

*A Strategy Handbook  
for the Practitioner*

4

# Livelihood Augmentation in Rainfed Areas

## Creating Social Capital for Livelihood Interventions



Astad Pastakia & Sachin Oza



AGA KHAN FOUNDATION

Supported by the Aga Khan Foundation through the European Union funded SCALE Programme



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## **Volume IV**

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**Astad Pastakia & Sachin Oza**

**Development Support Centre**

Ahmedabad

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Volume IV: Creating Social Capital for Livelihood Interventions

Astad Pastakia and Sachin Oza

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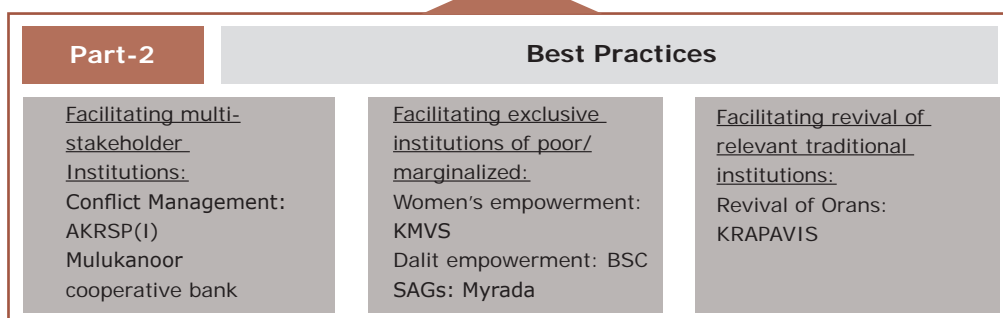
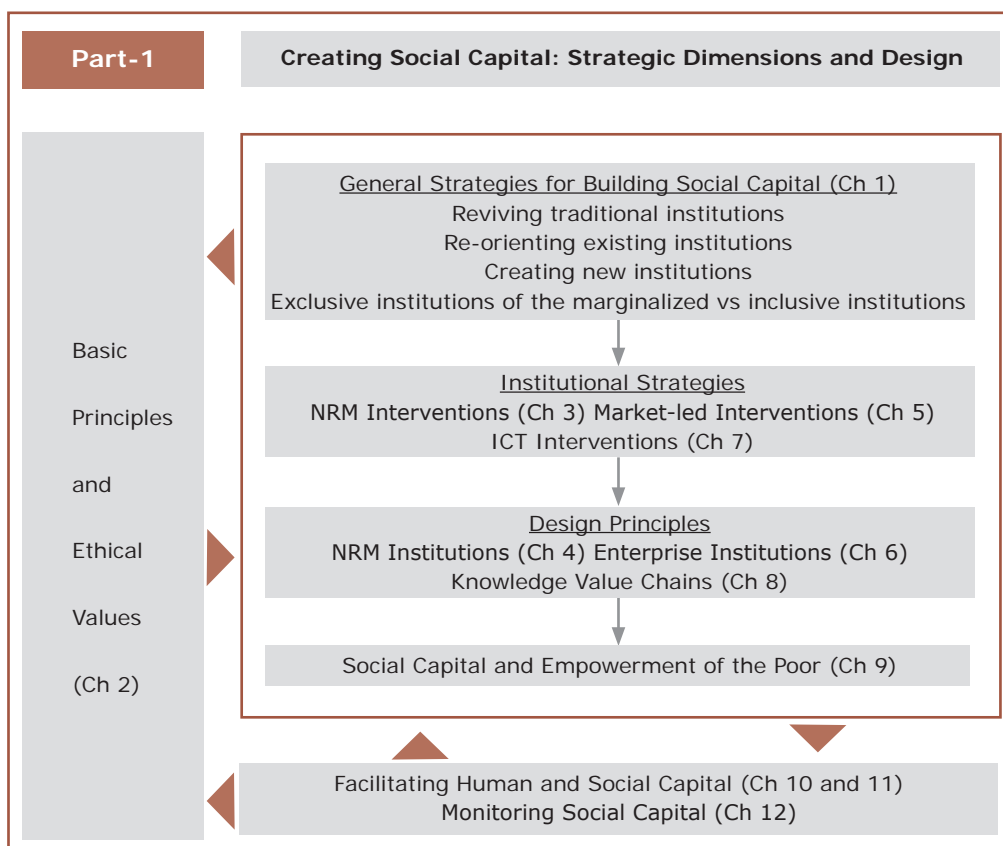
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# Navigation Chart

Volume-I	Volume-II	Volume-III	Volume-IV
NRM Interventions (With Common Introduction)	Market Interventions	ICT Interventions	Social Capital Development



## Foreword

Removal of poverty and hunger is the first of the eight Millennium Development Goals (MDGs) adopted by the United Nations. About 400 million rural poor reside in about 200 poorest districts of the country that constitute rainfed areas.

If one looks at the overall agricultural pattern across the country, almost 85 million ha, that is, about 60% of the 142 million ha of cultivable land is under rainfed conditions. These make a significant contribution to the production of pulses, oil seeds and cereals in the country. Public investment in irrigation has steadily declined. In addition, even if the entire irrigation potential of the country is developed, 50% of the arable land is likely to remain rainfed. There is, therefore, an urgent need to give attention to improving the agricultural productivity and diversifying the economy of these areas.

The government, research institutes, NGOs and the private sector, each in its own manner, has made efforts to enhance the livelihood opportunities for rural communities in rainfed areas. Prime Minister Dr. Manmohan Singh announced a mega assistance plan of Rs 25,000 crores in 2007 to boost agricultural productivity. A National Rainfed Area Authority has also been set up to specifically look into the issues of enhancing rural livelihoods in rainfed areas. The efforts of luminaries such as Shri P.R. Mishra of Sukhomajri Project in Haryana and Shri Anna Hazare in Ralegaon Siddhi, Maharashtra, are well known.

Development Support Centre (DSC) initiated in 1994 by the late Shri Anil Shah, has made a critical contribution in capacity building, research and influencing policies related to participatory natural resource management. The organization was involved in developing the first watershed guidelines brought out by Mr. B.N. Yugandhar, and continues to look at issues related to the effective implementation of the watershed programme. Some of the studies such as 'Longitudinal Study in Sixteen Drought Prone Watershed and Non-watershed Villages of Gujarat', 'Drinking Water Security in Watershed Villages' and 'Cost-benefit Analysis of Watershed Development: An Exploratory Study in Gujarat' have led to policy changes at the state and national levels and better practices at the ground level.

One of the most important contributions of Anilbhai was the formulation of principles for development and management of natural resources in a sustainable manner or 'Bopal Declarations' as they are popularly known. These have been mentioned in the Planning Commission's 'Approach Paper for Rainfed Areas' and also in the new watershed guidelines of April 2008, as guiding principles for implementing the programme. The

new guidelines give due recognition to the need for improving rural livelihoods through participatory watershed development, with the focus on integrated farming systems for enhancing income, productivity and livelihood security in a sustainable manner.

As an organization involved in capacity building of practitioners, and also working as an implementing agency, DSC realizes that there is no dearth of literature on watershed management. There are many how-to-do manuals such as how to construct a check-dam or how to mobilize people to form Self Help Groups, etc. However, there are few that focus on broadening the horizon of the practitioner, by providing alternative options that could be tried out in different conditions. Whereas plenty of literature is available on the technical aspects of watershed development and other livelihood strategies, not much has been written on the institutional aspects, entrepreneurial strategies or the role of ICT. Besides, there are many rainfed areas such as flat lands or coastal lands where the typical watershed approach cannot be applied and, therefore, intervention strategies for these areas also need to be developed.

A need, therefore, was felt for a strategy handbook that would focus on livelihood augmentation in rainfed areas, which would draw upon the experiences of field implementation, and cull out the principles and strategies to help a practitioner adapt these in his/her context. Given the breadth of the subject, the authors found it practical to present the material in four volumes.

Dr. Astad Pastakia, a doctorate from the Indian Institute of Management, Ahmedabad, and author of *Locked Horns – Conflicts and their Resolution in Community-based Natural Resource Management*, agreed to anchor the project. Mr. Sachin Oza, Executive Director, DSC and a practitioner for 20 years, has co-authored the volumes with Dr. Pastakia. They were ably assisted by Mr. Virendra Vaghani, who has coordinated the entire project.

The development of these handbooks has not been easy and it has taken well over two years to bring them out in the current form. I am grateful to Aga Khan Foundation and the European Commission for having shown great patience and trust and for extending support to DSC in this endeavour. Needless to say, these volumes would not have been possible without the inputs of several organizations that have been toiling night and day to enhance the livelihoods of the poor. I am sure, that these volumes will make a significant contribution and add tremendous value to the existing literature on livelihood.

Vijay Mahajan

*Chairman, Development Support Centre*

## Preface

With the Green Revolution areas showing signs of fatigue, and public investments in rainfed regions not yielding the desired results, Indian agriculture once again finds itself at the crossroads. The crisis of productivity in agriculture is linked to an impending crisis of food security, reminiscent of the PL-480 days, prior to the Green Revolution. Whereas agricultural growth rates have stagnated, the population is growing at exponential rates. The per capita production of food grains dropped from an all-time high of 207 kg/person/yr in 1995 to 186 kg/person/yr in 2007. The per capita availability of agricultural land has declined from 0.48 ha in 1951 to 0.16 ha in 1991 and is likely to decline further to 0.08 ha by 2035. Looking at the magnitude of the problem and heeding the advice of the Planning Commission, the Prime Minister, Dr. Manmohan Singh, announced in 2007 a mega assistance plan of Rs 25,000 crores to state governments to boost agricultural productivity. However, whether these investments will produce the desired results will depend on how and where these resources are deployed.

It is our contention that a vast untapped potential exists in rainfed areas of the country. This has also been corroborated by a recent comprehensive assessment made by a team of international agricultural scientists (Wani, Rockstrom and Oweis, 2009). The keys to unlock this potential are also available, as demonstrated by the efforts of numerous non-governmental and governmental initiatives in the rainfed areas. However, the knowledge of what strategy works in what kind of situations remains diffused and often undocumented. The need of the hour is to consolidate this knowledge and extract principles and strategies that can be applied in similar situations elsewhere. It is precisely this exercise that led to the development of this handbook.

Although the initial idea was to focus on watershed development, the project widened its scope through an iterative process of search and reflection. The advisory committee of the project suggested broadening the scope to include other strategies being followed in rainfed areas, where watershed development cannot be applied, for instance, in flat lands and in regions with problems of saline and alkaline soils, laterite soils, etc. The committee also recommended focusing on livelihood augmentation, which is the ultimate objective of watershed development and other natural resource management (NRM) interventions. Market interventions came as a natural extension of post-watershed development. However, many market interventions, especially in the non-farm sector, were also 'discovered'. These were initiated from scratch by social entrepreneurs and business houses with a social conscience. The need to consolidate



the knowledge about building human and social capital was evident to the editorial team right from the beginning. Most of the watershed manuals reviewed did not do justice to this theme, given the overriding importance of placing people in the centre of all developmental projects and processes. Another issue that was added at a later stage was the role of Information and Communication Technology (ICT) in augmenting livelihoods in the service sector as well as other livelihood interventions. It was soon realized that the team would not be able to do justice to all these issues within the stipulated pages of the volume. In consultation with the Aga Khan Foundation (India), which is supporting the project, it was, therefore, decided to bring out the handbook in four, stand-alone volumes, each covering a particular theme.

The compiling of information and experiences was pursued through multiple routes such as workshops and personal interviews of practitioners, literature reviews, and the Internet. Wherever cases were readily available, the information was updated and then included. Wherever interesting experiences were found but not documented, the authours took upon themselves to document these. As a result of this process of 'muddling through' and also in view of the expanded scope of the handbook, the project took much longer to complete. Progress was often painfully slow because the team depended on various actors to provide information and updates. Nevertheless, the journey has been an enriching one. The authours comprised a practitioner and an academic; this helped to keep the balance between theory and practice. The readability of the manuscript for the practitioner at the programme/project level, for whom the handbook is primarily designed, was under constant review.

Unlocking the potential of rainfed areas needs a conducive policy environment. There are indications to show that the policy for the development of rainfed areas is gradually moving in the right direction.

The National Commission on Farmers (2005) recommended a paradigm shift in the approach and implementation of watershed programmes in the country, and this has remained the main plank for developing rainfed areas in an integrated manner. The Commission advocated partnerships among public sector, private sector, NGOs, and farmers, particularly the landless and women, through collective action and institutional mechanisms. It proposed a five-point action plan comprising:

- i. Improving soil health to increase productivity.
- ii. Promoting water harvesting, water conservation, and sustainable and equitable use of water.
- iii. Ensuring access to affordable credit for crop and life insurance.
- iv. Developing and disseminating appropriate technologies.

v. Improving opportunities, infrastructure, and regulations for marketing.

Taking cognizance of the above recommendations, the National Rainfed Area Authority (NRAA) was set up in November 2006, to focus on these areas. The main responsibilities of the NRAA have been identified as follows:

- Supporting the process of preparing strategic plans for watershed-based development projects at the state and district levels keeping in view specific agro-climatic and socio-economic conditions.
- Assisting in the preparation of state-specific technical manuals.
- Supporting state-level nodal agencies to identify resource organizations, and establishing capacity building arrangements.
- Facilitating action research relevant to watershed development programmes in different agro-climatic regions.
- Conducting evaluation, impact assessment, and thematic studies for improving the quality of watershed projects.
- Facilitating the convergence of different schemes and projects of the Government of India.
- Accessing additional funds from other sources, including private sector and foreign funding agencies to fill up critical gaps in the programme.
- Scaling up successful experiences through innovative organizations at the field level.

Subsequently, Common Guidelines for Watershed Development Projects (2008) were developed to provide a fresh framework for the next generation watershed programmes. The guidelines sought to bring about a unified perspective across all ministries. Unlike previous watershed guidelines, these gave priority to creating livelihood opportunities, productivity enhancement and conservation measures. The focus was on promoting farming and allied activities to promote local livelihoods while ensuring resource conservation and regeneration. The hope was, the new approach would systematically integrate livestock and fisheries management as a central intervention, and encourage dairy and marketing of dairy products. The project duration has been further enhanced to seven years and the financial allocation has been increased from Rs 6000/ha to Rs 12000/ha. The Guidelines emphasize equity and gender sensitivity, decentralization, need for committed and competent facilitating agencies, centrality of community participation, capacity building and technology inputs, regular monitoring, evaluation and learning, and above all, establishing appropriate technical and professional support structures at the national, state, district, and project levels.

Having brought out the Common Guidelines, the challenge for policy makers and practitioners alike will be to see how best these can be executed. Considerable experience has been gained since the implementation of the Watershed Guidelines of 1995. Significant work has been carried out in the field of participatory NRM, rural entrepreneurship development, use of ICT, and institution development. These experiences are documented here to broaden the vision of the practitioner and provide him/her with insights into the *principles, strategies* and *best practices*. We hope that this will go a long way in stimulating and strategizing action while providing key insights for practitioners, policy makers, and researchers.

Some of the cases provided are useful for conducting training programmes. With the passage of time, the cases may become dated; however, the principles and strategies gleaned from them are likely to remain valid until such time that new knowledge is generated from new experiences in the field. It is our fond hope that this compilation will stimulate more action in the field, leading to the unlocking of the vast hidden potential of rainfed areas and the generation of new livelihood avenues for millions of poor in the country.

Astad Pastakia  
Sachin Oza

## Acknowledgement

Development Support Centre (DSC) has been working in the field of participatory natural resource management since 1994. As an organization involved in capacity building and support services, DSC found that there was a need for a comprehensive strategy handbook that looks at various aspects of livelihood augmentation in rainfed areas (LARA), viz., natural resource management, institution building, entrepreneurship, and the use of information and communication technology (ICT). These four volumes of the LARA handbook represent the culmination of two years of continuous efforts, to which many professionals and voluntary agencies from all over the country have contributed.

An advisory committee guided the project from the beginning. We wish to thank this group comprising Mr. Apoorva Oza, Dr. Sudershan Iyengar, Dr. R. Parthasarthy, Mr. Suneel Padale, and Dr. Indira Hirway for their guidance and encouragement throughout the project. Special thanks to Ms Tinni Sawhney, Mr. Somnath Bandopadhyay, Mr. Suneel Padale and Mr. Vivek Singh of Aga Khan Foundation, India, for their continuous encouragement, guidance and support during the entire process of developing and publishing the handbook.

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# Contents

<i>Foreword</i>	<i>iv</i>
<i>Preface</i>	<i>vi</i>
<i>Acknowledgement</i>	<i>x</i>
<i>Contents</i>	<i>xi</i>
<i>Tables, Figures, Boxes</i>	<i>xvi</i>
<i>Abbreviations</i>	<i>xix</i>
<i>Conceptual Framework</i>	<i>xxiii</i>
<i>How to Use the Handbook</i>	<i>xxvii</i>

## **Part-1**

### **Understanding Social Capital 01**

#### **1. Introduction 02**

Defining social capital 02

Need for social capital 04

Focus of the Volume 04

#### **Creating Crafted Institutions: Strategy, Design and Facilitation Issues 07**

Issues of strategy 07

Issues of design 08

Issues of facilitation 09

#### **Need for Facilitating Policy Environment 09**

#### **2. Basic Principles and Ethical Values 11**

#### **3. Institutional Strategies for NRM Interventions 27**

##### **Introduction 27**

##### **Traditional vs Modern Institutions 27**

##### **Traditional Institutions for NRM 29**

CPR institutions 29

Culturally embedded institutions 33

Reciprocity 38

##### **Modern Institutions for NRM 38**

CPR Institutions 41

Culturally embedded institutions 43

Reciprocity 43

Self-help institutions to access resources for livelihoods 43

##### **Institutional Strategies for Sustainable NRM 46**

Revival of traditional institutions 47

	Adopting existing institutions for a new purpose	47
	Creation of new institutions	48
	Creating an eco-system of mutually dependent PIs	48
<b>4.</b>	<b>Design Principles for NRM Institutions</b>	<b>50</b>
	<b>Design of CPR Institutions</b>	<b>50</b>
	Boundary rules	52
	Resource allocation rules	53
	Governance rules	54
	Conflict resolution rules/mechanisms	56
	<b>Design of SHGs</b>	<b>57</b>
	<b>Village-level Multi-stakeholder Institutions</b>	<b>59</b>
	Micro-WDC	59
	Multi-function VDC	61
	Gram panchayat	63
	<b>Design of Area-level Aggregated Institutions</b>	<b>66</b>
	Design of federations	67
<b>5.</b>	<b>Institutional Strategies for Market-led Interventions</b>	<b>71</b>
	<b>Introduction</b>	<b>71</b>
	<b>Conceptual Model of Collective Enterprise Institution</b>	<b>72</b>
	<b>Legal and Administrative Implications of Institutional Choice</b>	<b>75</b>
	<b>Alternative Approaches to Social Capital Building</b>	<b>80</b>
	Incubation model	80
	Social entrepreneur model	80
	Joint stakes model	82
	<b>Institutional Arrangements in VCIs</b>	<b>82</b>
<b>6.</b>	<b>Design of Institutions in Market-led Interventions</b>	<b>86</b>
	<b>Introduction</b>	<b>86</b>
	<b>Assumptions of the Collective Enterprise Model</b>	<b>86</b>
	Assumptions about property rights and levels of aggregation	86
	Assumptions about functions of the collective	91
	<b>System of Mutual Accountability in Collective Enterprise Institutions</b>	<b>91</b>
	<b>Design Principles</b>	<b>93</b>
	<b>Institutional Arrangements in Pro-poor VCIs</b>	<b>97</b>
	Incubation model	97
	Social entrepreneur model	97
	Joint stakes model	98
<b>7.</b>	<b>Human and Social Capital for ICT Interventions</b>	<b>101</b>
	<b>Introduction</b>	<b>101</b>
	<b>Creating Human Capital at the Village Level</b>	<b>101</b>

	<b>Creating Social Capital for the Governance of VKCs</b>	<b>102</b>
	<b>Creating Durable Partnerships for Knowledge Value Chains</b>	<b>103</b>
<b>8.</b>	<b>Design of Knowledge Value Chains</b>	<b>105</b>
	<b>Introduction</b>	<b>105</b>
	<b>Design Parameters</b>	<b>105</b>
	Emerging Models of Institutional Arrangement	108
	Entrepreneurial model	110
	Grant-based model	111
	Cooperative model	113
	<b>Design Principles</b>	<b>113</b>
	<b>Framework for Assessing Durability of Partnerships</b>	<b>114</b>
<b>9.</b>	<b>Social Capital as a Means of Empowerment</b>	<b>115</b>
	<b>Introduction</b>	<b>115</b>
	<b>Socio-psychological Consequences of Poverty and Deprivation</b>	<b>116</b>
	<b>Empowerment: Concept and Processes</b>	<b>117</b>
	Key concepts	117
	Empowerment processes for good governance	121
	<b>Two Broad Approaches to Empowerment</b>	<b>123</b>
	Rights-based approach	123
	Empowerment through socio-economic development	126
	<b>Alternative Strategies for Working with the Poor/Marginalized</b>	<b>130</b>
	Exclusive institutions of the poor	130
	Multi-stakeholder institutions with positive discrimination for the poor	132
<b>10.</b>	<b>Planning and Facilitating Human and Social Capital</b>	<b>134</b>
	<b>Introduction</b>	<b>134</b>
	Facilitating simple vs complex institutions	134
	<b>Facilitation at Different Stages of the Institution</b>	<b>135</b>
	Preparatory stage	137
	Formative stage	142
	Growth stage	142
	Autonomous stage	143
	<b>Planning Human Resources Development</b>	<b>144</b>
<b>11.</b>	<b>Special Issues in Facilitating PIs</b>	<b>149</b>
	<b>Introduction</b>	<b>149</b>
	<b>Vision building</b>	<b>149</b>
	<b>Leadership Development</b>	<b>150</b>
	Typology based on the extent of control	150
	Transactional vs Transformational Leadership	151
	Individual vs Group Leadership	152

Situations demanding tactful handling of leaders	155
<b>Gender balance</b>	<b>158</b>
Understanding gender balance in rural communities	158
Addressing gender bias through interventions	159
Engendering an institution	161
<b>Conflict Management</b>	<b>162</b>
Typology of conflicts	162
Importance of alternative dispute resolution mechanisms	164
Institutionalizing conflict resolution mechanisms to address internal conflicts	165
Dealing with external conflicts	166
Training in conflict analysis	166
Conflicts as indicators of policy lacunae	169
<b>Creating Suitable Systems and Procedures</b>	<b>170</b>
Administrative systems	171
<b>12. Monitoring Performance and Sustainability of PIs</b>	<b>175</b>
<b>Introduction</b>	<b>175</b>
<b>Criteria and Indicators for Monitoring the Performance of PIs</b>	<b>175</b>
Monitoring SHGs	176
Monitoring UGs	178
Monitoring CIGs	178
Monitoring VDCs	179
Performance of village-level CBOs for NRM	180
<b>Criteria and Indicators for Monitoring the Sustainability of PIs</b>	<b>181</b>
Self-reliance and sustainability	182
Symbolism of sustainability	182
Redundancy and sustainability	183
Framework for institutional sustainability	185
<b>Indicators of Institutional Sustainability</b>	<b>186</b>
<b>13. Summary and Conclusions</b>	<b>191</b>
<b>Livelihood Augmentation Matrix</b>	<b>191</b>
Critical role of PIs	191
<b>Quality and Sustainability Issues in Social Capital</b>	<b>192</b>
Training institutions for facilitators: bridging the demand-supply gap	192
<b>Future of PIs</b>	<b>193</b>
<b>References</b>	<b>194</b>
<b>Part-2</b>	
<b>Best Practices</b>	<b>201</b>
<b>1. Women’s Empowerment through Natural Resource Management:</b>	



	Kutch Mahila Vikas Sangathan	202
2.	Saving the Sacred Oran Lands of Rajasthan: Experiences of KRAPAVIS	213
3.	Change of Guard: Resolution of a Gender-based Latent Conflict in Ubhariya Village, Gujarat	222
4.	Critical Role of Self Help Groups in Watershed Development: Experiences of MYRADA in Chitradurga, Karnataka	234
5.	Vankar Cooperatives of the Bhal: Empowerment of Dalits through Collective Action	241
6.	Enduring Cooperative Performance: Mulukanoor Cooperative Rural Bank in Andhra Pradesh	257

## **Annexures** **271**

1.	Glossary of Terms	272
2.	Resource Guide	285
3.	Resource Institutions	294
4.	Legal and Administrative Implications of Institutional Choice	300
5.	Three Main Micro-finance Models	304
6.	Design Principles for Collective Enterprise Institution	307
7.	Participatory Rural Appraisal Methods and Techniques	309
8.	Tools and Frameworks for Conflict Analysis	322
9.	Participatory Tools for Gender Analysis	366
10.	Appreciative Inquiry and Community Development	346
11.	About the Contributors	350

## **Index** **355**

# List of Tables, Figures, Boxes

## List of Tables

### Part-1

1.1:	Ecosystem of Village Institutions: An Illustrative List	06
3.1:	Comparison between Traditional and Modern Institutions in India	28
3.2:	Traditional Institutions for NRM: Typology and Examples	30
3.3:	Sacred Trees and Associated Gods/Goddesses in India	37
3.4:	Flowers Specified for Gods and Goddesses	37
3.5:	Modern NRM Institutions: Typology and Examples	39
4.1:	Characteristics of UGs and SHGs: Comparative analysis	57
4.2:	Ideal Division of Functions between the Panchayats and the VDCs	65
4.3:	Size of Federations at Different Levels	69
5.1:	Legal and Administrative Implications of Institutional Choice	78
5.2:	Comparison of the Three Models of Social Capital Building	83
5.3:	Institutional Arrangements in Tasar Silk VCI	84
6.1:	Design Parameters for Governance System	96
8.1:	Actor-function Matrix for a Typical Knowledge Value Chain	107
8.2:	Three Models of Institutional Arrangements	108
8.3:	Classification of ICT Interventions studied	109
10.1:	Characterizing Simple and Complex PIs	136
10.2:	Differences in Facilitation of Simple and Complex PIs	137
10.3:	Illustrative List of Tasks at Different Stages of the Lifecycle of a PI	144
10.4:	Matching Training Methods with Needs at Various	147
12.1:	Financial Indicators to Monitor the Performance of MFIs	177
12.2:	Checklist of Indicators for Monitoring UGs	179
12.3:	Institutional Maturity Index of AKRSP(I)	180
12.4:	DSC's Performance Indicators for CBO's in NRM	181
12.5:	Indicators of Institutional Sustainability	187

## List of Figures

### Part-1

1.1:	Typology of Broad Approaches for Social Capital Building	08
2.1:	The 7 S Model	24
4.1:	Evolution of Rules in a CPR	52
4.2:	Pathways for Aggregation of Informal Institutions	67

4.3:	Illustration of a Four-tier Linear Federation Structure—the SERP's	68
5.1:	Schematic Diagram of a Typical Collective Enterprise Institution	73
6.1:	System of Mutual Accountability in a Collective	92
6.2:	Schematic Diagram of a Typical Collective Enterprise Institution	98
6.3:	Social Entrepreneur Model	99
6.4:	Joint Stakes Model	99
8.1:	Typical Knowledge Value Chain	106
8.2:	Typical Arrangements under an Entrepreneurial Model	110
8.3:	Typical Arrangements under a Civil Society-led, Grant-based Model	112
8.4:	Government-initiated, grant-based model	113
9.1:	The Deprivation Trap	117
9.2:	Achieving Internal Accountability	122
9.3:	Achieving External Accountability	122
9.4:	Pathways of Empowerment—Developmental Approach	126
10.1:	Range of Crafted Institutions	135
10.2:	Design-Delivery matrix for monitoring Training	147
11.1:	Guide for Selecting Suitable Leadership	153
11.2:	Empowerment of Women through Natural Resource Management	160
11.3:	Typology of Conflicts	163
11.4:	Basic Conflict Analysis Matrix	167
12.1:	Institutional Sustainability—a Framework of Analysis	185
13.1:	The Livelihoods Augmentation Matrix	191

## List of Boxes

### Part-1

1.1:	Difference between Organization and Institution	03
2.1:	The Rural University: Jawaja Experiment in Educational Innovation	18
2.2:	The 7S Checklist	25
3.1:	Traditional Episodic Institution for the Quarantine of Diseased Cattle	32
3.2:	Culture and Conservation of Agro-biodiversity: Case of Paddy Crop	34
3.3:	Revival of the Pata System in Maharashtra	35
3.4:	Women-Managed Farm Equipment Library: Navjeevan Adivasi Mahila Manch, Sagbara	41
3.5:	Accessing Markets:The Irula Snake-catchers' Industrial Cooperative Society	44
4.1:	Ostrom's Design Principles for CPR Institutions	51
4.2:	Key Design Principles for SHGs	60
4.3:	Design Principles for Micro-watershed Governance Institutions	62
5.1:	The 'Milk' Man of India	81
6.1:	The Kibbutz of Israel	87

6.2:	Why did the Communes in China Fail?	88
6.3:	Gambhira Cooperative: A Beacon in the Field of Collective Farming in India	89
9.1:	4-A Framework for Self-help and Empowerment	118
9.2:	Fundamental Rights of Citizens	124
9.3:	The Successful Deployment of RTI in India	125
9.4:	Exclusion to Empowerment: Case of Siddi Women in Junagadh	127
9.5:	Conscientization as a Process of Empowerment	131
10.1:	Sequential Steps of Facilitation	138
10.2:	Putting the Last First: Eliminating Outsider Biases	138
10.3:	What the Facilitator Must Know	141
10.4:	What the People Must Know	141
11.1:	Qualities of a Leader	154
11.2:	Turnaround of a 'Difficult' Sarpanch in Gudagokulpura	157
11.3:	Practical vs. Strategic Gender Needs	159
11.4:	How to Engender an Organization—Experiences of AKRSP(I)	161
11.5:	ADR Mechanisms/Processes	165
11.6:	What the facilitator must know	167
11.7:	Conflicts as Indicators of Policy Lacunae: Jurisdiction vs Equity in JFM	169
11.8:	Credibility Alliance: Setting Standards for Civil Society Organizations	173
12.1:	The Empty Seat	183
12.2:	Guidelines for Evaluating Desirability of Redundancy	184

## Abbreviations

ACR	Administrative cost ratio
ADR	Alternate Dispute Resolution
ADS	Academy of Development Sciences
AGBM	Annual General Body Meeting
AKF	Aga Khan Foundation
AKRSP (I)	Aga Khan Rural Support Programme India
AO	Appellate Officer
APARD	Andhra Pradesh Academy of Rural Development
APFAMGS	Andhra Pradesh Farmer Managed Groundwater Systems
APMAS	Andhra Pradesh Mahila Abhivruddhi Society
APR	Annual Percentage Rate
ASA	Action for Social Advancement
BAIF	Bharatiya Agro Industries Foundation
BPL	Below the Poverty Line
BSC	Behavioural Science Center
CA	Credibility Alliance
CAR	Capital Adequacy Ratio
CBNRM	Community based Natural Resources Management
CBOs	Community based Organizations
CCAs	Community Conserved Areas
CESCs	Centre for Environment and Social Concerns
CFM	Community Friendly Movement
CIGs	Common Interest Groups
CMRCs	Community Managed Resource Centres
CPR	Common Property resources
CSC	Common Service Centre
DDO	District Development Officer
DDS	Deccan Development Society
DFLs	disease-free layings
DIFD	Department for International Development
DoIT	Department of Information Technology
DRDA	District Rural Development Agency
DSC	Development Support Centre
DSCR	Debt Service Coverage Ratio

