to the same extent as farmers owning land.

Small and marginal farmers

Small farmers owning between 2 and 5 acres of dry land (who are the principal target group) have been the principal beneficiaries of the CCF. Credit from this source is more important to SC farmers than their BC counterparts, who have access to other forms of institutional credit (cooperative societies and the nationalised banks), a better rapport with moneylenders and support from wealthier members of the BC community. Small farmers with a pair of bullocks or access to irrigation have gained relatively more than those without such assets the reason being that the costs of ploughing are also incurred by those without bullocks.

Sharecropping or tenancy contracts are usually only available to those with bullocks or other productive assets. Returns from dry land groundnut cultivation for sharecroppers (proceeds are usually shared on a 50:50 basis, with varying arrangements over investment) are generally too low to generate a significant level of income. Many marginal farmers taking up sharecropping do so primarily for the fodder value of the crop, not because they were able to gain a significant source of income. Sharecropping paddy during the rabi season also provides a valuable source of food for such farmers.

Widows of small farmers who have joined the sangam following the death of their husbands constitute an important, though relatively small, category of beneficiaries. They use the credit to purchase assets for other members of the household to cultivate the land or lease it out on a sharecropping basis. Since widows rarely have any independent means of support once their husbands die, the income derived from cultivation of the family plot using credit from the CCF can play a critical role.

Marginal farmers owning less than 2 acres, sharecroppers and tenants have gained less in comparison to small farmers. Their capacity to invest productively in their land and generate a sufficiently high yield with which to repay the loans is lower than that of farmers owning more land, even in relative terms. This category also depends to a higher degree on income from agricultural labour for their family needs than small farmers. Although the income gains have generally been lower on smaller plots, the extra income accrued through groundnut cultivation is considered to be important.

There are, in addition, several advantages gained by small and marginal farmers in having access to the CCF as opposed to formal credit institutions such as banks and

cooperatives. Banks usually demand security in the form of a minimum land holding (2 acres is the norm). Until recently, bank credit has been restricted as a result of the cluster approach adopted by the nationalised banks. Some villages may be well covered by crop loans, others may have just one or two individuals with access to bank credit. However with the transition to a service area approach in 1989, bank credit should be allocated on a more equitable geographical basis. Securing loans from the cooperative societies usually requires a recommendation from a guarantor, which can be difficult to obtain - especially for SC farmers. The volume of loans with formal credit institutions is a function of proximity to a nationalised bank, a member's capacity to influence cooperative functionaries and knowledge about various loan schemes available from the government.

Landless labourers

Landless agricultural labourers, who constitute around 11% of the target population, have benefited least from the CCF. Such people cannot invest in land. Borrowing for sharecropping is unremunerative as the returns are low. A number are simply too poor to borrow or are worried about their limited capacity to repay. Nevertheless, those landless beneficiaries with non-agricultural sources of income, such as basket-making, mat-weaving, leatherwork and the sale of hides, have been enabled through the CCF to purchase raw materials in bulk at lower prices. A significant number of people in this category use their loans for consumption purposes. There is a marginal saving on bulk purchases of foodstuffs, perhaps Rs 15-20 on Rs 300 of expenditure.

Middle-income farmers

For farmers owning five acres and above the loans available through the CCF are relatively incidental to their overall investment needs. Most farmers in this category, especially those with land under irrigation, borrow from institutional sources, notably cooperative societies and the nationalised banks. Crop loans from such sources are commonly in the range of Rs 2-4,000, as compared to the Rs 700-1,200 currently available through the CCF. For this category of farmers loans under the CCF represent 'easy money' insofar as there is a matching contribution from RDT together with the other advantages related to timeliness and low interest.

2.3.4 External factors

External factors which have a bearing upon the well-being of sangam members, in addition to factors directly attributable to the programme intervention, can be divided into those which have influenced the trend towards groundnut cultivation on the one hand and those which raise their incomes and economic status on the other. One factor which has promoted a trend towards groundnut cultivation has been the demonstration effect exerted by larger farmers. Farmers with access to institutional credit have been steadily increasing the amount of land under groundnut over the past decade in response to a general increase in the market price of groundnut. Increased demand for edible oils on the domestic market has been a dominant factor behind this trend. In non-project villages where small and marginal farmers had taken up groundnut cultivation, they had done so only comparatively recently, largely because

they saw the benefits accruing to larger farmers. However, in such cases both the poor quality of the land and restricted access to credit on favourable terms limited the scope for groundnut cultivation.

The incomes of landless labourers and poor farmers alike depend to a large extent on the availability of work and the prevailing wage rates for agricultural labour. A gradual expansion in the area under irrigation has led to an increase in the demand for labour. In particular, the availability of employment on irrigated paddy and groundnut owned by richer farmers has helped to reduce out-migration. The tendency for small and marginal farmers to take up groundnut cultivation on their own plots has reduced the availability of labour during the June-December groundnut season, and may have also contributed indirectly to an increase in wages.

As for food consumption, the availability of subsidised rice at Rs 2/kg from the government (compared to Rs 5/kg in the market) has been especially important in inducing a shift away from millets, as the subsidy places rice below the cost of traditional food staples. A five-member household is entitled to 25 kg of subsidised rice, equivalent to approximately one-third of its monthly requirements. For very poor families a saving of Rs 75 per month can be quite significant. Rice for family consumption is also received in kind from sharecropping; indeed, for sharecroppers this is probably the most important source of rice. Increased income from groundnut production is therefore one among a number of factors underlying a shift towards rice among poor rural households in recent years.

2.3.5 Cost-effectiveness

The main cost incurred in the Community Organisation Programme is administration and staffing. When the total cost of administering the programme (Rs 1.14 million in 1989) is divided by the number of people borrowing credit (5,765), the average cost per beneficiary works out at just under Rs 200 per head. Compared to the total volume of credit disbursed in the form of very small loans (Rs 3.79 million), the administrative costs are relatively high at 30%. Further costs are incurred by borrowers in terms of the opportunity cost of attending regular sangam meetings and making repayments, but these are offset by lower interest rates (compared to those charged by moneylenders) and the accessibility of the credit (costs are incurred in travelling to the nearest town, or in waiting for a decision on the part of moneylenders). Nevertheless, it suggests that credit schemes for the rural poor are expensive to administer relative to loan size, even if ultimately the credit disbursed has had a positive impact.

RDT has attempted to derive some indication of the cost effectiveness of the scheme by comparing the volume of credit disbursed to total crop output.⁶¹ Credit worth Rs 3.8 mn (£157,943) was distributed to 6,056 families in the 1988/89 crop year, with an average loan size of Rs 626. Groundnut production was approximately 3,390 tonnes,

⁶¹ Data drawn from *Progress Report from ActionAid to the CEC on a Credit Fund Project in Andhra Pradesh, (South) India*, October 1989.

with an estimated value of Rs 18.7 mn (£778,670). This would suggest that average output per beneficiary was 0.56 tonnes valued at Rs 3,089. However, it is virtually impossible to estimate the incremental share of output that is attributable to the Community Credit Fund, especially since in most cases it only covers a portion of actual input costs. To do this, the net value of crop production (i.e. net of input costs) in the period preceding RDT's intervention with current output levels would have to be compared. Unfortunately, figures relating to the former are not available, although a comparison of the respective benefits of foodcrop production versus groundnut (see section 2.3.2) would suggest that farmers are now better off. In drought years it is unrealistic to expect the programme to be cost-effective, since many farmers incur losses under these circumstances and are liable to default on loans.

2.3.6 Sustainability

Sustainability may be considered from several perspectives. The first relates to the problems of sustaining a credit scheme in a drought-prone environment. The second is associated with the potential problems of dependence on cash crop production. A third concerns the potential for the Community Credit Fund to continue without external refinancing. Related to this is the question of the capacity of the sangams to manage the fund once RDT withdraws its field staff. A final consideration is the possible effect of the government's loan waiver announcement on repayments to the CCF.

Vulnerability to crop failure

A major impediment to achieving a self-sufficient revolving credit scheme is the vulnerability of small and marginal farmers to crop failure as a result of drought, which is a recurrent feature in the area. Even if the CCF were built up to an optimal level, a severe drought would lead to widespread default and deplete resources within the fund. If contributions from RDT had been discontinued by this point, the scheme would be in danger of collapse due to the absence of loan capital.⁶²

Three relatively good years from 1986/87 have been followed by poor and uneven rainfall in 1989/90. Marginal farmers in particular will only be able to repay their CCF loans through the sale of seed, leaving none available for the next sowing season. Many small farmers have been similarly affected. There is evidence that such farmers are preparing to borrow from private moneylenders in order to fulfil their CCF obligations, since failure to repay will debar them from future loans.

Dependence on groundnut cultivation

A related issue concerning sustainability is the dependence of small and marginal farmers on income from cash crop production. There are two aspects to this. Good returns are related not only to favourable climatic conditions, but also to the prevailing

⁶² In 1988 the cumulative amount of outstanding dues was £44,188 (Rs 1.06 million), shared between 2,272 borrowers, although there are significant variations between different blocks and individual sangams.

market price for groundnut. This is subject to fluctuation resulting from local variations in output as well as to longer term trends in national demand for groundnut oil on the domestic market. Should a cheaper substitute become available, groundnut prices, and hence farmers' incomes, could be adversely affected, although it would be theoretically possible for them to switch crops again. Present trends indicate strong demand for groundnut oil, but there is no guarantee that this will hold for the longer term.

A consequence of the transition to groundnut production has been an increase in the amount farmers spend on inputs, especially artificial fertilisers and pesticides which they purchase with credit from the CCF. Spending more on chemical inputs may raise production in the short term, but there are also some disadvantages. There is clearly a greater risk involved when the costs of investment are higher; in drought years production may be insufficient to cover input costs, and lack of rainfall can actually cause the fertiliser to burn the crop. A shift to cash crop production also has implications for household expenditure patterns. Whereas before people grew the bulk of their food requirements, now they have to purchase what they need. They are thus susceptible to price inflation and may have to spend an increasing proportion of their income on meeting food requirements. Such considerations are important when considering both the costs and benefits of the shift towards cash crop production and its potential sustainability in the longer term.

Functioning of the CCF

Despite the benefits generated by the CCF and its advantages as a source of alternative credit, there are a number of problems with the mechanics of the scheme which raise important questions about its longer-term existence. When the CCF evolved into a fully-fledged crop loans scheme in 1987, farmers were entitled to borrow on a regular annual basis at the time of sowing in June, rather than intermittently according to specific needs. Farmers initially contributed Rs 50 which was then matched by RDT. Individual contributions have since increased, in some cases to Rs 200, with RDT continuing to provide a matching amount. This has allowed the CCF to grow quickly, enabling individual farmers in some cases to borrow up to Rs 1,500 provided that they are regular repayers.

Farmers are still under the impression that their own contributions will continue to be matched by those of RDT. In some cases farmers have been pushing for higher levels of individual contributions to increase the volume of credit available to them. This underlines the importance of the incentive effect of the matching contribution provided by RDT, which amounts to a subsidy as there is no mechanism or plan to retrieve the organisation's inputs into the CCF. Since farmers have come to expect continuing contributions from RDT it may become extremely problematic to stop such contributions once the CCF has reached what is considered to be an optimal level. If these contributions are discontinued, farmers may lack the incentive to persist with the scheme.

The process of repayment

On their own, repayment rates are not a reliable indicator of the effectiveness of credit schemes. Although they may provide an indicator of the amount repaid as a proportion of total lending, they fail to take into account the circumstances affecting repayment or the effectiveness of loan use. In theory, sangams are responsible for the planning, disbursement, monitoring, utilisation and recovery of loans from the CCF. Most are capable of the first part of the exercise, but their involvement in loan recovery varies enormously. Even though some sangams are responsible for collecting repayments from members, either through ward members or through other members of the executive committee, most continue to depend heavily on RDT field staff to collect dues.

Many of those with the capacity to repay and who understand the process of repayment are content to let the NGO staff do the hard work of physically collecting repayments. Others do not understand how the scheme works and are simply passively receiving and paying back loans. A number of those interviewed did not know how much they had borrowed or the rate of interest on the loans, but nevertheless acknowledged the benefits of the scheme.

All the sangams perceive the CCF to be RDT's scheme, organised for their benefit, and do exhibit little sense of ownership of the scheme. The sangams are still highly dependent on RDT for administering loan repayments, even though the more active sangams have the capacity to administer all aspects of the CCF themselves. A large number would not be able to continue without support from RDT; withdrawal of the direct support of field workers could in many cases result in the collapse of the scheme and perhaps the sangam itself.

A related factor in the repayment process is the practice of awarding incentive payments to field staff who attain a certain level of repayment. This could lead them to place undue pressure on beneficiaries to repay and artificially inflate repayment figures without reflecting a real capacity to repay; some beneficiaries may be compelled to sell seed in order to repay, only to have to purchase it again three months later at an inflated price.

Government policy on bank loans

Another factor that may impinge upon the sustainability of the scheme is the government's announcement that it plans to waive outstanding loans owed by farmers to the nationalised banks provided that they have a good repayment record. Farmers are already poised for the announcement that their loans will be waived and are withholding repayment in anticipation. This may have a detrimental effect on repayments to the CCF.

2.3.7 Potential for replication

The Community Organisation Programme functions on a very large scale and is highly staff-intensive. Few other organisations could match the volume of resources

channelled into the programme. The Community Credit Fund provides loans on a scale that is unrivalled by other NGOs in the area, which for the most part are small multi-purpose organisations working in a handful of villages. The very nature of the scheme necessitates a large external input over several years, made possible in RDT's case by its close association with ActionAid which favours this type of approach. The scheme therefore offers little potential for replication on a comparable scale, although lessons can be derived from the experience of administering credit to poor farmers in a drought-prone environment.

2.4 Strengths, Weaknesses and Lessons

The success of the Community Organisation Programme is most evident in the positive impact of credit on small and marginal farmers. Repayment levels reveal a mixed picture, with substantial variation between different areas and individual sangams. The contribution made by the Community Credit Fund in encouraging a transition to cash crop production is reflected in the fact that the economic status of poor farmers has increased. It also provides a cheaper and more accessible source of credit than that provided by moneylenders. Despite the application of modern farm inputs, however, production remains highly contingent on local soil and climatic characteristics, which render sustained improvements difficult to achieve.

Two factors that may have played a role in the successful application of credit are the community organisations and the quality of programme staff. Village sangams have played a functional role in bringing poor farmers together to discuss their credit needs and to facilitate the administration of the scheme. Yet staff exhibit varying degrees of commitment to the programme. At the base level, field staff are doing the jobs for remunerative reasons rather than out of a particular commitment to serve the poor, even though wages are relatively low. As one moves up the staff hierarchy, the commitment to the programme increases, possibly as a result of increased responsibility. Although field staff have proved capable of administering credit and ensuring a certain level of repayment, this has not proved central to the success of the programme. Rather, success is primarily attributable to the fact that credit from the CCF provided a viable alternative to moneylenders which poor farmers were readily willing to make use of.

The programme has principally been of benefit to small and marginal farmers; landless labourers have gained little from access to credit from the CCF. Although some were involved in co-operative enterprises established in the early 1980s, few of these have survived, and the resulting benefits were very marginal. While some opportunities have been created for wage employment by the ecological development programme during the lean season, the needs of the landless are not specifically addressed at present. Although a number of sangam members have acquired assets under the government's Integrated Rural Development Programme (IRDP), there does not appear to have been a systematic effort on the part of project staff to secure subsidised loans for non-agricultural income generation for the landless.

The major limitation of the programme concerns its longer-term sustainability, which is directly related to the harsh environment in which credit is being introduced, although it

hoped that ecological development programme will provide a longer-term solution to these problems through water harvesting and social forestry. Another weakness relates to the role of the sangams. Most are not directly concerned with social issues and few display the potential to become self-reliant. A further limitation is the reliance of the programme on refinancing from external sources, and the fact that the CCF does not meet current credit requirements. Little attempt is made to encourage farmers to take out loans from banks or to make more use of government resources, which reinforces the emphasis on the CCF and, by implication, on funding from foreign donors.

In many ways the Community Organisation Programme is unique in terms of its scope and approach. It is unlikely that other NGOs could mobilise resources on a comparable scale. However, the very success of the Community Credit Fund in raising the productivity and incomes of small farmers underlines the importance of alternative sources of credit, but the limitation of the programme in terms of sustainability in a drought-prone environment points to the need for NGOs considering credit provision to incorporate compensatory mechanisms as an insurance against crop failure under such circumstances.

3. CHURCH'S AUXILIARY FOR SOCIAL ACTION: PHASE III PROGRAMME ⁶³

3.1 Overview and Summary

The project is located in the delta region of the Krishna river in coastal Andhra Pradesh, and is administered from two programme offices in Machilipatnam (Krishna district) and Bapatla (Guntur district). Phase III came into existence in 1981 following three years of relief and rehabilitation work undertaken by CASA in the wake of the 1977 cyclone. The programme gives equal emphasis to the process of community organisation through the formation of self-reliant village associations (sangams), and to mobilising resources from the government and the nationalised banks for the promotion of income-generation activities and infrastructural development in the villages. Priority is given to assisting the landless and small and marginal farmers, especially to tribals, harijans and economically backward castes. In the 32 villages covered by the Phase III programme, some 3,000 households have received assistance from CASA, although the organisation has now withdrawn from half of these villages. This study evaluates the overall contribution made by the programme to poverty alleviation and enhanced social status among the rural poor in coastal Andhra.

The Phase III programme has successfully achieved its overall objective of bringing about a sustained improvement in the economic and social conditions of poor communities in coastal Andhra Pradesh. Substantial resources have been mobilised from the government and local banks for income-generation programmes at relatively low cost. The majority of the programmes taken up by beneficiaries have brought about an increase in incomes, often by a very substantial amount, although the impact of CASA's development work has been less marked in the remote coastal villages due to the constraints imposed by poor communications and a low level of effective demand. Increased income has invariably resulted in better food consumption, higher expenditure on clothing, food, education and housing, land acquisition and increased savings.

Sangams serve as the focal point for promoting village unity, planning and executing development activities, and fostering self-reliance among the poor. Prospects for the longer-term sustainability of the programme are very favourable as evidence from villages where CASA has already withdrawn suggests. The very success of the approach taken by CASA in Phase III, with its emphasis on constructive collaboration with local government officials, has much to offer in terms of a model for NGO development strategies more generally, although this will depend on political conditions and resource availability in different parts of the country.

⁶³ The evaluation team comprised Mark Robinson, Research Fellow at the ODI, and Rajani Kumar, a Projects Officer at the Administrative Staff College in Hyderabad.

3.2 Project Context, History and Structure

In contrast with the dry interior region of Andhra Pradesh, the coastal districts are comparatively well developed. Krishna and Guntur districts have experienced fairly rapid agricultural growth over the past decade, although there are significant disparities between inland areas and the relatively inaccessible coastal strip. Average annual rainfall is 1028 mm in Krishna district and 826 mm in Guntur district. The coastal region is subject to periodic cyclones, the most recent of which was in May 1990, which caused extensive damage but relatively few deaths, unlike the 1977 cyclone which killed 40,000.

There is an extensive canal network around the Krishna river which enables most farmers to grow two crops, although there are supply problems in the delta itself. Soils are of two main types; sandy soils predominate around the delta while further inland the soil is mainly the fertile black cotton variety. Much of the land on the coast is highly saline and offers little scope for cultivation. The main crop is paddy, often grown in rotation with a cash crop such as green and black gram (pulses), groundnut or vegetables. Towards Vijayawada (population 717,700), the regional capital, sugar cane, cotton and tobacco are also cultivated, usually on well-irrigated black cotton soils. Vijayawada is a fast-growing trading and industrial centre (with food processing, chemicals and pharmaceuticals) which serves the coastal hinterland. There are numerous small market towns which provide trading outlets and services to the surrounding villages.

In the inland areas communications are relatively good, most villages are connected by road with a regular bus service. However in the remote coastal region the condition of roads is very poor and a number of villages cannot be reached by vehicle. The majority of villages are now connected to the electricity grid, although the region as a whole suffers from frequent power cuts during the summer months.

Agriculture is the main occupation of people living in the area, with 64 percent of the workforce engaged full-time in farming activities in Krishna district and 71 percent in Guntur. Small and marginal farmers owning less than 5 acres of dry land (2.5 acres of irrigated land) account for approximately half the cultivated area, although the extent of landlessness is comparatively high, with 44 percent of all workers classed as agricultural labourers in both districts. Wages tend to be higher than in the semi-arid interior region of Andhra Pradesh, with Rs 20-25 the average rate for men and Rs 12-20 for women, depending on the work performed. In the period 1970/73 to 1982/85, real wages grew at an average annual rate of 3 percent, with the result that real wages in coastal Andhra are among the highest in south India, excluding Kerala. Off-farm occupations include rickshaw-pulling, maintenance and repair services and traditional artisanal activities.

There has been some attempt at land redistribution by the state government, which stipulated a ceiling on land holdings of 18 acres for irrigated land, and 35 acres for rainfed land. In the coastal areas some landless families have received one or two acres of land, usually surplus government land which is of poor quality. However in the black cotton soil areas where land is more scarce and expensive, there has been comparatively little redistribution. Here a rich farmer would be someone owning just five acres of land. The dominant landowning castes have not been much affected by the land reforms legislation due to problems related to implementation or evasion.

The population of the two coastal districts covered by the Phase III programme is extremely heterogeneous, the major lines of cleavage being caste and class. The vast majority is Hindu, although there are small pockets of Christians and Muslims. Scheduled castes (also known as harijans) constitute 14 percent of the rural population in Krishna district and 9.2 percent in Guntur. The tribal population (mainly sugalis) forms 4.1 percent of the total in Guntur and 2.2 percent in Krishna, although there are marked concentrations in certain mandals (sub-districts). Most of the tribals and the scheduled castes are landless agricultural labourers, although some are marginal farmers. The backward castes, who mainly consist of small farmers and fishing communities, account for more than half of the rural population, although they are divided into many sub-castes which have differing customs and are largely endogamous. The dominant castes in this region are the kammās. Their traditional source of power and patronage derives from the ownership of land, although they have begun to invest in small businesses and real estate.

Poverty in coastal Andhra Pradesh is caused and perpetuated by several factors: restricted access to productive assets such as land, capital and livestock; exploitation by moneylenders who lend money at usurious rates of interest; landlords who pay low wages or promote unfair leasing arrangements and government programmes which are not sufficiently responsive to the needs of the poor; and by widespread illiteracy and ignorance about civil and economic rights in a democratic society. The symptoms of poverty are manifest in poor diet and inadequate food, inferior housing, recurrent ill-health, chronic indebtedness, low school attendance and endemic consumption of alcohol.

The main administrative unit is the mandal, which covers a population of some 60,000. There are approximately fifty mandals in each district. All government programmes are now administered at the mandal level following decentralisation in the mid-1980s. Funds for the government's Integrated Rural Development Programme (IRDP) are channelled through the District Rural Development Agency (DRDA) offices in Machilipatnam and Guntur towns (respectively the administrative headquarters for Krishna and Guntur districts). Total IRDP resources for Krishna district amounted to Rs 19.5 million in 1989/90, and Rs 33.8 million for Guntur.

CASA is a national NGO responsible for the identification, design, implementation and monitoring of relief and development programmes in most states of India. While it represents about 20 major protestant churches, CASA maintains a secular approach and works with all communities regardless of religious affiliation. It first established a presence in coastal Andhra Pradesh providing relief to those affected by the 1977 cyclone which led to widespread loss of life and caused extensive damage to crops, houses and infrastructure. The second phase centred on rehabilitation and material assistance to enable people to rebuild their homes, excavate irrigation canals and to construct roads on a food-for-work basis. While the area is economically developed in comparison to the dry interior regions, there are significant pockets of poverty, which convinced CASA to extend its involvement once the process of rehabilitation had ended.

Phase III started in 1979 as an integrated rural development programme designed to promote lasting benefits in the form of economic self-reliance by means of independent community organisations representing the interests of the poor. CASA began to withdraw its staff from adopted villages in 1985, and expanded into new villages in the same area. By 1990 32

villages in Guntur and Krishna districts, with an estimated population of 30,000, had received some form of assistance from CASA. A further stage of withdrawal and expansion into 20 new villages was planned for 1990-92.

The broad objective of the Phase III programme in coastal Andhra is to assist the poorest and most disadvantaged people in rural areas (especially from the scheduled castes and scheduled tribes) in tackling poverty and bringing about a sustained improvement in their economic and social conditions. The programme has three main components:

- the creation of strong and self-reliant community organisations capable of determining their own development priorities
- the mobilisation of government and community resources for self-sustaining economic activities in order to raise the incomes and social status of poor households
- the implementation of common programmes aimed at improving the infrastructure and living environment of adopted villages

The sangam is the focal unit for community development in the villages adopted by CASA, representing the interests of poor households on a common economic basis rather than on caste lines. Traditional village institutions (the panchayat councils) invariably dominated by the rural elite to the exclusion of the poor. The aim of the sangam is to promote unity among the poor through a process of awareness-building, in order to resolve community disputes and problems, to enable individuals to approach government and bank officials for financial and technical assistance, and to empower the poor to challenge caste discrimination and economic exploitation. Community organisation always precedes economic activities, on the grounds that without the effective participation of the people, income-generation programmes cannot succeed. CASA staff perform a catalytic role, encouraging poor villagers to form sangams and identify new sources of income and employment. The philosophical premise on which Phase III is founded is that people should be encouraged to shape their own development priorities and to mobilise, as far as possible, external sources of finance for income-generation activities.

Phase III has three main elements: community organisation, economic activities and common village programmes. Community organisation provides the entry point for most development activities in the villages adopted by CASA on the basis of non-formal education. This includes informal issue-based discussions on indebtedness, land rights, drinking etc., developing functional literacy training and learning about banks and government institutions. However, in forming village sangams, the aim is not only to promote unity and awareness among the poor, but to encourage the emergence of a strong village leadership which is independent of dominant social groups who traditionally monopolise local affairs.

Economic programmes are selected and approved by the sangam. Individuals wishing to take up particular activities first discuss their needs with other members of the sangam, who will assess their capacity to repay the loan and to run the business in a profitable manner. Once they receive approval, CASA staff (and later on the sangam) will assist them in approaching

the bank for credit facilities and a subsidy component from the DRDA.⁶⁴ The loan plus subsidy is used to purchase assets for income-generation purposes. These fall into three categories: new activities (such as rickshaw pulling, small businesses); those which supplement existing sources of income (for example dairying and goat-rearing); and those which enhance an existing activity (crop loans, catamarans).

There are a number of programmes which are common to all the adopted villages. Unless a meeting place already exists in the village (in a cyclone shelter or a school building), CASA provides materials for the construction of community halls which are built with villagers contributing unpaid voluntary labour. These serve as a place in which the sangam can meet and where non-formal education classes can be conducted. In certain cases, CASA will approach the DRDA on behalf of the village to secure funds for building internal roads, drinking water facilities, schools or houses, although there has been a gradual move away from infrastructural provision of late. Other common programmes include tree planting (for fruit and shade), organising balwadis (crèches), the provision of community televisions etc. CASA's role is generally restricted to staff support, logistics and follow-up, although it often contributes an additional subsidy from its own funds to speed up the flow of benefits.

The Phase III programme is administered from two project offices located in Machilipatnam (Krishna District) and Bapatla (Guntur district). Although the approach is broadly similar, each programme is administered separately. Each office is headed by a coordinator responsible for day to day affairs but directly accountable to the CASA head office in Delhi. In Machilipatnam an assistant coordinator and two senior field staff supervise a team of five community organisers, each of whom is responsible for one or two villages. In Bapatla a women's coordinator supervises the work of two female community organisers who look after the mahila mandali (women's associations). In addition, a field officer is responsible for overseeing the work of four community organisers, who are invariably graduates from regional universities, with qualifications in social work or related discipline. There are also two drivers, a typist, accountant and an office assistant in each office giving a staff complement of fourteen in Machilipatnam and sixteen in Bapatla. Staff turnover is low relative to other voluntary organisations, and staff exhibit a high degree of commitment to their work.

Programme priorities are decided in consultation with the head office in Delhi and ratified by a local board of trustees composed of church representatives, academics and people interested in development work. The field staff follow a programme of activity in each village which is formulated with the participation of the sangams based on the resources available to CASA and the needs of the community. Experienced senior field staff (some of whom have been with the organisation since its inception) have considerable autonomy over the day to day administration of the programmes. Delegation is usually effective and the coordinators have a good working relationship with their staff. The coordinators assume a more direct role in the case of large-scale investments (such as house-building, lift-irrigation and prawn-tank

⁶⁴ Subsidies are provided to the rural poor through the government's Integrated Rural Development Programme (IRDP). To be eligible for a subsidy, a family must be earning less than the officially designated household poverty line of Rs 4,800 (see Section 1.2). Under recently-introduced legislation, tribals and scheduled castes are entitled to a 50% subsidy on loans, and all other 'weaker sections' (the landless or those owning less than 1 acre of land) to 30 per cent.

construction), and are responsible for liaising with local government and banking institutions, the head office and the funding agencies. When problems arise, either within the sangam or between the sangam and outsiders (for example over tenure rights, or allegations of corruption) the coordinator plays a mediating role in defusing tension and finding solutions.

The main source of funding for Phase III in coastal Andhra is from Christian Aid, which has supported the programme since the 1977 cyclone. Funding is provided on a three-year programme basis, and progress is reviewed by periodic monitoring visits to the programme area by desk staff (and by CASA staff based in Delhi) and regular quarterly reports detailing activities on a sector and village-wise basis. In 1989 funding from Christian Aid for the two programmes amounted to £57,200; this covered the full costs of the Machilipatnam programme, and 50% of the Bapatla programme.

3.3 The Impact of the Case Study Programme

3.3.1 Realisation of objectives

The Phase III programme has substantially succeeded in achieving its main objective of promoting self-sustaining development initiatives among poor communities. Overall CASA's role has been to ensure that government programmes are responsive to the needs of the poor, efficient in their implementation and effective in alleviating poverty. The success of the programme has centred on the formation of grassroots organisations (sangams) which enable poor villagers to come together on a common platform to take decisions which can directly contribute towards the development of their community.

Promotion of village unity

Apart from serving as a vehicle for implementing development programmes, the sangams provide a forum for resolving disputes and redressing grievances. All those interviewed highlighted the critical importance of creating unity in the village through the sangam.

Prior to the entry of CASA many poor communities were riven by feuds and factional disputes, often engineered by dominant castes in the village. Quarrelling between families prevented the people coming together to discuss their common problems and to find ways to combat poverty. Individuals were often subject to exploitation by moneylenders, landlords and unresponsive officials. Decisions affecting the community were usually taken by a few leaders with political influence who were not accountable to the people as a whole. Village panchayats were difficult for poor people to influence as they were usually under the control of the dominant castes and their supporters.

The formation of groups bringing together all the poor helped them to identify common problems and cut across intrinsic factional divisions, despite attempts by vested interests to undermine their unity. Since the scheduled castes normally live in separate settlements, it proved relatively easy to form cohesive sangams drawing in

all the members of the community. In mixed villages, the rich were not always amenable to the formation of sangams which they feared would undermine their influence and status, and tried to subvert CASA's efforts. To overcome people's traditional suspicion of outsiders, CASA would normally provide the raw materials for the construction of a community hall or a cyclone shelter to convince them of its good intentions. The subsequent involvement of the sangams in identifying needs and appropriate income-generation schemes in most cases cemented the fragile unity established at the outset, and encouraged waverers to participate in the sangam's activities.

Awareness-building

Awareness-building has been one of the major objectives of the community organisation programme. Through a process of non-formal education CASA staff have sought to raise the awareness of sangam members about the problems confronting the community. In the initial stages of a sangam's existence, individuals are encouraged to explore the causes of their poverty through informal issue-based discussions relating to indebtedness, landlessness, legal rights, wage rates etc. Such discussions seek to enlighten villagers by encouraging them to share their experiences, which allows them to find out what they have in common rather than what divides them.

Functional literacy aims to give villagers basic writing and reading skills to enable them to sign their names and interpret signboards on buses and in public places outside the village. Some have progressed further and have developed reading skills which enable them to read newspapers and official documents, although such individuals have usually received some education. It is difficult to assess the extent to which such basic literacy skills have developed among the sangam membership at large, but most executive committee members are able to sign their names and read simple documents.

The third component of non-formal education lies in teaching sangam members how to approach government and bank officials directly without having to rely on intermediaries. Members are shown how to secure loans and subsidies and to ensure that they receive good quality assets. Most individuals within the older sangams now have the confidence to approach officials directly even though decisions relating to which particular programmes to apply for will be taken by the sangam as a whole. This aspect of the non-formal education work undertaken by CASA through the sangams is the most striking and evident of the three components discussed above. The ability to approach officials directly and a familiarity with banking procedures was frequently cited as a very positive development by sangam members. Some sangams have successfully pressured bank officials to grant loans to all the members rather than to a selected few as is usually the case. The increase in their self-confidence and self-esteem that came about as a result is highly valued.

A number of other techniques have also been used to promote political and social awareness among sangam members. CASA has arranged exposure visits for different groups in order that they meet other sangams and discuss common issues and

problems. This enables them to discover that their situation is not unique and restricted to their own village. Cultural programmes and the provision of community televisions by CASA have also helped to promote understanding of wider social issues, as well as imparting education.

In some cases, the sangams have taken awareness-building a stage further and challenged the structures that continue to further their exploitation. In one village the sangam entered into direct conflict with the local landlord over land rights. The former tenants of the landlord, now organised into a sangam, collectively decided to occupy land around their village owned by the landlord as they were without land, and have petitioned the government for cultivation rights. In other villages, sangams have managed to pressure the government into providing families with surplus lands for cultivation and fisheries. Sangams have also fought for the legal rights of their members and challenged instances of caste discrimination. Some have struggled successfully for better wages and working conditions, although these tend to be the exception rather than the norm.

After the May 1990 cyclone, many sangams approached local government officials for immediate emergency assistance, and organised committees to collect and distribute food and relief materials. In some instances, they drew up damage lists for insurance purposes. The contrast with the 1977 cyclone, when people had little contact with outside agencies and concentrated on meeting individual rather than collective needs, was very striking.

Leadership and participation

The development of a strong sangam leadership has been instrumental in ensuring that the poor have an effective channel of communication with outside officials and an ability to withstand attempts of vested interests to undermine their efforts at promoting unity. The new leadership has displaced traditional modes of decision-making which excluded the vast majority of poor. Most sangam presidents are energetic individuals who are strongly committed to the sangam and who have a good standing within the community. For this reason they are often re-elected to the post on a regular basis.

In general, sangam presidents and other executive committee members do not appear to be economically more advanced than other members. Although in some cases committee members are among the better-off members of the community, this is often a reflection of their own resourcefulness rather than evidence that sangams are controlled by dominant interests in the village.

All the sangams interviewed continue to meet on a regular basis, usually once or twice a month, although the level of attendance varies from village to village. While in the early phase of a sangam's formation attendance will be high, it is not always possible to ensure a consistently good attendance throughout the year, especially during the peak agricultural season. When discussions affect the whole community, especially in the context of common programmes dealing with housing or drinking water, or in securing loans and subsidies from the government for income-generation activities, attendance is invariably high. Since sangams tend not to record attendance, it is

difficult to determine the level of participation that takes place. While discussions tend to be dominated by more active members, it appears from the minutes of their meetings that there is quite a high degree of involvement on the part of all the membership.

Women's involvement

Women have made tremendous strides as a result of being able to participate in sangam affairs and decision-making. This was more apparent in Bapatla where mahila mandalis (women's associations) had been formed to enable women to meet separately and discuss issues which impinge on family relationships and gender relations. Nevertheless, in those villages in Machilipatnam where there are no separate mahila mandalis, women are guaranteed equal representation on the executive committee of the sangam.

Exposure visits to other villages where CASA has been active have enabled women to learn from the experiences of others and discover that their own situation is not unique. Women rarely ventured outside the village in the past whereas now, following their involvement in the activities of the sangams and the mahila mandalis, they have the confidence to go to the nearest town or a neighbouring village without being accompanied by their husbands. Women have often been instrumental in pressuring the government officials to provide house-sites, safe drinking water and other infrastructural facilities designed to benefit the community as a whole. This is a direct reflection of their increased self-confidence and heightens the respect they receive from the men in the community.

In all cases women have been encouraged to start up revolving savings schemes funded by regular contributions ranging from Rs 5 to Rs 10 per week. Each woman can withdraw the total amount every week on a rotating basis. This is used to meet household expenditure, especially for bulk purchase or costly items which would otherwise be difficult to save up for. Many women have opened deposit accounts at the local bank where they deposit their share from the fund as well as additional savings derived from income generation activities. As well as contributing towards household welfare, the savings schemes have served as an important vehicle to bring women together to discuss other common issues.

Women have played a very active role in tackling the problem of arrack (locally-brewed alcohol) consumption, which is endemic in many villages, since they were the victims of their husbands' drunken behaviour, suffering abuse and violence in the process. Moreover regular consumption of alcohol acted as a drain on family resources; women directly felt the pinch since they are generally responsible for family maintenance. Arrack shops had been closed by direct action on the part of women in some cases, or by boycott in others. They have also been responsible for introducing a system of fines for arrack consumption in many villages which are grudgingly accepted by the male members of the sangam. Their own status has improved as a result and reductions in arrack consumption have led to dramatic improvements in household expenditure and savings in some villages.

Women have also organised balwadis (day nurseries) for young village children, initially with support from CASA, but following CASA's withdrawal, using their own resources. Each woman will contribute one day each month to look after the children and to pay for some nutritional supplement. Whilst it does entail the loss of one day's earnings and some additional expenditure, the fact that they are able to have their children looked after on a regular basis more than compensates for this; they are able to do their own work without having to continuously worry about childcare.

Limitations and drawbacks

While there are examples where sangams have challenged the vested interests directly, their capacity to do so effectively is muted by their need to maintain close cooperation with bank and government officials. Where possible, CASA encourages the sangams to cultivate the support of the rich, and not to alienate them. Hence power relations within the villages are changed more as a result of the increased bargaining power and increased economic and social status of the poor than through a direct challenge to dominant social groups.

The process of establishing sangams has not always been an easy one. It has proved easier to set up viable sangams in villages where there is a greater degree of homogeneity in terms of caste (i.e. in tribal or Harijan communities) or occupation (such as fishermen or small and marginal farmers). Where the village community is composed of several castes which differ in terms of economic and social status, the process of establishing sangams has proved more difficult. Dominant groups in the village try to subvert their formation by exploiting factional rivalries or by accusing CASA of pursuing religious goals out of fear that their privileged position within the community will be eroded. This is especially the case in villages which are closer to urban centres and therefore more susceptible to external political pressures.

There are several notable cases where such difficulties have been successfully overcome, although in one village the organisation was forced to withdraw its presence due to factional politics. One or two others continue to face difficulties, especially where factional allegiances persist, or where traditional leaders resent a loss of influence, but with the assistance of CASA staff, the sangams are attempting to overcome these divisions and maintain their capacity for independent decision-making.

.3.2 Economic and social impact

Types of impact

Impact is understood as the longer-term changes brought about by a development intervention, in the form of an input such as credit for the purchase of a buffalo or the creation of an institution designed to bring poor villagers together on a common platform. In economic terms impact refers to the use of income generated by a particular economic activity, for example proceeds from the sale of milk or a calf which are spent on household needs, saved or invested. Social impact can refer both to the effects of participation in group activities and discussions within the sangam on the one hand, and to the social consequences of material improvements derived from

increased income on the other. In the following discussion, social impact is considered in the more restricted sense since other aspects of social development have already been dealt with in the preceding section.

There are a number of different income-generation programmes which have been taken up by sangam members in the CASA-adopted villages, for the most part through a loan with a subsidy component through IRDP. These can be divided into those which constitute a new source of employment, those which provide a supplementary source of income, and those which enhance an existing activity. The first category includes rickshaws, prawn cultivation and small businesses such as provisions shops, tailoring and cycle repairs. These replace an existing occupation, invariably agricultural wage labour. Dairying and sheep rearing are the most common supplementary activities and provide income which is additional to that earned from agricultural labour or cultivation. The third category includes catamarans and plank canoes which come under IRDP, as well as crop loans and small loans for fish and vegetable vending which are taken out on a recurrent annual basis without a subsidy element.⁶⁵

Most of the programmes taken up by sangam members have resulted in increased disposable incomes, in some cases by very significant amounts. Out of a sample of 44 people who took loans for economic programmes, 25 (57%) experienced significant increases, and 8 (18%) a marginal increase in income. Six people (14%) reported that they had experienced no change in their economic status while 3 individuals said that they had experienced a loss. This compares favourably with the impact of IRDP programmes administered through government auspices which tend to register lower rates of success.

It should be noted that increased income is important, but so is the security of having a source of income all year round, either from a new activity or from supplementary sources such as dairying. This has enabled families satisfactorily to cover daily consumption needs. They no longer live a purely hand to mouth existence, but feel confident that their basic needs will be met and the surplus can be used for non-essential items of expenditure.

Only in a minority of cases did the programmes not yield the intended benefits, usually on account of factors beyond the control of beneficiaries such as premature death of an animal or illness in the family. It has proved more difficult to establish sustainable economic activities in the remote coastal villages where poor communications and a weak effective demand for goods and services limit their potential.