EVs	Extension Volunteers
FAAs	First Appellate Authority
FCR	Financial cost ratio
FMD	Foot and Mouth disease
FoI	Freedom of Information
FPC	Forest Protection Committee
FSS	Financial Self Sufficiency
GDC	Grassland Development Committee
Gol	Government of India
GONGOs	Government Initiated Non-governmental Organisations
GVM	Gram Vikas Mandal
GVS	Gram Vikas Samiti
HRS	Household Responsibility System
HYGBM	Half-yearly General Body Meeting
ICDS	Integrated Child Development Scheme
ICT	Information and Communication Technology
IFFCO	Indian Farmers Fertilizer Cooperative Limited
IIFM	Indian Institute of Forest management
IIMA	Indian Institute of Management Ahmedabad
IMI	Institutional Maturity Index
IRMA	Institute of Rural Management Anand
ISCICS	Irula Snake-Catchers Industrial Cooperative Society
ISRO	Indian Space Research Organization
ITC	Indian Tobacco Company
JAS	Jalanayana Abhiruddi Sangha
JBF	Jal Bhagirathi Foundation
JFM	Joint Forest Management
JLG	Joint Liability Group
JNSS	Jalanayana Nirvahana Swasahaya Sangha
KAWAD	The Karnataka Watershed Development
KMVS	Kutch Mahila Vikas Sangathan
KRAPAVIS	Krishi Avam Paristhitiki Vikas Sansthan
LICs	Lift Irrigation Cooperatives
MANAGE	National Institute of Agricultural Extension Management
MBTs	Mutual Benefit Trusts
MFIs	Microfinance Institutions
MKSS	Mazdoor Kisan Shakti Sanghathan

MoRD	Ministry of Rural Development
MSS	Mahila Swasahaya Sangha
MSSRF	M S Swaminathan Research Foundation
MVM	Mahila Vikas Mandal
MYRADA	Mysore Resettlement and Development Agency
NABARD	National Bank for Agriculture and Rural development
NAMM	Navjeevan Adivasi Mahila Manch
NCDC	National Cooperative Development Corporation
NIRD	National Institute of Rural Development
NRM	Natural Resource Management
NTFPs	Non Timber Forest Produce
NVA	Jamshetji Tata National Virtual Academy for Rural Prosperity
OCR	Operating Cost Ratio
OSS	Operational Self Sufficiency
PAR	Portfolio at risk
PCR	Personnel Cost Ratio
PGN	Practical gender needs
PIAs	Project Implementing Agency
PIO	Public Information Offices
PIs	People's Institutions
PRADAN	Professional Assistance for Development Action
PRAXIS	Institute for Participatory Practices
PRIA	Participatory Research in Asia
PRIs	Panchayati Raj Institutions
ROA	Return on Assets
RTI	Right to Information
SAGs	Self-help Affinity Groups
SCALE	Sustainable Community-based Approach for Livelihoods Enhancement
SERP	Society for Elimination of Rural Poverty
SEWA	Self Employed Women's Association
SGN	Strategic gender needs
SHGs	Self Help Groups
SPIN	Segmentary, Polycentric and Integrated Network
SURE	Society to Uplift Rural Economy
TAC	Total Administrative Cost
TGC	Tree growers' cooperatives
TISS	Tata Institute of Social Sciences

Tph	Tonne per Hour
UDHR	Universal Declaration of Human Rights
UGs	User Groups
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
VCI	Value Chain Interventions
VDCs	Village Development Committee
VFPMCs	Village Forest Protection & Management Committees
VKC	Village Knowledge Centers
VO	Village Organization
VRCs	Village resource centres
WASMO	Water and Sanitation Management Organisation
WCs	Watershed Committee
WDC	Watershed Development Committee
WDP	Watershed Development Project
WDTs	Watershed Development Team
WMIIs	Watershed Management Institutions
WSD	micro-watershed development
XISS	Xavier Institute of Social Service
YoP	Yield on Portfolio
ZS	Zilla Samakhya



## Conceptual Framework

Our understanding of Livelihood Augmentation (LA) is derived from the overall objectives of development, which have, over the years, come to mean ‘growth with social equity and stability’. The notion of ‘sustainability’ has been included as an equally important goal in the wake of the environmental movement. The idea of equality includes elimination of discrimination on the lines of caste, class, gender, and other social considerations. Hence, LA must lead to the following key outcomes:

- i. Increased income of households in target areas / communities
- ii. Diversified sources of income for the household
- iii. Reduced vulnerability to production and market risks
- iv. Increased carrying capacity of the watershed or unit area of land as a result of the above
- v. Increased equity and empowerment of the poor and marginalized
- vi. Increased participation and empowerment of women
- vii. Sustainable use of natural resources
- viii. Increased resilience of natural resources and communities to cope with changes in future, including those due to climate change

Figure 1 provides a framework showing how different groups of strategies work towards this common goal of livelihood augmentation in rainfed areas (LARA) viz.:

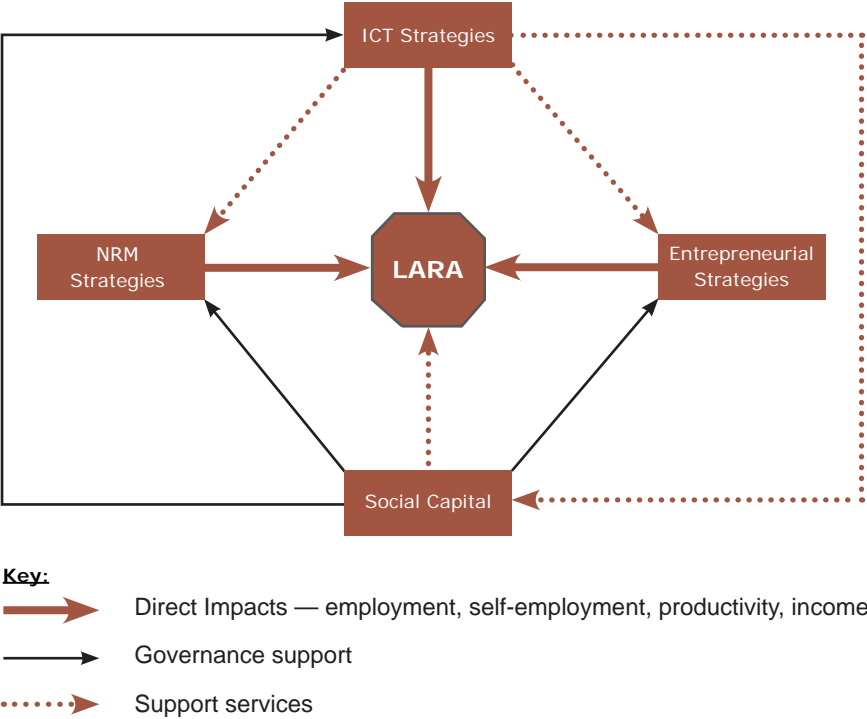
- a) Natural resource management strategies
- b) Entrepreneurial strategies
- c) Information and communication strategies
- d) Social capital development strategies

### **Natural Resource Management (NRM) Strategies**

Both historically and logically, approaches that make investments in conservation and sustainable use of natural resources are the most prevalent and serve as the starting point. The net effect of NRM interventions is to increase productivity leading to better income as well as enhanced quality of life for rural households. NRM strategies could

be built around conservation of land, water, and biomass. It would lead to increased productivity of agriculture, forests, pasture lands, livestock, and even non-farm activities dependent on these or other natural resources — such as weaving, fabric making, toy making, embroidery, etc.

**Figure 1: Framework for Livelihood Augmentation**



**Entrepreneurial Strategies**

Today helping farmers and rural artisans to secure remunerative prices have spawned a number of market interventions. In some cases, accessing distant markets has been facilitated through the process of collectivization and value addition. In other cases, social entrepreneurs themselves have worked backwards from the markets to build value chains that benefit poor artisans and primary producers. Market interventions lead to value addition and enable the primary producer to get his/her rightful share in the terminal price of the value chain.

## Information and Communication Technology (ICT) Strategies

Recent developments in the ICT sector has made it possible to open up new vistas in the service sector in rural areas. Examples include the emergence of rural BPOs and information kiosks that provide a host of e-services to farmers and other villagers. However, ICT is not just about the service sector. Its applications are so widespread that ICT has emerged as a cross-cutting force, helping to improve efficiency of all kinds of development interventions through a variety of support services. ICT provides new tools like Remote Sensing and Geographic Information Systems to enable better planning and monitoring of NRM interventions. It has made it possible to provide farmers in remote villages with farm specific agri-advisories of highly qualified agricultural experts. It has stimulated the self-help and self-employment movement through access to information and knowledge via village kiosks. It has also enabled farmers, traders and nano-entrepreneurs to benefit from access to market intelligence and alternative markets. Lastly, ICT applications have the potential to make government delivery systems more transparent and accountable by placing knowledge and information in the hands of the users.

ICT interventions have worked wherever these have effectively addressed the felt needs of the rural population, and helped cut transaction costs for both the service provider as well as the rural customer.

## Social Capital

The above interventions can become effective and sustainable only when the local communities are in charge of the development process. Over the past two decades, NGOs have successfully evolved participative tools and techniques for facilitating developmental processes and building social capital. This includes building the capacities of local communities through exposure, training and skill building, and facilitating the emergence of People's Institutions (PIs), also known as community based organisations (CBOs). PIs serve the purpose of self-governance and collective decision-making with egalitarian values such as democracy, unity, equity, gender sensitivity, and ecofriendliness. These institutions also help bring out the collective strength of marginal and scattered producers in negotiating and/or partnering with external agencies, including markets, financial institutions, technology providers, and the government.

In the process, PIs become training grounds for developing community leaders and in empowering marginal producers. Hence, social capital development can be seen both as a means as well as an end of the development process.

## Organization of the Handbook

This handbook is organised in four volumes.

- i. **Volume I** deals with experiences of improving livelihoods through investments in the natural resource base. This includes both watershed development initiatives as well as specialized NRM interventions for areas where watershed development may not be possible or even relevant.
- ii. **Volume II** provides experiences of augmenting livelihoods through market-led interventions, including interventions that address market imperfections and those that seek to tap or create market opportunities. Strategies for value-chain interventions are discussed as a special case of market-led interventions. These seek to augment livelihoods of the poor and marginalized through interventions at different nodes of the value chain by forming strategic alliances with different stakeholders/players in the chain.
- iii. **Volume III** puts together the knowledge gleaned from innovative approaches to augment rural livelihoods through the use of ICT. ICT helps to augment livelihoods, especially of the educated youth by creating new opportunities in the service sector. Although ICT applications encompass all aspects of rural life, we have focused more on those that enable creation of human capital and livelihood augmentation.
- iv. **Volume IV** dwells upon the difficult task of facilitating the creation of PIs and building the capacity of rural women and men, to implement livelihood projects. PIs help to oversee the maintenance of common assets after the completion of the project.

## How to Use the Handbook

*“I used to think I was **poor**. Then they told me I wasn’t poor, I was **needy**. Then they said needy was an expression that is self defeating, I was actually **deprived**. Then again they said deprived created a bad image, I was actually **underprivileged**. Now they say underprivileged is inaccurate. I am actually **disadvantaged**. I still don’t have a dime, but I sure have a rich vocabulary!”*

– Jules Feitter

Development academics are known for their penchant for creating jargon where there is need for none, points out Pulitzer-Prize and Oscar-winning cartoonist and novelist Jules Feitter in his inimitable style. This may be one of the reasons that puts off the practitioner from reading academic literature, which otherwise may have useful content. The authors were painfully aware of this limitation when attempting to write this handbook. One self-correcting mechanism was to have a team of writers—one a practitioner, the other an academic. Efforts were also made to persuade (or cajole!) practitioners to take a look at the draft volumes and give their reactions. Despite our best efforts to make the volumes reader-friendly, we may have not succeeded completely, especially where we have drawn upon existing theoretical frameworks. To overcome this difficulty, we have provided a glossary of technical terms at the end of each of the four volumes.

Whereas the handbook is largely written to serve as reference material for the practitioner, it may serve other purposes as well. We believe there will be four categories of readers for this handbook.

- a. The largest category comprises the practitioners, who may like to use it as a reference book.
- b. The academics-oriented practitioners and/or researchers wanting to get a more complete understanding of one or more of the four themes presented in the handbook constitute the second group. Admittedly, this group will be much smaller.
- c. A small minority may comprise individuals, who will not be satisfied with just one or two themes but will want to read the entire handbook in order to get a holistic understanding of the problems and opportunities of promoting livelihoods in rainfed areas.
- d. We expect that training and support agencies will find this handbook

useful from the training perspective. The handbook provides a large number of case studies, some of which have been already tested as training material.

## Structure of the Handbook

For all categories of readers, it is necessary to understand how the series and the book are structured.

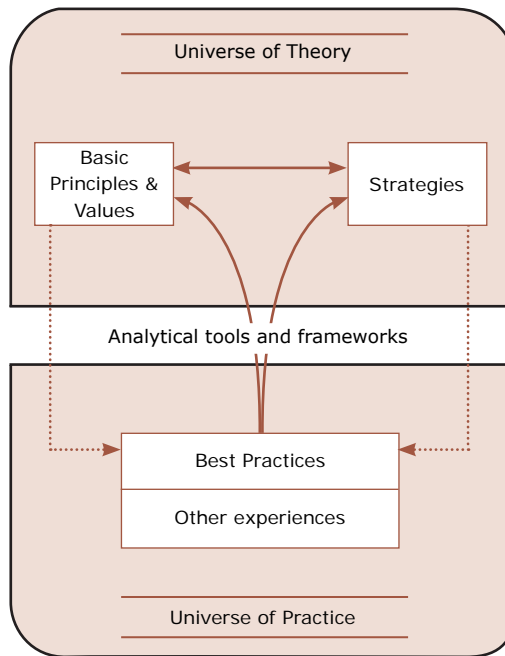
### Broad structure

There are four volumes under a common framework. The first part of Volume 1 has a detailed introduction, which is common to all the volumes. Barring this, each volume stands alone.

Each volume comprises a) selected case studies of *best practices*, b) articulation of *basic principles and ethical values* and c) description of *strategies*. It also provides an understanding of why particular strategies work better in particular situations. The basic principles and strategies are derived from analyses of the case studies and other experiences and represent the transition from practice to theory (Figure 1). The feedback loop shows that the strategies presented may stimulate more action, leading to new best practices. Depending on one's orientation, the reader can start from practice and end up with theory, or vice versa. Analytical tools and frameworks used to understand strategies are included in the theory section. Human interest stories and checklists of various types are presented as Box items.

Additional information has been provided in the Annexures, keeping in mind the need of the practitioner. The annexures of each volume includes a *glossary of technical terms*, a *resource guide* and a guide to key *resource institutions*. The Resource Guide is in the form of an annotated bibliography of other guide books and references that a practitioner may find useful to pursue a particular strategy. Several of these are in the nature of 'how-to-do' books, covering related sectors and providing technical information, beyond the purview of this handbook. A guide to Key Resource Institutions, with contact details and short descriptions of their important projects/programmes, is also included.

**Figure 1: Structure of Each Volume**



### **Volume-specific structure**

Each volume can be read as a stand-alone. It is, however, best read in conjunction with the other volumes for a more holistic understanding of the livelihood augmentation processes. The structure of the presentation varies somewhat from volume to volume, depending on the nature of content. A *navigation chart* presented at the beginning brings out the connections between different parts and chapters of the volume. The *index* at the end of each volume will help the reader to locate matter of his/her particular interest with relative ease.





# Part-1

## Understanding Social Capital



1. Introduction
2. Basic Principles and Ethical Values
3. Institutional Strategies for NRM Interventions
4. Design Principles for NRM Institutions
5. Institutional Strategies for Market-led Interventions
6. Design of Institutions in Market-led Interventions
7. Human and Social Capital for ICT Interventions
8. Design of Knowledge Value Chains
9. Social Capital as a Means of Empowerment
10. Planning and Facilitating Human and Social Capital
11. Special Issues in Facilitating PIs
12. Monitoring Performance and Sustainability of PIs
13. Summary and Conclusions

# 1

## Introduction

---

Unlike physical and financial capitals, which represent the hardware of the livelihood programmes, social capital is relatively more difficult to understand because it is less tangible and not amenable to quantification. Along with human capital, it represents the software component of any project or programme.

Among the available frameworks for understanding livelihoods augmentation, the DFID framework is the most popular (DFID, 1999). Here, social capital is one among five (the other four being physical, financial, human and natural,) that need to be developed to augment rural livelihoods. However, it is perhaps the most important and critical form of capital needed to make development inclusive and sustainable.

### Defining social capital

Social capital is a broad term, which subsumes the following:

- i. Relationships of trust, reciprocity and exchanges.* This facilitates cooperation, reduces transaction costs and could provide safety nets for the poor.
- ii. Organizations with a common purpose.* This implies membership of formal or informal groups in which adherence to mutually agreed or commonly accepted rules, norms and sanctions is a precondition.
- iii. Networks and connectedness in formal groups.* This increases the ability to work together. The linkages that groups develop with other institutions/groups as well as membership in formal networks contribute further to their institutional capacity and strength (ibid.).

In the context of rural livelihoods, the most tangible form of social capital is people's institutions (PIs). Networks are fast emerging as an important form of social capital within civil society. However, we have not tried to cover this form of social capital except where the aggregation of PIs is involved. The dynamics of network management is complex and requires a different kind of treatment, which is beyond the scope of the present volume. Therefore, the focus in this handbook is largely on PIs.

Increasingly, PIs have become the medium for people to participate in various developmental programmes initiated by the state or other external organizations.

However, a PI's role cannot be restricted to mere implementation of projects and programmes. PIs and their federations undertake myriad functions, which lead to the social empowerment of the poor as well as their economic emancipation and well-being.

Before moving further to discuss the nature and functions of PIs, it is worth noting the difference between an organization and an institution (Box 1.1).

### **Box 1.1: Difference between Organization and Institution**

Although people tend to use the word 'organization' and 'institution' interchangeably, there is a subtle difference that needs to be appreciated.

Not all organizations are institutions. An organization qualifies to become an institution when the following conditions are met.

- a) It has a vision that is understood and shared by all members of the organization.
- b) It is infused with a set of values through its rank and file.
- c) It has evolved its own set of rules, norms and sanctions.
- d) It becomes a reference point in society for the values that it stands for and for its contribution to society.

When we use the term 'people's institution' to refer to self-help groups (SHGs), other village-level committees and community based organizations, we are assuming that these organizations will distinguish themselves and contribute to social change on the basis of shared vision and values.

*Source: Scott, W.R. 1995.*

Given the diversity of functions and socio-ecological settings, it is not surprising that PIs exhibit high variability and are expressed in a wide range of hues and colours. These institutions can be informal or formally registered bodies. They may be traditional or modern, simple or complex, episodic or durable, self-organizing or crafted. Simple PIs may consist of small, homogenous groups for self-help activities. On the other hand, more complex PIs may have members from large geographical areas and include multiple stakeholder groups. They are also likely to pursue multiple goals. Crafted institutions are usually promoted by external agencies/ social entrepreneurs as opposed to self organizing institutions which evolved through indigenous efforts.

## Need for social capital

In this handbook, we have looked at three thematic areas of intervention so far, which offer scope for augmenting rural livelihoods, especially in rainfed areas:

- i. NRM-based interventions
- ii. Market based interventions including value chain interventions (VCIs)
- iii. ICT based interventions

In each of these, we found that success remained elusive in the absence of suitable social capital. Not only is social capital a cross-cutting issue for all livelihood interventions, it is also simultaneously *a means as well as an end of the development process*. Facilitation of social capital development is, therefore, a key aspect of the challenge of inclusive, sustainable development. This is particularly the case for a large number of developmental agencies that lack the expertise and skills needed for such facilitation.

As the importance of promoting PIs to plan, manage and govern developmental programmes and resources at the village level becomes abundantly clear to all professionals involved in rural livelihood programmes, the need for putting together (and distilling, when necessary) theoretical frameworks and guiding principles becomes even more important. In this volume, an attempt is made to undertake precisely such an exercise.

## Focus of the Volume

### Crafted rather than self-organizing institutions

Whereas social scientists have studied 'self-organizing institutions' in considerable depth (for example, the work of Elinor Ostrom, Nobel Prize winner for Economics in 2009, Margaret McKean, Norman Uphoff, Anil Gupta and many others) 'crafted' institutions or institutions promoted/facilitated by external agencies remains a relatively under-studied area. The work of Tushar Shah on *Catalysing Cooperatives* (1995) and Myrada's documentation of its own work in facilitating PIs are among the exceptions. We have tried to draw upon both types of literature, keeping in view the need to provide basic understanding of institutional processes. However, the overarching goal is giving strategic direction and guidance to facilitators of crafted PIs.

### Developmental rather than rights-based interventions

Developmental agencies and social entrepreneurs working for the poor and marginalized broadly follow two approaches. The 'rights-based approach', which

focuses on mobilizing people to fight and secure their rights in the face of injustice, is quite different from the 'developmental approach', in which people get organized to visualize, plan and secure their own developmental trajectories, with support and guidance from external agencies. The role of the external facilitator in the latter case is not only to build the capacities of the local communities and institutions but also to instill democratic, egalitarian and secular values that we, as a modern democratic nation, uphold.

The kind of mobilization and organization that is needed for both the approaches are very different. It follows that the facilitation skills needed in the two approaches will also be different.

Rights-based organizations often have to adopt confrontationist positions and resort to mass mobilization. The institutional strategies appropriate to such social movements have been studied since the late sixties. Gerlach and Hine (1973) found that the most common type of organization was neither centralized and bureaucratic nor amorphous but one that could be described as a *segmentary, polycentric and integrated network* (SPIN). On the other hand, the developmental approach calls for durable institutions that can deal with long-term challenges of improving livelihoods, building value chains, creating economically viable services and dealing with markets, etc.

It is for this reason that most developmental agencies opt for one or the other path, depending on their orientation and skills. However, occasionally, developmental agencies may face the unenviable situation that demands action on both fronts. For an organization to straddle both the approaches can be traumatic, especially when dealing with the state and confronting unjust policies. Confrontation on one front could jeopardize collaboration on the other. When organizations face such situations on a regular basis, the best strategy is to create separate organizations that work in tandem with each other but which are sufficiently distanced from each other so as to have their own unique identities.

Whereas the rights-based approach has an important place in a democratic society, this however, is not the focus of this volume, which looks at the institutional arrangements and social capital strategies only under the developmental approach.

### **Economic rather than socio-political institution**

PIs cover virtually all aspects of the life of a villager. These institutions can be categorized into roughly six groups, with the help of a two-by-three matrix (Table 1.1). There are three domains: a) social b) political and c) economic, each of which could contain traditional or modern institutions. The domain demarcations are not very strict because, sometimes, village-level institutions may straddle more than one domain or

stray into other domains. For example, a gram panchayat, which is a political body for local governance, may also take an active role in the economic domain in as much as government resources are routed to the village through it.

**Table 1.1: Ecosystem of Village Institutions: An Illustrative List**

Type of Institution	Social	Political	Economic
Traditional	<ul style="list-style-type: none"> <li>Jati Panchayat</li> <li>Panch</li> <li>Gaushala</li> <li>Variety of religious and cultural traditions (such as purda system for women, rules for scheduled caste)</li> </ul>		<ul style="list-style-type: none"> <li>Institutions for managing common property assets such as, village tanks etc.</li> <li>Institutions for conserving/protecting natural resources</li> <li>Institutions for sharing labour in rotation, Culturally embedded institutions for conserving biodiversity, etc.</li> </ul>
Modern	<ul style="list-style-type: none"> <li>Trusts/sociteies for social development and welfare</li> <li>Religious forums/ temple trusts</li> <li>Village development committee (VDC)</li> <li>Mahila Vikas Mandal (MVM)</li> <li>Lok Adalat</li> </ul>	<ul style="list-style-type: none"> <li>Gram Sabha and Gram Panchayat</li> <li>Political parties and their NGOs</li> <li>Farmers' Union</li> </ul>	<ul style="list-style-type: none"> <li>Primary producer cooperatives in different sectors (agriculture, fisheries, tree growing, poultry etc.)</li> <li>Producers' company under (under Amendment of 2002 of Company Act)</li> <li>Various CBOs under various NRM and anti-poverty programmes</li> <li>Section 25 Company, Mutual Benefit Trust</li> <li>Informal groups like SHGs, MVMs, Common Interest Groups (CIGs) and their federations</li> </ul>

The table shows that, traditionally, the social leaders doubled up as political leaders when they were expected to liaison with their kings/emperors for favours, payment of taxes, etc. This situation changed after the introduction of the panchayati raj system, post-independence. With the labour movement gaining movement, farmers' unions also filled this space in some states, as did political parties and their NGOs.

In this volume, we are predominantly concerned with PIs that deal with economic activities (and those that deal with natural resources, since rural livelihoods are predominantly dependent on them). Many of the traditional institutions, especially those for managing common property resources (CPRs) have either disappeared or are in a process of disintegration. On the other hand, there has been a proliferation of modern institutions for managing natural resources as various governmental and

other programmes have begun to understand the need for PIs as a means of people's participation in these programmes. Examples include watershed committees (WCs) for micro-watershed development (WSD) projects, forest protection committees (FPCs) under the Joint Forest Management (JFM) programme, and water users' associations under the Participatory Irrigation Management programme. PIs that contribute to building pro-poor value chains and knowledge value chains that serve the needs of the poor and the marginalized are also included in the new genre of institutions with economic goals.

## Creating Crafted Institutions: Strategy, Design and Facilitation Issues

### Issues of strategy

Table 1.1 show that villages have a long tradition of collective action, based on traditional norms, culture and institutions. Before entering a village, a social animator will need to familiarize himself/herself with the available social capital, which includes both traditional as well as modern institutions. Both have their unique characteristics, strengths and weaknesses. Based on initial assessment, the facilitator must decide whether to:

- a. Work with existing institutions (strengthening and/or reorienting).
- b. Revive dead or decaying institutions.
- c. Create new institutions to fill the gap in social capital.

The type of institution needed will also be determined by the objectives, the target group and the nature of activities being undertaken. Institutional strategies for NRM, market-led interventions and ICT interventions are discussed in chapters 3, 5, and 7 respectively. Notwithstanding these differences, two broad approaches or alternative strategies in empowering the rural poor through social capital can be distinguished.

- a. Creating/strengthening exclusive institutions of the poor.
- b. Creating/strengthening multi-stakeholder institutions with positive discrimination for the poor.

From the above, it may be surmised that, theoretically, there are six broad possibilities, which together constitute a typology of approaches/strategies for social capital building (Figure 1.1). The examples provided in the figure are discussed later in the volume.

More often than not, an agency may simultaneously pursue both the approaches, in which exclusive institutions of the poor may have representation in the larger multi-stakeholder institutions.

**Figure 1.1: Typology of Broad Approaches for Social Capital Building**

	Exclusive Institutions of the Poor/Marginalized	Inclusive/Umbrella Institutions of Governance
Reviving Traditional Institutions	Revival of the pata system of cultivation exclusively for women	Revival of the Oran lands in Rajasthan
Reorienting/ Strengthening Existing Institutions	Siddi women's SHG taking up micro-enterprise	Watershed Development Committee (WDC) taking up other village development activities
Creating New Institutions	Dalit WDCs promoted by Deccan Development Society (DDS)	VDC Committees promoted by AKRSP(I)

Another choice that has to be made is whether to facilitate informal or formal institutions. A beginning is often made with small self-help or affinity groups; at a later stage when these get federated or become members of a larger institution involved in significant financial transactions, a need is felt to create a legal personality for the institution. When creating formally registered PIs, institutional choice will involve deciding under which law to register the institution. Making an informed choice becomes important because creating institutions involves substantial investment in time and resources. Members must be made aware of the legal and administrative implications of managing such institutions as well as the governance model implied in each.

### Issues of design

Design principles for crafted PIs differ depending on the purpose. There are significant differences in the design of institutions when we move from NRM to collective enterprise and knowledge value chains. Therefore, the design principles for each of these are discussed separately in chapters 4, 6 and 8, respectively.

PIs need to be sustainable if they are to ensure long-term viability of livelihoods and long-term maintenance of the infrastructure created to conserve and store valuable natural resources such as soil, water and biodiversity. For institutions to be sustainable in the long run, they must develop healthy governance, and operating systems and processes that keep in view the welfare of all its members. Financial viability may be a component of certain institutions that deal with commercial activities and services. The design of institutions plays an important role in achieving sustainability.



## Issues of facilitation

Establishing a rapport with traditional social leaders often becomes a precondition for getting a 'license' to work in a given village. In such villages, traditional leaders are so powerful that they govern almost all aspects of social life. They can neither be ignored nor bypassed. On the other hand, securing their patronage can help in the establishment of new institutions and initiating livelihood activities that benefit the villagers. Sometimes, traditional leaders may impose their own terms and conditions, and facilitators must guard against the temptation to give in to these if it means compromising basic values of equity in growth, sustainable use of natural capital, transparency and accountability in the working of the institution, etc.

These and other aspects related to facilitation of PIs are discussed in more detail in Chapter 10, which deals with the facilitation process. In Chapter 11, we focus on some strategic issues related to PI facilitation such as creating a common vision, facilitating broad-based leadership, developing gender balance and developing capacity to handle conflicts and resolve disputes through internal mechanisms.

When a developmental agency has to facilitate a large number of PIs in a given geographical area, it becomes necessary to develop indicators of performance. Because sustainability of institutions is important for continued growth and development of the members, institutions need to be monitored not only on indicators of performance but also on indicators of sustainability. The issue of sustainability is, therefore, discussed in some detail in Chapter 12, which focuses on monitoring PIs as an integral part of facilitation.

## Need for Facilitating Policy Environment

The success of the self-help movement in savings and credit has compelled policy makers to take a closer look at SHGs and other PIs as viable media to reach the unreached citizens, who reside in interior rural areas cut off from mainstream society. Gradually, the idea of working through PIs to reach individual families has set in; various programmes identify these as an indispensable part of the delivery system. What would, for instance, a JFM programme be without a FPC? Or a WSD programme without a watershed development committee (WDC)?

Having an enabling policy environment is crucial for the self-help movement to mature. This implies creating a level playing ground, on which PIs can contribute to the larger economy and, in the process, create new livelihood opportunities for its members. Government departments launching participatory programmes must realize that, for the programme to succeed, the interests of the PI must be safeguarded. PIs must be

granted legitimacy under the programme through a legal contract that spells out the rights and obligations of both the parties clearly. Such contracts must be actionable and legally binding. Suitable mechanisms for settling disputes between the PI and the department must be instituted. Governmental interference in the autonomous functioning of the PI must be avoided, in order not to undermine the spirit of the contract.

It is not enough to just make provision for PIs. It is equally important to build their capacities through exposure visits, training and hand-holding. The new common guidelines for micro-WSD (GOI, 2008), for instance, have emphasized the need to build social capital in a systematic manner, having made substantial financial provisions for the same. It has even identified suitable training agencies, the services of which can be tapped.

Many state governments realizing the strength of the NGOs in working closely with people have sought their partnership in implementing such projects. Many others are yet to acknowledge that large bureaucracies are not ideally suited to facilitate the creation of social capital at the grass roots. Examples of projects that have successfully partnered with civil society and PIs include the drinking water schemes of WASMO in Gujarat, the WSD programmes of MoRD and NABARD, and the revival of tank irrigation in Karnataka through a World Bank Project.