What is also important in terms of impact is the degree to which enhanced incomes have in turn contributed towards an improvement in the economic and social status of beneficiaries, in terms of the consumption and expenditure patterns of individual

⁶⁵ The overall impact of these programmes in terms of change in economic and social status, their effectiveness in bringing about such change, the way in which different groups have benefited and the problems which have been encountered are examined in a separate appendix to the full version of the evaluation report.

households, land acquisition, self-reliance, mobility etc. A further indication of a general improvement in economic well-being is in the number of shops which have been established in the case-study villages, often with loans from the banks. This suggests that demand for goods has been increasing, itself a reflection of increased purchasing power in the case study villages.

Consumption

For very poor people, food accounts for a large proportion of household earnings (including non-monetary), usually in the region of 60-80 percent, and in some cases more. Hence increased income will tend to be spent on a greater quantity of food and on improving the quality and range of foodstuffs consumed. Nearly half of those interviewed reported some changes in eating habits as a result of increased expenditure on food. In the main this was due to a shift from consuming millets such as jowar and ragi to rice, which is perceived to be a higher status food, even if nutritionally inferior. Previously rice was consumed by the poorest on special occasions or in the form of broken rice; others only ate rice if they were paid in kind for agricultural labour. Some families used to skip meals in the lean season when no agricultural work was available. The trend towards rice consumption is most marked for the landless and marginal farmers since small farmers owning more than two acres of land grow enough for their own consumption needs. It should also be noted that while these changes in consumption patterns form part of a more general trend in the area, increased income from non-farm activities has accelerated the trend and increased the purchasing power of the landless in particular (see below).

Aside from rice, most beneficiaries reported that they now eat more varied foods. It is now common for families to eat vegetables on a daily basis, and meat several times a month. Dairy beneficiaries tend to keep back some milk for their own consumption, usually for making into buttermilk, although many will use it as a nutritional supplement for young children.

The most important point to note here is that increased incomes have contributed towards greater food security; most families now know that they no longer have to lead a hand to mouth existence worrying about where the next meal will come from. However, the shift that has taken place in food consumption patterns is not exclusively attributable to increased income from economic programmes, although this has been an important factor.

Non-food expenditure

While food continues to account for the major share of the expenditure of poor households, many find that they now have surplus income which they can spend on other items. Children's education is a priority, with some opting to send their children to residential schools in towns and bearing the costs of fees, clothing, transportation and books. Education is seen as a passport out of poverty, providing access to secure and relatively well-paid employment outside agriculture and bringing with it higher status.

Most of those interviewed now spend more on clothing. Whereas they previously purchased clothing only out of necessity, much of it second-hand, beneficiaries now buy clothes for their families more regularly and will pay to have new clothing stitched, especially during the festival season. Household utensils are another important item of expenditure, with families acquiring cooking pots, eating utensils, cots etc. A number of households have also purchased luxury items such as jewellery, electrical goods and bicycles.

A number of beneficiaries have spent money on making improvements to their houses. In the case of those with government housing, they have added verandas and roofs, or replastered the walls. Others have built new kuccha (mud-walled) houses with the proceeds from income-generation activities. Some have also opened house loan accounts where their deposit of up to Rs 2,000 is combined with a government contribution of Rs 6,000. However, housing is not always the first priority for many beneficiaries, who initially prefer to invest in other assets such as land. There is a tendency for beneficiaries to depend on the government to provide housing, and many do not perceive housing to be their own responsibility. This was reinforced by the experience of the 1990 cyclone when many people lost their houses and all the contents and turned to the government and CASA for assistance.

Another important item of expenditure is on daughters' marriages, both for the expenses of the wedding and dowry. Whereas people would previously borrow from the moneylender at exorbitant rates for this purpose, they now use the extra income generated from newly adopted economic activities. In some of the older villages increased wealth has had the effect of increasing the level of dowry, or even of encouraging the practice of giving dowry in villages where it previously did not exist (especially among tribals).

Land acquisition

Acquiring land is often a major priority for poor rural households. Land gives security as a fixed asset and gains in value over time. Cultivation provides an additional source of income and can help to improve a household's economic status. Eleven respondents (22% of the total) specifically said they had invested in land with savings from economic activities supported by credit, including a number of formerly landless labourers. Land acquisition was especially notable in the case of sheep rearing and catamaran-fishing. Some dairy beneficiaries have purchased small plots of land on an incremental basis, at a rate of 10-20 decimals (tenths of an acre) per year. Land acquisition was also more marked in sandy soil areas where land is relative cheap at Rs 20-25,000, compared to Rs 70-100,000 in black cotton soil areas. For this reason it is unusual for beneficiaries to purchase land in black cotton soil areas as the cost is prohibitive; generally only small farmers already owning two or more acres of land were able to acquire more land in such areas.

Savings

Many beneficiaries have opened fixed deposit accounts with banks. Out of those interviewed, 22% reported that they had savings in bank accounts, although CASA

staff claim that the proportion is higher. In a number of cases beneficiaries have built up savings of several thousand rupees. These savings are used to cover marriage expenses, the cost of children's education or for purchasing assets. It also provides them with a reserve fund which can be drawn upon in case of emergencies, especially for medical expenses which can be a big drain on family resources. In addition, by having fixed deposits with the bank, beneficiaries are automatically entitled to take loans without collateral security.

Reduced debt obligations

Prior to the take-up by villagers of various economic programmes, indebtedness to moneylenders was rife. In having access to bank credit, beneficiaries do not have to depend on the moneylender. The vast majority of beneficiaries have been able to pay off their debts to moneylenders completely. This has an important psychological dimension as people no longer feel continuously under the control of others, paying usurious rates of interest and having to perform additional tasks in return for securing access to loans. Many placed great emphasis on the importance of being liberated from the clutches of moneylenders as a result of gaining access to institutional credit.

Lower seasonal out-migration

A common coping mechanism of poor villagers in the lean agricultural season is out-migration in search of work in other areas, often several hundred kilometres away. Whole families used to migrate for three to four months at a time in search of employment to secure enough income for family survival. The take-up of self-employment and other income-generation programmes has helped to reduce out-migration. The number of families going out of the villages for seasonal work has decreased markedly, which is also a reflection of the fact that more work is now available locally, both from economic activities supported by credit and other sources of employment. This has given families greater security and allows children to attend school more regularly. However, landless households which have not borrowed bank credit for economic programmes continue to migrate out on a seasonal basis. In some cases, where lucrative employment is available in an adjacent area for a short period of time (wood-cutting is a case in point) beneficiaries still migrate out of the village for one or two months since they can earn good wages during this period.

3.3.3 Distribution of benefits

While the majority of beneficiaries have experienced marked improvements in their quality of life as a result of taking up income-generation programmes, there are variations according to the initial asset holdings of individuals and the geographical location of the village. Three main groups are covered by the programmes; agricultural labourers, small and marginal farmers and women (who are also included under the first two categories). The main conclusion is that those already in possession of land or animals are in a better position to benefit from particular economic programmes. However, a substantial number of the very poorest (wage labourers and marginal sharecroppers) have been brought above the poverty line as a result of new or supplementary sources of income. The rate of success tends to be

higher in peri-urban villages where opportunities for non-agricultural activities exist, and where communications and access to marketing facilities are better.

Agricultural labourers

Households that depend exclusively on income from agricultural wage labour are invariably among the poorest (excluding the sick and the destitute); women-headed households where the husband is sick or has died suffer the greatest hardship, especially if the children are too young to go out for work. Household income from agricultural labour if both husband and wife are working (men can earn up to a maximum of six months work at an average of Rs 20 per day, whereas women receive a daily average of Rs 12 for only three months in a year) is invariably below Rs 4,800 (Rs 400 per month), which is the current official poverty line.

According to CASA, the acquisition of an income-generating asset such as a buffalo or sheep herd, or regular work from a new activity has in many cases carried households above the poverty threshold (ie. when households are no longer classified as poor) of Rs 6,400 (Rs 530 per month). The information collected during the evaluation appears to confirm this. Earnings from rickshaw-pulling supplemented by agricultural labour can more than double household income. Prawn cultivation can triple or quadruple household income if the tank is well-maintained, but this is an exceptional case. Income from dairying has been much more variable in the case of landless households, since earnings depend on access to fodder and the level of milk production. Some households have experienced deferred benefits if a calf dies. In some cases, where milk production has been consistently low (largely in sandy soil areas), families have experienced a net loss in income.

Marginal farmers and sharecroppers

Marginal farmers and sharecroppers have benefited from the programme in two ways. Access to recurrent credit in the form of crop loans from a commercial bank is both cheaper and more accessible than loans from moneylenders, and supplementary income derived from dairying or other economic activities supported by bank credit and subsidies can provide for household consumption needs during the lean season or in the event of crop failure. Some farmers had increased yields by applying more inputs, but in general credit did not contribute significantly to output which is contingent on a range of other factors.

Marginal farmers producing two crops on one acre or less can earn up to Rs 3-6,000 per year more than a landless household, but most sharecroppers with less than one acre are hardly any better off than agricultural labourers. The net value of 25 bags of paddy (an average level of output from one acre) in the kharif (winter) season is Rs 1,750 (after deduction of input costs), and of rabi groundnut or gram (pulses) approximately Rs 5,000 depending on output (which is in turn related to climate, crop disease and other factors) and price. Sharecroppers commonly have to use all the proceeds from the paddy crop to cover the share of the landowner (currently about 22 bags). Once costs of production have been deducted, the net income on one acre of land on two crops falls to below Rs 2,000. If the rabi (summer) crop fails (usually

as a result of inadequate rainfall), marginal farmers are liable to incur a net loss. Most of the paddy grown on marginal plots is normally used for household consumption; one acre can yield enough to feed a family of five, which consumes between 75 and 90 kg of rice per month. Production on smaller plots has to be supplemented by other sources, usually with earnings from agricultural labour, or from a supplementary income-generating activity such as dairying.

Small farmers

Small farmers owning between one and three acres are in most cases self-sufficient in terms of providing for household needs. Net income from three acres can be as much as Rs 20,000, which leaves sufficient surplus for reinvestment or setting up an ancillary business if the yields are consistently good. Small farmers are eligible for loans from the cooperative banking system, although crop loans from banks constitute a useful, but not essential, source of credit. An assured supply of fodder from their own land enables them to maintain several buffaloes, and surplus income can be invested productively, especially if supported by subsidised credit. However such individuals constituted a relatively small minority of beneficiaries, especially in black cotton soil areas where the land is scarce and expensive, and in any case, most are ineligible for loans and subsidies under IRDP.

Women

Securing an independent means of livelihood through loans for a range of economic activities has resulted in a marked improvement in women's social, and to a lesser extent their economic, status. An independent source of income (albeit marginal in some cases) has given women greater economic security and the confidence to deal with their husbands on a more equal footing. Women who were previously confined to work in and around the house have the opportunity to use their time more productively. As a result of taking up income-generation programmes which provide full-time employment, others have stopped going for agricultural labour which they perceive to be an important change for the better. Agricultural labour entails hard work, difficult working conditions and poor remuneration, and the women interviewed said that they generally prefer to work in non-farm activities in the vicinity of the village.

3.3.4 External influences

It would be an exaggeration to suggest that all the positive developments observed in the well-being of sangam members are attributable to CASA's intervention. At least two other factors have contributed towards changes in income and consumption patterns of the rural poor. Coastal Andhra has developed relatively quickly in comparison to drought-prone districts further inland. This has been due mainly to rapid agricultural growth, which has been especially pronounced in Guntur and Krishna districts. An increase in irrigation has enabled many farmers to grow two, and sometimes three, crops, which has in turn increased the amount of work available to landless labourers. An increase in the amount of work available due to an expansion in the net sown area under paddy has also contributed towards a change in

diet. With two crops of paddy even marginal farmers can produce sufficient rice to meet household needs.

The second factor that has resulted in some improvement for the poor is the government rice subsidy scheme introduced in 1983. Families below the official poverty line are entitled to 25 kgs of rice at a subsidised Rs 2/kg rate (compared to a market price of Rs 4-5 or more). Many beneficiaries, in particular landless labourers, cited the rice subsidy scheme as an important addition to their household requirements, even though it constitutes at most 30 percent of household consumption requirements.

3.3.5 Cost-effectiveness

In 1989 CASA Bapatla spent Rs 306,000 (£11,000) on staff salaries and overheads. A further Rs 538,000 (£19,500) was spent on common programmes and subsidies for village-specific programmes. This compares to Rs 1,251,000 (£45,000) raised in loans from banks and Rs 1,906,000 (£69,000) in the form of grants and subsidies from the government. People's own contributions in cash and voluntary labour (excluding savings) were Rs 209,000 (£7,600), giving a total of nearly Rs 3 million overall (£107,000). CASA's expenditure on administration was therefore only 10 percent of the total budget in 1989.

In Machilipatnam CASA spent Rs 980,000 (£36,000) in 1989 of which Rs 398,000 (£14,500) was for co-ordination expenses, and Rs 582,000 (£21,000) on programmes. Government contributions totalled Rs 980,000 (£36,000) and bank loans Rs 2,400,000 (£87,300). Sangam members contributed Rs 523,000 (£19,000) in voluntary labour and cash. Out of a total of Rs 4.9 million (£178,000), less than 10 percent was spent on salaries and overheads.

These figures indicate that CASA mobilises from banks and the government more than six times the amount of resources that it commits to a programme in the form of grants and subsidies from its own funds. Overall, the project data leads one to conclude that the Phase III programme is highly cost-effective in terms of the resource mobilisation.

However, it is difficult to assess the aggregate value of benefits arising out of the different programmes taken up by sangam members. This would involve a protracted process of estimating the incremental income earned on each programme activity and then multiplying this by the number of people benefiting from each activity, which was not feasible in the time available.

The most profitable activities with the highest benefit to cost ratios are catamaran fishing and prawn cultivation (rates of return range from 30% to 70%, excluding the imputed cost of labour), where household incomes have in many cases doubled or tripled. At the other end of the scale, dairying is not always profitable (net income ranges from Rs 0-400 per animal), and without subsidies a number of such ventures

would actually be loss-making. In the case of crop loans, the principal benefit lies not in increased incomes, but rather in reduced transaction costs.⁶⁶

3.3.6 Sustainability

The issue of sustainability concerns both the functioning of the sangams and to the continuation of programme activities without the support of the NGO. CASA has always ensured that sangams act as the main vehicle for village development activities and decision-making. Sangams are encouraged to identify their own priorities and programmes of action. CASA plays a catalytic role in getting the sangam started and in providing orientation through non-formal education and awareness building. Once the sangam is well-established and CASA withdraws, it continues to play a supportive role, providing advice to the membership and liaising with government officials.

In those villages where CASA withdrew up to five years back, the sangams continue to play an active role in furthering and protecting the interests of their members, and in approaching outside agencies for assistance. Members are very clear about the role and purpose of the sangam and view it as an organisation which is owned by and represents the interests of the community rather than as an externally imposed institution which holds little importance for them. The sangam has become and remains the most important institution in village affairs for the poor. In general sangams display a remarkable degree of self-reliance, especially in those villages where CASA has withdrawn its direct support.

The only exceptions to this are interior coastal villages where it has proved difficult to implement self-sustaining economic programmes due to poor communications or inadequate local resources. While many activities have been undertaken by the sangams, they have not fully overcome the tendency to depend on outside assistance, and some degree of dependency continues to prevail. This means that the sangams continue to look to CASA for providing them with resources and infrastructure, or to secure these for the village from the government on their behalf. In such cases CASA continues to have an involvement because the adverse environment makes self-reliance difficult to achieve.

A final point to note here is that sangams in homogeneous scheduled caste or tribal villages exhibit greater self-reliance than is the case in mixed villages. It is possible that different caste and class groupings view CASA's role differently. Prior to CASA's intervention dependence on outsiders and social discrimination was greater in the case of harijan and tribal communities than that experienced by higher caste, but nevertheless economically disadvantaged, communities. The formation of the sangam and the introduction of new economic activities have brought about a great change in their social status and made them more self-reliant. Since social gains have been less significant in the case of economically more advanced caste communities, it is possible that in such cases the sangam will play a much reduced role once they

⁶⁶ Further details of the value of benefits arising out of specific economic activities are presented in Appendix I of the full report.

have made satisfactory economic progress. Most sangams are functioning well, but factional differences continue to persist in several villages, which render the goal of promoting unity among the poor rather elusive.

As for the economic programmes, the majority are progressing satisfactorily in those villages where CASA has withdrawn its presence. Repayment rates are high, ensuring a regular flow of credit from the banks. Where individuals have used up their subsidy entitlement (Rs 5,000 in the case of tribals and scheduled castes), they continue to borrow from banks to replace or upgrade existing assets, having established secure credit ratings. The sangam provides advice and support to those individuals wishing to take out loans for the first time, and uses its standing with the bank to facilitate access to credit. Examples of failure are relatively few, although in such cases (some calf-rearing beneficiaries and plank canoes) individuals have experienced difficulties in securing access to new loans, and have turned to CASA for direct assistance.

On a final note, in the wake of the May 1990 cyclone which devastated crops and destroyed livestock and property, the sangams assumed responsibility for organising committees to collect and prepare food distributed by CASA and the government. In some cases, they submitted damage reports with lists of individual losses to the local government offices for compensation purposes and to secure interim relief. The actions of the sangams were in marked contrast with the situation in 1977 when there was no coordinated response by the villagers, and provide further indication of their tenacity and significance.

3.3.7 Potential for replication

Replication can be considered in two ways. The first takes the form of straightforward adaptation of the CASA approach, with its emphasis on building representative community organisations which are responsible for accessing resources from banks and the government. In Krishna district, another organisation formed in the aftermath of the 1977 cyclone called DARE (Dynamic Action for Rural Education) began to adopt the CASA model from the mid-1980s, albeit in only five villages, with support from Christian Aid. A recent evaluation found that it had achieved some success in its work, although resources for development programmes were not mobilised on the same scale as CASA. Further north in East Godavari district an NGO called NASA (Nazareth Association for Social Awareness) was re-organised in 1985 by a former CASA staff member and extended to 22 villages, along identical lines to the Phase III programme, also with funding from Christian Aid. There was a very favourable evaluation conducted in 1988 which confirmed the effectiveness of mobilising resources through sangams.

The second type of replication is more properly termed a spread-effect. Non-project villages have approached CASA with a view to securing some form of assistance or have independently established sangams of their own before approaching CASA. Moreover, some sangams have provided individuals in neighbouring villages with information about government programmes and the benefits of forming community organisations. Other villages have seen the fruits of progress in the CASA-adopted

villages and want to share in the potential benefits. Several villages in which CASA began working in 1988 were adopted following a request from the inhabitants. In other cases CASA turned down requests on the basis that villages had already achieved a certain level of development and were not in need of its support. The government has also approached CASA on occasions with recommendations that it begin work in a particular village.

3.4 Strengths, Weaknesses and Lessons

The reasons for the success of the Phase III programme in coastal Andhra are threefold. The first stems from the formation of self-reliant community organisations which articulate the interests of the poor, both in defence of their rights and in seeking external support for their own development initiatives. Not only is the process of development in this sense participatory, but people actively discuss and shape their own priorities as individuals and for the village as a whole. Sangam members now invariably deal directly with bank and government officials, only turning to CASA for advice and logistical support. CASA's emphasis on developing people's self-confidence and understanding of official procedures has ensured that sangams will continue to have ready access to institutional credit.

The second reason for the success of the programme lies in the close relationship the organisation has established with government officials and the banks. Since CASA's approach has been to mobilise resources from government programmes supported by bank credit, establishing a good rapport with officials has been a critical determinant of success. The goodwill of bank officials responsible for making decisions on loans was initially cultivated by close personal contact on the part of programme coordinators, who persuaded them to extend credit in small doses to poor beneficiaries for the purchase of income-generating assets under IRDP.

Banks have traditionally been wary of lending to the poor, often because the record of repayment has been erratic and because of the relatively high transaction costs incurred on small loans. However, since the government has stipulated that at least 40 percent of bank lending should be directed to the poor, there is a compulsion on banks to lend, albeit reluctantly. Once a consistently good record of repayment had been established, bank managers became much more amenable to extending credit to people in CASA-adopted villages. Regular repayment has ensured the continued availability of credit and improved the bank's lending record, although the government's decision to waive loans for poor farmers has resulted in the banks adopting a more cautious stance of late, which could restrict the volume of credit available to CASA's clientele.

Bank and government officials now approach CASA with recommendations for new villages to be incorporated into the Phase III programme, or to encourage it to supervise the implementation of large-scale development projects, the prawn tanks initiative being a case in point. This stems from CASA's reputation as an effective support organisation which has developed a good rapport with the people it serves. CASA has also drawn on expertise available in government departments (such as the Marine Products Export Development Authority) and universities (departments of agriculture and home science) to ensure that innovative programmes are technically feasible and economically viable.

The third reason is the calibre of the programme staff. The field staff are mostly graduates from regional universities with a personal knowledge of the local area. All exhibit a high level of motivation and express satisfaction with their work even though salaries are low compared with government jobs, which also offer greater security. Staff turnover is low, ensuring continuity in the organisation. Most senior staff joined CASA as community organisers when it first began working in the area, and have worked their way up through the organisation.