Whereas discussing policy issues for social capital building is beyond the scope of this handbook, for the practitioner, it becomes important to keep track of the developments on this front and lobby for a more conducive policy environment.

# 2

## Basic Principles and Ethical Values

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PIs are rich in diversity, varying on the basis of size, homogeneity, purpose, domain, legal status, formality, complexity, etc. Herein lies the challenge of facilitating crafted institutions. The design principles for different forms of institutions vary. For instance, the design for CPR institutions is different from those for collective enterprise or for those providing knowledge-based services. However, based on the review of cases and literature and the authors' knowledge of the field, a few general principles and ethical values in facilitating PIs have been listed here and are elaborated separately in this chapter.

1. Development of social capital is both a means as well as an end of development. It, therefore, assumes strategic importance for all livelihood interventions. Investment in hardware should be matched by investment in software if the results are to be sustainable.
2. PIs are necessary not only to implement projects but also to serve as vehicles of growth and development, and as forums for self-governance, which implies life beyond the project. However, not all institutions are meant to last indefinitely. Some institutions may be episodic and fold up after the purpose is completed.
3. Informal institutions such as user groups (UGs), self-help groups (SHGs), common interest groups (CIGs) and affinity groups form the building blocks of this social and institutional capital. However, as these become more ambitious and wish to engage in mainstream economy in a bigger way, the groups need not only come together but also to do so under a legal banner or personality.
4. Institutions serve as a forum for collective decision-making; they, therefore, provide an ideal opportunity for fostering egalitarian values of democracy, equality, fraternity, gender sensitivity and eco-friendliness.
5. Such institutions make it possible to realize the goal of inclusive development through the practice of positive discrimination and through adequate representation of all stakeholder groups in the decision-making process.

6. Institutions that create a culture of transparency and accountability provide the ideal conditions for the development of community leadership.
7. Social capital development, in particular, the building of PIs, is highly process-intensive and requires considerable investment in human resources over an extended period of time. In effect, the PI serves as a school where all stakeholders, including the facilitators, learn and grow.
8. Institutions that aim at becoming vehicles of growth for the local community cannot function in isolation. To be effective, they must establish linkages with other institutions both within the village as well as outside.
9. PIs that aim at inclusive and sustainable development must be designed to be inclusive and sustainable themselves. Such institutions must become self-sustaining and autonomous in their functioning. Institutional processes must be monitored with indicators of institutional sustainability, in order to assess the progress made in this direction.
10. Financial sustainability is critical for institutional sustainability of most formal PIs. The institution must, therefore, be able to pick up the nuances of prudent financial management.
11. Different legal forms of institutions imply different legal and fiscal obligations. Making an informed decision regarding the choice of legal form can help in avoiding unnecessary hardships and costs in the long run.
12. Most large-scale livelihood interventions, including pro-poor VCIs, need a combination of institutions. These institutions must work in tandem and exploit the synergy between them. Making the right institutional mix and developing the right strategic partnerships between people-public-private institutions is critical for success.
13. Crafted institutions are characterized by a strong influence of the facilitating institution(s). Striking the right balance between the PI and the facilitating institution(s) is critical for the autonomous growth of the PI.
14. As in any other institution, the various elements of a PI (structure, staff, systems, shared values, etc.) must be suitably aligned with its strategy.

### **1. Social capital as a means as well as end of development**

*Development of social capital is both a means as well as an end of development. It, therefore, assumes strategic importance for all livelihood interventions. Investment*

*in hardware should be matched by investment in software if the results are to be sustainable.*

From the early eighties, when organizations such as Dryland Development Board in Karnataka were experimenting with WSD technology, it became apparent that simply creating good water harvesting structures and making good soil and water interventions did not guarantee that these would be maintained over a period of time by the people. When projects were planned with expert knowledge from outside, people did not take much interest. These works suffered from a lack of local situational knowledge, which often made the difference when choosing the right location or using cost-effective material for construction. Besides, there was no involvement because the local people did not have any stake in the activities. Their knowledge and skills were not acknowledged and they were used as casual labour.

The initial results brought home the need to involve the people right from the planning stage. Micro-watershed level PIs were designed so that people could participate in WSD projects wholeheartedly. Participatory tools were devised and used to map local situations, based on the knowledge of local people. Their preferences were taken into account in the micro-planning exercises. Efforts were made to build the capacity of institutions so that these would implement the projects. The idea of 'people's contribution' was tested and adopted widely to ensure that people's stakes were built into the project. Maintenance funds were collected during the project implementation stage through people's contributions for labour so that the funds could be used by them later, to effect repair and maintenance work on their own.

Many of these measures had the desired effect and there was a marked improvement in many places; people started taking interest and looking after their watershed structures. However, in many places the WDCs simply folded up or became dysfunctional soon after the project period was over, or after the developmental agency had 'withdrawn' from the village, in order to take up work in new villages. It was the pioneering work of agencies such as Myrada that brought home the realization that multi-stakeholder village institutions such as the WDC were fragile by nature. Further, the stakes of different groups were different and so was their power and ability to articulate their concerns. Such institutions could not be expected to last long unless propped up by external agencies.

Exploring the issue of sustainability of institutions further, Myrada realized that soon after withdrawal when people were still interested in furthering their development, the multi-stakeholder institutions broke up into their natural components of small homogenous stakeholder groups or affinity groups with a common purpose. Myrada began to work on strengthening these groups. Thus, the idea of SHGs

as basic units of village-level institutions began to take shape (Fernandez, 1994). Subsequent work on the empowerment of marginalized groups and women led to the self-help movement, which has spread to every nook and corner of the country and compelled formal systems to take cognizance of them when planning livelihood programmes.

The experiences of a large number of NGOs and a few GONGOs (Government initiated NGOs such as WASMO in Gujarat, KAWARD in Karnataka, SERP in Andhra Pradesh) have brought out the importance of making substantial investments in the software component of projects and programmes so that the investments in hardware components bear fruit.

## **2. Roles of episodic and durable people's Institution**

*PIs are necessary not only to implement projects but also to serve as vehicles of growth and development, and as forums for self-governance, which implies life beyond the project. However, not all institutions are meant to last indefinitely. Some institutions may be episodic and fold up after the purpose is completed.*

One reason that PIs became popular with policy makers and programme designers was that these helped bring down the transaction costs dramatically. Implementing projects became easier because many tasks could be delegated to the PIs. Indeed, many programmes did not have a vision for the PIs beyond the project period, which was usually not more than 3–5 years. On the other hand, NGOs such as AKRSP(I) and Seva Mandir, which had a long term vision for their Village Development Committees (VDCs) were able to build up the capacities of these village-level institutions so that they could take up projects for village development from different sources, as and when these were accessed. VDCs were umbrella institutions that worked for the development of the village in a variety of sectors, including economic and welfare sectors such as health and education. These institutions have survived over more than two decades and continue to serve the developmental need of the village.

## **3. Informal people's institutions as building blocks of social capital**

*Informal institutions such as user groups (UGs), SHGs, common interest groups (CIGs) and affinity groups form the building blocks of social capital. However, as these become more ambitious and wish to engage in mainstream economy in a bigger way, the groups need not only come together but also to do so under a legal banner or personality.*

As seen earlier, several NGOs such as Myrada 'discovered' that small, homogenous

groups with common interest could become the building blocks for social capital in a village and also help to empower the socially marginalized (including women and dalit groups) and economically impoverished groups such as landless labourers, and marginal farmers. Names such as CIG and Self-help Affinity Group (SAG) reflect the ethos of these groups.

Most of the SHGs started with a savings activity and graduated to internal loaning followed by linkage with banks for formal credit. Over subsequent cycles of lending, they proved to the formal sector that the 'poor were bankable', with on-time repayment levels of more than 90% being the rule rather than an exception, and even without the conventional reliance on collateral. A major change of heart was initiated in the formal banking sector with NABARD initiating the shift through its circulars. When the SHGs began to proliferate, the need to develop systems to strengthen these and build capacities to take up other developmental functions began to surface. The aggregation of SHGs at the cluster, block and district levels became the norm. However, different developmental agencies came up with their own models of aggregation, some working towards economic self-reliance at the system level, some serving as support agencies to strengthen grass-roots SHGs and still others taking up social issues such as alcoholism and atrocities on women. Whereas grassroots SHGs could afford to remain informal by nature, at an aggregate level, it became essential and a felt need to register federations and give these a legal identity. This became evident when such federations became responsible for large financial transactions and, in turn, became responsible to large number of poor women and men. A study of SHG federations in India by Reddy et. al. (2007) shows five different models of aggregation. These aspects are discussed in more detail in Chapter 3.

At the village level, when representatives of SHGs, CIGs and UGs were organically linked to the WDCs or the VDCs after a period of, say, two years, they began to participate in the village-level institution in a more effective manner. Whereas earlier they were unable to make their voices heard, now having gone through a process of empowerment, they were able to articulate their preferences and needs and participate more effectively in village-level decision-making processes.

In regions with highly skewed social relations, marginalized sections and women get a head-start by organizing themselves into small groups in which they learn to manage things on a small scale and develop self-confidence before they are ready to participate in the mainstream decision-making forums at the village level. Several organizations such as MYRADA and AKRSP(I) have adopted this strategy and found it to be the main reason for the increased participation of the marginalized, the poor and the women in village-level forums, including WDCs, VDCs and gram panchayats.

#### **4. Fostering democratic and egalitarian values through PIs**

*Institutions serve as a forum for collective decision-making; therefore, these provide an ideal opportunity for fostering egalitarian values of democracy, equality, fraternity, gender sensitivity and eco-friendliness.*

Crafted institutions provide a unique opportunity for infusing modern, democratic and egalitarian values into traditional communities and, in the process, bringing them into the mainstream. That even sixty years after independence, in many pockets of the country, it is not uncommon to find a semi-feudal system in operation is a matter of regret. The oppression of women and the discrimination of people on the basis of their birth/caste are still widespread in many rural areas. Traditional social institutions such as the khap panchayats in Haryana will stop at nothing, including murder, to prevent inter-caste marriages, as seen in several reports in the press (See, for instance, Mullick and Raaj, 2007).

When modern PIs are run on the principles and values of social justice, democracy, equality, gender sensitivity and eco-friendliness, over a period of time, the members and their leaders begin to imbibe these values. This has a rub-off effect on traditional institutions as well. Values, however, do not change overnight. Nor is it sufficient to set up an institution in charge of an economic activity, leaving the social dimensions entirely to the local leadership. Many milk cooperatives in semi-feudal societies, for instance, simply mirror the traditional social relations that existed in the village, prior to the cooperative. Such cooperatives are, in effect, reduced to mere milk collection centres. In the process, a valuable opportunity to bring about social change is lost.

#### **5. PIs as a vehicle for inclusive development**

*Modern crafted institutions make it possible to realize the goal of inclusive development through the practice of positive discrimination and through adequate representation of all stakeholder groups in the decision-making process.*

Following from the above, social change at the village/hamlet level can only be realized if the marginalized stakeholders get adequate representation, their capacities are built so that they may be able to participate effectively in the deliberations and the institution pursues a policy of positive discrimination towards socially and economically marginalized groups, including women. In a few cases, when traditional social norms and culture militate against the egalitarian values proposed in the new institution, the social viability of the institution comes into doubt.

In such situations, some NGOs have adopted the strategy of working first with the marginalized groups to strengthen them before working with the entire village



community. Examples include exclusive Vankar cooperatives promoted by Behavioural Science Centre (BSC), Ahmedabad, in coastal saline region of Cambay, exclusive dalit watersheds promoted by Deccan Development Society (DDS) in Andhra Pradesh and several other NGOs that work exclusively for the uplift of the dalits (for example, Unnati and Navsarjan Trust) or women (for example, Anandi, Kutch Mahila Vikas Sangathan—KMVS, Udyogini) in rural society. Needless to say, working with exclusive marginalized groups is not easy because it earns the ire of the dominant caste/class, which more often than not tries to reverse the changing social equations through further acts of repression or violence.

## **6. Fostering community leadership through PIs**

*PIs that create a culture of transparency and accountability provide the ideal conditions for the development of community leadership.*

PIs differ from other organizations in their structure and accountability. Whereas private organizations are accountable to shareholders and donors, and public organizations to the state, PIs, which are patronage organizations, are accountable to their members. The members of PIs are all from the local community; the institution, thus, becomes not only an arena for action but also a school for training potential leaders. Institutions that maintain a culture of transparency and accountability to its members, therefore, become ideal training grounds for community leadership.

Small SAGs and SHGs, which are the building blocks for larger village-level institutions, provide a unique opportunity to ordinary members for empowerment through a process of capacity building. They learn to become accountable to their fellow members through a process of transparency and mutual accountability. This form of leadership is a collective or group leadership, in which members learn from each other and draw upon each others' skills. Such a leadership is to be preferred to the charismatic leadership of individuals, who are always in short supply and are often difficult to hold accountable.

Reflecting on this process of capacity building in small credit groups (SHGs) promoted by Myrada, Fernandez (1994) states in his 'green book'<sup>1</sup>:

“The members of credit groups acquired considerable management experience while conducting the affairs of the SHGs. They learned to set priorities, to take decisions and risks, to draw up rules of behaviour, to resolve conflicts and to apply sanctions effectively for non-compliance. They learned the art of cooperation. They acquired the skills required to sustain cooperation and to set up and maintain the systems necessary (like records) to make cooperation a regular behaviour pattern—in a word to institutionalize cooperation. These skills and systems are absolutely necessary for managing the resources of a watershed.”

When such credit groups are federated, tremendous opportunities for leadership to grow are thrown up.

### **7. PI as a learning ground for all stakeholders**

*Social capital development, in particular, building of PIs is highly process-intensive and requires considerable investment in human resources over an extended period of time. In effect, the PI serves as a school where all stakeholders, including the facilitators, learn and grow.*

Building PIs is highly process-intensive. This is because the institution itself becomes a school or a learning ground for all members. Many of the members may be illiterate and most would not have had the opportunity to take the kind of management decisions that they would now take as part of a collective. Prof. Ravi Matthai, the first director of IIM-A, a leading business management school in India, spent his years of retirement (during the early eighties) organizing chamars (a scheduled caste specializing in leather work) in a remote village in Rajasthan called Jawaja. He documented his experiences of facilitating the learning process in the Jawaja leather workers' association in a book, aptly titled *The Rural University* (See Box 2.1).

#### **Box 2.1: The Rural University: Jawaja Experiment in Educational Innovation**

“The Rural University assumes that the development of rural India will occur, not through mere target-oriented plans but through the development of people. Development activities without the deep involvement of people are without foundation...People must learn to help themselves, to help others, to help their community and to help other communities. Self-reliance and mutuality are basic to the idea of the Rural University.

“The University is a locator, enabler, provider and organizer of learning spaces wherever the opportunities of learning might exist or be created (emphasis ours). These spaces might be a villager's hut, round a well, a roadside, a field, a village meeting place, etc. Learning in this University can occur anywhere.

“The University is concerned with people of all ages, all castes, professions, vocations, but its main initial thrust is directed towards the disadvantaged for whom learning can be the base from which they might extricate themselves from the web of circumstance which has held them economically and socially captive.

“There are no teachers and taught as in the exclusive traditional roles of formal education. All members of the University are involved in learning and helping others learn. The boundary of membership is indistinct but the University community grows organically by sharing the experiences of learning. This University as an idea can only grow with people. Its growth depends on its extensibility, on whether a villager will help another villager, a

village will help another village, a caste will help another caste. It will depend on the desire to learn and the sense of mutuality that can be developed amongst those in the organized infrastructural institutions and between them and the rural communities...The community of members does not have a formal identity. If a sense of identity develops it will emerge from the realization that a common bond exists having shared learning spaces which they helped create.

“Together they have learned of the usefulness of life and living. They have learned from each other what is useful to the other and they learn how to learn more as the circumstance change. They learn technologies, how to manage their affairs, how to create bridges of mutual help between individuals and groups. They learn about societies beyond the limits of their past experiences, of institutions and processes which will enable them to

establish links with the world beyond their immediate environment. They learn about urban and metropolitan markets, about supply and demand, of products, design, and pricing. They learn to cost their activities and keep accounts. They learn about financial institutions and the banking habit. They learn about government systems, educational and research institutions and in establishing links with them they learn from their experiences as to how these links can help them grow. They also learn about their own immediate circumstances; their economic vulnerability, the pressures of caste and social customs, the structure and processes of social, economic, political and religious systems and how these systems influence their lives. They learn the value of working together. They learn that trust and not suspicion is a necessary condition for their own development, and yet to discriminate between the commonality and conflict of goals. They learn that the autonomy they require in order to build themselves is only as real as is their regard for the autonomy of others to build themselves. All this they learn by doing.”

*Source: Matthai, Ravi J. 1985, pp 9–12*

Fr. J.M. Heredero<sup>2</sup>, a contemporary of Matthai and Fernandez, set up a team of professionals in BSC, to create cooperatives of the Vankars, a Scheduled Caste in a semi-feudal society in the coastal area of Gujarat called Bhal. Elucidating the process of awareness building and empowerment that BSC had adopted in the early eighties, Heredero described the Vankar cooperative in terms similar to those of Matthai's.

“The cooperative is a school in which new learning can take place on technological, managerial, social and political issues as the occasion demands.

“The cooperative offers a unique structure from which the main obstacles to learning have been removed: there is no dichotomy between the teacher and the taught because in the cooperative, everybody learns and everybody teaches as the problems

of production, labour or management are faced by all together. The subject matter is not irrelevant; because it deals with the problems the people face here and now. The learning and therefore the knowledge acquired is not alienating nor does it lead to a fragmented existence (knowing more and more about less and less) because it deals with every aspect of the people's lives." (Herederer, 1989)

Working with human beings is not the same as working with inanimate objects and natural resources. Familiarity with the local culture and language is a precondition. A lot of spadework is needed before a facilitator can initiate the formation of a PI in a village. Arriving at a shared vision for the institution and how it will be governed takes a series of consultations. Here again, care has to be taken not to miss out identifying the marginalized groups and getting the groups to articulate their needs. Understanding social equations makes it possible to figure out which groups of stakeholders will be willing to collaborate with others. The entire process follows an institutional cycle, characterized by four stages.

- a. Exploratory and assessment stage
- b. Initiation/Engagement stage
- c. Implementation and growth stage
- d. Disengagement/Withdrawal stage

Simple institutions such as SHGs with limited objectives may take relatively less time and effort to initiate compared to complex institutions that have multiple stakeholder groups and multiple objectives such as a river-basin stakeholders' forum. In either case, these groups may need sustained support to meet the different challenges each faces during their journey of empowerment until such time that a group becomes confident of carrying out day-to-day functions and making strategic decisions on its own. When this happens, the institution will reach the stage of, to use a phrase coined by Prof Ravi Matthai, 'earned autonomy'. In complex organizations, this could take several years to happen. These and related issues are discussed in more detail in the chapters on facilitating crafted institutions and on the sustainability of institutions.

### **8. Developing linkages with other institutions**

*Institutions that aim at becoming vehicles of growth for the local community cannot function in isolation. To be effective, they must establish linkages with other institutions both within the village as well as outside.*

Most institutions are like social animals. In a rapidly globalizing society, PIs cannot be expected to operate in isolation. The only exception seems to be the traditional Common Property Resource (CPR) institution, which does not need external support because the members themselves provide the resources for the maintenance of the

CPR. They will continue to provide these resources as long as they are able to derive benefits from the CPR or envisage benefits for the environment and future generations. For most other PIs, including those that have commercial objectives, the need to engage with external resource institutions becomes inevitable. These institutions may be banks that provide the much-needed credit or technology institutions or players in the market. There are also village-level institutions such as the panchayat, other UGs and village development institutions with which the PI may need to deal with from time to time. Learning to establish mutually beneficial linkages and learning to negotiate with external institutions is very much part of the social capital building process. A newly established fledgling PI may have to rely on the facilitating institution initially to establish some of these linkages but, over time, it will be able to negotiate on its own terms.

### **9. Monitoring institutional sustainability**

*PIs that aim at inclusive and sustainable development must be designed to be inclusive and sustainable themselves. Such institutions must become self-sustaining and autonomous in their functioning. Institutional processes must be monitored with indicators of institutional sustainability, in order to assess the progress made in this direction.*

The progress towards institutional sustainability can be measured simply by mapping the actors-functions matrix at different stages of the institution. If the institution is making progress in becoming self-sustaining and autonomous, the matrix will show that a number of functions that were earlier being carried out by the facilitating institutions are now being handled by the PI independently. PIs may continue to rely on the support of the facilitating agencies in times of crisis and for sector developmental activities. Hence, its relationship with the facilitating agency changes over time but does not end with the withdrawal of the facilitator from the day-to-day affairs of the PI.

Many NGOs, who believe in this approach, have developed indicators of institutional maturity or indicators of institutional performance to monitor the progress of the institutions. Whereas these indicators are useful, the authors think that it may be relevant to monitor PIs also from the viewpoint of institutional sustainability. The issue of institutional sustainability is discussed in greater detail in Chapter 12, in which a set of indicators to monitor the same has been proposed.

### **10. Financial sustainability of PIs**

*Financial sustainability is critical for the institutional sustainability of most PIs. The institution must, therefore, be able to pick up the nuances of prudent financial management.*

Most modern institutions engaged in commercial activities or in promoting livelihoods will need to worry about financial sustainability in order to survive over time. At least a few members, who enjoy the trust of the general body, must pick up the nuances of prudent financial management. This includes the creation of funds through member savings and/or contributions, leveraging funds from external sources, and investing the funds in ways that keep pace with inflation. In large federated PIs, which are registered bodies, professional financial managers may be hired.

### **11. Selecting an appropriate legal personality**

*Different legal forms of institutions imply different legal and fiscal obligations. Making an informed decision can help in avoiding unnecessary hardships and costs in the long run.*

In 2007, the first author had the opportunity to co-facilitate an e-discussion with Sankar Dutta, the CEO of The Livelihood School on the Solutions Exchange Network, UNDP. The discussion focused on institutional choices made by facilitating agencies for market-led interventions. The discussion showed that, barring a few, a majority of the NGOs had not given sufficient thought to the legal and financial implications of making a particular choice for a PI. This is one area where the people rely on the advice of their facilitating agency in order to make an informed decision. Since investing in an institution is a long-term decision, making inappropriate choices can prove costly because switching from one form of institution to another is difficult. One way to avoid costly course corrections is to be clear (to the extent possible) about the role and functions of the proposed PI. It also helps to collect information on the legal and administrative requirements of different types of institutional forms so as to be able to take an informed decision.

In financial institutions, this becomes all the more important. Realizing this need, SaDhan (2006) carried out a study, which discusses in detail the pros and cons of selecting a particular form of institution such as mutual benefit trust, non-banking financial institution, Section 25 company, Society or Trust (Annexure 4). Similar studies are needed for institutional choice in market-led interventions.

### **12. Determining appropriate combination of institutions for complex interventions**

*Most pro-poor VCIs need a combination of institutions. These institutions must work in tandem and exploit the synergy between them. Making the right institutional mix and developing the right strategic partnerships between people-public-private institutions is critical for success.*

Pro-poor VCIs offer scope for the poor to participate in more than one node of the value chain. Depending on the nature of the function, different types of PIs may need to be created. For the remaining nodes, these PIs will need to forge strategic partnerships. Knowledge value chains that offer livelihood support services to the rural poor also call for investment in strategic partnerships and networks of various types. Managing the institutional processes becomes key to the success of such interventions. This aspect is discussed in more detail in chapters 6, 7 and 8.

### **13. Balancing relationship between PI and the facilitating institution**

*Crafted institutions are characterized by the strong influence of facilitating institutions. Sometimes, there may be more than one such institution. Striking the right balance between the PI and the facilitating institution(s) is critical for the autonomous growth of the PI.*

One of the skills that a facilitating institution must acquire is the art of maintaining the right distance from the PI that it is helping to grow through a process of capacity building. If the facilitating institution is too overbearing, it may inhibit the growth of the institution. The role of the facilitator should be seen as one of an enabler and a guide, and the ultimate decision should be left to the members of the PI. As the PI develops the skill to take care of the day-to-day operations, the facilitator should withdraw, allowing the PI to earn its autonomy. Even after such withdrawal from the normal functioning of the PIs, the facilitating agency may need to continue its role as a friend, philosopher and guide. There will be several sector developmental functions such as research, policy advocacy and search for new technology, which the PI would not be in a position to do on its own and for which it would need the support of the facilitating agency, over an extended period of time. The process of withdrawal (disengagement) is perhaps as important as the processes of initiation and implementation (engagement) and needs to be planned for in advance (Geevan 2009, Heredero, 1989). We discuss these issues in detail in Chapter 10.

In large participatory programmes initiated by government departments, the power balance is highly skewed between the department and the village-level PI. Lack of trust in the PI, manifested in the form of non-delegation of financial authority, imposing decisions on the PI and other unilateral decisions of the facilitating organization, can rob the PI of its autonomy, making it dependent rather than self-reliant. Hence, facilitating agencies must be acutely aware of their influence on the institution that it is facilitating.

### **14. Aligning various institutional elements with strategy**

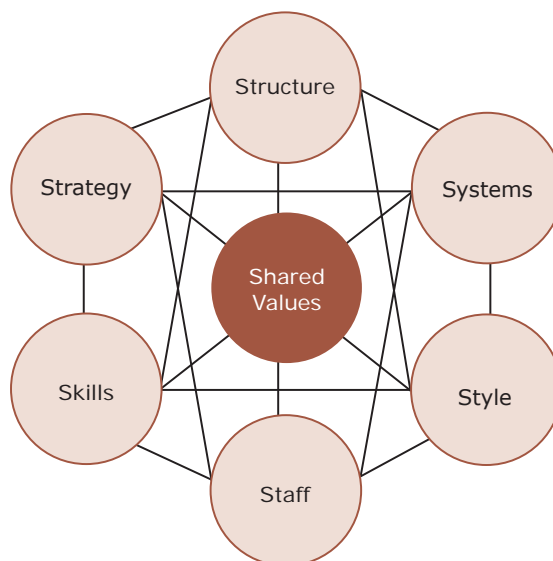
*As in the case of any other institution, the various elements of a PI (structure, staff, systems, shared values, etc.) must be suitably aligned with its strategy.*

A strategy is of little use if it cannot be implemented. For this, it must be suitably aligned with a number of other elements of the institution. The 7 S Framework developed by researchers within McKinsey,<sup>3</sup> a global management consultancy, in the early eighties captures this aspect of organizational efficiency very well (Figure 2.1). The McKinsey 7 S model is one that can be applied to assess the effectiveness of almost any organization or team. If something within one's organization or team is not working, chances are there is inconsistency between some of the elements identified by this classic model. Once these inconsistencies are revealed, one can work to align the internal elements to make sure they are all contributing to the shared goals and values.

The seven elements described in this model are:

- **Strategy:** The plan devised to maintain and build competitive advantage over the competition.
- **Structure:** The way the organization is structured, and who reports to whom.
- **Systems:** The daily activities and procedures that staff members engage in, to get the job done.
- **Shared Values:** Called 'super-ordinate goals', these are the core values of the company that are evidenced in the corporate culture and the general work ethic.
- **Style:** The style of leadership adopted.
- **Staff:** The employees and their general capabilities.
- **Skills:** The actual skills and competencies of the employees working for the company.

**Figure 2.1: The 7 S Model**





Box 2.2 presents a set of questions that can be used to assess the congruence between the 7S in a given institution

### **Box 2.2: The 7S Checklist**

Here are some questions that a practitioner can use to understand the institutional situation, in terms of the 7 S framework. These questions are helpful in analyzing the existing situation (point A) and moving to a proposed situation (point B).

#### **Strategy**

- What is our strategy?
- How do we intend to achieve our objectives?
- How do we deal with competitive pressure?
- How are changes in customer demands dealt with?
- How is strategy adjusted for environmental issues?

#### **Structure**

- How is the company/team divided?
- What is the hierarchy?
- How do the various departments coordinate activities?
- How do the team members organize and align themselves?
- Is decision-making and controlling centralized or decentralized? Is this as it should be, given what we are doing?
- Where are the lines of communication? Explicit and implicit?

#### **Systems**

- What are the main systems that run the organization? Consider financial and HR systems as well as communications and document storage.
- Where are the controls and how are they monitored and evaluated?
- What internal rules and processes does the team use to keep on track?

#### **Shared Values**

- What are the core values?
- What is the corporate/team culture?
- How strong are the values?
- What are the fundamental values that the company/team was built on?

#### **Style**

- How participative is the management/leadership style?
- How effective is that leadership?
- Do employees/team members tend to be competitive or cooperative?
- Are there real teams functioning within the organization or are they just nominal groups?

### **Staff**

- What positions or specializations are represented within the team?
- What positions need to be filled?
- Are there gaps in required competencies?

### **Skills**

- What are the strongest skills represented within the company/team?
- Are there any skills gaps?
- What is the company/team known for doing well?
- Do the current employees/team members have the ability to do the job?
- How are skills monitored and assessed?

Institution builders need to take care of each one of these elements. Because these are all inter-dependent and connected, failure on even one can bring the others crashing down.

*Source: Peters and Waterman, 1978*

## **End-notes**

1. Myrada brought out a set of three books based on its experience in promoting PIs and working with government in WSD projects. The green book focuses on PIs for micro-watershed management. The blue book is about experiences in promoting SHGs whereas the red book describes experiences in working with government.

2. Fr. J.M. Heredero is a Jesuit priest, who established BSC as part of the St Xavier's Social Service Society, Ahmedabad, during the late seventies along with three other professors of the St Xavier's College, Ahmedabad. BSC's creative adoption of Paulo Freire's pedagogy to the Indian situation, in dealing with caste-based social discrimination, must certainly count as one of its most important contributions to developmental pedagogy.

3. The 7 S Framework first appeared in *The Art of Japanese Management* by Richard Pascale and Anthony Athos in 1981. They were looking at how the Japanese industry has been so successful, at around the same time that Tom Peters and Robert Waterman were exploring what made a company excellent. The 7 S model was born at a meeting of the four authors in 1978. It went on to be mentioned in *In Search of Excellence* by Peters and Waterman, and was taken up as a basic tool by the global management consultancy, McKinsey. It is sometimes known as the McKinsey 7 S model.

# 3

## Institutional Strategies for NRM Interventions

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### Introduction

As seen earlier, the eco-system of PIs at the village level comprises both traditional and modern institutions, each with its own unique strengths and weaknesses. Although traditional institutions for NRM are on the decline whereas there is a proliferation of modern institutions, many of the former still perform valuable functions and offer useful insights for the working and design of self-organizing institutions. We begin this chapter, therefore, with a brief discussion on traditional and modern institutions before moving on to institutional strategies for NRM interventions.

### Traditional vs Modern Institutions

Modern institutions differ considerably from their traditional counterparts. The German social scientist P. Tonnies drew attention to the fundamental differences between traditional (Gemeinschaft) and modern (Gessellschaft) institutions. Gessellschaft is defined as a group of people characterized by a high degree of individualism, impersonality, contractualism and proceeding from sheer interest. In contrast, Gemeinschaft refers to a community encompassing all forms of relationships, characterized by a high degree of personal intimacy, emotional depth, moral commitment, social cohesion and continuity in time (Nisbert, 1966, in Heredero, 1989). The latter is sacral, traditional and wedded to a total way of life whereas the former is flexible, future-oriented, secular and limited in its scope.