Mention has already been made of the problems encountered in some of the remote coastal villages, which are largely due to factors beyond the control of CASA. One set of limitations applies to the implications of maintaining a close relationship with government, which is necessary in order to ensure a continued flow of resources to eligible beneficiaries. On the one hand, CASA's desire to challenge injustice and exploitation may be toned down in order to avoid disrupting its relationship with government officials. On the other hand, the support of individuals within the government can also provide CASA with a degree of protection where dominant groups attempt to undermine its work. On balance, the success of the programme in mobilising resources for effective development work justifies the approach adopted by CASA, which was shaped by the requirements of its constituents, and by the local socio-political situation.

Secondly, there has been a tendency of late for the government to request CASA to implement particular programmes with official funding, which stems from the reputation that it has developed as a result of the success of its activities. The government recognises that, with CASA's presence, programmes are likely to be implemented more effectively and the chances of corruption minimised. At the same time it is cheaper for CASA to act as the implementing agency since the government does not incur all the administrative costs - CASA is not reimbursed for staff time and logistical support. CASA has agreed to implement several government programmes but has also turned down a number of requests as it is aware of the potential danger of becoming purely a sub-contractor for the government.

The approach taken by CASA in the Phase III programme is by no means unique in India, or for that matter in Andhra Pradesh. Many organisations chose to concentrate on mobilising resources from state and central governments and banks in preference to relying on foreign funding agencies. CASA has simply proved more capable than many others of mobilising a large volume of credit and subsidies which are then used in a highly effective manner.

However this approach cannot necessarily be replicated by other organisations unless the following conditions apply. First, local bank and government officials must be amenable to the development objectives of the programme and willing to assist in the economic uplift of the poor. In many parts of India it would not be feasible to work in close collaboration with government officials, especially where they primarily serve the interests of dominant groups. Government officials have to be open to the possibility of channelling at least a small proportion of available IRDP resources through NGOs, and bank managers have to be assured of loan repayment. It takes time to develop a working relationship with officials in order to build up a degree of trust without compromising the organisation's objectives.

The second limitation concerns the social and political environment. Where relations between rich and poor and different caste groups are highly polarised, it would be difficult for an NGO

to operate without disturbing the political balance, especially where it explicitly aims to work in the interests of the poor. Conversely, in a situation where the dominant interests do not perceive an NGO's activities to be threatening, the type of approach developed in Phase III becomes more feasible.

A third factor is a financial limitation. If growing numbers of NGOs within a particular area attempt to access government resources, they may well come up against a practical limit dictated by the necessity on the part of the government to channel subsidies to villages on a more equitable basis as required by the new Service Area Approach of the banks adopted in 1989. NGOs working in particular clusters of villages may well find that resources available under IRDP are limited and that they can secure loan plus subsidies for only a relatively small proportion of the target group population. CASA has begun to find that it cannot mobilise resources comprehensively and is forced to provide subsidies from its own resources, although in CASA's case a special allocation of IRDP units (loan plus subsidy packages) is made each year at the discretion of the district collector. This is unlikely to be available to other agencies and their ability to access IRDP resources will be restricted accordingly.

4. THE KANYAKUMARI DISTRICT FISHERMEN SANGAMS FEDERATION ⁶⁷

4.1 Overview and Summary

The Kanyakumari District Fishermen Sangams Federation (KDFSF) co-ordinates the activities of 30 village-level co-operative societies (sangams) working with artisanal fishermen in the southern-most district of Tamil Nadu state. Their main purpose is to secure the best price for the fish catch and to provide collective fish marketing facilities, thereby eliminating the middlemen, with the objective of raising the incomes of member fishermen. They also facilitate access to institutional credit for their members to enable them to purchase craft and gear. The sangams also provide a forum for discussing the problems of fisherfolk and a means of evolving collective solutions. At a wider level, KDFSF is concerned with the allocation and management of the fast depleting fish resources, and with identifying opportunities for alternative sources of employment. The Federation also provides training in the use of outboards motors and campaigns on wider policy issues of concern to the fishing communities. This evaluation examines the impact of these activities on the well-being of artisanal fishermen in Kanyakumari district.

There has been a significant improvement in the economic and social conditions of the fishing communities as a result of the activities of the sangams. The sangams have been successful in obtaining increased prices for their catch through the control of fish sales, which ensures immediate payment. Improvements in boat design and a trend towards motorisation of traditional craft have enabled some fishermen to go further afield in search of more productive fishing grounds. With the help of the sangams, the fishermen are in a better position to obtain credit from the banks for the purchase of craft and gear. There has also been a significant reduction in their indebtedness. In this way they have reduced their dependence on traditional moneylenders and increased their bargaining power within the fishing communities.

At the same time, the sangams have not given adequate consideration to the problems of poor fishermen as a whole. In particular, they have not fully addressed the problems of casual labourers, who are excluded from membership of the sangams. Moreover, the sangams have not addressed pressing social problems in the villages and they are passive about the problem of seasonal migration.

The limited data that is available indicates that the benefits realised out of the activities of the sangams considerably exceed their costs. The sangams are functioning with limited number of staff. They are largely self-financing and there are good prospects for their longer-term sustainability. The approach taken by KDFSF clearly offers scope for replication in other parts of coastal Tamil Nadu with large concentrations of artisanal fishermen in need of organisational support.

⁶⁷ The fieldwork and initial report writing for the evaluation were undertaken by Koshy Cherail, a researcher at the Centre for Science and Environment in Delhi, and Ms Anitha Kumary Amma, a researcher at the Centre for Development Studies in Trivandrum, under the guidance of Mark Robinson, Research Fellow at the ODI, who prepared the final report.

4.2 Project Context, History and Structure

Kanyakumari district is located at the southern tip of India in the state of Tamil Nadu. The 40 km coastline extends from Kerala in the west round past Kanyakumari town where the Arabian Sea and the Indian Ocean converge. There are some 120,000 fisherfolk spread among 44 coastal villages, accounting for approximately 8% of the total population in the district. Most of the fishermen are Roman Catholics from the backward caste community. Their religion distinguishes them from the rest of the local population which is predominantly Hindu, although there are also small pockets of Muslims living in the coastal villages.

There are marked differences along the Kanyakumari coastline in fishing practices which have adapted to local variations in the size of the continental shelf and fish breeding patterns. To the north, the continental shelf is narrow and fishing is restricted to six months in the year; in these villages the fishermen migrate to Kerala for seasonal fishing. Further south, the continental shelf widens out and rocky reefs provide good breeding grounds. At the same time, rougher sea conditions in this area limit the potential for the use of outboard motors.

Most of the artisanal fishermen rely on traditional techniques using catamarans (constructed out of logs tied together with rope) and specialised nets and fishing equipment, although there are variations in the combinations of fishing gear used in different villages. Incomes vary with gear combinations, seasonal fish movements and individual aptitudes. Fishermen owning their own catamarans employ casual labourers to assist them in catching fish. Different systems of 'share cropping' are used in the fishing villages, in which the labourers receive a share of the proceeds from the daily catch (typically the owner and the boat each receive one share and the remainder is divided between the labourers), as well as a meal prepared during the fishing trip.

The annual production of fish in the district is approximately 50,000 tons, about 15% of the total for Tamil Nadu, although there is evidence of a downward trend brought about by over-fishing. The fish caught in this area include high value export varieties (prawn, lobster, cuttlefish and squid) and demersal fish used for local consumption. There are marked seasonal variations in both the total catch volume and species type. The peak fishing months are June through to October when most of the export species are landed. Competition from trawlers had increased in recent years. While this is not on the same scale as in-shore Kerala, as the seabed is less suited to trawling, the artisanal fishermen allege that the trawlers deplete fish stocks, and have urged the state government to impose restrictions on trawler fishing during the peak breeding season.

Several different fish marketing systems are prevalent in the area which conform to the demand for different species. Export varieties are transported by road to processing factories in Kerala in vehicles owned or contracted by the export companies. Agents store the fish on ice at the shore side until the appointed delivery time. High value fish, such as seer, pomfret and perch, are transported to major urban markets in south India. This trade is dominated by a single large merchant in Kanyakumari district. Cheaper varieties of fresh fish (accounting for 40% of the catch volume) are sold in local markets in Kanyakumari or southern Kerala, and distributed by cycle vendors and female fish vendors who travel to the markets by bus or on foot. Half of the fish landed in Kanyakumari is dried and salted locally, mostly by the

fishing families. Processed fish is sold directly to fish merchants and distributed in wholesale markets in Kerala and Tamil Nadu (Gordon, 1990).

A large proportion of the artisanal fishermen in Kanyakumari district are heavily indebted to merchant moneylenders. Traditionally the fishermen took loans from the merchant at high rates of interest (typically 36% per annum) which they were obliged to repay from catch proceeds. Indebted fishermen had to sell the catch to the merchant or his appointed agent at low prices and pay a commission fee corresponding to 5-10% of the value of the catch. Because of the low catch volume, high rates of interest and low rate of return from traditional fishing, 'bonded' fishermen found it difficult to repay the principal, let alone the interest payments, on their loans, and consequently became indebted for life.

Migration during the lean season (October to March) is a widespread phenomenon in the fishing communities. In some villages up to two-thirds of the fishermen migrate during the lean season, since there is no alternative occupation or significant source of income during this period. Agents transport the catamarans by truck to the east coast of Tamil Nadu near Tuticorin and Rameswaram in return for rights over the sale of the catch. Some fishermen, especially those near the border, move northward by sea to the shores of Kerala. In many cases the fishermen take their families along with them but since housing and other facilities on the east coast are meagre, they experience health problems, family life is disrupted and their children's education suffers. Earnings are barely above subsistence level although some fishermen return with savings.

The fishing villages are densely populated and houses are built in close proximity to one another. The coastline is punctuated by the spires of large churches which dominate the villages, and play a significant role in the lives of the fishing communities. Sanitation is poor. Drinking water facilities are non-existent in many of the villages with most people relying on open wells; those villages which have tap connections find that the supply of water is erratic. The health status of the fishing population is poor and most of the villages are inadequately served by medical facilities. The level of education of most of the fishing families is low, and most of the fishermen unable to read or write.

Opportunities for alternative sources of employment are limited, although some people travel to Nagercoil (the district capital) and other towns each day for work. A significant number have migrated to the Middle East from where they send back remittances which are invested in housing and fishing equipment but these have virtually ceased in the wake of the Gulf War. Fishing households in some villages supplement their earnings with shellcraft business catering for the tourist trade in Kanyakumari town. Few of the member's wives go for fish vending since it is considered to be lower household status and is discouraged by the sangams.

The state government has programmes of support in the fishing villages but the Fisheries Department is primarily concerned with monitoring fish stocks and broader policy issues. The needs of the artisanal fishermen in Kanyakumari district are not the primary concern of state government officials in Madras, with the result that their needs are neglected. Although the government established a network of fishing co-operatives in the 1960s these are dominated by wealthier fishermen with political connections which helps them to secure access to loans and subsidies. The fishermen are eligible for subsidised credit from the commercial banks

under the Integrated Rural Development Programme, but the Service Area Approach introduced in 1989 restricts the amount of credit available, with the result that moneylenders continue to be the primary source of credit in the fishing communities.

The first independent fishermen's co-operative (sangam) was formed in Kanyakumari district in 1974 under the auspices of the Kottar Social Service Society (KSSS), the development arm of the Catholic Church, which had been active in the fishing communities since the late 1950s. Initially influenced by the Marianad co-operative experiment in Kerala, a group of young fishermen in Mel Manakudi village formed a group to sell their fish collectively and persuaded the local bank to lend them money to pay off their debts to the moneylenders.⁶⁸ Following their example other sangams were established and registered under the Societies Act to distinguish them from the government-sponsored co-operatives which were either defunct or dominated by wealthier fishermen. By 1981 there were nine sangams with 530 members.

The Kanyakumari District Fishermen's Sangams Federation (KDFSF) was formally established in 1983 to co-ordinate the activities of the individual sangams which have continued to grow in number and membership, despite entrenched opposition from traders and middlemen who faced diminished profits and a loss of patronage. By 1990 there were 30 village level societies in 26 villages, with a total membership 2,500 fishermen or approximately 12.5% of the total number of active fishermen in the district.

The central purpose of the KDFSF sangams is to liberate the artisanal fisherman from the clutches of exploitative middlemen by taking control over the sale and marketing of fish, and to provide them with a collective identity. The aim is to raise incomes through higher prices realised by the elimination of the middlemen and to facilitate access to credit facilities for the acquisition of craft and fishing gear.

Sangam membership is restricted to those fishermen who own craft and gear. Membership is given only to those fishermen who have independently paid back all their debts to the moneylenders. Members are obliged to contribute Rs 500 as share capital. However, in the initial stages of setting up the sangams, there are a number of instances where the Federation has advanced funds to liberate fishermen from the moneylenders.

The member's daily catch is sold at a beach auction organised by the sangam auctioneer. He provides a receipt detailing the sale price after the auction which can be immediately encashed at the society office by the fisherman or any member of his family. Because of this organised system of selling the catch, and the ability of the sangams to negotiate effectively on behalf of their members, the fisherman's effort is reduced, and he receives a reasonable sale price and immediate payment. The sangams collectively market export varieties of high value fish such as prawn, lobster, squid and cuttlefish which are sold in bulk to the export agencies through competitive tender. The system is intended to reduce uncertainty and losses due to price fluctuations, and is underpinned by the availability of fish storage facilities in some of the sangams.

⁶⁸ For a discussion of the Marianad experiment, see Kurien, J. (1980), *Fishermen's Cooperatives in Kerala: A Critique*, Bay of Bengal Programme, Madras.

A fee equivalent to 1% of the value of the catch is compulsorily levied from member fishermen, half of which is used to meet administrative costs incurred by the sangams. The remainder is kept aside by the Federation in order to provide the membership with an old-age pension. The auctioneer and the accountant are appointed by the sangam and paid a salary out of catch proceeds.

KDFSf also maintains an accident relief fund to provide members with partial compensation in the event of loss of craft or gear at sea. It promotes savings, supports applications for bank loans, helps to establish new sangams, where possible providing capital to liberate fishermen from the moneylenders. The Federation's marketing outlet supplies fishing requisites (nets, twine, hooks etc.) at wholesale prices (after covering administrative costs) and in 1988 had an estimated turnover of Rs 1.5 million.

In association with the South Indian Federation of Fishermen Societies (SIFFS), the Federation organises training in the use of outboard motors which are increasingly prevalent in the fishing villages. There has been a concerted effort over the past twenty years to encourage innovation in craft design (principally in the form of stitch and glue plywood canoes) at the boat yard at Muttom in conjunction with the British-based Intermediate Technology Development Group, but local demand has been slow in picking up and until recently most of the boats were sold to fishermen in southern Kerala.⁶⁹

A total of ten staff are employed in the main KDFSf office, and each of the thirty sangams employs a salesman (more than one in the larger sangams) and an accountant. The Community Development Officer (CDO) is the main link between the Federation and the sangams. Each CDO (there are now eight in total) is in charge of 4 or 5 villages and plays a crucial role in the motivation, management and day-to-day administration of the sangams. The CDOs monitor the auctioning of fish, the settling of accounts by the society salesmen and collection of dues from the merchants. They scrutinise accounts, advise the sangam accountants, arrange bank loans, supervise repayments and convene meetings of the sangam executive. They also mediate when there are internal or external disagreements or problems within the sangams, or between individual sangams and the Federation. The CDOs are supervised by two senior field staff who are in turn responsible to a chief executive based in the Nagercoil office. Three staff (a manager and two assistants) are employed in the wholesale outlet for the marketing of fishing requisites.

The activities of the Federation in turn are governed by a board of trustees composed of the presidents of each of the sangams, who elect a chairman and an Executive Committee which is responsible for determining policy and overseeing day-to-day affairs. In this way, the KDFSf directly represents the artisanal fishermen through its democratic organisational structure and responds to their priorities and needs rather than determining its own agenda.

⁶⁹ Gillet, P (1985), *Small is Difficult: The Pangs and Success of Small Boat Technology Transfer in South India*, ITDG & Centre for Appropriate Technology.

OXFAM has been involved in the fishing communities since the mid-1960s when it financed the creation of a revolving fund for fish marketing through KSSS. It covers the salaries of the two field supervisors responsible for monitoring the work of the CDOs and funds the costs of the outboard motor training centre. Grants have been made available to the sangams by Misereor and OXFAM for the construction of community centres containing offices, a meetings hall and fish storage facilities, which also double up as cyclone shelters. The outboard training programme is funded by the central government through CAPART. A proportion of the core costs of the Federation (the projected 1989/90 budget amounted to Rs 769,350 - approximately £28,000) are funded by Misereor.

The sangams are intended to be self-financing. The income derived from a percentage deduction of their member's catch generally covers their administrative costs (some make significant profits, whereas others register minor losses or break even depending on the annual fish catch). In 1988/89 the total income of all the sangams amounted to Rs 497,704 as compared to expenses of Rs 558,107, giving an overall loss of Rs 60,403 (approximately £2,500). In the two previous years the sangams registered net operating profits.⁷⁰

4.3 The Impact of the Case Study Programme

4.3.1 Realisation of objectives

The sangams have clearly achieved their objectives. They have raised the economic and social status of member fishermen and reduced their dependence on the merchant-moneylenders. The sangams have facilitated access to credit which has resulted in increased investment in craft and gear. Yet economic disparities within the fishing communities have increased as membership of the sangams is denied to heavily-indebted fishermen, labourers and women fish vendors.

4.3.2 Economic and social impact

The impact of the sangams has been most evident in the economic domain.⁷¹ Control over the sale and marketing of the catch by the sangam salesmen has increased the bargaining power of the members. Payment for the day's catch is settled without delay. Member fishermen no longer pay commission fees to the merchant's agents and they are not compelled to sell their fish at low prices to pay off their debts. This has resulted in higher prices for the fish which in turn has raised income levels. Increased incomes have helped the fishermen to increase their savings, regularise their food intake and invest in craft and gear. Some members have been able to purchase outboard motors and plywood vallams with the proceeds from fishing.

⁷⁰ Details of income and expenditure and fish catch by individual sangam are given in the appendices to the full evaluation report.

⁷¹ Detailed interview information is given in the appendices to the full evaluation report.

Increased incomes

The most visible effect of the activities of the sangams is in the increased price of fish. This has been achieved through the control of fish sales and marketing of the catch by the sangams. Direct auction by the sangam salesman results in higher prices for the catch, especially for export varieties. The sangams now exert a strong influence over the price of exportable varieties and in some cases have raised the prices received by non-members. KDFS records show that the price per kilogram of prawn received by sangam members ranged between Rs 150 to Rs 160 during the 1989 prawn season, whereas non-members received an average price ranging between Rs 100 to Rs 110. There has also been a steady increase in the value of fish caught by sangam members, reflecting the higher prices paid for the fish and investment in better-quality fishing equipment.

The income and expenditure pattern of sample villages indicate that all the sangams have experienced a steady increase in total income during over the 1987-1989 period, with the exception of Khizhmanakudi, which registered a slight decline. The increase was especially marked for Enayam which increased its percentage share of total sangam income by 50% over the same period, although this was accompanied by a sharp increase in expenditure in 1989. This trend probably reflects the impact of sustained investment in vallams and outboard engines, which has resulted in increased catch and heavier expenditure on the part of the sangam.

In the sample villages the incomes of sangam members are much higher than those of non-members, by as much as a factor of fifteen (in Enayam). This is both a reflection of the higher prices received by sangam members and the fact that they own a greater number and variety of craft and gear. There are also significant intra-sangam variations due to differences in catch, reflecting the aptitude of individual fishermen and differences in the types of craft and gear ownership. The range of average seasonal monthly income also varies considerably between villages on account of differences in fishing practices which in turn reflect variations in the size of the continental shelf and seasonal fish movements.

Increases in income and immediate payment for the day's catch have improved the quality and quantity of food consumed by fishermen and their families, but not dramatically since the basic diet (rice, tapioca and fish) has remained substantially unchanged. Sangam members have also used increased incomes for purchasing non-food items like household utensils and clothing, but the most compelling evidence of increased economic status has been in the form of increased savings and investment.

Craft and gear ownership

There has been a significant improvement in the craft and gear ownership pattern of individual fishermen since the formation of the sangams, which is brought out in the table below. In addition to increases in the quantity of fishing assets there have been qualitative changes in terms of the larger capacity of the new type of nets (i.e. recently introduced trammel nets) and the replacement of cotton by nylon nets which are both lighter (cotton nets absorb water) and less visible to fish.