Drawing upon this typology but contextualizing it in the Indian situation, the differences between traditional and modern institutions may be summarized as in Table 3.1. The basic difference between the two forms is in the value systems. Wherever the traditional system draws upon the caste ideology, it is usually male-dominated. There is scope for consensual decision-making but consultations are held only within the leadership. Modern institutions seek to institutionalize modern values of a secular democratic society. The traditional system is sustainable by design because it is based on leadership through inheritance. In modern institutions, sustainability has to be built into the design. Second- and third-generation leaders have to be nurtured carefully to ensure sustainability.

**Table 3.1: Comparison between Traditional and Modern Institutions in India**

Criteria	Traditional	Modern
Nature of relationships	High degree of personal intimacy, affective states, habits and traditions	High degree of individualism; Brought together by unity of purpose and shared vision of development/growth
Commitment	Moral	Contractual
Motivation	Social cohesion and continuity in time	Proceeding from own volition, that is, sheer interest
Espoused (stated) norms and values	Sacral, traditional, rigid Male-dominated Emphasizing communal harmony and equitable growth, though notions of equity are coloured by caste ideology in most areas other than tribal Wedded to a total way of life Usually strong respect for nature and sustainability values, including concern for future generations	Flexible, secular, democratic, inclusive Gender-sensitive Emphasizing common goals and vision of equitable development for all members Limited in scope, depending on the objectives of the institution Committed to the sustainable use of natural resources
Leadership	Through inheritance	Based on knowledge, skills, attitude and acceptance within the community
Autonomy	Total	Strong influence of external agencies, especially during the formative stages
Power and Influence	Very powerful—extending over all aspects of social life Can use powerful social sanctions such as social ostracism Power based mostly on social status but could also include leadership traits	Power limited to domain and not to social life Can expel a member from the institution but cannot ostracize from the community Social status not the only consideration; knowledge, skills and leadership traits more important
Governance	Hierarchical, scope for consensual decision-making restricted within the leadership	Democratic, representative, consensual decision-making considered important
Sustainability	Sustained by tradition and passing down of leadership from father to son.	Sustainability has to be built into the design of the institution. Transparency and accountability important considerations. Conscious effort to nurture second- and third-generation leaders.

Both traditional and modern institutions can co-exist and preserve their distinct identities. More importantly, both have a strong potential to influence and learn from each other (Heredero, 1989). In fact, when modern institutions are initiated in traditional settings, the fusion of values is inevitable and, often, the resultant institution has imbibed the characteristics of both. Often, we find the interlocking of institutions on account of common leadership. In such cases, the scope for influencing traditional institutions, leaders and norms through modern institutions is truly great.

In this chapter, our focus is restricted to only those traditional and modern institutions that engage in NRM. We will now discuss these with a few suitable illustrations.

## Traditional Institutions for NRM

A fascinating variety of traditional institutions exist in the economic/ecological domain (Table 3.2). The influence of these is more pronounced in the interior areas that are not yet affected by modern civilization and modern education in the western mould, which trends to discount traditional knowledge and wisdom.

Although traditional NRM institutions cover a number of functions, as shown in the table, these can broadly be classified under the following groups:

- a. CPR institutions
- b. Culturally embedded norms, beliefs and institutions
- c. Reciprocity arrangements in the use of natural resources

### CPR institutions

CPR institutions are of the greatest interest to developmental practitioners because these show how definite natural resources can be self-managed on a sustainable basis by definite groups of people. Traditional CPR institutions are found in most parts of the world. Riya Sinha et. al. (1997) carried out a meta-analysis of over 70 studies of CPR institutions from across the globe. In Table 3.2, we have tried to draw upon examples from our own country. CPR institutions were found to meet the following purposes:

- Resource maintenance
- Resource protection and conservation
- Sustainable use of resources, including the collective restraint on the use of common resources during stress conditions
- Risk management during outbreak of diseases
- Risk management to cope with scarcity during lean years

Whereas most of the CPR institutions are either seasonal or perennial in nature, the

**Table 3.2: Traditional Institutions for NRM: Typology and Examples**

Institution Type	Purpose	Example	Duration	Level
CPR institutions	Resource maintenance, sharing and sustainable use	- Management of community bulls and community pasturelands in the arid lands of Rajasthan and Gujarat (Chand, 1994)	Perennial	Village, hamlet or group
		- Management of common tanks in Karnataka (World Bank, 2009)	Seasonal	
		- Traditional water users' associations such as the khools of Bhutan and the gonchi system of Andhra Pradesh (Kolluru, n.d.)	Seasonal	
		- Randomization rules for hunting, as in the chenchu tribe of Andhra Pradesh (Gupta and Gangadharan, 1982)	Seasonal	
		- Rotational grazing (as in Rajasthan) and quota system for fishing in many fishing communities (Jodha 1996)	Perennial	
	Resource protection/ Conservation	Sacred groves in various states (Honey Bee 2000), Oran lands of Rajasthan (Best Practices, this volume, Part 2)	Perennial	Village
	Risk management during outbreak of diseases	- Quarantine institutions to prevent spread of disease in cattle in North Gujarat (Box 3.1)	Episodic	Village/ Clusters
	Risk management to cope with crop failures and lean years	- Kallar system of community fodder bank in Kutch, grain bank, seed bank in various parts of the country (Pastakia, 2004)	Perennial in drought prone areas	Village/ Hamlet
Culturally embedded Institutions	Resource protection/ Bio-diversity conservation	- Sacred rivers such as the Ganga and the Narmada, sacred trees such as the pipal and the asan, etc. (Maneka Gandhi, 1989)	Perennial	Society
		- Beej Khatni Tyohar (seed selection festival) in Madhya Pradesh and Chhattisgarh (Box 3.2)	Seasonal	
		- Plants used in Ganesh Pooja (Khedkar and Kareem, 1997)	Annual	
		- Community sharing of herbal tonic—an annual ritual reported from a tribal village in Surat, Gujarat (Honey Bee, 2000)	Seasonal	
		- Pata system of cultivation of vegetables, pulses and medicinal crops in small patches, exclusively reserved for women, in Maharashtra (Box 3.3)		

Continued...

Institution Type	Purpose	Example	Duration	Level
	Welfare institutions for sentient beings	<ul style="list-style-type: none"> <li>- Institutions of panjrapol and gaushala in Gujarat, which look after sick and dying domestic animals, especially cattle</li> <li>- Organizing of parabs (free drinking water points for human beings) and hawada (drinking water points for cattle) during drought in Gujarat</li> </ul>	<p>Perennial</p> <p>Episodic; perennial in desert areas</p>	Village/Cluster
Reciprocity	Labour sharing	- Various systems of collective labour on a rotational basis	Seasonal	Hamlet
	Resource sharing	<ul style="list-style-type: none"> <li>- Migrant shepherds camping overnight on a farmer's field get local hospitality in exchange for the manure they leave behind in the field (widely practised in western states of India)</li> <li>- Herders, who migrate out to take care of the village cattle during drought, get rewarded with one heifer per family on returning<sup>1</sup> (Surendranagar, Gujarat)</li> <li>- Gleaning rights of duck raisers (allowed to feed on insects, etc.) in paddy fields on condition they do not damage the paddy flowers in Indonesia. Farmers benefit from natural pest control (Vondal, 1984).</li> <li>- Variety of share-cropping arrangements all over India</li> </ul>	<p>Seasonal</p> <p>Episodic</p> <p>Seasonal</p> <p>Seasonal</p>	<p>Region</p> <p>Village</p> <p>Village/hamlet</p>

example of quarantine institutions (Box 3.1) shows that institutions can also be episodic having been designed precisely for a specific condition or risk. The institution remains dormant most of the time but is activated when the situation of risk arises. Significantly, all these institutions are applied either at the hamlet, village or inter-village levels. Hence, these tend to be highly location-specific.

These institutions bring out the traditional wisdom of local communities, which devised rules for the sustainable use and harvest of natural resources and maintenance of common property through contributions (in cash, kind, labour, etc.) by members.

### Box 3.1:

#### Traditional Episodic Institution for the Quarantine of Diseased Cattle

##### Setting

Sembalpani and nearby villages, viz., Padilaya, Bida and Guda in Danta taluka, Banaskantha district are inhabited mostly by pastoralists, locally known as charvah or maldhari. The maldharis do not possess any land. They rely mainly on the forests to support their livestock (cows and buffaloes). Modern veterinary facilities are nonexistent in the area; therefore, farmers rely on local knowledge and resources, to treat the animals affected by the disease.

Foot and Mouth disease (FMD) occurred very frequently in these villages. The disease has a cycle of twenty days. It begins with fever that lasts for four days. This is followed by blisters on the tongue and the mouth. On the seventh day, the blisters appear on the hooves as well. The intake of diseased animals is considerably reduced. The milk yield of lactating animals goes down. The disease is not fatal and the animals recover after the cycle is completed. However, in pregnant cows, if the foetus is less than two months, it usually dies. FMD is a viral disease, which spreads rapidly, unless the affected animals are quarantined. In 1994, 20 out of the 170 cattle in the village (buffalos, bullocks and cows) were affected by the disease. Recognizing the importance of taking preventive and protective measures, the maldharis evolved a series of quarantine rules to deal with the problem.

##### Quarantine rules

The rules vary, depending on the extent to which the disease has spread.

- i) When only one or two animals are infected

The owner of the animals is expected to inform other farmers that his animals are infected. The diseased animals are confined to a cattle shed until treatment is complete. Under no circumstances are the infected animals allowed to visit the gaucher (common grazing grounds) or the hawada (common place for drinking water). The infected animals are stall-fed by the owner.

- ii) When several animals are infected

When the number of infected animals in the village increases, stall-feeding becomes less practical. The farmers of the village get together and decide on a particular area of the forest and particular 'hawada' to be restricted for use by infected animals. The route by which these animals are taken to the forest is also specified. It is usually the shortest route.



- iii) When a majority of the animals in the village are infected  
Under such circumstances, the elders of the village get together and make arrangements to inform all the neighbouring villages about the incidence of the disease in their village. Care is taken to ensure that infected animals do not visit the pasture lands of other villages.

### **Sanctions**

These quarantine rules are strictly adhered to and there are very few cases of violation. Whenever a maldhari broke a rule, the panch (committee of elders, usually five in number) decided on the mode and intensity of punishment. Social ostracism was the highest punishment that could be given. This was a powerful deterrent for breaking the rules. The sanctions were flexible and punishments were reversible, subject to the attitude adopted by the offender. Frequently, a person who acknowledged his/her mistake was taken back into the fold. In order to be taken back, he/she was required to pay a fine of 15 kg of food grain (usually millet) to the community. He/she was also required to invite the entire community to tea and ask forgiveness from each member, with folded hands.

### **Evaluation**

The people believe that the quarantine rules are effective in containing the spread of the disease and thereby preventing economic losses. However, the measures adopted by them are not enough to eradicate it completely. They believe that this may be because, sometimes, healthy animals stray into quarantined pastures of the neighbouring villages without the knowledge of the owners.

*Source: Honey Bee Oct–Dec 1995, 17. (Based on informal interviews with Unaji Chelaji Rabari and others maldharis of Sembalpani).*

## **Culturally embedded institutions**

Culturally embedded institutions have played a crucial role in the conservation of natural resources, as documented by Posey (1999), Maneka Gandhi (1989), Bharata and Kapoor (n.d) and others. In India, it is common practice among farmers and tribals alike to hold certain trees, rivers, etc., as sacred. Rituals and festivals are designed in ways that conserve vital components of the eco-system and biodiversity that is considered valuable by the local population.

The Beej Khatni Tyohar in Madhya Pradesh and Ganesh Puja in Maharashtra are examples by which farmers preserve diversity of crop varieties and wild species, respectively. The beej khatni ritual and other cultural beliefs and practices of farmers in Madhya Pradesh, Chhattisgarh and Maharashtra (see Box 3.2) offer de facto

mechanisms for conservation of varieties and land races within the village. Khedkar and Kareem (1997) identified 21 species of flowers and leaves, used to offer puja to Lord Ganesh in Maharashtra. Each of these species, when examined for its uses, was found to possess valuable medicinal properties. The pata system in Eastern Maharashtra (Box 3.3) helps not only to conserve crop diversity but also to create a space for incorporating women's preferences in crop selection and provision of food for the family.

### Box 3.2:

#### Culture and Conservation of Agro-biodiversity: Case of Paddy Crop

The Academy of Development Sciences (ADS), Kashele, Karjat taluka, Raigadh District, Maharashtra, organized a three-day workshop on the conservation of agro-biodiversity between 17–19 September 1996. During this workshop, a number of participants paid tributes to the collective wisdom of local communities for having evolved cultural mechanisms for conserving agro-biodiversity. A few such mechanisms still in use for paddy are listed here.

(i) In Thane district, farmers grow purple coloured paddy, which resemble 'beauty spots', in small spots in the fields. In India, there is a widespread belief that a black mark put on a baby's face protects the child from the evil eye of the envious. The purple varieties, which play a similar role in the field, have been preserved over time because of this belief and practice. The same belief proved effective for the diffusion of these varieties into Raigadh district, with the help of ADS (Source: Rajiv Khedkar, ADS).

(ii) In Bastar District of Madhya Pradesh, farmers celebrate the Beej Khatni tyohar before sowing paddy in May. Every farmer is expected to select one out of his/her collection of varieties and take a handful of seeds to the temple or central place of worship. Each farmer places his/her variety separately in front of the priest. After performing various ceremonies, the priest sanctifies the offerings and gives back each farmer a handful of seeds. The farmers take these seeds and plant them in their respective fields. In this way, the varieties get exchanged within the village. The following day, they are free to commence their sowing operations. The average size of the village is 150 people. In large villages, the ritual may be performed within different sections of the village.

*(Source: Shivnath Yadav and Chandra Kishore Samrath, Golavand, Dist Bastar, Madhya Pradesh)*

Another variation of the same practice was found in the adjoining state of Chhattisgarh. The farmers take bowls of rice and place them in front of the priest. The latter uses a stick to indicate which bowl a farmer should pick up at the end of the ceremony (Source: Rajeev Khedkar, ADS)

The late Dr. R.H. Richharia, who had worked in the same area to encourage farmers to conserve their landraces, documented a similar ritual, in which the priest gave some seeds to all farmers as prasad at the end of the ceremony. On closer inspection, he found that all these seeds produced male sterile plants. The implications for promoting plant variability can only be inferred.

*Source: Pastakia, Astad. 1996, 5.*

### Box 3.3: Revival of the Pata System in Maharashtra

Agriculture in Maharashtra's Vidarbha region came to implicitly imply repeated crop failures, pest attacks, piling up loans and suicides. Meshram is one of the 4,000 women farmers, who have come together to revive the practice of pata in Yavatmal, the heartland of Vidarbha's agriculture crisis.



Traditionally, pata signifies a woman's space in agriculture. Women would plant small strips of land with vegetables, fruits and spices between the main crops such as wheat, sorghum and pigeon pea. They would maintain and harvest them, depending on family needs. People working in the fields could always find something to munch on from the pata. Typically, the pata supplied the family platter with fresh fruits and vegetables for about eight months in a year, and with pulses and oilseeds for the whole year. The pata ensured nutritional variety.

That was decades ago. "The practice was lost following the Green Revolution and commercialization of agriculture," said Vijaya Tulsiwar, whose non-profit organization, Dilasa, focuses on the revival of traditional agricultural knowledge and practice in Yavatmal. Commercial mono-crop cultivation in recent decades has usurped the traditional space women had in agriculture. Most farmers in this region, with an average landholding of two acres, did not want to divert plots for pata and lose income in cash. A survey by Dilasa in 2005 showed only 15 families in the district were practising pata cultivation.

Women in Lalguda and Mahadapur villages, where three households had kept the practice alive, were the first to revive it in the region, with the support of Dilasa. These families had seven varieties of seeds against the 16–18 that they once sowed on their pata. Shortage of land was also an issue.

Dilasa organized meetings with women farmers in 31 villages in Jhari Jamni tehsil. The women pooled the available seed stocks, which Dilasa bought and multiplied in 2006–07 by planting them on the existing patas and on its five-acre nursery. To overcome land shortage, the women came to an arrangement with the men of their families: three furrows of land on a two-acre farm was considered to be the ideal size for a pata. Because this amounted to only two-three per cent of a two-acre farm, the farmers agreed. After much preparation, 750 women from these villages planted 11 varieties of crops on their patas in the kharif season of 2008.

The result was spectacular. “We ate more vegetables during those four months (July to November) than we had eaten in years,” said Sugandha Atram of Lalguda. Besides okra, bitter gourd, snake gourd and beans, Atram harvested 15 kg of moong, 11 kg of urad and 6 kg of moth (pulses). Revival of patas also helped the women revive traditional delicacies such as til ka laddu, made of sesame seeds, and jowar lahya (puffed crispy sorghum seeds). With changing agricultural practices, cultivation of sesame—a rich source of calcium—had declined and the indigenous sorghum variety, moti-tura, had virtually disappeared. The consumption of these was restricted to festive rituals due to the exorbitant costs. In 2008, however, almost every family in the village harvested four-five kg of sesame and sorghum seeds, said Atram. “We made laddus that lasted the whole winter,” she said.

According to the women from Lalguda and Mahadapur, the patas helped them save Rs 3,000 to 5,000 a year. Additionally, the main crop production was not affected by the land diverted for pata. Maroti Marekar of village Godhani said, “What was lost in acreage was gained in pest reduction.” He and his wife Ujjwala had planted marigolds on their pata; the plant acts as a pest trap. “It also yielded us fodder and compost.”

Those who had created patas in 2008 decided to expand them the following year. Satibai, for instance, planted three patas this year, with full support from her husband. “It feels good,” he said: “There is shade in the farm and enough vegetables to eat. My daughter and her friends go to the pata these days to play. It is a happy thing!”

*Source: Aparna Pallavi. 2009, 24–25.*

Posey contributed significantly towards establishing the link between culture and conservation in the Brazilian context. He also spearheaded a global movement that recognizes the contribution of tribal and local culture in the conservation of valuable resources. Similar studies are wanting in the Indian context. A notable exception is that of Maneka Gandhi (1989), who has traced the mythological and cultural beliefs surrounding valuable tree species of India. Similarly Kapoor and Bharata (2001) have documented the sacred trees of India and the various gods and goddesses associated

with the worship of these species (Table 3.3 has an illustrative list). Various rituals and festivals are associated with these tree species. Even flowers of specific plants may be offered during worship to specific gods/goddesses, as shown in Table 3.4.

**Table 3.3: Sacred Trees and Associated Gods/Goddesses in India**

No.	Name of God/Goddess	Name of Species
1	Lord Shiva	Bel ( <i>Aegle marmelos</i> ), Rudraksha (seeds of <i>Elaeocarpus</i> ), Ber ( <i>Zizyphus jujube</i> ) Bargad or banyan ( <i>Ficus glomerata</i> ) Amala ( <i>Phyllanthus embilica</i> ) Deodar ( <i>Polyalthis longifolia</i> )
2	Lord Vishnu	Sala ( <i>Shorea robusta</i> ) Pipal ( <i>Ficus religiosa</i> ) Amla ( <i>Phyllanthus embilica</i> )
3	Lord Krishna	Kadamba ( <i>Anthocephalus cadamba</i> )
4	Lord Hanuman (son of wind god)	Mango ( <i>Mangifera indica</i> ) Sami ( <i>Ficus benjamina</i> )
5	Kamadeva	Ashoka ( <i>Sereca indica</i> )
6	Goddess Lakshmi	Red silk cotton ( <i>Bombax malabaricum</i> ) Pipal ( <i>Ficus religiosa</i> )
7	Varuna (Lord of waters)	Coconut ( <i>Cocos nucifera</i> )
8	Goddess Sitala	Neem ( <i>Azadirachta indica</i> )
9	Lord Ganesha	Arecanut

Source: Kapoor and Bharata (2001)

**Table 3.4: Flowers Specified for Gods and Goddesses**

No.	Name of Flower	Name of God/Goddess
1	Red flowers of Indian coral tree	Lord Vishnu, Lord Shiva
2	Kaner ( <i>Nerium indicum</i> )	Lord Shiva and the Sun god
3	Ketaki ( <i>Yucca gloriosa</i> )	Goddess Lakshmi
4	Panas or breadfruit ( <i>Artocarpus integrifolia</i> )	Lord Vishnu
5	Ankro ( <i>Calotropis sp.</i> )	Lord Hanuman
6	Dhaturo ( <i>Datura metel</i> )	Lord Shiva
7	Kesudo ( <i>Butea monosperma</i> )	Lord Krishna
8	Bel/Bili ( <i>Aegle Marmelos</i> )	Lord Shiva

Source: Kapoor and Bharata (2001)

The Honey Bee Journal has been documenting cases of culturally embedded institutions over the years. As Gupta (1992) pointed out, many of the traditional CPR institutions

in India are also culturally embedded. Dedicating patches of forests to deities is one of the many ways of worshiping nature. These pockets are referred to as sacred groves. A study of 29 sacred groves in the dry land sanctuaries of Gujarat initiated by Gupta showed that the size of such groves ranged from one to seven acres (Gupta 2000).

Charitable institutions for sentient beings are a reflection of societal values in dealing with nature. The institutions of panjrapol and gaushala in Gujarat were developed to look after the old and diseased animals because it was considered inhuman to either kill such animals or to leave them to fend for themselves. Culling of unproductive cattle is an integral part of modern animal husbandry in many countries. However, in Hindu dominant societies, the practice of cow slaughter is not acceptable because the cow is venerated. Such animals end up in the gaushala. Society takes upon itself the cost of providing for these animals. In fodder scarce areas, maintaining such institutions is proving to be a challenge because productive animals compete with animals from such institutions for valuable fodder resources.

The traditional chabutara is a structure erected in public places or common property land where birds can be fed grains. The parab is a community managed drinking water point organized especially during years of water scarcity. Drinking water points for animals (called havado in Gujarat) are especially designed for cattle and domestic animals in arid regions.

## Reciprocity

Reciprocity forms the basis of many economic activities that are linked to access and use of natural resources in rural areas. Reciprocal relations in sharing labour, land, water and animal resources have been documented. Sharecropping continues to be a common practice in India and plays the role of adjusting demand and supply of land and labour resources from season to season.

A wide range of collective and rotational labour practices are found at the hamlet level, to either complete works of common good or to tide over peak labour stress periods.

Most of the reciprocity institutions are informal and seasonal in nature. These are not restricted to the village alone, as can be seen from the example of reciprocity between migrant shepherds and farmers owning land on the roadside. This form of reciprocity is quite common in the western states of Gujarat and Rajasthan, where animal husbandry is an important component of livelihood security.

## Modern Institutions for NRM

An equally wide range of modern institutions has come into existence over the past

two decades in the economic/ecological domain (Table 3.5). This can be attributed to a proliferation of programmes promoted by government and donor agencies, each one promoting its own brand of institution. Many of these institutions fold up soon after the project or programme is completed because the promoting agency moves on to other areas. Such agencies do not have a long-term vision for the institutions they promote. The more durable institutions are the ones that survive beyond project periods and continue to grow and contribute to village development. This happens when developmental agencies are committed to providing long-term capacity building support to the institutions they promote.

Aggregation of modern institutions for NRM has made it possible to bring larger ecological units under the purview of community based management. Aggregation is also a proven way of strengthening PIs and improving their bargaining capacities. Hence, when classifying modern PIs for NRM, it also becomes useful to examine the level at which the PI is operating. In Table 3.5, we not only classify modern institutions using the same functional heads as for traditional institutions but also classify them across three levels, viz., hamlet/group, village and cluster/area.

**Table 3.5: Modern NRM Institutions: Typology and Examples**

No.	Functions	Group/Hamlet	Village	Cluster/ Area
<b>A CPR Institutions</b>				
1	Resource protection/ conservation	FPC Fodder protection committee	Micro-WDC	WDC Arvari Sansad, a river basin forum in Rajasthan
2	Resource maintenance, sharing and sustainable use	UG for check dam Group well, etc.	Village tank committee Micro-WDC	APFAMGS, a ground water management forum in Andhra Pradesh Agricultural implements library managed by women’s federation in Netrang, south Gujarat (Box 3.4)
3	Risk management during lean years	Community fodder/ food bank PIs providing relief	Drought proofing initiatives through village development institutions PIs	Drought proofing initiatives through federations; area level institutions developing own insurance schemes; PIs
4	Risk management during outbreak of diseases	PIs	PIs	PIs

Continued...

No.	Functions	Group/Hamlet	Village	Cluster/ Area
<b>B Culturally embedded institutions</b>				
1	Resource protection Bio-diversity conservation	Socio-religious movements such as <i>Swadhyay</i> , reviving traditional values and institutions	Socio-religious movements; Revival of <i>pata system</i> in Maharashtra by Dilasa (Box 3.3); Revival of Oran lands in Rajasthan by KRPAVIS (Best Practices, Part 2, this volume)	Socio-religious movements Revival of traditional CPR institutions to revive the Tharparkar breed in Rajasthan by SURE (Best Practices, Volume I)
2	Welfare of sentient beings	Philanthropic and religious trusts that engage in welfare activities	Same as for hamlet level	Same as for hamlet level
<b>C Reciprocity</b>				
1	Reciprocity between institutions at same level	Between SHG and CIG	Between WDC and <i>gram panchayat</i>	Between women's federation and men's federation
2	Reciprocity between institutions at different levels	Between SHGs and cluster-level federation	Between SHGs and WDCs	Between lift irrigation cooperatives (LICs) and their federations
<b>D Self-help institutions to access resources for livelihoods</b>				
1	Accessing credit	SHGs for micro-finance	Credit cooperative	SHG federation Credit cooperative
2	Accessing markets	CIGs	Trading cooperative	Producer company Production/marketing cooperative, for example, Irula snake-catchers' Industrial Cooperative (Box 3.5)
3	Accessing information/ technology	Village knowledge centres (VKCs) CIGs	VDC overseeing VKCs	Village resource centres (VRCs) Community managed resource centres (CMRCs) promoted by Myrada (Best Practices, Part 2) Women's federation promoted by AKRSP(I) that introduced post-harvest implements to reduce the drudgery of women and improve efficiency



## CPR Institutions

Even in modern times, CPR institutions continue to remain significant. At the hamlet/group level, these may take the form of UGs to manage newly created assets such as group wells (Volume 1, Box 4.1) and check-dams. Some assets at the village level, such as village tanks and village woodlots may have to be managed by a village-level institution such as the gram panchayat or a VDC. The creation of area-level institutions through the aggregation of smaller units has made it possible to manage area-level CPRs such as entire river basins or ground water within a given area. This was earlier not possible with traditional institutions. Examples include the management of Arvari river in Rajasthan by Arvari Sansad (Volume 1, Box 3.2), and community based, ground water management in Andhra Pradesh by the APFAMGS project (Volume 1, Box 2.3).

A somewhat different kind of CPR management has been demonstrated by a women's federation at Netrang, South Gujarat. The federation manages an agricultural equipment library, to provide such equipment on rent to small and marginal farmers of the area (Box 3.4).

### Box 3.4: Women-Managed Farm Equipment Library: Navjeevan Adivasi Mahila Manch, Sagbara

AKRSP(I) has facilitated the creation of a number of women's federations in its programme area in the tribal district of Narmada in Gujarat. One of these is a block-level federation called Navjeevan Adivasi Mahila Manch (NAMM) in Sagbara block, formed in 1999. NAMM is an apex body of 70 women's SHGs in 25 villages, covering 1,104 women members. Besides women's issues, the federation has also been focusing on agriculture-productivity issues. Its activities include supplying quality seeds and fertilizers, and promoting vegetable cultivation and horticulture.



Since 2005, the women's federation has been running an agriculture tools and equipment library, to enable greater usage of agriculture equipment and necessary irrigation equipment by leasing them. Supported by the SHGs at the village level, the women's federation manages the overall operations by itself. With an initial investment of Rs 13.88 lakhs, that is, Rs 3,000 per household, the federation aims to cover 500 BPL families.

Extremely low-income levels of the farmers as well as small landholdings meant that individual farmers could neither afford to purchase a tractor nor was it viable. Also, the

prevailing rates for leasing a tractor for ploughing were very high at Rs 400 per hour or Rs 1,500–2,000 per acre. Thus, the usage of the tractor was extremely low. The high transportation rates also resulted in farmers not using farmyard manure. Instead, they sold it at very low prices. A tractor would also ensure the timely transportation of produce, resulting in better price realization.

A project was thus designed to acquire various agricultural equipments and create a library or common pool for poor farmers. The Department of Rural Development agreed to fund such a project under the ADB-JFPR project in January 2005. The project had provision for purchasing a tractor and trolley mounted with a plough, cultivator and thresher. A provision for purchasing water-lifting machines with pipes was also made so that farmers, who had old wells on their land, could access the water for irrigation. For promoting other improved agricultural practices, a chaff cutter, soil-testing kit, etc., were also included. To improve the access to information, a computer was purchased. The total cost of equipment purchased was Rs 8.18 lakhs.

Once the equipment was procured, the women's federation went about setting up a suitable leasing arrangement, which would ensure sufficient income to build a fund for upgradation. The rates for leasing the equipment were finalized at a committee meeting. The project targeted the poorest farmers; therefore, initially it was decided to fix the leasing rates at half the market rate. Because the service could not be extended to all villages immediately, 10 villages were selected, based on the high proportion of below the poverty line (BPL) farmers. Eighty per cent of the total payment was taken as advance. The total annual expenditure for fuel and minor maintenance was about Rs 1.55 lakhs, most of which was covered by the user charges.

The village-level implementation was largely managed by the women's SHGs and the village leaders specially identified by these SHGs. The task of assessing demand for services was carried out by the SHGs and sent to the leaders of the respective villages. They compiled the demand and sent it to the general body. Based on the demand, plans for leasing the tractor were drawn up at the general body meeting. Field work was monitored by the supervisor and village leader. An incentive of Rs 3 per hour was paid to the village leader.

Between May 2005 and September 2006, 414 BPL farmers from 13 villages availed of the project services. An area of 416.2 acres was brought under cultivator usage and 39.6 acres under tractor-driven ploughing. The major impact was the increase in gross farm income, to the tune of Rs 4,000–6,000 per year per household. This was due to deep ploughing and the increased use of farmyard manure.

*Source: Chabadia, Dinesh and Hiten Mehta, 2007.*

Significantly, some of the traditional institutions for risk management have become weak after independence. This space has been taken up by the government, public and private institutions that provide relief during natural calamities. Drought proofing initiatives promoted by a few NGOs typically work to conserve soil, water and biomass in arid regions while developing livelihoods in the non-farm area so that dependence on natural resources may be minimized. A few SHG federations have developed their own low-cost insurance schemes because the premiums charged by private and public insurance companies are very high. Recent innovations in weather insurance may make these schemes more attractive to the small and marginal farmer. These federations and NGOs are now collaborating with insurance firms to provide better and affordable insurance cover to farmers.

### **Culturally embedded institutions**

These are nothing but traditional institutions and values that are being revived because of their relevance in modern times. A few NGOs have been involved in reviving specific institutions that used to manage traditional resources such as Dilasa (See Box 3.3).

In a few cases, socio-religious movements such as the Swadhyay movement initiated by Shri Pandurang Shastri Athavale, helped to revive traditional values of non-violence and respect for nature and community institutions, as a safety net for the poorest of the poor.

Many of the traditional welfare institutions for sentient beings are still alive. The remaining gap is filled up by philanthropic and religious institutions.

### **Reciprocity**

Reciprocity is a way of life in rural India. Old forms of reciprocity give way to new forms, depending on the changing circumstances and needs of different social groups. The authors do not have sufficient information on the new reciprocities that may be emerging within village communities in the era of globalization.