Table 6: Changes in craft and gear ownership of sangam members
(Based on 4 sample villages)

Name of village	No. of fishermen sampled	Before joining sangams				Present asset pattern			
		Numbers of:				Numbers of:			
		Cats	OBM's	Vallams	Nets	Cats	OBM's	Vallams	Nets
Vavathurai	7	12	0	0	16	13	1	0	24+2hl
Khizhmanakudi	8	14	0	0	19	16	0	0	31
Kadiyapatanam	7	9	0	0	2+1hl*	8	2	0	3+1hl*
Enayam	11	23	2	0	40	6	11	8	41

* hook and line owned by almost all fishermen in the village

In all the sample villages (with the exception of Vavathurai where the sangam is still relatively new), sangam members have acquired craft and gear since joining the sangam. Even in Vavathurai, where there is acute exploitation, fishermen have been able to free themselves from the clutches of the moneylenders with the help loans secured by the sangam and purchase new nets.

In Kadiyapatanam hook and line fishing with catamarans is predominant. Two out of seven members interviewed acquired outboard motors after joining the sangam, while another was able to purchase a net with the help of the sangam. In Enayam nine out of eleven members in our sample acquired engines either from their own savings or with sangam's help. In Khizhmanakudi the sangam members interviewed have been able to increase the number of nets in their possession from 19 to 31, and in several cases, acquire additional catamarans, through a combination of savings and loans secured with the assistance of the sangam.

Sangam members are able to purchase fishing requisites (primarily nets and tackle) from the Federation's marketing centre at subsidised prices. Although the fishermen also buy from other sources, this facility helps to keep a check on prices and prevents artificial scarcities from occurring, making it easier for them to increase the quantity and quality of assets in their possession.

Motorisation

Motorisation has long been a contentious issue. An earlier attempt by the Indo-Belgian Project to introduce outboard motors in the late 1960s met with failure as the engines were unsuitable and costly to maintain. In view of this experience, KDFSF has been resistant to the spread of outboard motors (OBMs) because of their high running costs, unreliability and risks of operation. They are also blamed for

accelerating the pace of depletion of fish stocks. But many fishermen are strongly in favour of OBMs which enable them to travel a greater distance, locate productive fishing grounds in deeper seas and compete more effectively with trawlers even though this meagre catch is not always sufficient to meet running and maintenance costs. Government subsidies are available for those wishing to invest in the new technology. Fishermen claim that they have increased their individual catch as a result, but are also aware that motorisation may further deplete the inshore fish resources. In Vavathurai, for example, fishermen reported that the average daily prawn catch on catamarans using outboard motors was 100 kg, compared to a normal catch ranging between 16 to 30 kg on unmechanised craft.

KDFSf now accepts the trend towards motorisation as inevitable, and has provided training in engine maintenance and repair to reduce the costs of breakdown. It hopes to encourage fishermen to use indigenously produced 'longtail' diesel engines pioneered by the South Indian Federation of Fishermen Societies (an apex body servicing three constituent Federations in Kerala and Tamil Nadu) but has not been very successful to date as fishermen prefer to take their chance with the more expensive imported kerosene engines. The provision of OBM training by the Federation has in turn encouraged the members to acquire engines and vallams although the scarcity of credit is seen as a major hurdle in this regard. Despite the training, for which there continues to be strong demand, some of fishermen interviewed displayed little understanding of the operational costs of OBMs.

The sangam members also want the Federation to take a more active stance, by lobbying the government with a view to reintroducing subsidies (up to 50% of the total cost until 1988) on outboard motors and kerosene. They also want KDFSf to introduce a repairs service but it has so far refrained from such an undertaking.

Savings

Higher incomes have also resulted in increased savings. The sangams have been encouraging member fishermen to increase their personal savings through small revolving funds within the sangams and by opening deposit accounts in the banks against which they are able to borrow for other needs. The impact of the sangams in this regard is reflected in the high level of savings of members in all the four sample villages. 20 out of 32 sangam members interviewed reported savings in excess of Rs 10,000; 9 had savings in excess of Rs 25,000. The purpose of the savings varies between individuals. Some of them intend to use their savings for the purchase and maintenance of fishing equipment, others to repay old debts, or to cover the marriage expenses of their daughters and for meeting household needs (contingencies and costly items).

Credit

Securing access to institutional credit has been a major difficulty encountered by the artisanal fishermen. Previously most of them were unable to take loans from the banks to purchase craft and gear because they lacked collateral security. Moneylenders were the main source of credit for purchasing fishing equipment,

dowries and consumption needs, but interest rates were high and many poor fishermen found themselves continuously in debt.

The sangams have facilitated access to bank credit for the purpose of acquiring craft and gear and had small revolving funds of their own. As the main creditor the banks provide funds to individual fishermen through the sangams. 26 out of 27 fishermen interviewed have taken loans from the banks, 17 of these through the IRDP. Although the sangam members are able to borrow up to Rs 5,000 (at 4% interest with a subsidy component) under IRDP with the backing of the Federation, it is not sufficient to enable them to purchase good fishing equipment: a new catamaran costs Rs 7-8,000, a kerosene engine Rs 19,000 and individual nets can cost several thousand rupees. Some members therefore continue to rely on private moneylenders for loans to top-up credit from the banks, or for specific purposes (notably dowries) which the banks will not fund. As outlined above, many use their own savings for meeting the full investment cost of outboard engines or vallams (which cost an average of Rs 25,000) and supplement these with bank loans.

The sangams attempt to restrict bank credit to craft and gear purchase but in practice some fishermen have put their loans to other uses such as consumption, marriage expenses, repayment of old debts to moneylenders, house repairs, illness etc. 17 out of 25 members interviewed reportedly used their loans to purchase or repair fishing equipment, while the remainder borrowed for other purposes. In some cases IRDP loans were used to repay old debts and to meet marriage expenses which illustrates the fungibility of bank credit and the ease with which it can be used for unproductive expenditure.

There are significant variations between sangams in the amount that individuals borrow and their level of indebtedness. In Khizhmanakudi the average debt is below Rs 5,000, and most of those interviewed appear to have been repaying their loans. By comparison, the level of indebtedness of Kadiyapatnam sangam members ranges from Rs 1,500 to Rs 40,000, although this latter figure is inflated by a private dowry loan.

In Enayam sangam, half of the loans were secured from the bank with the help of the sangam, although several individuals have received loans directly from the bank for purchasing engines without assistance. The majority appear to have been repaying their loans and the level of indebtedness ranges from Rs 1,500 to Rs 20,000. In Vavathurai several sangam members are still dependent on the moneylenders for meeting their credit needs, but only one of the six interviewed has a debt larger than Rs 5,000. The remainder have IRDP loans with which they acquired new nets.

It was not possible to estimate the level of repayment for the sangams as a whole since the data was unavailable. Loan repayment levels are fairly good where the sangams are closely involved in loan supervision. In such cases, a percentage (normally 5 per cent) share of the daily catch is usually deducted by the sangam for repayment of bank loans. However the repayment position is not always satisfactory due to uncertainty over the daily catch which is associated with increased competition, a declining resource base, seasonal fish movements, ill health and other personal problems. Repayment is especially poor during the lean season. This has been

exacerbated by the previous government's announcement that it plans to waive loans from the commercial banks. The details of the policy have yet to be worked out, but in the meantime it has adversely affected repayment of sangam loans generated a tendency to withhold repayment to the banks in anticipation of a waiver. Political interference by influential merchants who resent the sangams has also encouraged individuals to default on their loans.

Although minor credit facilities are provided by the sangams using share capital and income, these are not sufficient to meet the needs of all the sangams members. Many fishermen continue to depend to a high degree on loans from moneylenders at exorbitant rates of interest to meet their investment needs. The major source of credit is from the commercial banks but the rules and regulations for collateral security create problems for the fishermen. A further difficulty is that government co-operatives receive a large share of the available credit even though they are unrepresentative of the poorer fishermen and controlled by vested political interests. The absence of an alternative source of credit in addition to that available from the commercial banks remains a major hindrance to the development of the fishing communities.

Social Impact

Sangams allow fishermen to come together to discuss issues in a common forum, and there has been increasing emphasis in recent years on non-formal education by means of seminars on issues such as indebtedness, the local power structure and the fishing economy. The balance of power within the fishing communities has clearly shifted in favour of the artisanal fishermen with the formation of the sangams. Traditional patron-client ties have weakened and the dominance of the merchant-moneylenders has been undermined. The sangams now play a key role in resolving village disputes. A recent case serves as an illustration. In one village an engine was stolen from a fishermen. The sangam tracked down the perpetrator and confiscated his craft and gear. Prior to the formation of the sangam such events went unresolved as there was no mechanism in place to deal with village disputes; the fishermen were divided between competing factions allied to individual merchants. The unity created by the sangams has quite clearly been advantageous from the point of view of the fishermen who stress the importance of the social progress which has been achieved.

The Federation makes representations to the government on behalf of the fishermen, for example in lobbying for subsidies on outboard motors and kerosene. It also co-ordinates campaigns, most notably to secure a government ban on in-shore trawling during the peak breeding months has so far proved unsuccessful.

Despite this positive evidence of social impact, there are many social problems within the fishing communities which do not appear to have been addressed by the sangams. For example, endemic alcoholic consumption, women's status, shortages of drinking water, inadequate transport facilities, poor sanitation and illiteracy have not received proper attention from the sangams or the Federation in the past, although they have recently begun to tackle some of these problems. School drop-out rates are high in the sample villages. Although education has not featured strongly among members'

concerns, they increasingly recognise the fact that education offers the possibility for their children to secure employment outside fishing, which many believe has limited prospects. Child labour is prominent in all the villages, especially in Kadiyapatanam and Vavathurai, where they receive Rs 10 or 5% of the value of the catch, depending on which is lower, but again this issue has not been tackled by the sangams.

The majority of the sangam members interviewed have their own houses. But comparatively few had title deeds for their houses. There are no significant differences in housing conditions between members and non-members, although a higher proportion of members have electricity connections.

Migration during the lean season is commonplace, and has probably increased in recent years, principally because of the unavailability of fish and roughness of the sea during this period. The sangams have not really addressed this issue, although it is recognised to be a problem since family life is affected and the normal activities of the sangams are disrupted. During this period, receipts from the sale of the daily catch of fishermen who do not migrate are barely sufficient to cover the administrative costs of the sangams.

The sangams are generally passive about the needs of non-members (women fish vendors, labourers on catamarans and vallams, heavily indebted fishermen and those without adequate gear or craft) and tend to concentrate on serving the needs of existing members rather than addressing the problems of the community as a whole. In some villages non-members were unable to explain the purpose of the sangam. Others view the sangam members as a separate category of rich people. For their part, some sangams are reluctant to admit new entrants because of potential management problems. In a number of cases this has led to the formation of new sangams within the same village.

Committee members and sangam presidents exercise a fairly dominant role in sangam meetings and have a tendency to speak on behalf of others. Nevertheless, there is a regular turnover in the composition of the executive committees which are elected by the membership on a regular annual basis. In some sangams, not all the members participate fully in the discussions as a large proportion are illiterate. Information from the Federation is not always properly conveyed to the membership by the executive committee. Not all the members attend the sangam meetings, either due to personal reasons or because some of them do not sell their catch through sangams.

4.3.3 Distribution of benefits

KDFSf acknowledges that the economic activities of the sangams are primarily of benefit to asset-owning fishermen who are not necessarily among the poorest in the fishing communities. In its 1988 progress report KDFSf stated:

There is a real danger that the fishermen sangams may become only an economical set up where they will find an additional benefit will create a new class of richer fishermen, with access to bank loans, the possibility of getting new boats, proper gear and even outboard engines.

The evaluation found evidence to confirm such a trend. Sangam membership is restricted to fishermen who are owners of craft and gear who have paid off their debts to the moneylender; about 10 per cent of the total fishermen in the district are currently organised into sangams. In these sangams the majority of members have managed to acquire new fishing assets and have the means to maintain their existing assets. Members own different combinations of craft and gear (at least own one small catamaran and several nets) acquired with the assistance of the sangam or from Gulf remittances. In some cases, there are members who own two or more catamarans with different combinations of gear.

In the villages covered by the study, catamarans were the predominant type of craft used by member fishermen. Only in Enayam did the fishermen interviewed possess vallams (plank canoes) and outboard engines. In Kadiyapatanam fishermen owned catamarans with outboard motors although catamarans with outboard engines are increasingly prevalent in the fishing villages. The process of motorisation has given rise to further differentiation within the fishing communities by creating a separate class of wealthier fishermen who own engines in addition to craft and gear. This has in turn widened the gap between craft and gear owners and casual labourers without any assets.

Although trawler owners are not eligible for sangam membership they are few in number in the sangam villages. Most of the members are comparatively well off and do not represent the poorest sections of the fishing communities. All are from the same caste and religion. The sangams do not recognise the need to extend membership to labourers on catamarans and vallams and to women fish vendors.

While they recognise the difficulties experienced by the labourers, sangam members are resistant to including them because they claim that it would be more difficult to find crew if labourers acquire craft and gear of their own. Furthermore, sangam members argue that those who do not possess at least one craft and set of gear do not deserve to be considered as active fishermen, and that their situation is associated with a lack of initiative. A previous attempt to extend membership to labourers did not meet with success as they experienced difficulties with loan repayments. Assetless fishermen are therefore considered to be a liability for the sangams and are treated as potential competitors in the context of declining fish stocks.

Despite the restrictions on membership, non-members have also been able to increase their bargaining power through the functioning of the sangams. They are becoming increasingly aware of their exploitation by the middlemen and try to secure prices for their catch at a level comparable with those received by sangam members. Non-members are able to buy good quality fishing gear (nets, tackle etc.) at reasonable prices from the Federation's marketing outlet. Contact with sangam members helps them to learn how to use modern techniques to their best advantage.

Labourers also benefit to some degree from the functioning of the sangams. Increased prices have in turn increased the value of their share of the daily catch. Immediate payment for the day's catch helps fishermen avoid periodic food shortages. This has been especially beneficial for the labourers who have increased the quantity of their

food intake and regularised their consumption patterns. Labourers generally prefer to work with sangam members as a result. This has affected the ability of other non-member fishermen to attract good workers and has encouraged them to pay their share of the proceeds without much delay. As a result of the sangam's influence the tied labour system is no longer so widespread and labourers have more choice over whom they work for.

The status, needs and problems of women generally appear to be unrelated to the existence of the sangams in the fishing villages, although in some sangams the fish vendors are able to purchase fish on credit and pay back what they owe from their earnings in the market later in the day. Fish vendors buy fish directly from the fishermen, and do not appear to enjoy any particular preference or additional status in the local markets. They frequently encounter problems in transporting their fish to the market by bus (the conductors and other passengers try to prevent them loading their fish). Due to the lack of adequate storage or ice plant facilities they often incur losses whenever there is an excess supply of fish.

The fishermen's sangams do not extend membership to women fish vendors, although there is a separate NGO called Shantidan which promotes women's development programmes in a number of villages. Shantidan has organised savings schemes for women fish vendors and other self-employed women but provides minimal credit facilities to its members. The women's organisations established under Shantidan's auspices discuss a wide range of social issues such as drinking water problems, sanitation and alcoholism. One Shantidan worker reported that women attend its meetings regularly and have become outspoken about their needs, particularly in regard to the problem of alcohol consumption on the part of their husbands.

1.3.4 External influences

Other NGOs have also been active among the fishing communities in Kanyakumari district. Oxfam estimates that there are as many as 250 NGOs operating in the district as a whole, with perhaps a dozen working among the fishing communities, in most cases in a single village, and with a limited programme of activity. The Community Health Development Programme (also established by the Kottar Social Service Society and in receipt of funding from Oxfam UK) has been implementing health, sanitation and nutrition programmes in the fishing villages as well as providing training, education and self-employment programmes for women. Shantidan has been actively organising women fish vendors and petty traders thereby complementing the work of the sangams.

Adult fishermen do not receive any food subsidies, although young children and the elderly are eligible for nutritious daily meals provided free of charge by the state government, which has reduced the expenditure burden on the poorest families.

Until recently, factors such as the level of motorisation, trawler activity and fish stocks crucially influence the income-earning capacity of the fishermen, and condition the types of support provided by KDFS. Gulf remittances were a significant factor influencing the lifestyle of the fisherfolk, principally by enabling families to purchase

craft and gear and invest in housing construction, but aggregate statistics on the size of these remittances were unavailable.

4.3.5 Cost-effectiveness

The Federation and the sangams have been effective in raising incomes, mobilising savings and encouraging investment in craft and gear. The Federation is functioning with a limited number of staff and appears to be cost-effective (although lack of data prevents a comprehensive assessment), but continues to depend heavily on external assistance.

All the sangams are essentially self-financing. Some operate revolving credit funds for small-scale loans. The benefits (higher prices and incremental catch) realised out of the activities of the sangams generally exceed their administrative costs (the salaries of the salesman and the accountant, and overheads). However, smaller sangams find it difficult to cover staff costs and other day to day expenses, especially during the lean season.

4.3.6 Sustainability

Sustainability may be considered from several angles. The first relates to the question of the capacity of the sangam to manage its activities without the support of the Federation. Although some expressed their ability to function independently, it is difficult to visualise the sangams functioning on a completely independently from the Federation which continues to play a supportive role that is valued by the membership. However, the volume of credit secured from the banks through the sangams is not sufficient to meet the needs of their members, which limits the scope of the sangams and their capacity to increase the membership.

A related issue is the ability of fishermen to subsist on income from their daily catch which is subject to the availability of fish, sea conditions and seasonal variations, as well as the quality of their craft and gear. Trends in fish stocks are the topic of heated debate and there is no conclusive evidence of a consistent decline. Nevertheless, it remains the case that in view of increasing numbers of active fishermen (a product of population growth) and a trend towards motorisation, competition is increasing which may in turn result in over-fishing.⁷² It is therefore difficult to predict the long-term prospects for artisanal fishing in the district, but many fishermen are convinced that their offspring will have to find alternative sources of employment in the future as fishing offers limited scope and opportunity.

4.3.7 Potential for replication

The sangams, with the help of Federation, provide a service to artisanal fishermen that is unrivalled by other NGOs in the district, which have comparatively little

⁷² On the situation in Kerala see, Kurien, J. and Achari, T.R.T (1990), "Overfishing along Kerala Coast: Causes and Consequences", *Economic and Political Weekly*, Vol XXV, Nos 35/36, pp.2011-2018.

involvement in the fishing villages. The sangams have been instrumental in starting similar organisations in the same village so as to accommodate more fishermen as well as helping to set up sangams in neighbouring villages at their request. There have been instances where fishermen from villages without a sangam have approached the Federation to help them set up a sangam in their village. The Federation has responded positively whenever they have found there is scope for a viable sangam.

In their current form they offer a model which could be replicated in other parts of coastal Tamil Nadu should the need and the organisational capacity exist. The KDFSFS sangams are themselves modelled on the successful Marianad co-operative established in Kerala in the early 1960s. KDFSFS (together with TDFS) was identified by the FAO's Bay of Bengal Programme as the only NGO capable of providing competent support and technical assistance to artisanal fishermen in southwest India. Other NGOs working with fishing communities do not possess the necessary level of expertise to carry forward such programmes, but could draw on the experience of KDFSFS to improve the services they offer.

4.4 Strengths, Weaknesses and Lessons

The success of the programme is intrinsically related to the purpose and composition of the sangams. A major cause of their poverty was the exploitative system fostered by merchant-moneylenders who kept the artisanal fishermen in debt by charging high rates of interest on loans, paying low prices for the catch and charging commission for the privilege of selling fish through their appointed agents. The sangams broke their monopoly and tilted the balance of power within the fishing communities in favour of the artisanal fishermen.

The sangams have an organic link with the fishing communities, and their programme of activities reflect the needs and aspirations of artisanal fishermen. The Federation differs from most NGOs in that it performs a supportive role where it is primarily concerned with coordinating the activities of the sangams, formulating policy and providing a channel of communication with government and funders. Participation flows from effective representation and extends beyond programme implementation into the decision-making process. KDFSFS staff work closely with the fishermen, and most are recruited from the fishing communities, which provides them with a deep understanding of the problems at hand. From this organic link with the fishing communities stems a strong commitment to the aims and objectives of the organisation, which provides the second major reason for its success.

There are two main limitations to the sangams in their present form. The first is that they concentrate too narrowly on economic issues and fail to address pressing social problems in the fishing communities. There are no systematic attempts at awareness-building or discussions of social problems at the village level related to housing, health and education. The sangams are generally passive in regard to the problems of seasonal out-migration. Since there is no alternative occupation or source of income during the lean season, out-migration is very high. A limited commitment to addressing social problems and the absence of systematic awareness-building is compounded by the high rate of seasonal migration.

Second, the sangams have ended up creating a new class of middle-income fishermen with access to bank loans which gives them the opportunity to acquire new craft, proper gear and outboard motors, thereby further widening the gap with marginalised groups in the fishing communities (a large proportion of the women, labourers and indebted fishermen) who have only benefited to a limited degree from the formation and growth of the sangams. A reluctance to give serious consideration to women's needs and to find ways of assisting non-members is a third limitation of the sangams, although they recognise the need to reassess the thrust of their activities.

The main limitation from the point of view of sangam members, is that credit is insufficient to meet their requirements, with the result that they are compelled to borrow from moneylenders or draw on their savings to meet their investment needs. Limitations on the availability of credit acts as a constraint on expanding the membership of the sangams, as institutional credit enables fishermen to pay off their debts to the moneylenders and join the sangams.

The project demonstrates convincingly the success of an approach which focuses narrowly on a particular sector, namely small-scale fishing, where the principal causes of poverty and exploitation have been clearly identified and appropriate programmes introduced to which respond to the needs of poor fishermen. The hold of the merchant-moneylenders over artisanal fishermen has been eroded through collective marketing initiatives on the part of grassroots organisations, with a greater share of the economic surplus accruing to the latter.

Such a model highlights the importance of appropriate organisational structures designed to promote participation, and of interventions which respond to and draw upon existing skills and knowledge within a narrow field of economic activity. At the same time, the fact that benefits have primarily accrued to asset-owning fishermen points to the importance of anticipating the distributional consequences of a narrowly-focused economic intervention at the outset.

5. ARTHIK SAMATA MANDAL: AGRICULTURAL DEVELOPMENT PROGRAMMES ⁷³

5.1 Overview and Summary

Founded originally on Gandhian principles of economic equality and social justice, Arthik Samata Mandal (ASM) first began work in the Krishna delta region of Andhra Pradesh providing assistance to the victims of the 1977 cyclone. It subsequently introduced longer-term agricultural development programmes designed to improve the economic status of poor farmers, alongside health, childcare and educational programmes which lie at the core of the overall project serving about 100 villages. The main thrust of the agricultural programmes is on land levelling, the provision of irrigation facilities and crop loans for essential inputs, through a combination of direct grants from the organisation, government subsidies and bank loans. Activities such as prawn cultivation and sericulture have also been introduced in some villages. Self-employment schemes have been promoted for individuals experiencing particular economic hardship. This study is primarily concerned with evaluating the impact of these programmes on the economic and social status of the rural poor in the Srikakulam and Koduru divisions of Krishna district, most of whom are marginal farmers, lease-holders and agricultural labourers.

Programmes centred on crops loans, land levelling and irrigation have contributed towards an improvement in the living standards of the rural poor, especially marginal farmers and leaseholders. Some 3,000 poor farming households have seen their incomes increase as a result of investing in farming inputs which enhance productivity on leased or redistributed land with the help of crop loans secured through ASM from commercial banks. Irrigation and land levelling have expanded the area under cultivation, and enabled farmers to grow a wider range of crops and to increase output. Self-employment programmes have provided an additional source of income to some households, although the people who have benefited are small in number.

While the agricultural programmes have generally been a success, there are limitations on their sustainability in the longer-term. In this regard, the objectives of fostering self-reliance and independent initiative appear to have been only partially fulfilled. The close supervision of the economic programmes by ASM certainly contributed to their initial success, but since few of the farmers' co-operatives have formed effective linkages with banks and government institutions their capacity for resource mobilisation in the future may be constrained as a result. Although the project has convincingly demonstrated that targeted inputs for poor farmers in the form of credit and subsidised investments can raise output and incomes, it also illustrates some of the limitations of relying on existing village associations as a point of contact for programme implementation, without ensuring that they play an active role in promoting community participation.

⁷³ Much of the fieldwork for the evaluation was carried out by Rajani Kumar, a Projects Officer at the Administrative Staff College in Hyderabad, under the guidance of Mark Robinson, a Research Fellow at the ODI, who was primarily responsible for writing the report.

5.2 Project Context, History and Structure

The project is located in the same area as the CASA Phase III project, namely the Krishna delta region of coastal Andhra Pradesh.⁷⁴ Krishna is one of the more advanced districts of coastal Andhra Pradesh in terms of economic development and per capita incomes. Nevertheless, significant disparities exist within the district. The inland areas around Vijayawada (population 717,000) are served by a good road network, and are linked to different parts of the country by rail. By comparison, the Divi delta region at the mouth of the Krishna river has very rudimentary road links, most of which are unmetalled or in a poor state of repair. All the villages have electricity although supply is intermittent during the summer months. Much of the land in the coastal region is low-lying and subject to frequent flooding. This area bore the brunt of the 1977 and 1990 cyclones, which resulted in widespread loss of life and caused severe damage to buildings, roads and fields.

An extensive network of canals and drainage channels provides irrigation to much of the area, although farmers at the tail-end of the canals receive saline water which is unsuitable for paddy cultivation. The main crops grown are paddy, usually in rotation with pulses such as green or black gram, and vegetables. On the fertile lanka lands (islands) in the Krishna river, which are unsuitable for paddy cultivation, farmers grow bananas, turmeric and maize for sale as cash crops. In some areas farmers have diversified into mulberry cultivation for sericulture, or constructed ponds for prawn culture.

Two-thirds of the workforce in Krishna district is engaged in agriculture, a large proportion of whom are small and marginal farmers owning less than 5 acres of land. According to official statistics, comparatively few farmers cultivate in excess of 18 acres (1.5% of the total control 14% of the cultivated area), but the actual proportion is undoubtedly larger due to the tendency of large farmers to disguise the true extent of their landholdings.

Although landless labourers constitute 44 per cent of the workforce in the district, land reforms in the Krishna delta, have reduced the incidence of landlessness. Prior to independence, large tracts of land in the area were owned by a powerful local zamindar (landlord), the Raja of Challepalli. Much of this land was redistributed after 1945. The government also provided landless labourers with rights of cultivation over lanka lands and fields in the coastal areas. Most smallholders supplement their income from cultivation with casual wage labour, while others migrate to other parts of the state in search of work during the lean season. Average agricultural wages are Rs 20-25 for men and Rs 12-15 for women. Outside agriculture, some people are engaged in artisanal occupations, with the remainder mainly working in the service sector, running small shops or operating rickshaws. Employment in industry is very low, and mainly confined to the area around Vijayawada. Government service is a major source of employment for qualified graduates, but offers limited opportunities for the rural poor.

⁷⁴ Background material on socio-economic conditions and government programmes is contained in Section 3.2 of the CASA case study.

Over half the rural population is classified as backward caste (predominant among farmers and the coastal fishing communities) and a sixth are from the scheduled castes. The tribal population is comparatively small and concentrated in a few areas.

At the time of the 1977 cyclone, the situation of the poor was especially dire. Most were landless labourers who depended on casual wage labour at meagre rates of pay which were hardly sufficient to meet their basic subsistence needs. Full-time work was only available for a few months in a year. They could not afford to give nutritious food to their children and often went without food during the lean season, or were forced to borrow money from the landlords at high interest rates for consumption purposes. The majority were in debt to the landlords for whom they had been working and because of indebtedness they could not bargain for higher wages. In such a situation people concentrated on their day to day subsistence needs and were unable to make long term plans. Most were illiterate and their children generally did not have access to education.

Childcare in the three to five years age range was especially neglected. When adult family members went for work they used to leave the infants at home in the care of older children or were forced to take them along to the fields with them where they were exposed to an unsatisfactory environment which left them vulnerable to disease. Health facilities were inadequate. People had to travel long distances to reach a hospital, even in cases of emergency, and there were problems of transportation due to the lack of proper roads or public services.

Arthik Samata Mandal (loosely translated as the Organisation for Economic Equality) was established in 1952 as a non-profit social service organisation founded on Gandhian principles of economic equality and social justice. It began work in the Krishna delta region of Andhra Pradesh providing emergency relief and assistance to the victims of the 1977 cyclone. In addition to the thousands killed by the cyclone many lives were lost as a result of the spread of contagious diseases.

In order to tackle problems in the villages ASM initiated a series of development programmes and mobilised people for the proper utilisation of existing resources with the assistance of banks and various government institutions. In the early stages the economic dependence of the agricultural labourers on the landlords and their lack of educational awareness limited the types of activities that could be introduced. The organisation found it difficult to introduce programmes in heterogeneous villages inhabited by people with differing class, caste and religious affiliations. People were initially unresponsive to the ASM's activities due to a natural suspicion of outsiders, even those willing to provide them with assistance.

Prior to ASM's involvement there was no proper implementation of social legislation designed to benefit the poor due to a lack of interest on the part of local government officials. With a view to ameliorating their situation, ASM united all the disadvantaged people in the villages and helped them to find ways of solving their problems using the resources at their disposal.

By way of an entry point, ASM introduced a *balwadi* (creche) programme in a number of villages to assist working parents by providing child care facilities during working hours, and to provide some elementary education and nutritious food to the children. Over the course

of time these activities assumed great importance in the villages and stimulated interest in other programmes. Through its experience of running the balwadi centres, ASM became increasingly familiar with the needs and problems of the villagers who began to approach ASM voluntarily for assistance in solving their problems.

Initially ASM introduced economic programmes which involved simple investments with reasonable returns, supported by small loans from banks and government subsidies. It encouraged people with a similar social and economic status to work together on a co-operative basis to improve the situation of their community as a whole. It also informed them of all the potential sources of assistance from the government and other institutions. In some villages government facilities were renovated to allow them to be properly utilised. From 1987 ASM began work in new villages where programmes were devised according to the priority needs of the people, which invariably led to a concentration on economic programmes centred on small-scale irrigation.

The goal of ASM is to create human dignity, secular integration, economic and social equality, and the self-sufficiency of the most disadvantaged and under-privileged sections of the rural society. The objectives of the organisation, are in its own words:⁷⁵

- to undertake a Gandhian constructive programme aimed at relieving the people in general and the people in rural areas in particular from their existing poverty and to foster social and cultural development
- to develop selected villages into model villages through integrated socio-economic activities in fields such as agriculture, irrigation, animal husbandry, fisheries, education, women and child welfare and care of aged people
- to impart and promote scientific, secular and cosmopolitan outlook among the people and to make them better citizens by helping them to realise their responsibilities and to discharge their duties to society through various social, economic, educational and cultural processes.

ASM aims to create the potential for economic equality and social progress through skills development and economic programmes, reinforced by a process of critical education. It largely works through existing farmers's co-operatives which were originally established by the government to facilitate the process of land redistribution, although ASM has played a role in setting up mahila mandalis (women's associations) in a number of villages. While ASM directs its attention to the needs of the most disadvantaged sections of rural society (marginal farmers, agricultural labourers and the scheduled castes) who constitute approximately fifty percent of the total population in the villages where it is working, the organisation aims to involve the whole village community in promoting development activities.

⁷⁵ From the sequel in *Calm After the Storm: A Study Report of the OXFAM Sponsored Crop Loan Scheme Implemented by Four Development Groups in Andhra Pradesh following the 1977 Cyclone*, 1984.

The professed approach of ASM is to maximise the role of group members in decision-making. The beneficiaries of each activity (such as irrigation and land development) are responsible for the day to day functioning of the programmes through their groups, although ASM staff members continue to monitor progress and provide guidance. When external assistance is required they approach ASM to discuss their problems, in the hope that the organisation will solve it directly or provide guidance in identifying potential sources of assistance from elsewhere.

The main emphasis of the economic programmes supported by ASM is on agricultural development. Agriculture is the major source of employment and income for the rural poor. A large proportion of the beneficiaries received government land as a result of land distribution programmes in the 1960s and 1970s although many lease land as sharecroppers. Those farmers who received land from the government are members of a farmers' co-operative society in each village headed by a president who is elected by the membership. In these societies all the farmers were allotted equal shares of land ranging in size from 0.2 to 1 acre depending on the amount of land available. However, with such little land people were not fully employed, and had to supplement their income with casual wage labour. Since the allotted lands did not possess irrigation facilities and farmers were unable to procure fertiliser and other inputs, yields were poor.

In order to develop the redistributed lands, ASM concentrated on three complementary programmes: land levelling, irrigation development and crop loans. ASM has also encouraged members of the farmers' co-operative societies to take up new activities like sericulture, and prawn culture, and to adopt new methods of farming and diversify into non-traditional crops.

Tractors were provided by ASM to level out the uneven terrain and to enable farmers to plough the soil to a sufficient depth to render it suitable for intensive crop cultivation. Using water from the canals and drains, ASM constructed a series of lift irrigation schemes and feeder channels in the Koduru villages to pump the water up to the farmers' fields. In Srikakulam division, where much of the land was on islands in the Krishna river (lankas), the emphasis was on tubewells powered by diesel engines. The schemes, which covered over 1,000 acres were funded through a combination of grants from ASM's own sources and subsidies from the government, although labour for the construction of feeder channels and pumpsheds was provided by the scheme beneficiaries. Responsibility for the maintenance of the engines and pumpsets has gradually been transferred from ASM to the farmer's co-operative societies in recent years.

An important element of the agricultural development programmes initiated by ASM is the crop loans scheme which began in 1981.⁷⁶ On the basis of collateral deposited in the local bank by OXFAM, ASM encouraged small and marginal farmers to borrow small amounts of money on an annual basis for purchasing crop inputs in order to enhance productivity, to promote food self-reliance and to reduce their dependence on traditional moneylenders who charged high rates of interest. The intention at the outset was to complement crop loans from

⁷⁶ Further details of the scheme are provided in R. Bhakter Solomon, *Evaluation Study of Arthik Samata Mandal's Crop Loans*, 1988. Much of the data presented here on the crop loans scheme is derived from this report.

the bank with centralised seed and fertiliser distribution under the supervision of ASM. ASM staff members liaise directly with the banks in securing loans for poor farmers and lease-holders to eliminate interference from intermediaries and unnecessary expenditure. They explain banking procedures and the terms and conditions of the loans to the farmers and show them how to repay the loans on time. For the purposes of repayment, a group loan guarantee system was introduced where farmers are organised into groups of three and held jointly responsible for outstanding dues. If any person is found to be irregular or in default over loan payments, ASM does not provide any further assistance until they repay the amount due.

An additional component of the economic programmes supported by ASM consists of an initiative to promote off-farm employment with credit from the nationalised banks.⁷⁷ Collateral of Rs 100,000 was deposited with the bank to enable people to take out subsidised loans under the governments' Integrated Rural Development Programme for activities such as brick-making, dairying, Poultry-raising, cycle repairs and fish vending. In some cases this was complemented with skills-training by ASM (see below).

A major thrust of the overall project has been on the provision of health, childcare and educational services to the rural population.⁷⁸ Balwadis (creches) are one of the most important programmes undertaken by ASM. The balwadi centres provide over 1,000 children in 20 centres with nutritious food and elementary education, enabling their parents to concentrate on daily work to meet family needs. A nursing assistant conducts a weekly health check-up of the children attending the balwadis and ensures that all have been immunised against polio, tuberculosis and childhood illnesses.

ASM also provides health services to the adult population in the project area. Preventative health programmes are periodically conducted in the villages at which medical advice is given and, where necessary, medicines provided by trained members of staff. In Srikakulam there is a 20-bed hospital with a qualified doctor supported by thirteen staff members which provides round-the-clock treatment to people from the surrounding villages; it treats an average of 40 patients per day. An ambulance facility is available which is used, on average, 20 days in a month. Health camps are organised at the hospital every six months at which minor operations are performed (for example the removal of eye cataracts, corrective surgery for polio victims). Apart from this, individual health care is provided to people suffering chronic ailments such as polio and tuberculosis. If the need arises, patients are sent to other hospitals for specialist treatment at ASM's expense.

Besides providing elementary education for pre-school children, ASM staff members are also responsible for conducting non-formal education classes for working children and adult education programmes. In addition, supplementary education is provided at Srikakulam for children from the surrounding villages after school hours. An important feature of the education programme is sponsorship which is designed for people who cannot afford the minimum needs of their children. Eligible children are identified by AMS's field staff on the

⁷⁷ Details are given in R. Bhakter Solomon *A Study on ASM's Occupational Diversification*, 1984.

⁷⁸ This evaluation is primarily concerned with the economic programmes supported by ASM, and only addresses the health and educational programmes where these have directly contributed to improvements in people's economic status.

basis of the economic and social status of the household. Sponsored children (who currently number 300 in Srikakulam and Koduru divisions and 1,200 in the whole project area) are provided with books, food, clothing and tuition fees up to 10th class.

ASM runs a number of training programmes for its staff, centred on health, education and childcare. Other programmes are designed for low-income women, with the aim of providing them with a skill which could be used to secure employment or set up a business and increase household income. These have included tailoring, typing, food preparation, mat weaving, bee-keeping and book-binding, and last from six months to one year. Attendance ranges from 5 to 25 women, and most of the training courses take place in Srikakulam.

The central office of Arthik Samata Mandal is situated in Vijayawada. It co-ordinates the activities of four field offices in Srikakulam, Koduru, Akiveedu and Suryapeta and is responsible for handling the financial accounts. Project managers based in each of the field offices are responsible for the day to day programme administration in their area. The main campus is in Srikakulam village which has a hospital, training facilities, and residential accommodation for project staff. The organisation is headed by a Secretary who looks after the overall affairs of the project and formulates policy. Each programme is administered by a programme co-ordinator based in Srikakulam assisted by field workers and part-time volunteers based in the villages who form the point of contact with the co-operative societies and women's groups, giving a total staff complement of 120. It has proved difficult to retain staff over a long period because of the lack of security and low levels of remuneration offered by the organisation.

The main funder for Arthik Samata Mandal's programmes is Save the Children Fund UK, which in 1989/90 provided programme grants totalling £113,000. OXFAM was instrumental in getting the crop loans programme off the ground after the 1977 cyclone and ActionAid provided support for the health and educational programmes in the early 1980s. Norfolk Overseas Aid, a small UK-based development agency supported by farmers, has provided several grants for lift irrigation.

5.3 The Impact of the Case Study Programme

5.3.1 Realisation of objectives

The objectives of the economic programmes supported by ASM are poverty alleviation and social development. Crop loans, land levelling and irrigation development have all made a major contribution to improving the economic status of poor farmers, primarily as a result of higher income from increased yields. Others have benefited from the incremental income generated from off-farm employment supported by bank loans under the government's Integrated Rural Development Programme.

ASM defines social development in terms of responsible citizenship, critical awareness and self-reliance. In line with its secular beliefs, ASM aims to dispel popular superstitions on myths, caste practices and women's place in society. While there was evidence that ASM had successfully mobilised people against caste discrimination (through participation in anti-caste rallies and attendance at inter-caste marriage

ceremonies), these activities tend to be periodic and do not form an intrinsic part of the development work. Through its promotion of issue-based discussions in mahila mandalis, ASM has been able to challenge some of the accepted norms regarding women's subordinate role in rural society, although it is not clear whether this has uniformly been the case in all the associations.

Attempts to introduce adult education classes generally proved a failure, with attendance tailing-off rapidly in most cases within the space of a few months. It was not possible to ascertain the reasons for the lack of interest on the part of the villagers in acquiring literacy skills but clearly the existing village-level associations (gram sabhas) were unable to motivate people to attend.

Discussions with villagers suggested that the farmers' co-operatives and mahila mandalis play a fairly restricted role. They meet very periodically, usually at the instigation of ASM, to discuss development programmes. In the past the co-operatives brought farmers together for the purpose of land distribution, and provided voluntary labour for land levelling, digging channels and constructing pumpsheds. But their current role appears to be exclusively tailored to programme implementation, rather than as organic village-level institutions that are integral to the lives of their members. The few exceptions are societies headed by charismatic leaders with political influence who are able to motivate their members to work collectively or take joint decisions; this was especially noticeable in those societies which had been involved in developing kankar lands for scheduled caste farmers who had previously relied on casual wage employment from the landlords.

People's understanding of banking procedures varied considerably between the villages. Where ASM's involvement had been confined to providing irrigation facilities (in new villages since 1987), farmers generally displayed little knowledge about the range of subsidies and grants offered by the government despite the apparent emphasis in the project on resource mobilisation. Even in those villages where farmers had been taking crop loans on a regular basis, they tended to depend on ASM staff to act as intermediaries in arranging loans and collecting repayment. There was also a widespread tendency for people to rely on the personal intervention of the Secretary in times of need, rather than on problem-solving within the community, which further undermines the capacity of the village-level organisations for independent action, although it is evident that traditional concepts of patronage die hard.

5.3.2 Economic and social impact

Evidence from field investigations confirms that almost all the economic programmes supported by ASM have contributed towards a marked improvement in the living standards of the beneficiaries. A common feeling prevailed in all the villages that ASM genuinely responds to the real needs of poor people. This was especially evident in the old villages where ASM introduced a wide range of social and economic programmes. In the new villages, where the focus tends to be exclusively on irrigation, farmers have managed to increase yields and household incomes. Out of 48 households interviewed, 36 said that their standard of living was good or had

improved as a result of these programmes. Only 5 households said there had been no change in their living standards.

People generally prefer to invest their income in fixed assets - like land, livestock and housing improvements, or use their savings for dowries, with comparatively marginal changes in lifestyle and living conditions, although several people said that they now spend more on clothing and education for their children. It is not uncommon to find people spending as much as Rs 15,000 on dowries using savings from crop income supplemented by private loans.⁷⁹

Food consumption has improved due to the increase in household incomes. Earlier when they had to rely almost exclusively on casual wage labour, people subsisted on a day to day basis, whereas now all the families interviewed regularly eat two or three meals a day. In addition to rice, which remains the staple food, they are consuming locally produced fruit and vegetables, milk and occasionally meat, although consumption of varied food items depends on household income. Landless agricultural labourers have benefited from consumption loans which has given them food security during the lean season when little work is available.