One form of reciprocity that is evident is the collaboration among PIs. These are of two types among a) institutions at the same level and b) institutions across different levels of aggregation. This kind of reciprocity and collaboration is important for strengthening the emerging social capital in rural areas.

### **Self-help institutions to access resources for livelihoods**

This represents a new category of institutions and assumes the greatest significance for livelihoods augmentation. The SHG movement has made it possible for the poor

to access micro-finance like never before. Similarly, CIGs formed around specific livelihood activities are able to access information, technology and markets. CIGs at the hamlet level are useful for comparing experiences with other small producers and for aggregating produce. The area-level institutions provide the much-needed bargaining power while accessing markets or technology, for example, the Irula tribe gaining access to markets (See Box 3.5).

### **Box 3.5 Accessing Markets:**

#### **The Irula Snake-catchers' Industrial Cooperative Society**

The traditional skill of catching snakes among Irula tribals of Tamil Nadu has helped them to establish a thriving venom collection cooperative and to make a living out of it. This skill, which was previously used to hunt snakes for their skin (now an illegal activity), has become a boon, which aids the production of anti-venom serum and helps conserve the snake population of the area.

There are about 116,850 Irulas living in Tamil Nadu. For decades, Irulas have specialized in the capture of snakes for their skin, which has a big export market. But the tribe faced ruin in the 1970s when the new conservation laws under the Wildlife Protection Act banned the trade of snake-skin. The Irulas became law-breakers every time they caught a snake. In 1972, Mr. Romulus Whitaker, an American herpetologist, launched the Chennai Snake Park initiative, to provide alternative employment to the Irulas. The initiative did not meet this objective well because the finances of the park came solely from the collection of entrance fees. At this stage, Whitaker along with Revathi Mukharji, a social activist, decided to set up a cooperative in which the traditional skills of the Irulas could be used for conservation of snakes and for production of snake venom. Thus, the Irula Snake-Catchers Industrial Cooperative Society (ISCICS) was established in 1978 with 25 members.

The ISCICS has an executive committee of seven members, who are elected by the general body. There are 11 employees, two of who are from outside whereas the rest belong to the Irula tribe. The state government's licensing authority decides how many Irulas to license and the number of snakes permitted to be caught. In 2008, of 8,550 snakes, 850 cobras, 1,500 kraits, 1,200 Russel's viper and 5,000 saw-scaled vipers were allowed. The members are given a minimum target for each species. If a member surpasses his target, he is entitled to an incentive payment per snake but limited to the licensed number of snakes.

#### **Venom Extraction and Preservation**

The Irulas bring freshly caught venomous snakes to the centre for venom extraction.

The cooperative maintains the snakes in a pit measuring 60' x 40' x 7'. The snakes are kept in mud pots that allow quick and easy handling. The habitat also keeps the snakes cool and keeps infrastructural and maintenance costs low. To detect and prevent the premature recapture of snakes, all snakes (except saw-scaled vipers, which, at 30 cm, are too small) are coded by clipping the ventral scales. Clip-codes last for six months to two years. The rate of recapture during this period has been extremely low with only 20 out of more than 13,000 of the large species that have been caught, being coded.



Source: beta.thehindu.com

The duration of the captivity of the snakes is limited to four weeks, and venom is extracted only once a week. The venom is centrifuged and stored at 10 degrees Celsius in a freezer. The extracted venom is dried, packed in air-tight bottles and sold to Indian anti-venom serum manufacturers. Most venoms are priced between Rs 23,000 to 36,000 per gram. However, pure saw-scaled viper or krait venom could fetch as much as Rs 1,75,000 per gram.

A weekly report of the number of snakes collected and the amount of venom extracted is submitted to the forest range officer. The snakes, after extraction, are released in the wild in good condition in the presence of the forest ranger.

### **Key Achievements**

Expect for two years in the initial period, the cooperative has been functioning profitably. The cooperative also earns income by organizing venom extraction shows for tourists and providing snake capture services in the neighbourhood. In 2007, the cooperative had a total of 351 members, who trapped 8,500 snakes. The total sale of venom was Rs 13.59 million whereas the profit stood at Rs 5.58 million.

Members can earn an income of Rs 3,000–4,000 a month by working for only 7–8 days a month. They also earn money through the capture of rats and frogs that are fed to the snakes in captivity. Members are entitled to several welfare schemes run by the cooperative, which includes insurance against death due to snake-bite.

The cooperative has given a boost to the dignity of the cooperative members and the Irula community. They are now recognized by their uniforms and respected for their work.

The key objective of the conservation of snakes is being undertaken effectively. The cooperative has also been able to provide a steady supply of quality venom for the production of anti-venom over years, which is a life-saving drug. It is now the largest producer of venom in India. The cooperative plays an educative role as well. It has been effective in publicizing the use of anti-venom serum, driving out the fear of snakes and making farmers aware that snakes are actually their friends.

### **Future Plans**

The cooperative plans to diversify into the extraction of venom from scorpions, manufacture of handicrafts from rat skin, collection of seeds of valuable plant species from the wild, etc. There are many such tribal communities across the country, which possess unique skills. The Irula cooperative model can be replicated widely.

*Source: G. V. Sarat Kumar. (July 2008). "Irula snake-catchers' industrial cooperative society: Honing traditional skills for livelihoods." Transforming India. pp.23–25.*

Another interesting example is that of a women's federation promoted by AKRSP(I) that introduced post-harvest implements and tools aimed at reducing the drudgery of women while improving efficiency at the same time. In 2006, 136 women adopted the use of a simple hand tool—the maize sheller. Earlier, when maize shelling was done manually, it took almost 2–3 hours every night to shell 5–6 kg of maize. After 10–12 days of work, most women had nail injuries, shoulder pain and palm sores. Besides, the losses were high at 10–12%. However, with the new maize sheller, the work has been reduced by 5 times. Women can shell 10 kg in just one hour, and that too, without injuries and very little wastage (1–2%). The added advantage is that men have also started maize shelling. Similar benefits were derived from the adoption of the groundnut decorticator and the hand sieve for cleaning paddy, pigeon-pea, etc. (Chabadia and Meha, 2007)

Area-level institutions for collective enterprise such as producer companies and cooperatives can access credit, technology and markets together. For instance, the Siddi women on the periphery of Gir forests, began to gain access to credit, technology and markets after getting organized into small MVMs, and later aggregated into a women's federation (Box 9.4, Chapter 9). These institutions, although based on local natural resources, move beyond NRM into the realms of collective enterprise. These institutions function differently and are discussed separately in subsequent chapters.

## **Institutional Strategies for Sustainable NRM**

So far, we have reviewed the range of NRM-related PIs at the hamlet, village or area levels. The main institutional strategies deployed by developmental agencies in

promoting sustainable, inclusive management of NRM while promoting rural livelihoods can be summarized as follows:

- i. Reviving traditional institutions that are relevant in modern times.
- ii. Adopting existing modern/traditional institutions for a new purpose.
- iii. Creating modern institutions of different types:
  - Sectoral institutions
  - Village-level umbrella institutions
  - Aggregated institutions at the area/cluster level
- iv. Creating an eco-system of mutually dependent PIs.

### Revival of traditional institutions

Development workers are gradually realizing the importance of some of the traditional NRM institutions because these were usually founded on the principles and values of sustainability. There are a few instances of developmental agencies trying to revive traditional institutions because they find these equally relevant, if not more so, in the present-day context.

The following are a few examples.

- a. Dilasa, an NGO in Yavatmal, is trying to revive the pata system of growing vegetables by women in a small part of the farmer's field (Box 3.3).
- b. The Tharparkar breed of cattle is being revived, by an NGO called SURE, through the revival of traditional CPR institutions, to manage pasture lands and by using common bulls as CPRs (See Best Practices, Volume I).
- c. The sacred Oran lands of Rajasthan are being revived through traditional institutions by KRAPAVIS. Over 400 ha have been revived in 40 villages so far through 100 such institutions (Best Practices, Part 2, this volume).
- d. Wavli is a unique traditional institution of tribal communities in South Gujarat, which ensures the exclusive right of tribal women over their own earnings. In the early eighties, BAIF decided to revive this institution as a means to empower women through its Tribal Rehabilitation Project at Vansda. Women's groups took up economic activities such as nursery raising, mushroom cultivation, vegetable cultivation, etc., under the wavli system of management by women (BAIF, 2006.)

### Adopting existing institutions for a new purpose

Often, the village has sufficient history of collective action. There may be existing institutions created in the past for a particular purpose, for instance, implementing a

government project. Such institutions may either be still active or may have become dormant. If the governance structure and previous experience matches with the new project/objective on hand, it makes sense to revive the dormant institution or add an additional objective to the existing institution. When creating VKCs in Tamil Nadu and Pondicherry, as CPRs, the MSSRF felt it necessary to have the centres governed by village institutions. Instead of investing a large amount of resources in creating new parallel institutions, it decided to harness existing institutions such as temple trusts, VDCs and panchayats, to take up the responsibility of managing the VKCs. The general purpose developmental institutions at the village level, promoted by agencies such as Seva Mandir and AKRSP(I), are ideally suited to take up new projects and objectives that lead to the development of the village.

### **Creation of new institutions**

In many cases, revival of traditional institutions is either not possible or not desirable. Nor is the existing social capital suitable to take up the new activity being planned. Under such circumstances, there is need to create new PIs to fill the institutional gap. More often than not, large projects/programmes specify the type of grass-roots level institutions that need to be created. At other times, a developmental agency may facilitate the creation of institutions based on its own approach and philosophy. When creating new institutions, in an area where the agency plans to work for an extended period of time, one strategic decision that it has to take is whether to create separate institutions for separate programmes/sectors/resources or to create one village development institution, which serves as a conduit or an umbrella institution for various projects in the village. The decision may be influenced by various factors, including the expertise of the institution, its approach (whether holistic or sectoral), its long-term commitment to a particular area, etc.

### **Creating sectoral institutions**

Specific sectors/natural resources have their own peculiar characteristics that call for specialized institutions. For instance, protecting a village woodlot may call for different kinds of rules from those needed to manage a mountain stream for equitable and sustainable distribution of water. When designing sectoral institutions, one can draw upon the rich and varied experience of traditional institutions and learn from them. Self-organizing institutions are known to give unto themselves rules and norms that govern their behaviour and enable the sustainable management of CPRs through the system of mutual monitoring. Modern water users' associations and lift irrigation cooperatives have adopted many of the design principles of traditional water distribution systems.



Modern schemes of managing common pasture lands and common forests are also based on similar principles.

### **Creating village-level umbrella institutions**

To implement integrated NRM programmes, it becomes necessary to create an umbrella institution that brings together all stakeholders such as a micro-watershed or a sub micro-WC. However, care should be taken to initiate SHGs and SAGs prior to the integrated NRM intervention so that the weaker sections may get a head start and be ready to participate in the larger village body when the time comes.

### **Creating aggregated institutions at the cluster/area level**

Forming area-level watershed associations when micro-watersheds are treated contiguously is beneficial for taking up area-level NRM issues. Similarly, aggregating SHGs in order to give them the strength of numbers and enabling them to take up more ambitious projects at an area level is also a widely practised strategy. The models for aggregation vary, depending on what functions the federated body is expected to take up, at what level aggregation is attempted, etc. These are matters of design, discussed in the next chapter.

### **Creating an eco-system of mutually dependent PIs**

Care should be taken that the plethora of modern institutions working at the grass-roots level do not end up working at cross-purposes. Sequencing, aggregating, interlocking of institutions and the creation of mutual dependence among them are strategic aspects of social capital building, which must be borne in mind by the developmental professional when facilitating PIs.

### **End-notes**

1. Communicated to the first author by farmers in Surendranagar during a field visit in 2002.

# 4

## Design Principles for NRM Institutions

In the previous chapter, we saw the range of PIs possible for governance of natural resources. In this chapter, we discuss the design principles of some of the more important categories of institutions for the sustainable management of natural resources.

- a. CPR institutions - hamlet/group level
- b. SHGs - hamlet/group level
- c. Multi-stakeholder governance institutions - village level
- d. Aggregated institutions - area/cluster level

### Design of CPR Institutions

Elinor Ostrom's work in the early nineties on the evolution of traditional institutions for collective action, to preserve, maintain and share benefits from CPRs, triggered a whole body of research on CPR institutions. Ostrom received the Noble Prize for Peace in 2009 for her lifetime contribution to the study of institutions that affect the lives of millions of poor people around the globe.

Box 4.1 shows a set of eight design principles for CPR institutions, first proposed by Ostrom in 1990. These principles were extracted from the study of a large number of CPR institutions that had survived the test of sustainability or institutional robustness. In these self-organizing institutions, the members themselves developed rules to govern collective behaviour and modified these over time, according to collective decision-making processes. The rules were modified according to the changing context and needs of the members and guided by the cumulative knowledge and wisdom in managing CPRs.

The pioneering research of Elinor Ostrom, Margaret McKean, Anil Gupta, Fikret Berkes and others led to the generation of a whole body of literature in the field of CPR management. The design principles proposed by Ostrom have since been validated and refined. Gupta (1985) proposed that these rules could be collapsed into three broad categories, viz., boundary, resource allocation and conflict resolution. In his framework, he emphasized the relationships between the rules. Conflict resolution rules were derived from the interaction of boundary and resource allocation rules. Successful resolution of conflicts, in turn, provided feedback for the evolution of the boundary and resource allocation rules. A modified version of this framework was presented by

Riya Sinha et. al. (1997) as shown in Figure 4.1. Here, a distinction is made between governance rules and conflict resolution rules/mechanisms. We discuss below each of the following four categories of rules in some detail.

- a. Boundary rules
- b. Resource allocation rules
- c. Governance rules
- d. Conflict resolution rules/mechanisms

#### **Box 4.1: Ostrom's Design Principles for CPR Institutions**

1. *Clearly defined boundaries*  
Individuals or households that have rights to withdraw resource units from the CPR must be clearly defined, as must the boundaries of the CPR itself.
2. *Congruence between appropriation and provision rules and local conditions*  
Appropriation rules restricting time, place, technology and/or quantity of resource units are related to local conditions and to provision rules requiring labour, material and/or money.
3. *Collective-choice arrangements*  
Most individuals affected by the operational rules can participate in modifying the same.
4. *Monitoring*  
Monitors, who actively audit CPR conditions and appropriator behaviour, are accountable to the appropriators or are the appropriators.
5. *Graduated sanctions*  
Appropriators, who violate operational rules, are likely to be assessed for graduated sanctions (depending on the seriousness and context of the offence) by other appropriators, by officials accountable to these appropriators or by both.
6. *Conflict-resolution mechanisms*  
Appropriators and their officials have rapid access to low-cost local arenas, to resolve conflicts among appropriators or between appropriators and officials.
7. *Minimal recognition of rights to organize*  
The rights of appropriators to devise their own institutions are not challenged by external governmental authorities.
8. *Nested enterprises*  
For CPRs, which are parts of larger systems, appropriation, provision, monitoring, enforcement, conflict resolution and governance activities are organized in multiple layers of nested enterprises.

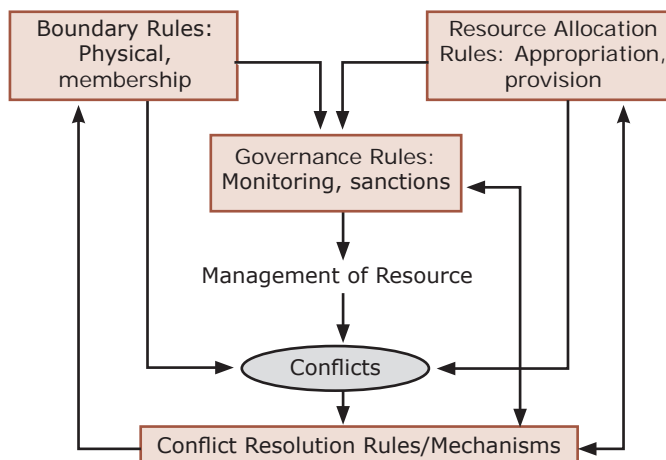
*Source: Ostrom, Elinor 1990.*

## Boundary rules

In Ostrom's framework, a select group comes together to manage and use a CPR, the boundaries of which are well defined and over which the group has legitimate access and control. The absence of clear property rights or fuzziness of boundaries could lead to conflicts during the stage of appropriation or resource use unless suitable adjustments are made in the rules governing the CPR. In the case of Sami reindeer herders in Norway, the Siidas, or groups of herders based on kinship, undergo regrouping twice a year. This is an institutional response to the cyclic pattern of the natural resources, viz., grass cover, which changes from being concentrated in large patches in summer and early autumn to smaller patches over a vast area in winter and spring. This system has been reported to create conflicts in the regrouping phase, in which different groups are assigned territories; nevertheless, it has been viable for hundreds of years and overgrazing has never been reported (Bjorklund, 1991, in Riya Sinha et. al., 1993).

In fugitive resources such as marine fish in coastal areas, boundaries remain fuzzy because the appropriators have no control over the movement of the fish. In many places, appropriators deliberately avoid fishing on the boundaries in order to avoid conflict. Alternatively, a group may evolve norms, which do not specify physical boundaries but use other mechanisms such as quotas. In the Cree territories of Canada, the fishing norms specify that if more than one group turns up for fishing, each will have to wait its turn. Each group will have to allow a time of thirty minutes after the previous catch/sweep. This will allow enough time for the fish to settle down again and, thereby, ensure optimal catch for each group (Berkes, 1989).

**Figure 4.1: Evolution of Rules in a CPR**



Membership to an institution also represents a type of boundary rule. Membership rules make certain types of institutions exclusive, for instance, in scarce resources (such as drinking water sources) or when exclusive groups of the poor or oppressed are formed. This may, sometimes, lead to conflicts with other individuals or groups, who have been excluded for the right or wrong reasons.

## Resource allocation rules

Members are obliged to become 'providers' of labour, material and other resources necessary to maintain the CPR in a healthy and productive state, under a set of 'provision rules'. Members may access benefits from the CPR as 'appropriators', under a set of appropriation rules that restrict the amount of benefit per member through systems of quota, time slots, spatial allocations, technology, etc. The rules are pliable and modified according to the local conditions. Therefore, CPR rules for the same resource (say, an irrigation facility from a mountain stream) may vary significantly from village to village and season to season. The CPR institution is a forum, in which individuals affected by the operational rules can participate in modifying them.

## Provision rules

The pooling of resources is usually essential for investment in and the maintenance of CPRs. Examples include people in Bhutan gathering on a particular day to clean the irrigation stream before it rains. In the Thar desert of Rajasthan, people gather to clean the *agore* (catchment area) of the traditional water harvesting and storage structures called *nadis*, *nadas* and . In the traditional system of managing village cattle on a collective basis in Saurashtra, Sherry Chand (1995) observed that the quotas for contribution of fodder was fixed, in proportion to the cattle heads of the members. Members were also expected to contribute cash on social occasions and family celebrations on a voluntary basis. The amount of cash depended on the economic position of the member and his/her religious inclination. The task of looking after the cattle had religious significance because this was believed to be Lord Krishna's occupation.

## Appropriation rules

Appropriation rules take a variety of forms, ranging from quotas, rotational systems and drawing of internal boundaries to the specification of time, rate and method of extraction. These rules may be designed to take into account equity concerns among members or they may be focused on the long-term management of the resource. Many of these may achieve both the objectives simultaneously.

Sandberg (1994) recorded a five hundred-year-old institution in which farmers of Norway undertook collective egg-collection expeditions on private lands. Eggs of a variety of birds were collected, and constituted an important source of protein in the local diet. Detailed rules for the collection of eggs and for sharing the harvest between the landlord and various members of the collection party were evolved. The youth, who undertook the most risky part of the egg collection on the steep rocks, inevitably got a proportionately higher share of the eggs whereas the rest was divided among the landlord and the remaining members of the party.

When the number of appropriators is large and the CPR is spread over a vast area, internal boundaries have been found useful for allocating resources to different sub-groups. In the case of Sami reindeer herders, these sub-groups have to be formed twice a year, to match the seasonal variation in the distribution of physical resource, that is, the grass cover (Bjorklund, 1991). In the Gambhira Agricultural Cooperative (see Box 6.3, Chapter 6), plot sizes allotted to sub-groups varied, taking into account the quality of land.

Traditional CPR institutions have shown considerable concern for sustainable management of resources. The choice of technology is one way to ensure long-term viability. In the fisheries sector, it is common to specify the mesh size of the net or the type of fishing gear so that only fish of a particular size is caught. Lobster farmers in Maine use traps, which allow immature lobsters to escape and grow to maturity for subsequent harvests (Acheson, 1987).

Rotational rules are particularly useful for renewable resources, which have a slow rate of regeneration and where the yield is stable and predictable. In Bikaner district of Rajasthan, a ritual had been developed to determine which pastures should be allowed to rest during a given year. The ritual involves a ceremony, which involves chanting to the beat of drums in the presence of a goat. At the close of the ceremony, the goat, by now terrified, is set free. The direction in which it flees is the one in which the peasants refrain from grazing the animals. This practice, however, has fallen into disuse due to changes in socio-ecological conditions (Jodha, 1996). Certain communities have evolved usufruct rights for the harvest of fruit, fodder and non-timber forest products from trees grown on common lands. The harvest of mahuda flowers and fruit by tribals in many parts of India is a good example.

## Governance rules

The CPR institutions, studied by Ostrom and others, exhibited a high level of compliance to the rules devised by them, without the presence of any external agency to enforce these rules. This was made possible through active investment in the monitoring of

activities and the development of sanctions for breaking of rules. The group appointed selected members to monitor CPR conditions and appropriation behaviour. These monitors were accountable to the general body of appropriators. Those members, who violated the rules, were subjected to certain sanctions (fines, penalties or punishments). The sanctions were usually graduated, according to the seriousness and context of the offense.

The term 'quasi-voluntary' is used to describe this kind of compliance in CPR literature (Margaret Levi, 1988), which is akin to the behaviour of taxpayers in systems in which most taxpayers comply. Members' behaviour is voluntary because they have opted to participate in the institution on a voluntary basis. On the other hand, it is quasi-voluntary, in as much as the non-compliant are subject to coercion if they are caught.

However, sanctions can go much beyond mere compliance when group leaders take the opportunity to convert an offense into a 'learning event' and sanctions are devised in creative ways that seek to reinforce community values with respect to other human beings and towards nature. Arun Aggarwal, a student of Ostrom, came across an interesting sanction in Rajasthan when he was doing field work for his dissertation. The sanction was devised by an informal institution responsible for protecting the sacred *Oran* lands.

As described by Gupta (1996), in an editorial of Honey Bee, no member of the *Oran* is allowed to enter it with an axe. In this case, a man was caught cutting a tree within the boundary of the *Oran*. After deliberating all aspects of the case, the elders decided on the *shiksha* (education cum punishment) that the offender would have to undergo. He was to go out in the open field and feed 2.5 kg of grains to the birds, standing barefoot in the hot sun. The sanction was designed to not only make the offender realize the importance of nature for the community's survival but also to set an example for others, including the younger generation, who no doubt would have witnessed the punishment. As Gupta observed, "It is difficult to legislate such sanctions through modern jurisprudence, and yet we need such strong metaphorical ways of influencing collective behaviour for the conservation of common properties (ibid.)."

Ostrom observes that, with experience, appropriators learn to design rules in such a way that monitoring and enforcement costs are not high and rules are more easily enforceable. She also observed that tolerance for breaking of rules is generally very low but may vary from situation to situation. During a depression or a drought, the breaking of rules may be higher. So long as the higher rate appears temporary and does not threaten the survival of a CPR, members may tolerate such behaviour. An example documented by McKean (1986) in the Japanese context brings this out clearly.

“Almost all the villagers knew that almost all the other villagers were breaking the rules: sneaking around the commons at night, cutting trees that were larger than the allowed size, even using wood-cutting tools that were not permitted. This is precisely the behaviour that could get a ‘tragedy of the commons’ started, but it did not happen in Yamanaka. Instead of regarding the general breakdown of rules as an opportunity to become full-time free riders and cast caution to the winds, the violators themselves tried to exercise self-discipline out of deference to the preservation of the commons and stole from the commons only out of desperation. Inspectors or other witnesses, who saw violations, maintained silence out of sympathy for the violators’ desperation and out of confidence that the problem was temporary and could not really hurt the commons.”

In drought-prone Rajasthan, during a drought year, shepherds tend to indulge in the severe lopping of fodder trees such as *khijro* (*Prosopis spicigera*). However, they stop short of the point beyond which the tree will not be able to recover from the lopping.

On the other hand, sometimes the harm done by a single infraction can be so substantial and the potential for private gain so great that 100% compliance is essential during similar situations of stress. McKean (1996) documented another situation in village Shiwa, which was experiencing a severe drought. The temptation to break the dikes, in order to obtain water illegally, was so great for those serving as guards as well as for the rest that all adult males patrolled the dikes every night in mutual surveillance until the emergency was over.

In a CPR institution, members make a ‘contingent self-commitment,’ in which each individual commits himself/herself to a set of rules devised in all instances except dire emergencies, provided the rest make a similar commitment and act accordingly. Once appropriators have made such commitments, they are motivated to monitor each others’ behaviour from time to time if only to assure themselves that others are following the rules. Contingent self-commitment and mutual monitoring, therefore, reinforce one another (ibid).

## Conflict resolution rules/mechanisms

If individuals are to follow rules over a long period, there has to be a mechanism for discussing and resolving what constitutes a violation of a rule. Sometimes, free riders may abide by a rule but violate its spirit, for example, sending an aged person to contribute labour whereas everyone else sends an able-bodied person to work. In most cases, the conflict resolution mechanism is low cost and informal, and leaders themselves are able to resolve conflicts. In India, such groups often take recourse to



the *panch*, an informal conflict resolution mechanism commonly used to resolve social and economic conflicts at the village level. For a full discussion on traditional conflict resolution mechanisms in India, see Pastakia (2008).

In a 'nested enterprise', institutions are organized in multiple layers. Here, the same rules and values are reflected in each layer operating at different levels, for example, in federations of lift irrigation cooperatives. A key function of the apex institution is to strengthen compliance and build the capacity of its member institutions, to provide better services to its members. In such a set up, a higher-level institution may often be called upon to facilitate conflict resolution at the lower levels.

## Design of SHGs

SHGs are similar to CPR groups in many ways. The savings of individual members becomes a common pool resource that is then managed in ways that not only meet the consumptive and production needs of the members but also grows over time. SHGs are different from CPRs in some ways, as shown by the comparative analysis in Table 4.1.

**Table 4.1: Characteristics of UGs and SHGs: Comparative analysis**

Parameter	CPR Institution/UG	SHG/SAG
Size	5–150 members, depending on nature of CPR	10–25 members
Basis of Membership	Proximity to CPR/Common asset	Affinity, similar social or economic status
Homogeneity	Often heterogeneous	Mostly homogenous
Purpose	To manage/maintain CPR, and derive shared benefits for members	To improve socio-economic condition of members
Growth prospects	Limited to use of CPR	Unlimited, through progressive cycles of credit and a process of aggregation
Nature of activity	Sharing and maintaining a common resource	Managing a business entity
Equity	Notion of equity, based on contribution and stakes of different members	Equity on the basis of membership and affinity
Rule-making and implementation	The bigger the stakes, the bigger the say and the greater the responsibility. However, marginal players can influence the rules as well.	All members have equal say in rule making and implementation.
Discipline	High discipline in well-functioning UGs Accountable only to self	Greater discipline and mutual monitoring, in order to establish credibility in front of formal banking systems and other resource institutions. Accountable to self as well as to other external agencies
Management skills	Limited and stagnant	Progressively increases

A major difference between a UG and an SHG is that the former is formed on the basis of potential users of a common asset/resource whereas the latter is based on affinity and more or less equal socio-economic standing. Affinity groups have found it convenient to start with the savings-and-credit activity on a small scale. As the members gain confidence, they may scale up the activity and gradually move on to micro-enterprise or the articulation of social issues for social change.

SHGs are able to contribute meaningfully to WSD by making available credit to invest in agriculture. This includes private investments in the treatment of lands, credit to pay people's contribution for externally funded projects, and investment in productive assets that can take advantage of the augmented natural resources such as soil, water and bio-mass. When SHGs become entrepreneurial, these may take up supply of different kinds of products (such as vermi-compost and bio-pesticides) or services (such as information kiosk and e-governance services).

SHGs too have boundary rules that determine membership of the group. But there are no physical boundaries for the CPR, which is only the collective savings of the group. Here too there are rules for provision and appropriation that are formed collectively by the members. No physical resource is involved; therefore, the members interact and transact business only during their meetings, which are scheduled at periodic intervals—weekly, monthly, etc. Hence, groups with poor attendance will not be able to function well. SHGs, therefore, impose strict sanctions for missing a meeting or breaking provision rules in terms of their monthly and annual contributions, fees, repayments, etc. The other principles of mutual monitoring, conflict resolution and nested institutions are all equally applicable.

The groups are small in size and homogenous; hence, the practice of rotational leadership becomes easier to institutionalize in SHGs. In a nested institutional structure, natural leaders get a chance to grow and develop their skills as they move from one level to the next.

Because SHGs are involved in money transactions, it becomes necessary for members to attain a minimum level of numerical literacy. They also need to learn new skills such as accounts and bookkeeping, finance and management. They may need the support of an external agency the most in these areas. In due course, an SHG may decide to set up a collective enterprise. When that happens, its very character undergoes a change and it cannot any longer be seen as a simple savings-and-credit SHG. Design principles for institutions engaging in collective enterprise are dealt with separately in a later chapter of this volume.

Whereas it is not uncommon to find SHGs being initiated by groups of people on their

own initiative, developmental agencies have been able to catalyze SHGs in a big way. SHGs of the very poor and marginalized particularly need the support of facilitating agencies. In due course, even this support function can be taken over by area-level federations of SHGs or SHG-controlled resource groups, comprising experienced SHG leaders and external resource persons. Some of the key design principles are summarized in Box 4.2.

Readers may note that as far as micro-finance is concerned, SHGs are not the only type of groups involved in the activity. The design of micro-finance institutions (MFIs) varies from agency to agency. Dutta (2006) identified three different models in use:

- a. SHG model
- b. Grameen Bank model
- c. BASIX Joint Liability Group (JLG) model

Readers interested in the finer details of these models may refer to Annexure 5

## Village-level Multi-stakeholder Institutions

Although there are a variety of such institutions, we will discuss the following three most important ones:

- a. Micro-WDC
- b. Multi-function VDC
- c. Gram panchayat

### Micro-WDC

A micro-WDC is needed to oversee the investment in developing the natural resources in a village or a part of a village in an integrated manner. Treatment in one part of the watershed may affect another part (such as upland and low land parts); therefore, cooperation is needed between communities/groups staying in different parts of the watershed. Further, the micro-watershed under treatment may comprise private lands, village commons and government lands. For the treatment to have the desired impact, all these lands should be accessible. Hence, the WDC's main function becomes one of facilitating participation of different stakeholders. This becomes a big challenge because the willingness of a group/community to work with another depends on its ongoing relations and power equations. Another challenge is to bring about the representation of groups that live on the periphery or have been historically marginalized by the dominant classes/castes in the village. The same may hold when involving landless villagers, who may not see any stakes for themselves in WSD, which is essentially a land-based activity. Given the above challenges, such multi-stakeholder committees

### Box 4.2: Key Design Principles for SHGs

- i) *Homogenous groups*  
When forming a group, care should be taken to ensure that members belong to the same affinity group or come from a similar socio-economic status.
- ii) *Optimum group size*  
The group size should not be too small (less than 10) to ensure viability and not too large (more than 25), else managing transactions becomes difficult.
- iii) *Rotational leadership and collective management*  
A small group makes it possible for members to practice collective management, drawing upon the strengths of each member. Rotational leadership can be practised within the group so that the capacities of different members are built up. The group should be able to establish priorities in the requests for loans and resolve conflicts through dialogue.
- iv) *Transparency and accountability*  
Sharing of accounts on a regular basis and consensual decision-making goes a long way in developing mutual trust and developing credible leaders.
- v) *Effective sanctions for compliance with group norms and mutual monitoring*  
Sanctions have to be effective enough to ensure compliance with group norms concerning organizational behaviour such as repayments and attendance at meetings as well as those concerning social behaviour (which groups require for stability) such as control over drinking, smoking, etc. Mutual monitoring should be practised as a legitimate management tool for improving group performance.
- vi) *Capacity building through hand-holding*  
The SHG becomes a training ground and a place where members learn how to articulate one's opinion, particularly the poor and the women who lack self-confidence.
- vii) *Purpose and vision of collective growth and development*  
The group is motivated by a vision of inclusive growth and development. This should be a guiding criterion when making decisions regarding the distribution of benefits.
- viii) *Social as well as economic objectives*  
SHGs can be formed with both social and economic objectives. In either case, starting with economic goals such as savings and credit is a good idea because it helps the group to anchor around an activity that demands regular attendance and regular commitment to contribute members' share in the savings.
- ix) *SHGs are building blocks of social capital*  
Once the group stabilizes and gains confidence in managing its own affairs, its leaders are motivated to participate in larger village-level forums. SHGs also lend themselves to aggregation and their strength grows from the affiliation in larger networks.

may need continued facilitation for an extended period of time, failing which the groups may break apart into smaller more natural (affinity or functional) groups.

Given the large attrition rate of WDCs after the completion of projects (especially in government-implemented ones), the Common Watershed Guidelines (2009) seeks to address this problem so that such committees may continue to function beyond the project implementation phase. According to the new guidelines, a consolidation phase of three years follows the typical five-year implementation phase, during which the capacity of the WDC is built to take up post-WSD issues. There is a provision for federating the committees at the area level so that they may draw upon each other, and the apex institution could strengthen the member committees on an ongoing basis. Even in such a situation, the continued support and facilitation of the developmental agency is essential for the survival and growth of the institutions created.

According to Fernandez (1993), Myrada believes that a single micro-WDC for a given micro-watershed may neither be desirable nor feasible. Hence, sub-WDCs should be allowed to emerge, depending on which natural groups are willing to work and collaborate with others. This is based on the observation that it is the functional/affinity groups that actually look after the watershed structures once the project is over and not the WDC.

For the same reason, work on building the functional and affinity SHGs should begin much before the watershed activities. When the WDC is actually formed, these groups will become the building blocks and be organically linked to the committee through its representatives. This is a better way to provide institutional sustainability to the committee.

For developmental agencies committed to working in a particular geographical area for more than a decade, this issue is easily resolved. The WDC either grows to take on other responsibilities or projects at the village level or if such a multi-function committee already exists, the watershed project is implemented by it as one among others.

Whereas developmental agencies are still grappling with the issue of institutional sustainability of WDCs, a few design principles that appear to be clear are listed in Box 4.3.

## **Multi-function VDC**

A multi-function VDC differs from a WC in the following ways.

- i. Vision: It has a much larger vision of community development and over a longer time frame.
- ii. Jurisdiction: The jurisdiction shifts from a micro-watershed (which has

### Box 4.3: Design Principles for Micro-watershed Governance Institutions

- i) *Flexible membership rules*

The social configuration of a Watershed Association/Sangha may not always coincide with the geographical boundaries of a watershed (be it micro-, mini or sub-watershed). Therefore, flexibility in membership rules is desirable in order to accommodate this mismatch.
- ii) *Organic link with SHGs*

The basic social grouping within a micro-watershed has to be 'socially functional groups' that do not require outside agencies to keep them together. These SHGs or CIGs, which are small and homogenous, may be seen as the building blocks of village-level heterogeneous institutions. A micro-watershed association is best formed by representatives from these small functional groups and other groups of farmers, including those who have land in the micro-watershed but do not live in it.
- iii) *Transparency and accountability*

Handling funds and making decisions on the quality and the quantity of work are crucial areas for effective and sustained participation of people. Therefore, these must be transparent and seen to be just. Transparency becomes the key for greater accountability of village leaders as well as project implementers.
- iv) *Self-help for financing investments in agriculture*

For the benefits of water harvesting to be realized fully, private investment in agriculture and productive assets and new technology becomes important. Here again, it is the savings of SHGs that makes it possible to leverage funds for such private investments.
- v) *Building people's stakes through their contribution*

For people to maintain watershed works, they must have a stake in the investment. Rules regarding the extent of contribution needed can be calibrated according to the socio-economic status of the stakeholder groups, through a participative decision-making process.
- vi) *Unambiguous property or usufruct rights*

When people make investments (collective or private) in watershed treatments and productive assets, care should be taken to ensure that the property rights or access or user rights are clearly defined, failing which the entire investment could be jeopardized and serious conflicts may occur.
- vii) *Developing CPRs on a priority basis*

CPRs such as common forests, pasture lands etc. should be developed on a priority basis since the poor and landless are known to rely on these to meet their various needs including fuel, fodder, small timber, non-timber forest produce, medicinal

plants, stress foods etc. This would go a long way in off-setting the inherent inequity in a land based development programme such as WSD where private landowners tend to benefit more than the rest.

*viii) Incorporating gender perspective*

Women's needs, priorities and perspectives about natural resources are known to be different from those of men. Participatory techniques should be deployed to incorporate their concerns and their capacity should be built to so that they may articulate these in village level forums like WDCs.

*ix) Drinking water as a priority*

WSD leads to augmented supply of water in surface storage structures as well as groundwater aquifers. Ensuring drinking water security for all stakeholder groups should be given priority over diversion of water for irrigation and other commercial uses.

*Source: Fernandez (1994) Myrada 'Green book', Part VIII.*

ecological boundaries) to the hamlet or village (which has administrative boundaries). The membership to the institution changes accordingly.

- iii. Domain: The activities are not restricted to NRM and watershed alone but could include other welfare sectors such as health and education, economic ventures that deal with the markets or even knowledge services.

Hence, except for boundary and membership rules, most of the other principles mentioned in Box 4.3 for micro-watershed governance are equally applicable to VDCs.

The additional principle here is that of managing synergies among other village institutions particularly the gram panchayat. Sometimes this is achieved through the interlocking of institutions through common leadership. This, however, could lead to the concentration of power in the hands of a few and ultimately prove detrimental for the health of the institutions concerned. The simultaneous building of the capacity of the gram panchayat by the facilitating agency could help to clarify roles and bring about collaboration.

## **Gram panchayat**

A gram panchayat is part of the Panchayati Raj System and represents the formal decentralized democratic institution at the village level. It comprises elected representatives, who form the village council or the gram panchayat. By law, the state governments should organize PRI elections once in five years. The performance of

PRIs varies from state to state, depending on the seriousness of the state government in holding elections periodically and taking measures to educate the citizens about their rights. In a state such as Jharkhand, for example, no panchayat elections have been organized since the inception of the state. In other states such as Gujarat and Maharashtra, elections are held regularly and state politics are actively integrated with panchayat politics.

As per the panchayat laws, the gram sabha comprises all members of the village and is the supreme authority in the village. It elects a committee and a sarpanch, to lead the activities of the panchayat. The panchayat has the provision to appoint a variety of sub-committees, to implement various projects for which the government has sanctioned grants to the village.

The 73rd Amendment of the Indian Constitution gave a constitutional status to PRIs as being a part of the government system, a legal body and as an institution of self-governance in the rural areas. During the nineties, various ministries of the Gol initiated rural development programmes, which were based on participatory approach to natural resource development. For example, in 1990, the Ministry of Environment and Forests launched the scheme of JFM, which required the local community to protect public forest areas as their own. The Ministry of Rural Development (MoRD) launched a massive programme of participatory planning and management of WSD to be run by the association of local stakeholders. The Ministry of Water Resources directed the state governments to hand over the management of the minor canals to the associations of water users, who with their intimate knowledge of local conditions were better placed to manage them. NGOs came forward to build these local institutions and serve as Project Implementing Agencies (PIAs), and considerable progress was made in involving local communities to manage local natural resources in a decentralized way. However, after the 73rd Amendment, there was a reversal in this trend and many departments started identifying PRI institutions at the block level as the PIAs to implement their programmes. This brought to the fore the latent conflict between the gram panchayats and the other PIs, specifically created to manage natural resources in a sustainable way.

In December 2001, Unnati, an NGO working for the healthy development of PRIs in western India, organized a series of workshops in collaboration with Sajjata Sangh, a federation of NGOs working for participatory management of natural resources. A major output of the workshops was the identification of functions best suited to a) the panchayats alone b) stakeholder organizations alone and c) both of these together (Table 4.2).



**Table 4.2: Ideal Division of Functions between the Panchayats and the VDCs**

No.	Function	Appropriate Institution	Priority
<b>A Functions Better Suited to a Gram Panchayat</b>			
1	Approach road to the village and internal roads	Gram Panchayat	A
2	Construction of school building	Do	A
3	Construction and maintenance of a) Bus-stands serving the village b) Panchayat office c) Cremation facilities	Do	A
4	Power supply and streetlights	Do	A
5	Removing the encroachment on panchayat land	Do	A
6	Taxes levying and collection; maintenance of proper records	Do	A
<b>B Functions Better Suited to the VDCs</b>			
1	Soil and water conservation, agricultural improvement, WSD	Watershed associations/ Farmers organizations	A
2	Diary and livestock development	Village milk society	A
3	Village afforestation	FPC	A
4	Small enterprises for income and employment generation	SHGs	A
5	Amelioration of condition of backward groups	SHGs of backward class families	A
6	Prohibition, eradication of untouchability	Social reforms groups, women's committee	A
7	Local dispensary	Public trust/Group of people interested and capable of managing medical activities	A
8	Conflict resolution	Conciliation committee	A
9	Library and reading room	Local education committee	B
10	Adult education, culture and festivals	Local youth groups	C
<b>C Functions Suited for Joint Management</b>			
1	Domestic water supply, management of water trough for animals, washing ghat, etc.	Women's water committee	A
2	Protection and improvement of common grazing land	Cow protection group/ Livestock community group	A
3	Protection of farmlands	Youth group	A
4	Village cleanliness	VDC	A
5	Planning for village development	Gram sabha	A
6	Community hall	VDC	B
7	Resting place for birds	Religious group	B

Some of the key conclusions and recommendations were as follows:

i) *Supremacy of the gram sabha*

For all VDCs, the gram sabha, comprising representatives of all households in the village, should be the supreme authority, and not the gram panchayat. Planning and review of development should take place at the gram sabha level. The empowerment of the gram sabha will also help in controlling powerful groups or individuals, who would like to capture the development activities in the villages for their own benefit.

ii) *Setting up of collaborative committees*

According to Gujarat Panchayat Act of 1993 (Section 99), the gram panchayat has the authority to constitute committees of concerned individuals/groups to manage the activities that it is responsible for such as domestic water supply, common lands development and management, land and agriculture development, etc. This offers scope for collaboration between the panchayat and the VDC. The gram sabha should decide who should be the chairman of such collaborative committees.

iii) *Optimum size of a panchayat*

The norms for constituting a panchayat require that a village should have a population of 1,000 people. Also, between panchayats, there should be a spatial separation of at least 2 km. The state-level workshop recommended that the size of the population should be brought down to 500. This will ensure more participation and equitable sharing of development and benefits.

iv) *Strengthening panchayats financially*

The financial resources of panchayats should be strengthened through taxes and better utilization of assets. The workshop recommended that the taxes that were obligatory in the earlier Panchayat Act must be restored.

v) *Capacity building of the sarpanch and the members of a panchayat*

The capacity of panchayats needs to be built. Recommendations about the training needs and training modules for office bearers of a panchayat were made.

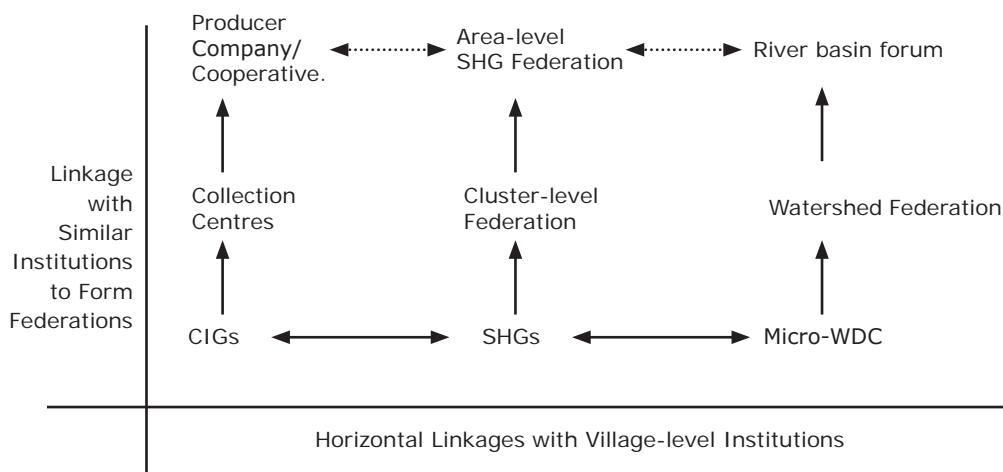
As such, developmental agencies have no role in the design of the panchayat. However, the agencies can play an active role in building the capacity of the panchayats and making the committees accountable to the gram sabha. The agencies can also help in sorting out the roles and the functions in a manner that specialized CBOs work in harmony and synergy with the panchayat.

## Design of Area-level Aggregated Institutions

Informal institutions at the group/hamlet level may be seen as the building blocks of

social capital in rural areas. An SHG/SAG has the option to develop linkages in more than one way, as depicted in Figure 4.2, which indicates the various pathways for aggregating institutions.

**Figure 4.2: Pathways for Aggregation of Informal Institutions**



## Design of federations

Federations of grass-roots level PIs are designed to extend their reach beyond their hamlet and their abilities beyond simple functions such as savings and credit or the management of mini- and micro-watersheds. A study by Reddy and Tirupathiah, (2005) showed the existence of 69,000 federations in the country, a large majority of which were not registered as legal entities. Federations perform a variety of functions. Reddy et. al. (2007) enumerated 18 different objectives for promoting federations of SHGs, grouped under six categories.

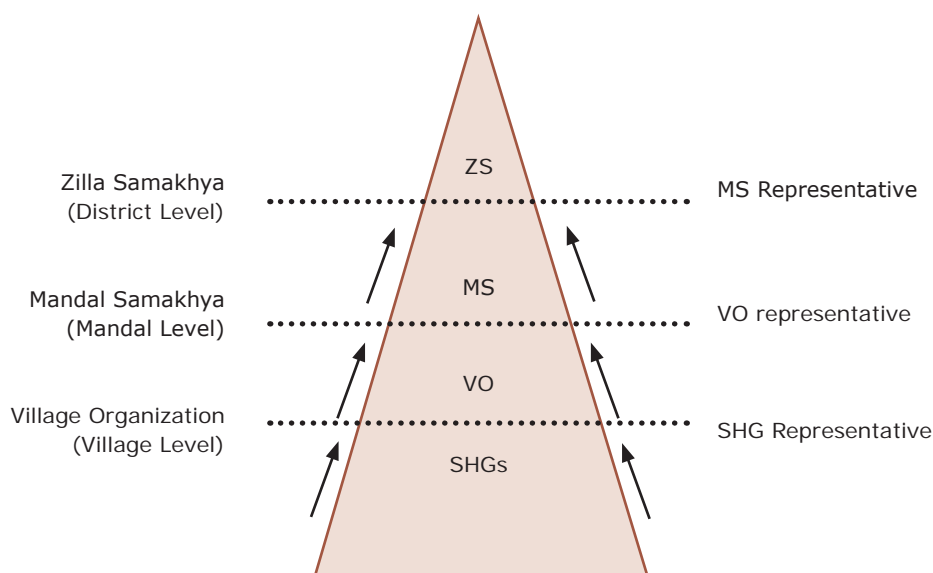
- i. Strengthening SHGs
- ii. Providing value-added services
- iii. Scaling up programmes
- iv. Facilitating linkages
- v. Facilitating women’s empowerment
- vi. Taking over some of the functions of the promoting organization

Although the current level of research in this area is not sufficient to prescribe clearly defined design principles, some of the key issues that go into designing such structures can be listed.

i) *Extent of Structuring*

A federation may be loosely structured or highly structured. In a highly structured federation, as many as four or five tiers could exist, forming a hierarchy of institutions, aggregated at successive levels, starting from village (primary) level up to the state level. Figure 4.3 provides an illustration of such a structure of the Society for Elimination of Rural Poverty (SERP), promoted by the government of Andhra Pradesh. The structure of a federation clearly indicates resources and information flow layer by layer. Normally, every level of a federation transacts directly with its immediate next level on either side. The only exception to this rule is in nested institutions (such as those promoted by DHAN in Tamil Nadu, Andhra Pradesh and Karnataka). The study by Reddy et. al. (2007) shows that although federations can have between two to five tiers, the majority of federations studied had either three or four tiers.

**Figure 4.3: Illustration of a Four-tier Linear Federation Structure—the SERP’s Zilla Samakhya**



Source: Reddy et. al. (2007)

ii) *Choice and organization of functions*

Federations are divided, broadly according to their core functions. Sometimes, federations choose to take up purely commercial functions whereas others choose purely social and welfare functions. Still others try to combine both.

In some federations, different layers may focus on different issues, for example, in the DHAN-promoted nested institutions, the lower tier focuses on financial intermediation, the second tier works on capacity building and the apex body works on linkages with

mainstream institutions and government departments.

### iii) Size of federations

Again, a wide variation was observed in the size of federations at all levels (Table 4.3)

**Table 4.3: Size of Federations at Different Levels**

Federation	Membership Units	Average size of Membership	Range of Membership
Basic unit	Individuals	15	10–40
Primary-level federation	SHGs	25	7–130
Secondary-level federation	SHGs	70	50–2,980
Apex-level federation	SHGs	3,800	3,300–33,300

Source: Reddy et. al. (2007)

It is hard to say what should be the ideal size for aggregation because it will depend on its purpose and the local situation. If the purpose of aggregation were the collective marketing of agricultural produce, the minimum quantity of produce that needs to be aggregated in order to gain bargaining power will determine the level of aggregation of producers. In savings and credit groups, if the purpose were to provide common services to the SHGs for a fee and to make the model self-supporting, much will depend on the available human resources, the geographical terrain and local infrastructure, which determines the number of SHGs that a service provider can cover in a day. It will also depend on the poverty of the groups and the service fee that each member will be willing to pay. Accordingly, the support organization will need to come up with a size that is large enough to make the structure self-sufficient. In the tribal belt of western MP, for instance, Action for Social Advancement (ASA) found that federating about 350 SHGs made it possible to levy fees that SHGs will be able to afford. The federation will need external assistance for the first three years, to cover the costs of the service providers. By the end of three years, the area will be saturated with at least 350 member SHGs after which the federation will be able to support itself with the member fees and the interest earned in forwarding credit to members.

### iv) Sources of funds

There are broadly three sources of funds available to federations of PIs.

- a. Membership fees and service fees
- b. Interest income on its corpus, including savings from constituent members, grants and bulk loans received from FIs for on-lending, etc.
- c. Personal support and recurring grants from promoters

A federation may choose to use one or more of these sources for financial sustainability because each source has its own long-term implications on autonomy and member-centrality of the institution. The higher the member fees, the greater is the accountability to its members. On the other hand, if government or other donors pay the service fees on behalf of members, this could undermine the accountability of the institution to its members. When the interest income on corpus or loan funds becomes the main source of income, federations may become financially strong vis-à-vis their subsidiaries, upsetting the power balance and making the apex institution less accountable. Over-emphasis on this source of income may make the federation drift from its mission.

Many promoter organizations place their professional staff with the federation, at least in the initial years. Normally, the presence of the promoters' staff reflects and operationalizes promoters' domination in federations. Whereas this may be helpful in the initial stages to build up the federation's team, the continued presence of such staff for long periods may lead to dependence of the PI on the external agency.

*v) Extent of promoter control*

When the promoter control continues, the federation's agenda may get enlarged to address issues beyond the immediate interest of members. If decisions are imposed on the federation, it may end up becoming a delivery channel in the hands of the promoting agency. In member-controlled federations, the agenda can get focused on local needs. On the other hand, in such cases, the federation may neglect future challenges and linkages with the outside world. Hence, an optimum amount of promoter control may be desirable with a definite plan to hand over day-to-day activities to the local leadership as they become more and more competent and begin to earn their autonomy.

*vi) Choice of promoter organization*

Promoter organizations play a strong influence on the design and agenda of the federations. Reddy et. al. (2007) found, for instance, that federations promoted by NGOs are geared more towards the sustainable use of local resources, leadership development, non-financial services and need-based agenda. On the other hand, government-promoted federations apparently focus on grants, seed capital, big ideas, project approach, delivery of services and generic models.

# 5

## Institutional Strategies for Market-led Interventions

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### Introduction

In NRM interventions, we saw that PIs—both traditional and modern—play an equally important role; in some cases developmental agencies even tried to revive traditional institutions that had disintegrated. In market-led interventions, modern, democratic institutions are largely expected to play a major role because traditional institutions seldom had to deal with market forces. In today's globalized economy with its policy of liberalization, farmers have to survive in an increasingly competitive environment. The need for collective action to deal with markets and protect the marginal producer from market risks has never been so strongly felt.

Institutions that deal with markets need a completely different orientation from that needed in production-oriented or food security-oriented organizations. Primary producers that produce for the markets (and, for that matter, the developmental agencies supporting them) need to undergo a change in the mindset. Both primary producers and supporting development agencies must realize that markets are competitive, and do not permit sloth, indulgence or waste. Hence, the facilitating agency and producing communities will have to become efficient and cost effective in every sphere of their enterprise. The gap between what the market demands and what the producers can deliver must be understood well and bridged through a variety of well planned measures such as:

- Expert guidance in product/service design
- Technical inputs and adoption of suitable technology
- Capacity building and skill up-gradation
- Supply of quality inputs at the doorstep of the producer at a reasonable price
- Access to credit at non-exploitative terms

The aggregation of primary producers and/or their groups is an important feature of PIs for market-led interventions. The marginal producer's ability to negotiate in the market place goes up significantly when the produce is aggregated because it brings down the transaction costs for dealers and other large players in the market. The bargaining power goes up further when value is added to the produce through cleaning,

grading, processing, packaging and branding. PIs that take up collective enterprise can progressively move up (forward) the value chain through value addition processes or move down (backward) in order to procure better quality raw material and inputs for producers at a cheaper price. When a producer's collective enterprise straddles the entire value chain right up to the end consumer, it begins to control the value chain and gain a greater share of the terminal price. This often calls for substantial investment in social capital and the creation of specialized PIs at different nodes of the value chain.

This chapter provides an overview of the institutional arrangements and approaches possible in market-led interventions without getting into details of design, which are discussed in the following chapter. We begin by describing a typical collective enterprise institution and how while continuing to have the main characteristics of self-organizing institutions, it differs from the institutions discussed in the previous chapter. The model shows how a collective enterprise tries to incorporate the commercial function without losing out on the developmental and welfare functions of the collective. This is followed by a discussion on making informed choices for the selecting a legal personality of the institution. This has long-term administrative and legal implications for the functioning of the PI. We then look at alternative approaches to social capital building for market-led interventions. We conclude with some observations on making institutional arrangements for VCIs.

## Conceptual Model of Collective Enterprise Institution

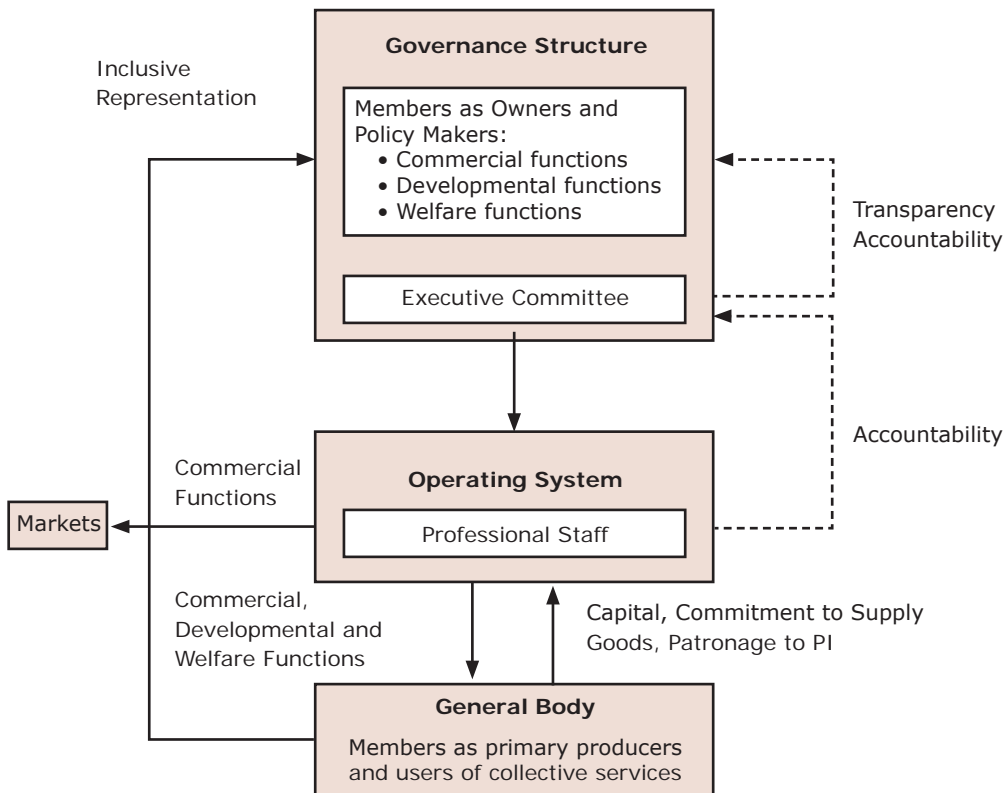
A collective enterprise institution can be conceptualized as having three main components a) the general body comprising members, who are both producers as well as users of various services provided by the institution b) the governance structure and c) the operating system (Tushar Shah, 1996). In a professionally managed collective enterprise, professional staff may be hired for marketing and other commercial functions, including product development and design, quality control and suitable services to primary producers, who are also members of the institution. Whereas the essential features of the collective enterprise continue to be those of a self-organizing institution, professional staff with special skills intermediates between the governance structure and the operating system. Face-to-face mutual monitoring that was possible in SAGs is no longer possible, and a representative, democratic governance structure is brought in place. Figure 5.1 provides a schematic diagram of a typical collective enterprise institution.

### Governance structure

The governance structure (which includes the general body and the executive committee) takes on the responsibility of making policy decisions, with regard to three



**Figure 5.1: Schematic Diagram of a Typical Collective Enterprise Institution**



main functions—commercial, developmental and welfare functions—that the collective institution has to perform.

- **Commercial functions:** These typically include dealing with markets and market institutions, including potential clients, suppliers, financial institutions and technical resource institutions. It also includes product development, business development services, input supply to member producers and quality control.
- **Developmental functions:** These include building the technical and managerial capacities of the producers and their institutions/informal groups, helping to install quality systems and market orientation among producers. It also includes the functions of research, networking and policy advocacy.
- **Welfare functions:** These include the well-being activities of members, including health, education and insurance.

Institutions of collective enterprise such as the primary producers' cooperative often try to integrate these three functions, making it very difficult to manage. The lessons

drawn from the case studies in this volume indicate that separating these functions in different types of institutions suitable for each type of function can make the entire task easier to manage. For instance, a producers' company or a private limited company can best handle commercial functions because these institutional forms are well suited to the perform these functions. On the other hand, welfare functions can be played well by a society or trust run either by an NGO or the people themselves. Developmental functions are usually played by the external agency until such time that the social capital of the people evolves to a high order. The design of institutions for collective enterprise varies, depending on how these three functions are organized. Analyses of the available cases show three different models/approaches in use, as discussed in the previous section and in the next chapter.

The *Executive Committee* is empowered to take care of the day-to day management through its members or professional staff (if any). One of its functions is also to review the performance of professional staff as well as compliance of members to the rules/policies of the institution and to take suitable action against infraction of rules.

### **Operating system**

PIs that manage collective enterprise often need to employ professional staff to look after the commercial functions. It becomes a challenge for the elected representatives of the PI to deal effectively with the professional staff and to ensure that they play their role, as per the expectations of the members. This is so because professional staff wields power, on account of the education and the professional skills that it possesses. The staff is also paid a professional fee, which is determined by market forces and, in most cases, this is much higher than what individual members of the collective can hope to earn.

The institutional design should have built-in mechanisms to ensure transparency of operations and balance of power between the professional staff and the executive committee of the people. The leadership will have to learn to give the professionals enough freedom to take professional decisions, ensuring at the same time that they do not usurp decisions that should rightly be taken by the members themselves. The leadership will also have to learn how to evaluate the performance of professional staff and to take appropriate HR decisions, based on their performance. Mutual respect and a common understanding of institutional goals and vision will go a long way in building healthy working relationships between professional staff and elected representatives of the institution.

### **Alignment between the three components**

To sum up, there needs to be an alignment of interests among the ordinary

members, the governance structure and the operating system. This alignment needs to be strengthened through a common understanding of the vision and mission of the institution, and a thorough education on the rights and responsibilities of each group; which is reflected in appropriate behaviour towards each other. Only when these conditions are met will the system as a whole function smoothly to achieve the objectives of the enterprise.

## Legal and Administrative Implications of Institutional Choice

Institutions for collective enterprise must have a legal personality and, therefore, must be registered under a suitable Act or law. Choices for institutional form are determined not only by the nature of membership and its goals but also by the differences in the legal and administrative contexts of each institutional form. Sometimes, there are inter-state differences in the legislation for the same form of institution. These differences have implications for the cost of setting up institutions as well as the autonomy and the control that can be exercised by the producers. For instance, in Gujarat, those who wish to set up an organization under the Society's Act must also get it registered as a Trust. This involves additional costs and paper work on an annual basis. There are implications also for raising capital and accessing funds. In order to make informed choices, it is better for a social entrepreneur to familiarize himself/herself with these implications. SaDhan Microfinance Resource Centre (2006) has compiled such information for MFIs (Annexure 4). Many of these are applicable in the context of market-led interventions as well.

In Table 5.1, we provide an assessment of six alternative institutional forms for market-led interventions. The assessment is based on more than two decades of experience of professionals from PRADAN (Anish Kumar, 2009<sup>1</sup>) as well as the findings of SaDhan (2006) and Dadrawala (n.d.). The criteria for assessment include practical considerations such as cost of registration, extent of initial capital investment needed, extent of producer control, governance structure, the possibility of disposal of surplus to members, tax benefits, scope of equity participation by members, scope of government support, scope of shareholding by external stakeholders and ability to access finance. Whereas some of these are self-explanatory, the others are discussed below.