Other changes brought about by the programmes are reduced dependence on landlords for work and credit, a better understanding of financial matters and the ability to plan for the future which point to increased self-reliance and greater economic security. A number of people reported that their social status had increased as a result of being able to stand on their own two feet and to cater for all their daily needs without having to rely on others. All the farmers are interested in acquiring more land and they sometimes borrow from the landlords for this purpose in the expectation that they can repay the loans from income derived from crop cultivation.

When questioned about the benefits brought about as a result of ASM's intervention, people primarily referred to the economic programmes, although childcare, supplementary education and health were also considered to have been important. Irrigation was cited by 15 respondents, crop loans by 12 and access to credit or a new source of income (such as sericulture) by 11.

Crop loans

Crop loans are provided by the commercial banks to marginal farmers recommended by ASM for a duration of nine months. Loans are disbursed when the paddy is transplanted in September and repaid after the second harvest in June, which in this area is usually a cash crop like black gram. Half the loan is paid directly to the suppliers of seed and fertiliser and the remainder in cash to cover the cost of ploughing and labour to ensure that the credit is used for cultivation purposes.⁸⁰

⁷⁹ Although large dowries may be undesirable, it may not be altogether a bad thing if families are able for the first time to fulfil their perceived social obligations without crippling debt.

⁸⁰ Despite these provisions, not all the farmers use the loans for cultivation purposes - some spend the money on consumption needs, paying off private debts and marriage expenses.

An evaluation of the crop loans scheme in 1988 estimated that 2,882 loans were disbursed in the 1981-87 period, involving 535 farmers, many of whom borrowed from the banks on a recurrent annual basis. The cumulative amount borrowed by these farmers was Rs 5,500,000 giving an average loan size of Rs 1,900.⁸¹ In the period 1981-87, repayment rates averaged 79 per cent, which is considerably higher than the usual levels of repayment for crop loans from the commercial banks, probably because of the close involvement of ASM staff in facilitating access to institutional credit.⁸²

The crop loans scheme has resulted in a number of tangible benefits for marginal farmers. The most important of these has been to raise yields from 15-18 per acre to over 25 bags per acre through the application of fertiliser and improved seeds. Secondly, through the group guarantee scheme, leaseholders have gained access to bank credit which was previously denied to them because of a lack of collateral. Many have increased the amount of land under lease which has raised their income, although landlords have tended to increase their share of the crop as yields have risen. Average net income from leasing-in one acre of land is Rs 1,500; if a farmer leases in more than two acres, the return is greater than the potential annual income from casual wage labour (90 days work at Rs 20 per day). Leaseholders also tend to supplement income from cultivation with casual wage labour.

Thirdly, bank interest rates at 11 per cent per annum are considerably lower than those charged by the moneylenders which range between 36 and 50 per cent. This has resulted in a considerable saving for those farmers who previously took loans from moneylenders for purchasing inputs. A related benefit is that bank loans are timely; they are provided when required by farmers, whereas moneylenders cannot be relied on to provide the loans on time.

However, while crop loans have clearly been of benefit to these farmers, they constitute a relatively small proportion of the total farming population in Koduru and Srikakulam.⁸³ Moreover, the loans are not sufficient to cover the costs of inputs so farmers have to supplement bank credit with private loans or reduce the amount of fertiliser used, which may adversely affect yields.

⁸¹ *An Evaluation Study on Arthik Samata Mandal's Crop Loans*, p.11.

⁸² Reasons given for default included low market prices, higher lease shares, poor yields, crop losses from floods and drought, and political pressure (assurances that the government will write off the loans).

⁸³ The number of borrowers declined from a peak of 511 in 1984 to just 285 in 1987. Interviews with farmers suggests that the number actively borrowing from the bank has tailed off considerably since 1987 as a result of their reluctance to repay existing loans following the government's announcement that it would waive loans for small and marginal farmers, although it was not possible to substantiate this from project documentation.

Land reclamation and irrigation

Project data on the economic programmes indicates that 1,394 farmers have benefited from lift irrigation and 1,121 from land reclamation.⁸⁴ With these facilities farmers are able to grow two crops in a year in paddy-growing areas, and income has increased. In the lanka lands which are unsuitable for paddy cultivation, farmers used to cultivate rainfed crops such as pulses and coarse grains but yields were generally poor. Much of the land was barren and uncultivated. Irrigation has enabled farmers to grow cash crops such as vegetables, bananas, turmeric and maize, as well as increase production of pulses and other traditional crops. Even very small plots of land can produce a good income when high value cash crops are grown under irrigation.⁸⁵

A perennial supply of water has allowed some farmers to go in for sericulture which depends on a regular supply of mulberry leaves; the potential returns far exceed those from other crops. The net income from each crop averages Rs 2,600 (from the sale of 60 kg of silk at Rs 60/kg less Rs 1,000 costs) and farmers have been able to produce four crops in a year. A proportion of the net proceeds are used to repay loan capital of Rs 9,500 from the bank (by a net of Rs 3,000 subsidy from the sericulture department of the state government). Sericulture provides regular employment for women who received basic training in silkworm rearing. It has also encouraged farmers to move their houses to the lanka lands in close proximity to their fields.

A number of farmers in the coastal belt in Koduru division switched from paddy cultivation to prawn culture once lift irrigation was installed, using the saline water in the creeks and drainage channels. Prawn culture is more lucrative than paddy cultivation although the investment is far higher. It requires some amount of technical knowledge and the risks are also higher. After investing Rs 5,000 for excavating the tanks, a further Rs 5,000 is spent on feed and other inputs. The potential income from two crops is Rs 12-15,000 a year, enabling some farmers to purchase land and extend the area under cultivation. In those villages where the land is suitable for prawn cultivation, the per acre cost has increased from Rs 1,500 to Rs 10,000. However, abandoned tanks in Pautakapalli village where prawn cultivation was developed from 1978, suggests that it does not always yield the expected dividends. Moreover, due to the high costs of investment, and problems of securing credit from the banks, some farmers in Chintakolla and Irali have sold their lands and returned to casual wage labour. This points to the need for better training and more effective liaising with the local banks to complement investment in lift irrigation and diesel engines.

⁸⁴ Derived from *Arthik Samata Mandal: A Brief Note*.

⁸⁵ For example, in one village farmers are able to produce 1,500 kg of sweet potatoes with a net value of Rs 1,500 on just 0.2 acres of land.

Self-employment programmes

Self-employment activities funded with credit from the banks under the Integrated Rural Development Programme form an integral component of the economic programmes supported by ASM. They include dairying, sheep-rearing, brick-making, fish-marketing, tea stalls and cycle repair shops. A study in 1984 found that 39% of the 260 beneficiaries who had received loans in the previous three years had started new businesses which were generating good returns. 37% continue to rely on agriculture as their main source of employment, and supplement their income with brick-making and fishing during the lean season.⁸⁶

Dairying is an important supplementary activity for the rural poor. It is profitable for the farmers as they can get most of the fodder and green grass that they require from their own fields. The only additional expenditure incurred is for purchasing oilcake and bran when the animal is producing milk. From one buffalo a household can earn an additional income of Rs 300 per month although it was not possible to judge the overall impact of this scheme.

ASM has also helped shepherds secure loans from the banks to increase the size of their sheep flocks. In Gollapalem village in Srikakulam division, ASM secured loans for 26 sheep units between 1984 and 1988. Each year the shepherds derive profit from the sale of half the flock. One individual has taken loans ranging from Rs 4-6,000 over four successive years and sold 20 animals each year. With the proceeds he has been able to purchase half an acre of land on which he now grows paddy.

Individuals in real need of assistance (extreme poverty, physical disability or death in the household) are given direct support from ASM's own funds. For instance ASM supplied bullocks to a person whose bullock died in an accident as it was the only income source for the family. In another case a mother gave birth to triplets in her parent's house. When she returned to her own house the husband sent her back to her parent's house, because he was too poor to feed the three children. ASM provided a milch-buffalo to provide the family with a source of income to purchase food. Another example was that of a sponsored child who studied up to 10th class. His parents were too poor to send him for higher education so he was forced to perform casual wage labour like his parents. ASM sent him on a mechanical training course and after completion of the training provided him with a Rs 15,000 loan for purchasing tools and raw materials to start up his own workshop.

These activities are heavily concentrated in and around Srikakulam village where the ASM field office is based, largely because people in the vicinity are able to approach the Secretary directly for assistance. Moreover, the coverage rates are low as the village-wise data in Appendix reveals. There does not appear to be any systematic attempt to encourage a more widespread take-up of credit for off-farm employment as recommended in the earlier evaluation.

Social programmes⁸⁷

The social programmes supported by ASM have also had an economic impact. The provision of medical facilities by ASM has reduced the amount that people need to spend on health, which can act as a considerable drain on household income.

In almost all the ASM adopted villages, except in a few villages in Koduru division, the balwadis are functioning successfully. Parents consider them to be useful for the betterment of their children. Parents are able to go to work without having to worry about childcare. Following the introduction of balwadi centres, the number of school dropouts has fallen and 90% of the children are attending school.

Supplementary and non-formal education programmes have stimulated a greater interest in education as a means of social advancement. Some parents are now paying Rs 40 a month in fees to send their children to nearby convent schools for secondary education because government schools in the villages don't function using a proportion of increased incomes for this purpose.

5.3.3 Distribution of benefits

The main beneficiaries of the economic programmes are formerly landless marginal farmers (owning between 0.5 and 2 acres) and leaseholders. Most are from the scheduled caste and backward caste communities, while the remainder are economically backward even if further up the caste hierarchy. While four of the households interviewed owned more than five acres, none could be described as wealthy, and there was no evidence that larger farmers had managed to capture programmes designed for the poor.⁸⁸

Progress has been dramatic for households which gained access to land and subsequently to productivity-enhancing inputs through crop loans and irrigation. Possession of land invariably raises the economic status of poor households. Among the leaseholders, the larger the plot that can be cultivated the greater the income, although this tends to depend on the number of working adults in the family and the size of loan granted by the bank. The least well-off were those who leased one or two acres, which would generate comparatively little income. The number of landless labourers is very small, but those who continue to rely on casual wage labour as their primary source of income have not witnessed any significant improvements. Nevertheless, it remains the case that ASM has been successful in directing benefits to the most disadvantaged sections of rural society in line with its objectives.

⁸⁷ These were not given an explicit attention in the evaluation, which concentrated on the impact of the economic programmes. The observations listed here note some of the economic benefits derived from health and educational programmes.

⁸⁸ The crop loans evaluation found that 27% of the households interviewed had annual incomes below Rs 6,400 (the official poverty threshold), and 47% in the Rs 6,400 - 10,000 range. The 26% who were earning in excess of Rs 10,000 per annum could be considered comfortably off. 85% were from the backward class community, compared with 11% from the scheduled castes.

Women have benefited indirectly from an increase in household income. In some cases widows and women abandoned by their husbands have received skills-training in small business activities (tailoring, leaf-plate making, book-binding) with the aim of providing them with an independent source of income, although it was not possible to evaluate their impact or list the number of women who subsequently found employment.⁸⁹ Sericulture loans are taken in women's names since they assume prime responsibility for rearing the silkworms. This has enabled women to contribute directly to household income without having to go for casual wage labour in the fields.

5.3.4 External factors

Land redistribution in the 1960s and 1970s laid the basis for a fundamental shift in resources in favour of the rural poor. Although the reforms did not substantially reduce the landholdings of the rural elite, since most of the redistributed land was owned by the government, they did shift the balance of power between the rich and the poor. In a predominantly agricultural economy land is the major source of wealth and incomes, and even very small plots can make a considerable difference to family well-being. Once the farmers gained access to credit and irrigation, they were able to make rapid progress and reduce their dependence on the landlords. Without such reforms, however, it would have been far more difficult to effectively raise the economic status of the rural poor as there are limits to the amount of off-farm employment that can be generated through small-scale credit.

Another external influence has been a general improvement in the physical infrastructure of the region, with an expansion of the canal network, rural roads and electricity grid. Power and a regular supply of water are essential for the development of lift irrigation, and roads facilitate the movement of crops to nearby market towns, which has in turn enabled farmers to expand the range of crops that they grow. An expansion in the canal network has also led to an increase in the amount of land under double-cropping and opportunities for employment. It remains the case that the benefits of economic growth only percolate down to the poor very slowly and that without a concerted effort to enhance the productivity of marginal farmers by ASM through investment in irrigation and facilitating access to crop loans, the changes that have been observed would not have taken place.

5.3.5 Cost-effectiveness

Funding for most of the programmes supported by ASM derives from Save the Children Fund UK. In the financial year 1989/90 a grant of £113,000 (Rs.29,380,000) was provided to cover core programme costs mainly for health, education, childcare

⁸⁹ A report produced by ASM in 1988, *Training in Hand Composing and Book Binding for Women in Distress*, indicated that out of 20 women who had already completed the training, 16 had found employment working in different printing presses. However, the report did not provide details of income or the source of the work.

and vocational training. Additional grants were provided for cyclone relief and rehabilitation work after the May cyclone.

ASM has calculated that over the ten-year period from 1978 to 1988, expenditure on development programmes (inclusive of administrative costs of 12%), amounted to Rs 92,820,000 spread between 100 villages. This gives an average annual expenditure in each village of Rs 92,820 and an average expenditure per head of Rs 460 (based on an estimated target population of 20). Obviously, actual expenditure varies considerably between villages and individuals depending on the type of programmes being implemented. For this reason, average figures provide a very imprecise picture of the costs and benefits of particular programmes.

Income-generation schemes such as poultry-raising, dairying, fish-ponds and kitchen gardens were supported by one-off grants prior to 1985. Lift irrigation schemes are also funded in this way; Rs 40,290 was sanctioned by Save the Children Fund for this purpose in 1989-90. The crop loans programme draws on a revolving fund of Rs 100,000 deposited as bank collateral. Vocational training programmes received Rs 208,6000 and an additional Rs 174,000 was spent on staff training in 1989-90.

5.3.6 Sustainability

While the economic programmes have had a positive impact on incomes and well-being, there are several question marks over their potential sustainability in the longer term which relate to ASM's style of management and people's involvement in village-level organisations. Programme decisions tend to be top-down and the involvement of senior programme staff relatively limited. While the personal involvement of the project Secretary in programme implementation provides people with a direct channel of communication and has enhanced effectiveness, it may undermine their longer-term capacity for independent action and initiative. This is compounded by the fact that the farmers' co-operatives play a relatively restricted role in educating and motivating their membership.

ASM closely monitors the programmes that it initiates to prevent procedural delays and other problems from arising and to ensure financial accountability. Unless ASM staff members keep in constant touch with the programmes, they tend not to yield the expected results, although some farmers have been taking up sericulture and other new agricultural activities without any material assistance from ASM. While people are capable of managing the programmes, they sometimes have difficulty in approaching banks and government institutions. Responsibility for implementation is only transferred to the co-operatives once the programmes are up and running usually after three years. New methods of cultivation (such as sericulture) and the repair and maintenance of diesel engines require some amount of technical knowledge. Training is very limited and there is evidence that a limited understanding of new techniques could limit the potential impact of prawn cultivation and sericulture.

All the irrigation schemes have the potential to be sustained over a long period because farmers value highly the benefits they have generated and have a close interest in ensuring that engines and pumps function efficiently. A recent decision to

transfer responsibility for engine maintenance to individual farmers or groups of farmers is welcome as it is likely to induce a greater sense of ownership than exists at present.

Crop loans and IRDP loans are difficult to sustain without consistent follow-up, and continued subsidisation. Many beneficiaries are unfamiliar with bank and government procedures since ASM staff have tended to play an intermediary role. There does not appear to have been much effort on the part of ASM to increase the number of farmers taking crop loans, or to offset the decline in the number of active borrowers following the breakdown of the group guarantee system. The recent government loan waivers policy and the consequent non-repayment of loans has greatly affected the continuity of the programmes as the banks are reluctant to release fresh loans. Without a more active campaign to persuade farmers to repay their loans, the future of the scheme must be in some doubt.

The Krishna delta region was struck by a major cyclone in May 1990 which destroyed crops, houses and roads. Six months on much of the damage has been repaired, and cyclone relief grants from ASM and the government have enabled farmers to plant another crop, overhaul engines and purchase new materials, with comparatively minor losses. Regular programmes were disrupted as a result of post-cyclone relief work but there are signs that these are being restarted now that things are returning to normal.

5.3.7 Potential for replication

ASM has convincingly demonstrated that improved access to institutional credit and productivity-enhancing assets can significantly raise the incomes of marginal farmers. Crop loans provide an effective mechanism for marginal farmers to invest in productivity-enhancing inputs providing that some form of collateral or guarantee mechanism can be put in place. At the same time, the experience of the project would suggest that the longer-term continuity of both the crop loans scheme and lift irrigation would be better served by encouraging farmers to actively participate in planning and management at all stages. Existing village organisations would appear to have a limited capacity in this regard, and point to the need for reorientation and revitalisation if they are to play a more active role.

In the larger irrigation/land reclamation schemes ASM has been successful in mobilising government finance, bank loans and farmers contributions with relatively small inputs from external donors. SCF has been involved in the planning and management of nearly all of them in which points to the potential of scaling-up small interventions by collaborating closely with local government institutions. All recurring costs are met by the farmers and they seem to have little difficulty in meeting these costs from their increased incomes

5.4 Strengths, Weaknesses and Lessons

The changes brought about in the lives of poor farmers in the Krishna delta illustrate the importance of targeted economic programmes which can effectively deliver benefits to the

poor with a minimum of leakage to wealthier groups. A good working relationship between ASM staff and the farmers has developed over the past ten years, and people gained confidence in the positive intentions of the organisation from its health and education programmes. A strong faith in the benevolence of ASM, and the head of the organisation in particular, as 'provider in times of need', has cemented this relationship.

ASM has established good channels of communication with bank and government officials, and maintains cordial relations with local politicians. These links have undoubtedly contributed to the successful implementation of the crop loans scheme, and have encouraged banks to increase the volume of lending to marginal farmers and leaseholders who are generally excluded from institutional credit. IRDP loans have been procured through similar channels and have enabled ASM to secure a reasonable share of the subsidies available from government institutions for the benefit of disadvantaged groups.

Strong leadership has given direction to the programmes, and shaped the philosophy of the project as a whole. However, a reliance on charismatic leadership and limited delegation has weakened the capacity of senior staff to play an effective role in project management and to provide accurate feedback. It is reflected in the poor quality of records maintained by the organisation, and the lack of reliable data concerning the current scope and impact of the economic programmes. For example, there is no clear information on the number of people currently benefiting from the crop loans scheme, and cumulative lists of beneficiaries invariably exaggerate programme impact. Monitoring takes the form of verbal reporting and observation with the result that written records are scanty. This in turn weakens programme performance and masks difficulties which have emerged in the course of implementation.

The rather poor prospects for the sustainability of the crop local scheme provide a cause for concern. The hierarchical style of project management finds its reflection in the weak organisational basis of the farmers co-operatives and the mahila mandalis. While some groups display a genuine potential for independent decision-making and self-reliance, the majority do not possess a great deal of autonomy. They meet very irregularly, usually at the instigation of ASM, and provide a forum through which programme activities can be directed. In the short-term this may not unduly affect programme performance, but it does lay open to question the future course of these activities.

On the positive side, the project points to the effectiveness of targeted economic interventions in raising the economic and social status of poor farmers under the close supervision of an NGO. It also highlights the centrality of land as a productive asset, without which the potential of such programmes remains rather restricted. This suggests that NGOs may need to pay greater attention to the land question and participate more effectively in public debate over land reforms and in some cases encourage the landless to take a more activist stance, especially where land has been alienated or where there have been clear abuses of government land ceilings legislation.

The experience of ASM in attempting to work through existing village organisations without any consistent focus on group dynamics and capacity-building draws attention to the limitations of such organisations in managing collective assets and credit programmes or in effecting social change. It highlights the need to build social development objectives into the economic programmes and of organisational work and training to build genuine community accountability.

6. CONCLUSIONS

6.1 Results of the Case Studies

There is now a widespread assumption among official donors, and increasingly within government circles, that NGOs are more successful in reaching the poor by virtue of being small-scale, flexible, innovative, participatory and low cost in their style of functioning. This assumption had provided the basis for a sustained increase in the volume of resources directed towards local NGOs by the government and from bilateral donors, although their impact has yet to be assessed systematically. The four ODI studies represent a step in this direction and highlight some aspects of NGO interventions in India which have a wider application.