### Registration procedures and costs

The registration procedures are the simplest for societies and trusts. For cooperatives, the documentation is more elaborate. Getting the clearance from the registrar of cooperatives may involve bureaucratic delays. The transaction costs may vary from

state to state, and in case of rent seeking behaviour of the registrar, it could be quite high. The documentation is more elaborate under the Company Act but, for Section 25, the registration process is simpler. For a producer company, local communities may face difficulties in registering a company on their own because the documentation is entirely in English. This, however, may change in the near future. The registration fees are nominal for a Society and a Trust but moderately high for a Company. In addition, companies and cooperatives need to raise the initial share capital, specified by the law and stipulated in the respective Acts.

### **Producer control**

In a Society or Trust, the control remains in the hands of the promoters. Hence, whether the producers retain control depends on who the promoters are. If they are the producers themselves or if the promoters decide to give a free hand to the producers, the latter may enjoy control over the organization. A cooperative or producer company, on the other hand, is designed to provide control to the members, who are also the producers. However, even here, initially external support agencies may play an important role, and producers will take control because their capacities are built through training and experience. Theoretically, this could be made to happen in a private company as well; however, in a private company, control lies with the shareholders, in proportion to the shares held by them.

### **Governance structure**

The General Body of an organization appoints a Governing Council/Executive Committee/Board of Directors/Board of Trustees, as the case may be, to manage day-to-day affairs of the institution. The Governing Council/General Body also appoints/elects its own office bearers. In most cases, the size of the Council varies from 5 to 15 and the tenure lasts from 3 to 5 years. On completion of the tenure, a fixed proportion (usually between 1/4 and 1/3) of the members resign from the committee, allowing fresh blood to enter the Governing Council.

The governance structure of public Trusts differs somewhat in the manner of formation. In this case, the 'settler', who provides the initial capital to set up the Trust may nominate some trustees. He/she may also specify permanent members and even a permanent chairperson. The Board of Trustees then forms a General Council to implement and promote the activities of the Trust. Similarly, in a Section 25 Company, there is provision for appointing non-retiring directors to the Board, who do not retire by rotation. A producer company has scope for appointing a specified number of experts as directors. These directors may not vote for the chairperson, but may themselves be eligible to be elected as chairperson.

The legal property of the Trust is vested in the trustees. However, they may not use it for their personal advantage. In a producer company/cooperative, the directors/executive members are not debarred from getting into economic deals with the institution as long as this is done in a transparent manner.

The responsibilities and liabilities of the Governing Council are clearly stated in the Articles/rules submitted at the time of registration. In all cases, the Governing Council may appoint sub-committees to take care of specific responsibilities and ensure the smooth functioning of the institution.

### **Tax benefits**

Societies, Trusts and Section 25 Companies enjoy tax exemption (largely) due to the overtly charitable nature of operations. Cooperatives and private companies have to pay taxes, according to their respective Acts. Tax benefits are the least in private companies.

### **Government support**

Societies, Section 25 companies and public Trusts, carrying out work in the interest of the general public and environment, can attract government support with relative ease. A private Trust would find it difficult to get support because of the nature of its character and agenda.<sup>2</sup> Cooperatives and producer companies stand a better chance than private companies to get government support. However, in some states that are actively pursuing a policy of promoting industrialization through private sector investments, the opposite can hold true. Government support can take the shape of tax exemptions of various kinds, the provision of land on long lease, soft loans, etc. Such support is visualized for industrialization in backward zones and in special economic zones.

**Table 5.1: Legal and Administrative Implications of Institutional Choice**

Criteria	Legal Form					
	Society	Public Trust	Cooperative	Producer Company	Section 25 Company	Private Company
Basic orientation	Charity/ Welfare	Mutual benefit	Patronage/ Welfare	Patronage/ Commercial	Charity/Welfare	Commercial
Accountable to	Promoters/Social entrepreneurs	Members	Members	Members	Promoters/Social entrepreneurs	Shareholders
Registration under which Act/law	Societies Registration Act, 1860	Public Trust Acts under different states	Cooperatives Act, under different states	Section 581 Companies Act, 1956	Section 25 Companies Act, 1956	Companies Act, 1956
Registration procedures and authority	Simple; Registrar of Societies	Simple; Charity Commissioner	Moderate but can vary from state to state; Registrar of Cooperatives	Moderate but varies from state to state; Registrar of Companies	Simple; Registrar of Companies	Moderate; Registrar of Companies
Minimum number of promoters	At least seven members for registration	At least two trustees for registration	At least 10 members for registration in most cooperatives. At least 100 in case of credit cooperatives	At least five directors for registration	At least two directors for registration	At least two directors for registration
Registration costs	Very low	Very low	Moderate to high *	Moderate	Moderate	Moderate
Start up capital	No minimum requirement	No minimum requirement	Initial share capital varies depending on type of cooperative; At least Rs 1 lakh for credit cooperative	At least Rs 1 lakh	None required	At least Rs 1 lakh
Governance structure	Governing Council	Board of Trustees	Executive Committee	Board of Directors	Board of Directors	Board of Directors

Continued...

Criteria	Legal Form					
	Society	Public Trust	Cooperative	Producer Company	Section 25 Company	Private Company
Producer control	Difficult	Difficult	Built over time	Built over time	Difficult	Open
Scope of disposal of surplus to members	Not possible	Possible	Expected	Expected	Not Possible	Possible
Tax Benefits	++++	+++	++	++	++++	+
Scope of equity-participation by members	Not possible	Possible	Expected	Expected	Possible	Expected
Scope for external participation in equity	Not possible	Possible	Not Possible	Not possible	Difficult	Easy
Government support <sup>f</sup>	Easy	Difficult	Possible	Possible	Possible	Difficult
Ability to access commercial loans	Difficult	Difficult	Possible	Possible	Possible	Easy
Dissolution	Possible, on approval by 3/5 majority of members. Funds/property transferred to another society with similar goals	Irrevocable, Charity Commissioner may take steps to revive/reorient the Trust.	Liquidation possible as per procedure of cooperative law.	Liquidation possible as per procedure of company law.	Dissolution possible, funds transferred to another Section 25 company with similar goals.	Liquidation possible as per company law.

\* In case of rent seeking behaviour of the registrar of cooperatives, there may be delays and high transaction costs, making it even more costly than other high-cost options.

£ The situation of government support varies from state to state. The picture indicated in this table pertains to that of Jharkhand, as perceived by PRADAN.

## Alternative Approaches to Social Capital Building

The case studies presented on market-led interventions in Volume II suggest three different approaches/models to social capital building.

- a. Incubation model
- b. Social-entrepreneur model
- c. Joint stakes model

### Incubation model

In this model, being practised by agencies such as PRADAN, the commercial functions are initially performed by a sub-centre of the external agency, in which local leaders are provided hands-on training. In due course, this sub-centre with professionally trained people is hived off and a PI is created to run and manage it. MASUTA producers' company that produces tasar silk yarn (See case study in Volume II) is a good example of this model. A variation of this model involves the creation of aggregated PIs, which are provided professional managers by the external agency. Initially, the salary of the manager(s) is paid by the external agency. In due course, when the PI starts making profits, this cost is also borne by it. When this happens, the institution gains complete autonomy from the external agency.

In both these versions, the external agency does not have a direct stake in the commercial activity or the PI. As a result, the external agency also does not share the enterprise risk although morally it is obliged to stand by the PI. One shortcoming of this model is that the staff of an external agency may not work as hard to make an enterprise succeed as if it were its own.

The celebrated Amul model of dairy cooperatives, developed by social entrepreneur Kurien Vergese, shows the potential of this model (Box .5.1)

### Social entrepreneur model

Unlike the incubation model, in this approach the social entrepreneur decides to set up the commercial enterprise on his/her own initiative, taking the attendant risks. The enterprise then builds the value chain by organizing primary producers and building their capacities. In due course, producer groups are empowered enough to take on most of the development and welfare functions. Examples include Community Friendly Movement, Rangasutra and AGROCEL, private companies set up by social entrepreneurs Rahul Barkatky, Sumita Ghosh and Kantisen Shroff, respectively (See Best Practices, Volume II).



At this stage, the social entrepreneur may decide to invite producers or their groups to participate in the equity of the company and, thereby, become partners in the enterprise. If and when that happens, the enterprise is transformed into a joint stakes model.

### Box 5.1: The 'Milk' Man of India

On 13 May, 1949, Vergese Kurien who had just returned from a government-sponsored training abroad, found himself posted at a government research creamery at the sleepy town of Anand, in Kaira district, some 350 km from Bombay (now Mumbai). Kaira district had emerged as a major milk producing centre, supplying milk and milk products to Bombay, thanks to the pioneering efforts of Pestonjee Edulji, who marketed his products under the western sounding brand name 'Polson'. By this time, Polson had a virtual monopoly in the dairy business, having got the British government to pass a legislation, which made it the sole procurement agent for milk in the region. The power equations in this value chain got skewed over time, with the farmers getting a raw deal. By the early forties, Congress leaders had started organizing the farmers into cooperatives, to improve their bargaining power and minimize exploitation by the company. Under the guidance of Congress leaders such as Sardar Patel and Morarji Desai, Shri Tribhuvandas Patel took up the leadership of the cooperatives. By 1946, the farmers had registered a district-level union of cooperatives and, by 1949, they were trying to run a vintage dairy taken from the government on rent. The dairy happened to be located next door to the research creamery in which Kurien worked. Kurien, by now thoroughly bored with his government job, started taking interest in the efforts of the cooperative union. Little did he realize then that this was to become a life-time association triggering a 'white revolution' that would catapult India into the number one position among milk producing countries.



Together, Tribhuvandas and Kurien built the cooperative value chain, competing with Polson and ultimately getting the better of the competition. The Amul pattern of cooperatives became famous for its remarkable success in providing quality dairy products while bringing prosperity to the villagers. On 31 October 1964, when the then prime minister, Shri Lal Bahadur Shastri, visited Amul cooperative Union, to inaugurate a new cattle-feed factory, he asked Kurien whether he could work for the entire country to replicate the Amul pattern of cooperatives in other states. Kurien accepted the challenge

leading to the formation of the National Dairy Development Board (NDDB) and the subsequent launching of Operation Flood in different phases.

The Gujarat Cooperative Milk Marketing Federation is India's largest food products marketing organization. With a total membership of 2.9 million producers in 13 district cooperative milk producers' unions, its sales turnover in 2009–10 stood at Rs 80,053 million. The total milk collection for the year was 3.32 billion litres (GCMMF, 2010). Operation Flood resulted in doubling the per capita milk availability in the country to 214 gm/day. India has emerged as the largest producer of milk in the world, with the worth of the milk economy estimated at Rs 2,000,000 million. The 12 million small farmers and landless labourers, who make up the majority of dairy cooperative membership, now have a regular source of income.

Dr. Kurien received international and national recognition for his work as a social entrepreneur. He received numerous awards, including the Ramon Magsaysay Award (1963), Wateler Peace Prize (1986), World Food Prize (1989), Padma Shri (1965), Padma Bhushan (1966) and Padma Vibhushan (1999).

*Source: Kurien, Vergese. 2005. and Articlebase accessed at [www.articlebase.com/human-resources-articles/operation-flood-a-white-revolution-1827143.html#ixzz14yPKqUkn](http://www.articlebase.com/human-resources-articles/operation-flood-a-white-revolution-1827143.html#ixzz14yPKqUkn).*

## Joint stakes model

This model overcomes the difficulty stated in the incubation model. Both the social entrepreneur and the primary producers have a stake in the enterprise. Social entrepreneur Sumita Ghosh of Rangasutra used this model when working with artisan women. Rangasutra Crafts India Pvt. Ltd. was incorporated in March 2007 with a total authorized capital of Rs 5 million. The break-up of the paid-up share capital was as follows: Sumita Ghosh 21.36%, rural artisans 24.85%, Artisan Micro Finance Pvt. Ltd, a wholly owned subsidiary of FabIndia, 30.45%, and Avishkaar, a social venture fund, 23.34%. Significantly, the Board of Directors had four representatives from artisan groups and only one each from the remaining shareholders. The biggest advantage of this model is that both the producer owners and the professionals are part of the enterprise. Hence, they are likely to show a high degree of commitment to make the enterprise succeed.

A comparison of the main features of the three models is shown in Table 5.2.

## Institutional Arrangements in VCI

A value chain is referred to as a vertical alliance or strategic network of enterprises within a sub-sector, collaborating to achieve a more rewarding position in the market.

**Table 5.2: Comparison of the Three Models of Social Capital Building**

Parameter	Incubation model	Social-entrepreneur model	Joint stakes model
<b>Approach</b>	Enterprise incubates in a sub-centre run by the support agency and, later, spawns out as a producers' collective, with its own legal identity.	Social entrepreneur starts a commercial enterprise, with the social objective of building the value chain of marginal producers so that they get a better deal in the market.	Social entrepreneur starts a commercial enterprise, with equity participation of marginal producers.
<b>Institutional arrangements</b>	Private company or producers' collective incubated by a developmental agency or a CBO	Private company, with affiliated informal producer groups	Private company, with equity participation of the social entrepreneur and marginal primary producers
<b>Division of Functions</b>			
Initial stage	Developmental agency does much of the commercial function but producers stay together and learn.	Social entrepreneur takes up commercial and developmental functions.	Joint stakes company takes up commercial and developmental functions.
Mature stage	Producers' collective(s) take up commercial as well as developmental and welfare functions through one or more PIs	Social entrepreneur continues with the commercial function. PIs take up developmental and welfare function or separate NGOs created to take up welfare functions.	Joint stakes company continues with the commercial function. PIs take up developmental and welfare function or separate NGOs created to take up welfare functions.

VCI, by definition, involve building strategic alliances among like-minded institutions, or institutions that identify with a common purpose of bringing value to the consumer while maintaining their own profitability. The institutional strategy of a VCI will follow from the strategy for building a value chain. At each node of the intervention, an external agency or, for that matter, a well-established PI needs to assess whether it would be advantageous to intervene or to outsource. Once the decision is taken to intervene, a suitable PI needs to be created if it does not already exist. At other nodes, where outsourcing is necessary, strategic alliances may be forged.

Table 5.3 shows the institutional arrangements in the tasar silk value chain promoted by PRADAN. Masuta producers' company plays a pivotal role in linking primary producers (cocoon producers) to yarn makers and, thereafter, disposing the yarn in the local market. It has promoted another private company with 90% shareholding, in

**Table 5.3: Institutional Arrangements in Tasar Silk VCI**

No.	Nodal Point in Value Chain	Actors (Institutions/ Individuals)	Functions
1	Nucleus seed production	Central Silk Board	To supply maintain and supply nuclear seed for the production of basic seed and the subsequent production of disease-free layings (DFLs).
2	Basic seed production	Grainage entrepreneurs	To produce own supply of quality seed DFLs for the production of DFLs.
3	Grainages or production of DFLs	Grainage entrepreneurs	To provide quality DFLs to cocoon rearers.
4	Cocoon production	Individual rearers drawn from SHGs, guided by local service providers and belonging to the cluster-level Samiti	To produce and supply cocoons to the next level in the value chain.
		Tasar Vikas Samiti at cluster level with 300–350 rearers	To aggregate the production of tasar cocoon for selling in the open market as well as to the producers' company
		MASUTA producer company, at multi-state level	To procure cocoons, sort and store these and supply to reeling units.
5	Yarn production	Mutual Benefit Trusts (MBT) at village/cluster level, with about 30 women reelers	To manage the reeling centres.
		MASUTA producer company, with a membership of over 60 MBTs, at multi-state level—the majority being in Jharkhand	To supply quality cocoons in adequate quantity to the reeling units.
		Tasar Cocoon Development Company, joint venture of Jharcraft (federation of weavers promoted by state government) and MASUTA	To procure cocoon requirements for the entire year during the season in December, and to stock it and supply to reeling units of both MASUTA and Jharcraft.
6	Fabric production	MASUTA producer company	To market or facilitate marketing of yarn to weavers after grading and quality control
		Eco-Tasar Silk Pvt. Ltd., a private company at the national level, promoted by MASUTA (majority share capital), along with a marketing professional	To get fabric made as per market requirements by outsourcing to weavers, dyers, finishers and getting inputs from designers.
7	Marketing	Eco-Tasar Silk Pvt. Ltd., a private company	To cater to the export and domestic market for yarn and fabric.

collaboration with a marketing professional, to convert the yarn into hand-made, value-added silk products such as sarees and stoles. However, the marketing company (Eco-tasar Pvt. Ltd) has to outsource the weaving and dyeing operations before it can take the finished product to distant markets in urban centres and foreign countries. In this value chain, all nodes, except the first one, involve rural producers or their institutions. The first node comprises the nucleus seed production, for which the PIs and PRADAN have developed a strategic alliance with the Central Silk Board.

Unlike MASUTA, AGROCEL faces greater entry barriers in the organic cotton value chain that it has created in association with fair-trade NGOs in Europe (See Best Practices, Volume II). It, therefore, needs to outsource a number of steps in the value chain such as spinning, weaving and dyeing. However, it retains its marketing rights and produces organic garments for the export market under its own banner. In this value chain, it was the good influence of large customers of organic and fair-trade products in the West (in particular Marks and Spencer, a multi-national retailer chain) that helped to create the strategic alliances necessary to complete the chain.

The three models/approaches discussed in the previous section are applicable to VCIs as well, especially in promoting the key institution(s) for collective enterprise. A mature PI can spawn other specialized PIs as seen in the tasar silk VCI.

## End-notes

*1. Based on a presentation by Anish Kumar (Programme Director, PRADAN) for a training programme organized by PRADAN in January 2009 for Vikasbazar.net, a network of Ngos in Jharkhand working to build their capacities to carry out value chain interventions.*

*2. The distinction between a private and public Trust is that whereas in the former the beneficiaries are specific individuals, in the latter they are general public or a class thereof. A Trust is said to be public when it is constituted wholly or mainly for the benefit of the public at large.*

# 6

## Design of Institutions in Market-led Interventions

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### Introduction

In the previous chapter, we described a simple model of an idealized collective institution drawing upon the work of Tushar Shah (1996). In this chapter, we focus on the design principles for collective enterprise institutions delineated by him, from his work on successful cooperatives in India. We extend his model of robust institutions for market-led interventions, to include institutional arrangements for pro-poor value chains.

The chapter begins with a discussion on certain assumptions underlying the model of the collective enterprise being discussed. This is followed by our interpretation of Shah's guiding principles as well as conceptualization of the system of mutual monitoring that is implied. Readers interested in looking up the original design principles proposed by Shah may refer to Annexure 6. The concluding section describes institutional arrangements in three different models of VCI.

### Assumptions of the Collective Enterprise Model

#### Assumptions about property rights and levels of aggregation

The model of collective enterprise discussed here assumes that production remains in the hands of the marginal producer. Aggregation or collectivization is done only to deal more effectively with the market. This can happen through the aggregation of the produce, in which it is possible to get bulk discounts and negotiate with traders and other market players, on the basis of quantum of produce on offer. Adding value to the produce through processes of cleaning, grading, packaging, processing and branding are also possible. The collective institution also provides services to the marginal producer at his/her doorstep; this may include inputs, advisories and training. Quality inputs can be made available at cheaper prices to the members because the collective institution can aggregate the demand and get bulk discounts. At a given stage, it can even integrate backwards to produce those inputs. The smallholder poultry cooperatives promoted by PRADAN have grown large enough now to own their own hatchery and feed-producing units. In Jharkhand, the cooperatives are now in the process of developing their own collective breeder farm, which can supply high quality eggs to its hatchery.

This model is very different from the kibbutz of Israel, in which the collective owns the land, or the communes of China, in which the state owns the land. In both cases, production is organized in producer teams or units. The limitation of the communes model is that because private property is not allowed, producers cannot relate their efforts to rewards and, as a result, the motivation to work hard goes down. Whereas the kibbutz of Israel continues to function efficiently, with suitable adaptations to the open market economy (Box 6.1), the commune system of production in China was replaced by the Household Responsibility System (HRS) during the late seventies (Box 6.2). In effect, both the systems have acknowledged the need to allow some form of private property to serve as an incentive for production.

### **Box 6.1: The Kibbutz of Israel**

The kibbutz (Hebrew for 'communal settlement') is a unique rural community; a society dedicated to mutual aid and social justice; a socio-economic system based on the principle of joint ownership of property, equality and cooperation of production, consumption and education; the fulfillment of the idea 'from each according to his ability, to each according to his needs'; a home for those who have chosen it.

The first kibbutzim (plural of 'kibbutz') were founded some 40 years before the establishment of the State of Israel (1948) by a group of young Jewish pioneers, mainly from Eastern Europe, who came not only to reclaim the soil of their ancient homeland but also to forge a new way of life. Overcoming many hardships, they succeeded in developing thriving communities, which have played a dominant role in the establishment and building of the state.

As of 2007, some 270 kibbutzim, with memberships ranging from 40 to more than 1,000, were scattered throughout the country. The number of people living in kibbutzim totaled approximately 130,000, about 2.5 per cent of the country's population. Most kibbutzim belong to one of three national kibbutz movements, each identified with a particular ideology.

The kibbutz functions as a direct democracy. The general assembly of all its members formulates policy, elects officers, authorizes the kibbutz budget and approves new members. It serves not only as a decision-making body but also as a forum where members may express their opinions and views. Day-to-day affairs are handled by elected committees, which deal with areas such as housing, finance, production planning, health and culture. The chairpersons of some of these committees, together with the secretary (who holds the top position in the kibbutz) form the kibbutz executive.

Over the years, kibbutz farmers made barren lands bloom, with field crops, orchards, poultry, dairy and fish farming, and—more recently—organic agriculture becoming the mainstays of their economy.

Production activities of the kibbutzim are organized in several autonomous branches. Whereas most of them are still in agriculture, today virtually all kibbutzim have also expanded into various kinds of industry. Although manufacturing a wide range of products, from fashion clothing to irrigation systems, the majority of kibbutz industry is concentrated in three main branches: metal work, plastics and processed foods. Most industrial facilities are rather small, with less than a hundred workers. In many areas, kibbutzim have pooled their resources, establishing regional enterprises such as cotton gins and poultry-packing plants, as well as providing a gamut of services ranging from computer data compilation to joint purchasing and marketing.

After years of declining productivity and membership, the kibbutzim have been making a comeback. In 1997, kibbutz production was valued at NIS 20 billion. In 2006, the figure grew to NIS 27 billion. During the same period, the kibbutzim erased a collective debt of NIS 700 million and turned a NIS 1.2 billion profit. Differential pay was introduced into the kibbutz structure; management became increasingly professionalized; and the community and business structures have been separated. The community has retained its ideology of equality as much as possible whereas the business enterprise has operated according to market-driven parameters. Today's kibbutzim still manage their funds in such a way that the weak, elderly and those members unable to earn high wages are cared for.

*Source: Amnon, Rubinstein 2007.*

### **Box 6.2: Why did the Communes in China Fail?**

In 1978, there were 294 million people employed in agriculture in China. These people were organized into 52,780 communes. Each commune was organized into an average of 13 production brigades, which in turn were made up of 7–10 production teams. Each production team averaged about 60 workers and 35 households.

The commune was both a political and economic organization. It held most of the local governmental functions, including police, justice, welfare administration of the family planning programmes, and the operation of schools and hospitals. The commune also had a monopoly of economic functions—the assignment of production plans to brigades and teams, the allocation of procurement quotas, and the control over the leadership of brigades and production teams. The commune also determined the wages and allocation



of jobs. Given the numerous restrictions that had grown during the Cultural Revolution on all forums of private activities, the collective organizations had enormous power over the lives of the people. The distribution of resources and accounting remained in the hands of commune and production brigades whereas the actual work was carried out by production teams. The transfer of human and material resources took place at will, sometimes even across communes. Needless to say, all this resulted in the dampening of the farmers' enthusiasm and the consequent decline in the rate of growth (ibid).

The introduction of the HRS and the subsequent abolition of the communes resulted largely from locally initiated experiments. The HRS emerged as a facsimile of the family farm. Land was given on long-term lease of 15 years to individual households, which replaced the production teams as the basic unit of production and income distribution. A system of economic contracts between three stakeholders, viz., the state, the collective and the individual households emerged. The township governments took over the political functions of the communes. The HRS represents an institutional innovation that gave farmers greater incentive than ever before, resulting in a record harvest in 1979. Since then, farm outputs have been growing at a much faster rate than anticipated.

*Source: Gale Johnson, 1988 and Pastakia Astad, 1992.*

A model of collective farming based on collective ownership of land is possible though difficult to sustain except through the good offices of a strong leadership and strong community values shared by the members. One such case of successful collective farming is the Gambhira cooperative in Gujarat, which has been working effectively for over five decades (Box 6.3).

### **Box 6.3 Gambhira Cooperative: A Beacon in the Field of Collective Farming in India**

Gambhira Cooperative, on the banks of the river Mahi in Gujarat, has survived over half a century of successful collective farming. This has been made possible not only due to strong charismatic leadership but also due to the robust design, the homogenous socio-economic conditions of members and the productive riverbed land.

The Cooperative was established by Shri Chhaganbhai Patel, a Gandhian social worker, at whose instance, the state government distributed 246 acres of riverbed land to 176 distressed cultivators of Gambhira, Kothiakhad, Nani-Serdi and Bilpad villages in 1951. Individual cultivation of land, however, soon proved unviable due to uneconomic landholdings and inability of the farmers to invest in land reclamation activities. Under Chhaganbhai's leadership, the farmers agreed to form a collective farming cooperative,

which was duly registered in 1953. Under this institutional arrangement, all farmers surrendered to the cooperative their individual property rights of the land as well as the right to individual cultivation. The land under the cooperative subsequently increased to 526 acres, as a result of reclamation of saline land as well as additional lease of land from the government. The membership also grew to 291 persons.

The Cooperative is organized into three layers, namely, a) a managing committee of nine elected members and one nominated government representative b) staff members, including a manager, supervisors, clerk, tractor drivers and tube-well operators and c) the General Body, comprising farmer members. The farmers are organized into 30 groups. Each group is allotted a plot of land for cultivation, under the leadership of a group leader. The land allotted varies in size, depending on the variability in productivity. The group leader submits the plan for crop production and also allots work to members. The Cooperative meets the cost of ploughing the land, providing irrigation through tube-wells, providing quality agricultural inputs such as seeds and fertilizers to the groups, as per their demands. It also supervizes the work of the groups and provides guidance to solve problems. The produce is collectively marketed.

The food grains produced are shared on a 50–50 basis between the cooperative and the members. For cash crops such as tobacco, the Cooperative retains 40% of the share. After meeting various costs and contributions to reserve funds from its share, the Cooperative distributes bonus equally to the farmers. By 1993, the Cooperative had also invested about Rs 10 lakhs in developmental works and welfare activities such as construction of drinking water schemes, school buildings, charity homes and village bunds in the four villages of its members.

In 1992, when Chhaganbhai died after serving the Cooperative for 39 years, another committed social worker, Shri Madhubhai C Patel, took over the charge of the Cooperative as chairperson. The Cooperative continues to function with the same level of member loyalty and zest of the leadership, to fulfill the needs of its members.

*Source: Sarker, Ashutosh and Itoh Tadao 1995.*

However, such examples are few and far between. The Tree Growers' Cooperative allows marginal farmers to take wastelands on long lease from the government, in order to reclaim it and raise common property woodlots on it. A string of Tree Grower's Cooperatives, promoted in the eighties by BSC, Ahmedabad, among the Vankars, a scheduled caste, in the coastal saline region of Gujarat called Bhal, showed that collective farming of trees in saline wastelands can help to bring about social change. The DDS has also used a similar approach for the empowerment of women.

Many interventions in the non-farm area have adopted the idea of a common production facility, where artisans come to get trained and work. What each artisan produces can be identified separately and payments made according to the quality and quantity of work. The common facility thus helps in sharing the overhead costs of individual producers and in reducing training costs; production thus remains essentially a private affair whereas marketing and procurement are carried out by the collective enterprise.

## Assumptions about functions of the collective

This model of collective enterprise assumes that the collective institution will play three main functions:

- a. *Commercial*: Dealing with the market, developing and implementing business strategy, etc.
- b. *Developmental*: Building the capacity of the primary producers through training, to meet the quality requirements of the market and to work towards continuous improvement in efficiency parameters.
- c. *Welfare*: Using part of the profits at the collective enterprise level for welfare activities of the members, as per their need and demand, for example, health and education.

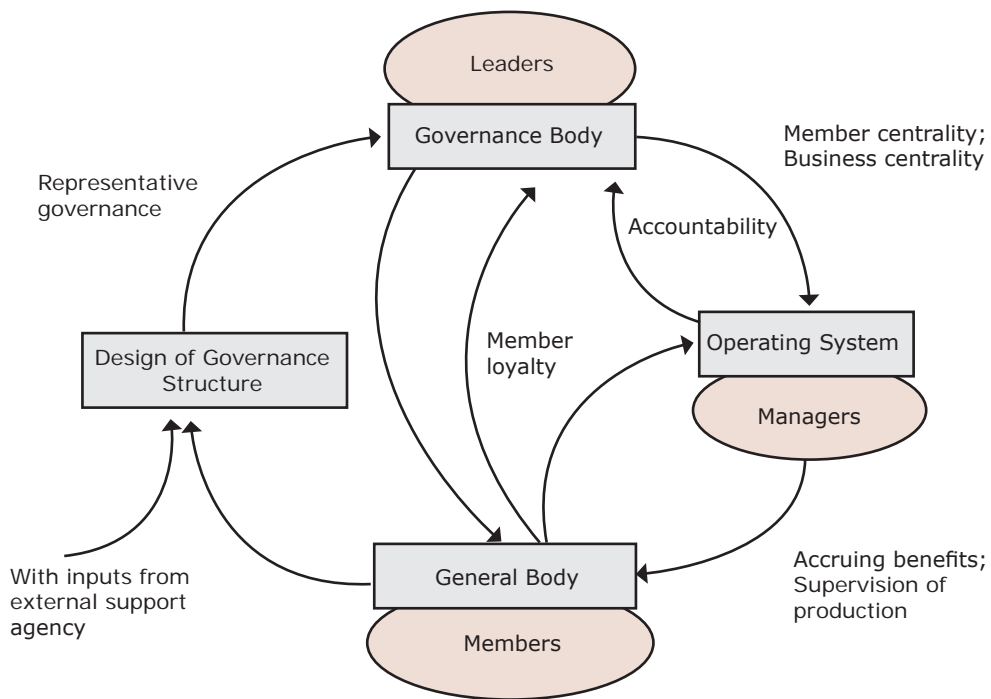
Quite often, the management of the collective is not in a position to deal effectively with all three functions. It is not uncommon to find interventions in which one or more of these functions are hived off to specialized institutions for the purpose. We will look at this issue in more detail when we look at institutional arrangements for VCIs.

## System of Mutual Accountability in Collective Enterprise Institutions

The three distinct entities of a collective enterprise institution, as mentioned earlier, are: a) the general body comprising primary producers, who are also users of the services of the institution b) the governance structure and c) the operating system. In addition, the Board/Executive Committee of the institution may have professional staff at its disposal to help develop a sound operating system.

The concepts of *patronage cohesiveness*<sup>1</sup> (through representative governance), *member centrality* and *member allegiance* (loyalty) are helpful in bringing out the relationship of *mutual accountability* between ordinary members, leaders and managers in a collective enterprise. We have tried to bring out this relationship in Figure 6.1.