The case study evidence indicates that the NGOs play a catalytic role in terms of enabling poor communities to define their own development priorities and innovative in regard to their willingness to experiment with new ideas, but that their activities remain supplementary to those of government, and in some cases they duplicate existing services and programmes. Their record in alleviating poverty is uneven, although the evidence suggests that their performance is better than that of government. On the negative side, NGOs lack continuity, they often work in isolation from, and sometimes in opposition to one another which fragments their effort, and many depend heavily on external resources from foreign funding agencies. Managerial competence and technical expertise is often weak or poorly developed, which reduces their potential impact, but the evidence suggests that NGOs continue to make an important contribution to rural poverty alleviation in India.

An important caveat to bear in mind when attempting to assess the impact of NGO programmes in alleviating poverty, is that many chose to work in remote areas, characterised by harsh environmental conditions and poor communications. They also encounter resistance from entrenched vested interests who fear a loss of influence and income as a result of the poor gaining greater independence. It is to their credit that NGOs are able to achieve anything at all under such circumstances, and instances of 'failure' should be ultimately judged in this light.

6.1.1 Reaching the poorest

Perhaps the single most important assumption made about NGOs is their ability to reach the poorest sections of rural society. This is especially significant in view of the fact that government poverty alleviation programmes have failed to assist many poor communities, either because the benefits have been incidental or because the poorest have been excluded.

All four case study evaluations conclude that the projects have contributed towards an improvement in the economic status of the rural poor, expressed in terms of higher incomes and greater security of employment. However, while there has been an overall improvement in the material situation of the rural poor, the conditions of the very poorest have not changed dramatically. It generally proved more difficult for the NGOs to bring about lasting changes in the economic well-being of the assetless poor, notably casual labourers and women. The destitute, the handicapped and the

chronically sick, who constitute the poorest stratum of rural society, were invariably beyond the reach of economic programmes.

Benefits from economic programmes tended to correspond to the initial asset-holdings of different groups of the poor, reflecting the unequal structure of rural society, reflected in differential access to land, capital and resources. The case studies indicate that NGO programmes designed to raise the economic status of the poor generally achieved higher levels of success with people owning some land and fixed assets, who live in relatively developed areas where markets are readily accessible. Yet although such people were not from among the very poorest, they could not be classed as well-off; even in the Indian context, they remained poor in that they generated little surplus beyond that necessary to cover their subsistence needs, and were for the most part among the bottom 40% of the population in material terms.

Since they work within the existing structure of rural society, NGOs which promote economic programmes cannot hope to bring about a more equal distribution of wealth and assets although they can improve the situation of the poor in relation to wealthier groups, or prevent the gap growing wider. But, even if the returns to the poorest are low in comparison to the less poor, this can nevertheless be regarded as an achievement since the incremental benefits were often found to be significant in relation to their initial situation.

Despite the difficulties experienced by NGOs in reaching the poorest, there were some exceptions. The landless did benefit when they received or invested in fixed assets, especially land. In the CASA Phase III programme, surplus government land was used for prawn cultivation resulting in considerable increases in income for former casual labourers. Redistributed land formed the basis for targeted investments in small-scale irrigation by Arthik Samata Mandal (ASM) which raised crop production and in turn generated higher incomes and security of employment. The acquisition of income-generating assets by the landless (such as rickshaws, fishing craft and dairy cattle) through improved access to subsidised credit was found to be effective in several of the projects.

The poorest experienced also marginal improvements through less direct means. For example, loans provided by RDT in Andhra Pradesh did not provide the landless with the scope to invest in productive activities, but it did enable them to purchase raw materials and food in bulk, resulting in small net savings. It was also found that the poorest benefit indirectly from economic programmes through increased opportunities for employment brought about by more intensive cropping patterns (as in RDT) or a higher share of increased production (for example, with the labourers on fishing craft belonging to sangam members in the KDFS). Although the not-so-poor were the prime beneficiaries in the four projects examined by ODI, these examples illustrate that some benefits also accrued to the poorest.

NGOs recognise that women are among the poorest sections of rural society by virtue of the fact that they are burdened by childcare and have to perform household tasks in addition to searching for opportunities to increase household income. Several NGOs organised women into separate groups in recognition of the fact that their needs

were different and that they were unable to air their problems freely in the presence of men. Such organisations proved to be more effective in securing women's participation and identifying their needs more precisely. However the case studies showed that economic programmes tended not to cater explicitly for women, especially where they concentrated on enhancing the productivity of existing assets, and the incremental income was often marginal (see section 6.2 below).

6.1.2 Types of benefit

For NGOs, the criteria of successful economic development extend beyond income improvements and find expression in a higher level of savings, asset acquisition and reduced debt obligations. The case studies have shown that impact also refers to broader criteria such as improved health and nutrition standards, education, and increased mobility. Monetary benefits derived from NGO interventions may sometimes appear marginal, but for the poorest the fact that they no longer have to endure periods without food or now consume better food can represent a critical improvement.

A further set of criteria which are less amenable to quantification, but nevertheless constitute an important social dimension of project impact, are captured in the notions of increased self-respect, improved quality of life, higher social status and reduced dependence. For the poor, many of whom experience discrimination on the basis of caste, gender and ethnicity (in the case of tribals), such qualitative improvements were found to be as important as material benefits. Some were a direct consequence of enhanced economic status (such as self-reliance which is associated with material security and an independent source of income), while others stemmed from group participation and collective decision-making (Robinson, 1991).

In the rural Indian context, the emphasis placed by NGOs on functional literacy and group cohesion is designed to improve the independence of the poor from dominant social groups and to protect the material gains they have made as a result of NGO interventions. In several of the projects the collective solidarity of the poor proved important in enabling them to stake their claim over redistributed land, to demand minimum wages in line with government legislation and better working conditions. In polarised social situations conflict is an inevitable by-product of development interventions designed to benefit the poor, with the result that the NGO has to play a mediating role in order to minimise conflict and to ensure that project participants have the rights of redress through the legal system and protection on the part of law enforcement agencies. Nevertheless, it generally proved easier for the NGOs to work effectively with the poor when dominant social groups were persuaded that an improvement in the material well-being of the poor would not threaten their own position, or when some programmes are introduced for the benefit of the community as a whole.

6.1.3 Innovation and flexibility

It is commonly assumed that a particular strength of NGOs is their capacity for innovation. By trial and error some NGOs had developed low-cost technologies and

more efficient production techniques. A notable example among the projects studied were the plywood boats introduced by the South Indian Fishermen's Federation (SIFFS) in conjunction with KDFSf. Another example was the attempts made by CASA to develop mushroom cultivation as an income-generation activity for poor women. On a much larger scale, RDT was experimenting with contour-bunding to increase soil moisture content and agricultural productivity across a wide area. However, in the main, the four NGOs were not especially innovative as a group, but they were willing to experiment with and accommodate new ideas relatively quickly. This gives them a strong advantage over government institutions which are relatively inflexible and have to operate in accordance with established norms and procedures which in turn limits their capacity to experiment with different approaches.

6.1.4 Costs

NGOs pride themselves on a low-cost approach, but the case studies have shown that while their programmes may be cheap in cash terms, they are costly in relation to the number of people that they benefit. By implication, the incremental cost of finer targeting may prove prohibitive in relation to the level of benefits since larger numbers of staff will be required, although programme success was associated with an adequate level of resources, both human and financial. The administrative costs of revolving credit funds were especially high since they required close supervision and monitoring, as the RDT crop loans scheme illustrates. In contrast, the fishermen's co-operatives were largely self-financing, as they covered most of their costs from a fixed share of the catch. The approach favoured by CASA was one of the most cost-effective, since it used small amounts of money to lever a large volume of resources from government and the nationalised banks.

An additional consideration is that of the cost-effectiveness of NGO programmes. In the face of the paucity of data, it was difficult to come to firm estimates, for example, of the incremental benefit derived by farmers from institutional credit (NGO and bank credit) as opposed to non-institutional credit (from moneylenders). While in all four projects there were identifiable benefits, it was not always apparent that these exceeded the costs incurred by the NGO in every case.

6.1.5 Reasons for success

A consideration of the overall contribution made by NGOs to poverty alleviation and a discussion of some of their limitation in reaching the poorest raises the question of which factors underlie successful interventions. The evidence from the case studies demonstrated that the successful implementation of economic programmes was contingent on the active participation of the intended beneficiaries in shaping programme content and design. Effective participation, usually fostered through the group approach, also provided a stronger basis for self-reliance in the longer term.

NGOs in India have concentrated their energies on raising the economic and social status of the poor by creating village-level groups or associations. Group formation has become something of a creed for Indian NGOs, with the aim of promoting collective solidarity (especially since the poor are usually denied effective

representation in effective village-level institutions) and to ensure that benefits arising from development interventions are targeted more effectively. In all the four case study projects, NGOs favoured a group approach, centred on the formation of new village associations (sangams), although in one (Arthik Samata Mandal), the NGO chose to work with existing farmers' groups and village institutions. It was found that there were relatively few groups in which wealthier villagers had been included, although there were a number in which the poorest did not play an active role, which limited the potential benefits that could be gained by casual labourers and women.

Groups were found to have been successful in credit and marketing initiatives, by providing a structure for repayment and distribution. This was especially striking in the CASA Phase III programme, where groups assumed responsibility for identifying appropriate economic activities, and approaching banks and government institutions for credit and other resources. However, success was not purely contingent on group participation; in RDT and ASM poor farmers benefited from economic programmes introduced with minimal participation. Although needs (credit and agricultural inputs) were correctly identified, and a level of success achieved, there were some doubts over their potential sustainability since the beneficiaries continued to rely on the NGO to take decisions on resource allocation and programme administration.

A second determinant of programme success was the commitment of NGO project staff to the aims and objectives of the project. NGO staff have to work long and unsociable hours, the conditions of work are difficult, there is no security of employment, and the levels of pay, particularly for field staff, are generally low. In successful organisations, this commitment finds expression in low staff turnover and tenacity in the face of the difficulties they have to encounter in the field (suspicion and distrust on the part of the poor, hostility and resistance from vested interests). Where staff had a close affinity with the beneficiary group because they came from the same area their level of commitment tended to be greater. Staff working for NGOs with religious underpinnings exhibited a strong moral commitment to their work. An incentive structure with the possibility of mobility and reward, backed up by good training, further reinforced this commitment. Where these conditions did not apply, the NGO experienced greater staff turnover and reduced commitment which adversely affected programme continuity and effectiveness. The most effective staff perceived their role as facilitators rather than providers, where they promoted participation and encouraged people to take decisions for themselves, rather than treating them as passive recipients of benefits after the fashion of government programmes.

Thirdly, the quality of leadership also played a part in determining the success of a programme. All the NGOs were headed by charismatic or capable leaders who were able to motivate their staff or manage the programmes effectively. Strong leadership can produce results, but it was also associated with a failure to delegate and a tendency towards top-down decision-making at the expense of both staff and beneficiary participation.

Rather more difficult to explain were situations where an identical programme is introduced in two geographically contiguous communities with a similar occupational

and social make-up, but in one the activity fails to take off whereas in the other it becomes a profitable enterprise. It is unclear whether differential success can be explained by entrepreneurial flair, historical circumstances or purely chance factors.

Such results raise important questions regarding the potential replication of successful programmes, even among relatively homogeneous communities in comparable agro-climatic areas. While participation, staff commitment and effective leadership are all essential ingredients of project success, external factors also have a role to play. Project interventions function in a broader context which is shaped by factors outside the control of the NGO; some of these (such as the prevailing level of effective demand) can be anticipated and incorporated into programme design, but ultimately they are subject to a degree of uncertainty. Approaches found to be successful in one area cannot be adapted wholesale in another area if the social and economic context and the organisational capacities of the NGO are very different. An important exception were the two CASA programmes operating in coastal Andhra which have adopted similar approaches with a high degree of success, probably because they are both supported by an effective national NGO which has the capacity for organisational learning and possesses the necessary technical expertise.

6.2 Agriculture, Credit and Income-Generation

A common focus of NGO activity in the four projects was on agricultural development, with small and marginal farmers owning less than five acres of land singled out for particular attention. NGO interventions in this sector were designed to enhance the economic status of poor households by raising crop production through a range of activities, among them credit provision, technical advice on cropping patterns and inputs, small-scale irrigation, storage facilities and marketing. The case studies indicated that the NGOs registered considerable success in this sphere of activity, with increases in output, crop diversification and an expansion in the cultivated area contributing to increased incomes.

Nevertheless, it proved difficult for the NGOs to promote a sustained increase in output for poor farmers without a continued inflow of external resources, especially in semi-arid areas where recurrent drought is a major problem. The RDT case study illustrates some of the difficulties of working in a drought-prone environment, particularly in regard to short-term credit. It demonstrates how NGO credit enabled poor farmers to purchase fertilisers and other inputs which raised productivity and hence household income, although output was heavily contingent on climatic factors. Credit also encouraged poor farmers to take up cash-crop cultivation where the returns are higher, although the risks are also greater when farmers invest more heavily in inputs. When banks are reluctant to lend because of the risks involved and loans from non-institutional sources (ie.moneylenders) are too costly, NGO credit plays a vital role in filling the gap.

The four case studies indicate that credit from NGO sources or loans from the commercial banks facilitated by NGOs offer a number of specific advantages over non-institutional credit related to the terms and conditions attached to the loans, which were often as important as the impact of the credit itself. The most important of these from the point of view of project

participants were ease of access, timeliness, lower interest reduced dependence on moneylenders, all of which result in decreased transaction costs and improved self-reliance.

As the RDT study reveals, the procedures for securing credit from NGO sources tend to be less onerous than those from moneylenders; borrowers no longer had to spend time petitioning loans (often on numerous occasions) or spend money travelling to urban centres if there was no moneylender present in the village. Moneylenders did not always provide loans when required by farmers, with the result that crop yields were adversely affected, whereas NGO credit was provided when most needed, prior to the sowing period for the purchase of essential agricultural inputs. The rate of interest charged by NGOs was also far lower than that charged by moneylenders. An additional benefit of NGO credit is that borrowers no longer had to provide free labour to moneylenders as part of the loan conditions.

Three of the NGOs facilitate access to credit from the commercial banks by underwriting the loans, depositing collateral or by opening up channels of communication between bankers and poor borrowers. Institutional credit offers many advantages over non-institutional credit, the most important of which is to improve the access of the poor to rural banking institutions and heighten their understanding of banking procedures. From the point of view of the banks, the involvement of the NGO improves repayment levels and enables them to meet government lending targets.

In terms of sustainability, institutional credit offers longer term security over NGO credit as banks are a permanent part of the local socio-economic infrastructure whereas NGOs are only a temporary presence and there is no guarantee of programme continuity following their withdrawal. However, default is treated less sympathetically, and access to credit is still determined in the final instance by the willingness of local bank officials to lend to the poor. A further problem with bank credit is that the availability of subsidised loans (under the terms of government poverty alleviation programmes) is a function of government policy and policy shifts can adversely affect poor borrowers. The decision of the government to issue instructions to banks to adopt the service area approach in order to spread lending more evenly has restricted the amount of subsidised credit available to borrowers in some areas with the result that there remains a demand for credit which cannot be met from existing banking sources. Poor borrowers are also vulnerable to potential credit squeezes brought about by government monetary policy.

Additionally, imprudent policies can affect the functioning of both bank and NGO credit as the loan waiver announcement of the previous government starkly demonstrated. The widely-reported decision to waive outstanding dues to poor farmers with good repayment records resulted in many borrowers withholding repayments which has depleted NGO revolving loan schemes which require additional capital if they are to persist, and banks are far more reluctant to lend to the poor in the face of the prospect of default.

These reflections lead to the conclusion NGOs play a significant but essentially supplementary role in credit delivery alongside the official banking system, but that their role in facilitating access to credit and educating their clientele about banking procedures is likely to remain important for the immediate future.

The main problem in coastal Andhra, as in many parts of India, is a shortage of land. For this reason, NGOs have sought to promote new sources of income for the landless and marginal farmers, to supplement or replace income from wage labour and agricultural production, through the provision of credit (by means of a revolving fund or bank loans), subsidised inputs and skills-training. Increasingly, NGOs have been accessing government resources under IRDP and TRYSEM and facilitating bank loans on behalf of their constituents. Income-generation programmes promoted by NGOs broadly fall into three categories:

- enhancement of an existing activity (agriculture, fishing)
- creation of new sources of income and employment to replace an existing activity (rickshaw-pulling, provisions shops, petty trading, repair services etc.)
- creation of new sources of income and employment to supplement an existing activity (dairying, animal husbandry, food processing, social forestry, basket-making, weaving etc.)

It is widely recognised that many NGO income-generation programmes have fallen short of their objectives, either because the level of income they produce is very low, or because the benefits of these activities cannot be sustained without external assistance. Evidence from the four case study evaluations points to some of the reasons underlying the differential performance of such schemes.

An important conclusion arising out of the case studies is that new off-farm income generation activities are more likely to succeed when project participants have been involved in the process of identification and selection. A greater sense of ownership and commitment comes as a consequence of groups discussing the merits and drawbacks of new activities, which in turn provides a necessary but not sufficient condition of programme success. This leads to the conclusion that when new activities are introduced by the NGO without proper consultation they are susceptible to failure, although benefits can result in the short term from top-down interventions.

A second finding is that sensitivity to market opportunities is integral to the success of income-generation programmes. Proximity to market towns, the quality of local communications (such as the condition of roads and the availability of public transport) and local infrastructural facilities (electricity and storage facilities) are all crucial determinants of programme success. The demand for goods and services in towns tends to be higher than in villages, so that income-generation programmes in villages in close proximity to urban areas stand a higher chance of success.⁹⁰ It stands to reason that it proved more difficult for NGOs to create new sources of income and employment in villages where demand for

⁹⁰ This is illustrated by the pattern of demand for the services of rickshaws, which are a popular mode of transport in rural areas. Proximity to market towns is an essential determinant of the income-earning potential of rickshaw-pullers. The main sources of demand are for carrying goods (agricultural produce, fertiliser, building materials etc.) and ferrying passengers over short distances. In the Krishna delta region, it was unusual to find rickshaws in villages more than 5 km outside a market centre.

services is low and transportation difficult, although there were exceptions to this, as in the case of prawn cultivation, promoted by CASA and ASM, where high prices and local conditions (availability of land, assured supply of saline water, locally available prawn seed) rendered it economically viable, despite the remote setting. Similarly, the general level of economic development in an area is a further determinant of the potential for developing new sources of income and employment; the level of effective demand for goods and services in a less-developed region is invariably lower than in more prosperous areas where there is a more intensive level of economic activity.

A third consideration is the level of technical expertise required for a new economic activity. From the perspective of the beneficiary, the ability to master a new skill is an important determinant of programme success. Where training is inadequate or the technology too complex the risk of failure is greater. A related observation is that programmes which enhance an existing activity where the client is already familiar with the technique rather than introducing a completely new activity stand a greater chance of success in terms of impact and sustainability.

Different groups of individuals vary substantially in their capacity to take up and sustain new income-generation activities. As noted earlier, individuals already in possession of assets and capital had a far greater chance of successfully developing new business ventures than landless labourers who were forced to start from scratch and acquire new technical skills and capital. It was found that the capacity of the poor to adapt to new activities depended not only on skills training but also on confidence building and functional literacy to enable them to compete effectively in the market place.

The most elusive group in this respect are women from the poorest households for whom the prospects for developing new skills and sources of household income are restricted by their class and gender position. Small-scale income-generation schemes for women generally focused on handicraft production and skills training. Women's income-generation programmes had in several cases been tagged on to projects with broader objectives and had accordingly suffered from poor planning and implementation. In several cases, small-scale enterprises for women had foundered on the lack of local demand for the goods they produced and problems of transportation when the markets were further afield. Women were often forced to compete with established businesses run by men who had ready access to marketing networks and the necessary technical expertise. The evaluations found that income realised on these activities was often quite marginal (and in some cases negative when the opportunity costs were taken into account) which at best provided supplementary income rather than secure sources of employment.

Only in programmes which sought to promote new sources of income and employment, or those where women had access to productive assets, were the concerns of women addressed more centrally. In some cases these were confined to training initiatives, where women were provided with new skills but with uncertain employment prospects. In other programmes, the income-generating potential of new activities was limited, particularly where they provided a supplementary income, the classic examples being dairying and calf-rearing. The overriding impression is therefore that women's needs were not fully addressed by the NGOs, programmes designed for women formed a peripheral part of their overall concerns, and

where they were included, they emphasised traditional types of work characterised by low remuneration and uncertainty.

A final point to note in this regard is that income-generation schemes by their very nature involve risk and experimentation, and a certain level of enterprise failure is to be expected. At the same time, this should not detract from the fact that the costs of failure are high, not only in terms of the material losses incurred by the poor, but also because it undermines the willingness of people to experiment with new activities. Unfortunately, the lessons of failed schemes are rarely absorbed by other NGOs, largely because the experience tends not to be recorded and shared, which points to the need for improved co-ordination and information sharing, and for assistance to help them develop their technical and managerial capabilities, in order to maximise their impact and improve the quality of their interventions.

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