**Figure 6.1: System of Mutual Accountability in a Collective Enterprise Institution**



Source: Self-compiled, drawing upon Shah (1996)

Whereas the system of internal accountability and mutual monitoring is the key for designing of all self-organizing institutions, in the collective enterprise, the new element is *business centrality*. Members must understand that markets are competitive and, therefore, do not permit sloth, indulgence or waste. Hence, the facilitating agency and producing communities will have to become efficient and cost-effective in every sphere of their enterprise. Members must understand that when they produce for the market, they must know their potential clients and their needs well, so that they may produce goods and services that the customers value and are prepared to pay a good price for. This exercise of understanding the market and developing a suitable business strategy needs to begin even before the launching of the enterprise and must continue as long as the enterprise exists. Members must understand that whereas the collective enterprise institution is created primarily to serve their interests, this cannot happen if they do not cooperate to meet the needs of the clients/customers in the market place.

Hence, in a robustly designed institution, whereas members place demands on their leaders and governance body to ensure that the enterprise works in their best interest,

the leaders take the responsibility to create an operating system that a) enables members to participate effectively in the enterprise b) deploys a business strategy that leverages the core competencies of the organization and its members and c) facilitates the flow of benefits, both direct and indirect, individual and collective, to its members. In this system of mutual accountability, members hold leaders accountable whereas leaders hold managers accountable, who, in turn, hold members accountable, thus completing the circle of accountability. Leaders and managers are rewarded for good governance by members' allegiance and loyalty to the cooperative. This, in turn, enables the former to perform even better. Members get rewarded for their allegiance and loyalty through the direct and indirect benefits of the enterprise, which raises their socio-economic status and well-being. This system of accountability has to be nurtured carefully over time. The eternal vigilance of the members is the key to institutional sustainability. If this system of accountability breaks at any point, it could lead to a breakdown of the system, which would then have to be re-built from start.

## Design Principles

Shah (1996) proposed a set of eight design principles, (see Appendix 7) that are focused on improving the efficiency of the collective enterprise by:

- Choosing an appropriate purpose.
- Choosing an appropriate sub-sector.
- Creating an appropriate operating system.
- Creating a representative governance system, focused on inclusive development.
- Nurturing member allegiance and loyalty.

Implied in the set of principles is an institutional structure and institutional processes that aim at achieving a system of mutual accountability, as discussed above. Some of the specific issues that leaders and managers and external support agencies need to take into account to ensure the success and sustainability of the collective enterprise institution are listed here, under each of the above categories.

### Choosing an appropriate purpose

The institution should meet the needs of all its members. In a collective enterprise, this could be about reviving or strengthening a traditional livelihood through better technology, credit or access to markets, etc. It could also be about creating new avenues for improving family income and welfare through new livelihood activities.

## Choosing an appropriate sub-sector

- i. Selecting a sub-sector in which the enterprise will have a distinct competitive advantage.* This advantage comes from the unique resources of an area or unique skills of its people. For example, tasar silk and lac rearing is limited to a specific geographical area of Jharkhand and Bihar and is the prime livelihood activity of tribal communities. Women of Kutch and other desert areas in Rajasthan excel in specific types of handicraft and embroidery. The Irula tribe in Tamil Nadu has a unique skill of catching snakes, which is used to produce snake venom for commercial purposes. These unique skills/advantages also serve as effective entry barriers to other private players and insulate these producers from competition.
- ii. Selecting a sub-sector in which members or their institution have clearly defined property rights to the use of natural resources.* Collective enterprises that are based on natural resources, in which the property rights or user rights are ambiguous often end up in conflict. Hence, the institution should insist on clearly defined property rights or user rights, in order to secure future benefits from investments made by members in the present. This is particularly important when entering into partnerships with agencies/individuals, who own the resource. The contract should clearly spell out the terms and period of usage and the contract should be enforceable by law.
- iii. Selecting a sub-sector that does not have strong entry and exit barriers.* A sub-sector with relatively low entry barriers with respect to technology, capital, scale, skill, etc., will make it easier for poor and marginalized producers to join it. This does not mean that the technology selected should be outmoded. On the contrary, selecting a buoyant sub-sector rather than a declining one will greatly enhance the chances of success.

## Creating an Appropriate Operating System

An operating system must be designed keeping both business centrality and member centrality in view. In fact, both these aspects should reinforce each other.

- i. Developing marketing strategy.* Business centrality implies developing a suitable marketing strategy for the produce of the enterprise, with the help of professionals or by recruiting professional staff if necessary.
- ii. Developing systems and procedures.* This also implies developing systems and procedures that support and guide individual members to produce goods and services that meet the stringent quality standards of the market.

- iii. *Organizing member services.* Member centrality implies organizing member services, which help them improve productivity and quality while reducing the cost of production and minimizing risks.

### **Creating a representative governance structure focused on inclusive development**

- i. *Designing a governance system/structure that always keeps the interests of members in view and is held accountable to it.* Shah (1996) has suggested a number of ways to tweak the design parameters in ways that can evolve a governance body that is patronage cohesive (Table 6.1). However, there are several trade-offs that must be considered when making these design choices. For instance, a short term for the governing board and an early right to recall may produce more accountability but could also result in instability. A balance has, therefore, to be struck among such conflicting tendencies.
- ii. *Designing a governance structure that balances the power between leaders, managers and ordinary members.* When the power balance becomes skewed, the system of mutual accountability will most likely break down. Sometimes, this happens when a particular leader becomes so successful that no one is prepared to question his/her judgement. At other times, the governance Board becomes so dependent on the managers and their expertise that it begins to overlook mistakes and forgets to ensure member centrality in decision-making.

### **Nurturing Member Allegiance and Loyalty**

- i. *Avoiding start-up failures by preparing the ground carefully before the launch of the enterprise.* Members should begin patronizing the collective even before it starts producing benefits for them.
- ii. *Educating all stakeholders, especially the ordinary members, and office bearers about their rights and responsibilities.* This is important in order to maintain the system of mutual accountability.
- iii. *Educating members about the needs of the customers and their quality expectations.* This is important for business centrality to be maintained. For hand-made products, handicrafts, etc., it is particularly beneficial to organize face-to-face interactions between producers and consumers.
- iv. *Striking a balance between private and collective benefits.* A collective enterprise produces both private and collective benefits. It is the private benefits that help managers to elicit member allegiance. Collective

ventures often produce collective goods such as improved ground water levels due to investment in common water-harvesting structures. Public goods are characterized by non-separability and jointness in consumption, making it difficult to contain the free-riding behaviour of some members. In such cases, collectives can device rules linking individual rights to the extent of contribution made in creating benefits.

**Table 6.1: Design Parameters for Governance System**

No.	Design Parameter	Patronage Cohesiveness of Governance system	
		Low	High
1	Term of a governing board	Very long, 5–7 years	Short, 1–3 years
2	Size of the board	Very large, 25–40 members	Small, 5–11 members
3	Powers of the registrar or cooperatives or equivalent government official	Extensive, as in many states	Restricted to the registration of new institution
4	Relationship between The Board and the chief executive	CEO not answerable to Board in de jure or de facto terms	CEO appointed by the Board and holds office at the Board's desire
5	Who has voting rights?	Many nominal members with no business stake in the collective enterprise institution	Only users of the institution's services or their representatives have voting rights
6	Basis of voting rights	One-member-one-vote	Votes in some proportion to the usage of the institution's services, present and past
7	Basis for zoning of the electorate	Administrative boundaries or population or number of members/primaries	Density of business with the institution; each zone has roughly equal business
8	Degree of directness and indirectness in the electoral process	Very indirect, as in the Anand pattern, credit and other federated cooperatives	Very direct, as in sugar cooperatives in western India
9	Panel contests	Absent	Widely practised
10	Partitioning of the electorate into sectional interest groups	Yes, through reservation of seats on the Board for women, SC/ST, etc.	No reservations of seats on the Board
11	Right to recall a non-performing Board	None whatever	Yes, especially when linked to members' business with the collective institution
12	Area of influence of the Board	Only cost and responsibility centres; value adding sub-systems removed from Board control	Total, including all cost centres as well as profit centres such as plant, marketing, etc.



## Institutional Arrangements in Pro-poor VCIs

In the previous chapter, we discussed three different models or approaches to building institutions for pro-poor value chains. The issue of design depends on who will perform the three different functions, viz., commercial, developmental and welfare, at different nodes of the value chain. At any given point of time, these functions will be performed through the combined efforts of a) the key collective enterprise institution b) the associated informal groups of producers c) the special purpose PIs and d) the external support agency. In the initial stages, many functions may have to be performed by the external support agency or the social entrepreneur, as the case may be. However, gradually, as the capacity of PIs gets built, these functions will be taken over by them. We discuss below the division of functions through idealized institutional models for the three different approaches to social capital building, discussed in the previous chapter.

### Incubation model

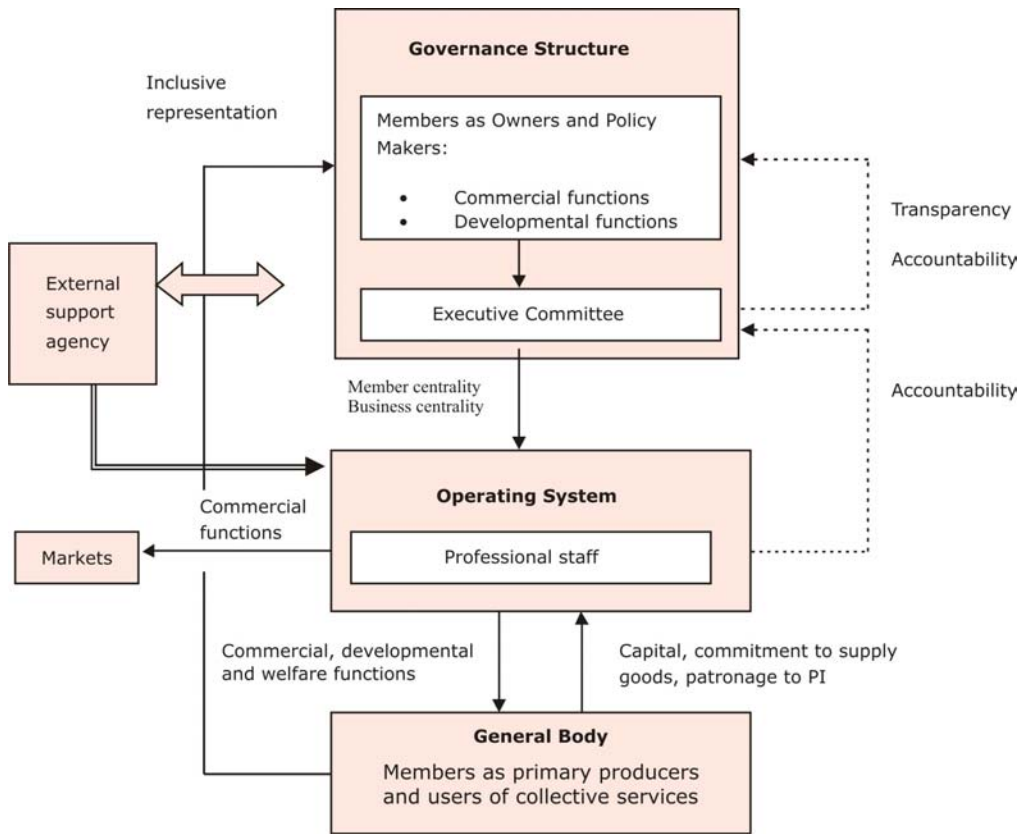
During the incubation stage, the external support agency helps in the formation of the nascent collective enterprise institution. It also facilitates all the three functions. Later, as the nascent organization gains in confidence, it earns its autonomy and the parent organization withdraws from all day-to-day functions. It, however, continues to perform sector development functions such as policy advocacy, research, sourcing technology, etc. During the incubation stage, the NGO may provide professional staff to the collective enterprise. When the organization becomes autonomous and economically viable, it begins to pay the salary of the professional staff from its own income. Figure 6.2 provides a schematic representation of the model.

Examples of the incubation model include the poultry cooperatives and Masuta producers' company promoted by PRADAN (See case studies in Volume II).

### Social entrepreneur model

In this model, the social entrepreneur takes upon himself/herself the commercial risk by organizing a private company to deal with the market. He/she then builds the value chain by organizing informal groups of producers. This is the development function. Whereas some entrepreneurs prefer to carry out this function through the same private company, others such as Sumita Ghosh of Rangasutra, (a private company with the social objective of developing rural weavers and artisans), prefer to organize them through a collective enterprise institution such as a producers' company. The private company and producers' company work in tandem. The private company is more amenable to the marketing function and can access commercial funds easily. On

**Figure 6.2: Schematic Diagram of a Typical Collective Enterprise Institution**



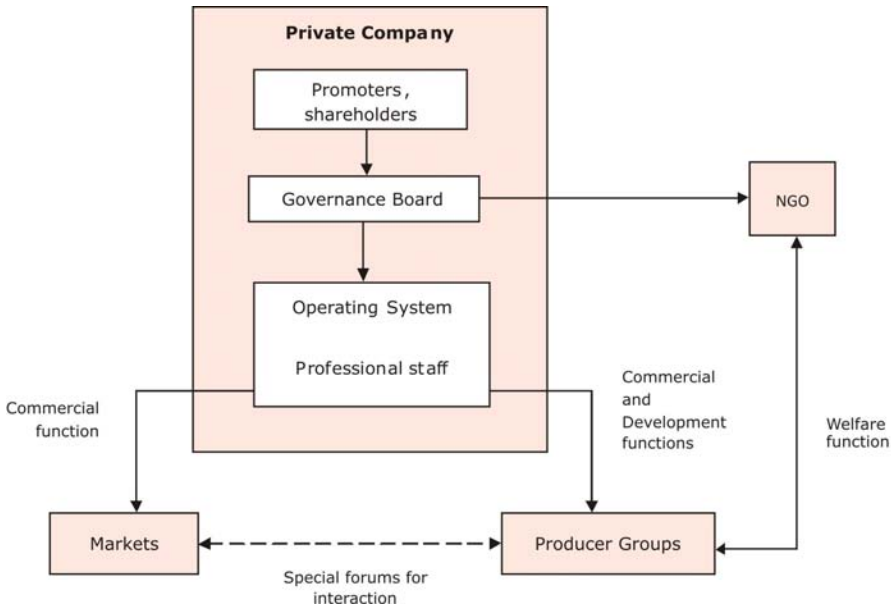
the other hand, a producer company is better suited to the value chain development function and can access government and donor funds for the purpose. The welfare function is taken care of through a fund managed either by representatives of the producer groups or by a specialized NGO. As shown in Figure 6.3, the producers are no longer part of the enterprise but are closely associated with it.

The principles of patronage coherence on the part of the private company and member allegiance on the part of the informal producer groups continue to hold although in a more loose sense. This is because non-performing groups may be easily asked to leave.

### Joint stakes model

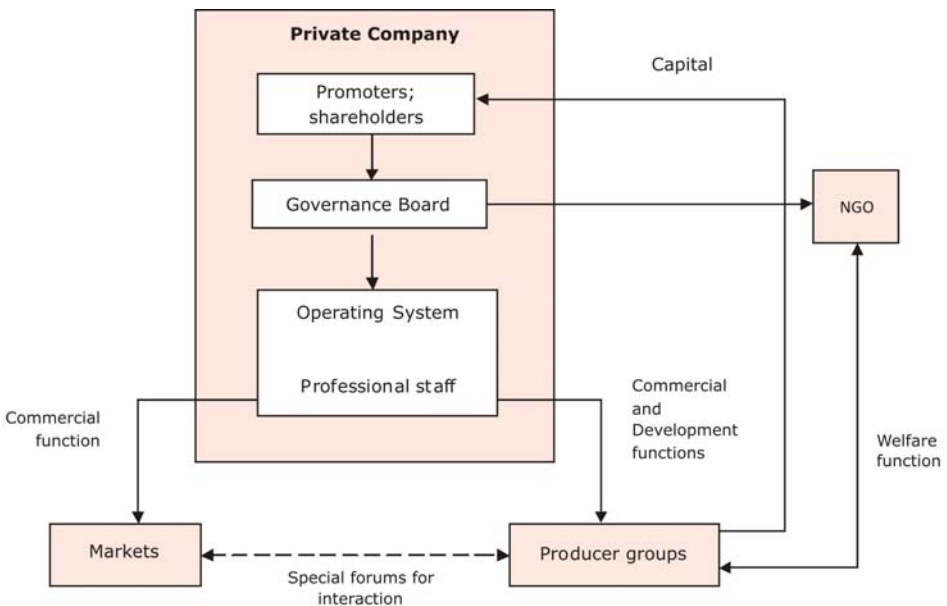
In this model, the relationship between the social entrepreneur and the producer groups is more secure because both contribute capital to the private company and both share the enterprise risks. Quite often, the social entrepreneur model may get

**Figure 6.3: Social Entrepreneur Model**



converted into joint stakes model if, after a few years of successful partnership, the social entrepreneur feels that primary producers should be allowed to have a share in the stakes through contribution of capital. In this way, primary producers become equal owners of the enterprise and, in fact, become an integral part of it (figure 6.4).

**Figure 6.4: Joint Stakes Model**



## End-notes

1. This is said to exist when a governing body takes all decisions with a view to maximizing members' interests and members' allegiance to the collective enterprise. They worry about the interests of all stakeholder groups, irrespective of the fact that a dominant minority may be contributing to the bulk of the business.

# 7

## Human and Social Capital for ICT Interventions

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### Introduction

Catalyzed by Mission 2007, India is attempting to bridge the digital divide on a scale that is unprecedented in the world. However, bringing about such a revolution will call for generating widespread awareness about what ICT can do for the poor and the rural communities. It will also need the creation of an army of knowledge workers in the countryside. Hence, investment in human capital to eradicate illiteracy and increase e-literacy must precede or go hand-in-hand with ICT interventions.

The creation of PIs at the hamlet/village level is equally important. Village governance should promote equitable and inclusive growth. Hence, investment in social and human capital will have to match the investment made in hardware and the creation of information highways. These information highways will prove to be of little use if there is no traffic on it and if there are no potential users.

At the level of the value chain, strategic partnerships will need to be created not only for creating the delivery system but also for generating relevant content. The stakeholders in these partnerships will be drawn from public, private, and civil society organizations as well as from local communities and PIs. Hence, the power equations and relationships between strategic partners should be such that the interests of the end-users (rural poor) are not compromised. Creating partnerships on the principle of mutual benefit and trust represents another dimension of social capital needed to make ICT interventions work.

In this chapter, we take a closer look at each one of these issues, viz.:

- a. Creating human capital at the village level.
- b. Creating social capital for governance of VKCs.
- c. Creating durable partnerships for knowledge value chains that reach the rural poor.

### Creating Human Capital at the Village Level

In Volume III, we saw a number of ICT interventions started by simply providing courses on computer literacy. Many of these have taken advantage of the structured syllabus

offered under Microsoft's Unlimited Potential Programme. In the field of e-literacy the achievements of the Akshaya programme of the Department of Information Technology in Kerala stand out. Akshaya claims to have made Malapuram district of Kerala the first e-literate district in the country. Over 0.6 million people have completed the e-literacy programme at a cost of Rs 300 million. This has already led to direct employment for 2,400 local people, who run the e-kendras (centres) of the programme in the district. The Government of Kerala has replicated the programme in seven other districts of the state through a total of over 1500 e-Kendras (TelecomLive, 2007).

In 2003, MSSRF established the Jamshetji Tata National Virtual Academy for Rural Prosperity (NVA). The NVA has established a Fellow programme, to recognize the contribution of village-level leaders and to provide them access to lifelong education opportunities. By 2008, the NVA had organized four convocations, in which more than 1,000 rural knowledge workers were awarded NVA Fellowship. It has plans to scale up its capacity building operations in the near future and prepare half a million Fellows.

Apart from these structured efforts, many private training institutions have opened shop in small townships that provide short- and medium-term courses on computers and allied subjects. Whereas some of the e-literate rural youth become nano-entrepreneurs, providing knowledge services in the village, many others get employed in private and public enterprises.

To summarize, the main strategies for building human capital for ICT in rural areas are:

- a. Providing e-literacy, as done by Akshaya.
- b. Creating knowledge workers at the grassroots, as done by MSSRF.
- c. Creating awareness about the kind of services possible through knowledge centres.
- d. Capacity building through training institutions and in schools.

## Creating Social Capital for the Governance of VKCs

A number of development agencies are promoting community based VKCs similar to the ones pioneered by the MSSRF. The proper governance of VKCs becomes critical to ensure inclusive growth and development. These agencies need to build the capacity of village institutions in managing knowledge centres well and ensuring that the benefits flow to the weaker sections on a priority basis. For NGOs that have already been working with rural communities in a participatory mode, the social capital already exists and only needs a re-orientation, keeping in view the specific requirements of the ICT adopted and the services being offered. For others, investment in developing suitable social capital at the VKC level will need to be planned.

Some of the important functions of a village institution managing a VKC would include:

- Identifying suitable products and services that meet the needs of local communities.
- Selecting knowledge workers to run the knowledge centre. Giving priority to marginalized sections of society and women will go a long way in promoting inclusive growth.
- Sending knowledge workers/nano-entrepreneurs for suitable training.
- Supervising knowledge workers and monitoring VKCs
- Identifying local experts in different fields—veterinary experts, herbalists, geologists, pathologists, etc.—who will interact with scientists and research institutions, in order to develop content that is relevant to the needs of the local community.
- Mobilization of community and providing good governance for inclusive growth and development.
- Fixing suitable rates for various services provided in a manner that the poorest can afford to avail of these.
- Looking to the financial and social sustainability of the VKC.
- Negotiating with external partners in the knowledge value chain, to ensure that the needs of the village are not compromised.
- Disseminating relevant technology through knowledge centres.

## Creating Durable Partnerships for Knowledge Value Chains

Knowledge value chains are characterized by strategic partnerships between various players drawn from different sectors of society—private, public, government, civil society and local communities (including PIs and nano-entrepreneurs). A typical value chain for a knowledge service will comprise players who are willing to play one or more of the following roles.

- a. Technology provider
- b. Connectivity service provider
- c. Application developer
- d. Content providers
- e. Service interface provider
- f. Development support agency

Sometimes, the initiative comes from the technology provider or the application

developer and, on other occasions, it could come from a civil society organization in search of technology partners. The agency that takes the initiative to forge partnerships becomes the lead agency in developing the value chain. The fact that ICT applications are supply driven makes it very important for the lead agency to facilitate participative processes for need assessment, product design and testing. Active participation of the target population during the pilot phase of the project will ensure relevance to the local needs.

Providing institutional space for people to participate in the design as well as delivery of the information and knowledge services is critical for the success of the value chain. These spaces will serve as forums for people to negotiate with service providers so that they get the right kind of services at the prices that they can afford. These will also serve as platforms for developing relevant content by facilitating dialogue between formal research institutions and local experts. Maintaining a network of content providers that provides relevant content on an ongoing basis is another challenge that social entrepreneurs involved in ICT interventions must be prepared to meet.

Civil society needs to build the capacity of local institutions in order to negotiate and plan for, among other things:

- Supply of relevant knowledge services and content at an affordable price.
- Periodic upgradation of facilities in order to plan for technological obsolescence.
- Proper management of the centres by locally trained knowledge workers.
- Inclusive, gender sensitive growth through a policy of positive discrimination for the poor and marginalized.

The design of institutional arrangements in a knowledge value chain would depend on the nature of lead agency, the nature of services being planned and the target audience. This is discussed in more detail in the following chapter.



# 8

## Design of Knowledge Value Chains

### Introduction

As discussed in the previous chapter, a number of partner agencies are needed to play different roles related to connectivity, content management, capacity building, product development, client interface, coordination, etc., in order to build a knowledge value chain that reaches products and services to the rural poor. A lead agency is needed to bring all the players together and to coordinate the satisfactory delivery of services on an on-going basis. Partnerships should be durable and show long-term commitment in serving the target audience. Revenue models may be needed to make the services pay for themselves on a sustainable basis. The ICT delivery system requires heavy investment in infrastructure and hardware; therefore, these investments will have to come from either the public or private sources. Once the information highway is created, many service providers can piggyback on it. Creating an ICT application that meets a latent demand of the rural client, calls for integration of application development skills, on the one hand, and understanding of the needs of rural clients on the other. This is where partnerships between technology institutions and civil society and PIs become crucial for success.

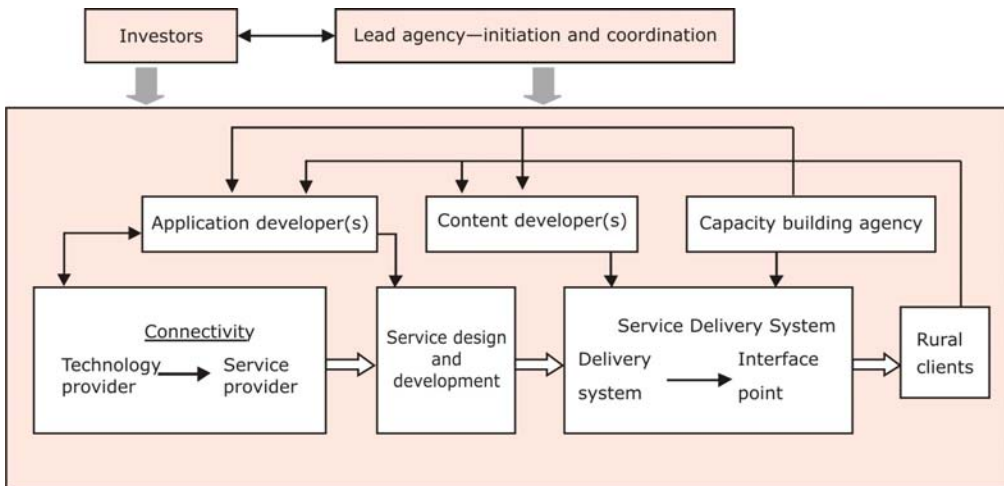
In this chapter, we present three different models of institutional arrangements (with several variations), based on the study of institutional arrangements in a large number of ICT interventions described in Volume III of the handbook.

### Design Parameters

Figure 8.1 shows a schematic diagram of an typical knowledge value chain, with all the functions needed to bring it together.

Table 8.1 provides an typical actor-function matrix. The lead agency initiates and coordinates the functioning of the partnership. Among the technology partners, either the technology provider (for example, QUALCOMM) or the application developer (for example, Tata Consultancy Services) takes the initiative to develop the value chain for a new ICT application with the potential to benefit the rural client. Sometimes, the development support agency (NGO), a social entrepreneur or a private firm takes the initiative to bring all the players together to provide a particular service to a particular

**Figure 8.1: Typical Knowledge Value Chain**



target audience. Among the investors, usually the government takes the initiative to not only invest in setting up the infrastructure but also to bring other players to collaborate through public-private partnership. It is worth noting that the most intensive stage of coordination is at the pilot stage when the product/application is being tested and refined to serve the precise needs of the rural clients.

Based on a review of about a dozen ICT interventions, we came to the conclusion that value chains differ from each other on the basis of the following parameters.

- a. *Investor*: Who makes the investment in hardware and software?
- b. *Purpose*: What is the purpose or motive behind setting up the value chain? The motive could vary from simple profit-making to bridging the digital divide.
- c. *Delivery system*: Who will run and maintain the information highway, which includes the infrastructure for connectivity as well as the network of content providers?
- d. *Information kiosk*: How will the point of interface between technology and rural clients be organized and managed?
- e. *Sustainability of village knowledge centre*: How will the village kiosk/VKC be supported in the long run—through user fees, grants or as a village common?

Table 8.1: Actor-function Matrix for a Typical Knowledge Value Chain

Actors	Functions									
	Connectivity		Content		Application Development	Capacity Building	Client Interface	Coordination (by Lead Agency) *		
	Main	Last Mile	Lab 2 Land	Land 2 Land						
Technology provider	✓				✓				✓	
Connectivity service provider	✓				✓					
Application developer				✓	✓				✓	
Content providers			✓		✓				✓	
VKC/Kiosk		✓			✓			✓		
Development support agency		✓	✓	✓	✓	✓			✓	
Investor*	✓				✓	✓			✓	

\* Tick mark indicates the potential actors, who could take up the position of lead agency.

† The investor does not normally get involved in any of the functions other than financing the project. However, sometimes the technology provider or some other actor may also be the investor and may play a proactive role, taking up more than one function, including coordination.

## Emerging Models of Institutional Arrangement

After mapping the various interventions under study on the variables mentioned in the previous section, it was possible to delineate three different models of institutional arrangements for knowledge value chains, viz., a) entrepreneurial (including commercial and social-entrepreneur models) b) grant-based (including free service and pay-to-use models) and c) cooperative. The main characteristics of the three models and their variations are summarized in Table 8.2.

**Table 8.2: Three Models of Institutional Arrangements**

Model	Investment	Purpose	Delivery System	Point of Interface
<b><i>Entrepreneurial</i></b>	Private			
Commercial	Private	Profits by reaching the bottom of the pyramid target segment	Private	Franchisee network of micro-enterprise*
Social-entrepreneur	Private	Inclusive development through sustainable delivery model	Private	Franchisee network of micro-enterprise
<b><i>Grant-based</i></b>				
Civil society or corporate social responsibility	Private	Serving the poorest of poor through ICT	Public and/or private	VKC as CPRs
Government	Public	Improving the efficiency of government services	Public or private or public-private partnership	Free services through government outlets
Government—self-supporting	Public	Improving the efficiency of government services	Public or private or public-private partnership	Franchisee network of micro-enterprise
<b><i>Cooperative</i></b>	Cooperative	Serving rural poor through ICT, including cooperative members	Cooperative	Cooperative managed call centres/kiosks

\*Note: The micro-enterprise may be run either by individuals (nano-entrepreneurs) or SHGs or CBOs.

Table 8.3 shows how the ICT initiatives, discussed in Volume III, were classified, using this framework and typology.

**Table 8.3: Classification of ICT Interventions studied**

Name	Investment	Purpose	Delivery System	Diffusion Point	Model	Lead Agency
Ekgaoon	Public/ Private	Inclusive banking at farmer's doorstep	Banks and civil society organization	Nano-entrepreneur, in the form of Business correspondent	Entrepreneurial (commercial)	Application developer
Drishtee	Private	Inclusive development through ICT	Private	Franchisee network of micro-enterprise	Entrepreneurial (social)	Social entrepreneur
TARahaat	Private	Inclusive development through ICT	Private	Franchisee network of micro-enterprise	Entrepreneurial (social)	Social entrepreneur
MSSRF	Private and public	Reaching the poorest of poor	Public and private	CPR institution	Grant based (civil society)	External support agency
m-Krishi	Private	Tapping Bottom of the Pyramid (BOP) market and serving the poor	Private	Franchisee network of micro-enterprise	Entrepreneurial (commercial)	Application developer
MCX-India Post	Private and public	Serving rural markets through ICT	Public	Public outlets with user fees	Entrepreneurial (commercial)	Private company
KCC	Public	To serve the farming community through ICT	Private and public	Remote call centres with free call service	Grant-based (government)	Government department
e-Sewa (rural)	Public	Cost effective e-government services	Private and public	SHGs as micro-enterprise	Grant-based (government—self-supporting)	Government department
Bhoomi	Public	Cost effective e-government services	Public	Government outlets with user fees	Grant-based (government—self-supporting)	Government department
e-choupal	Private	Tapping BOP market and serving the poor	Private	Franchisee network of micro-enterprise	Entrepreneurial (commercial)	Private company
IFFCO Kisan Sanchar Ltd.	Cooperative	To serve the farming community	Cooperative	Call centre	Cooperative	Cooperative

*Note: The first five examples cited here refer to case studies in Volume III. The rest appear as Box items in the same.*

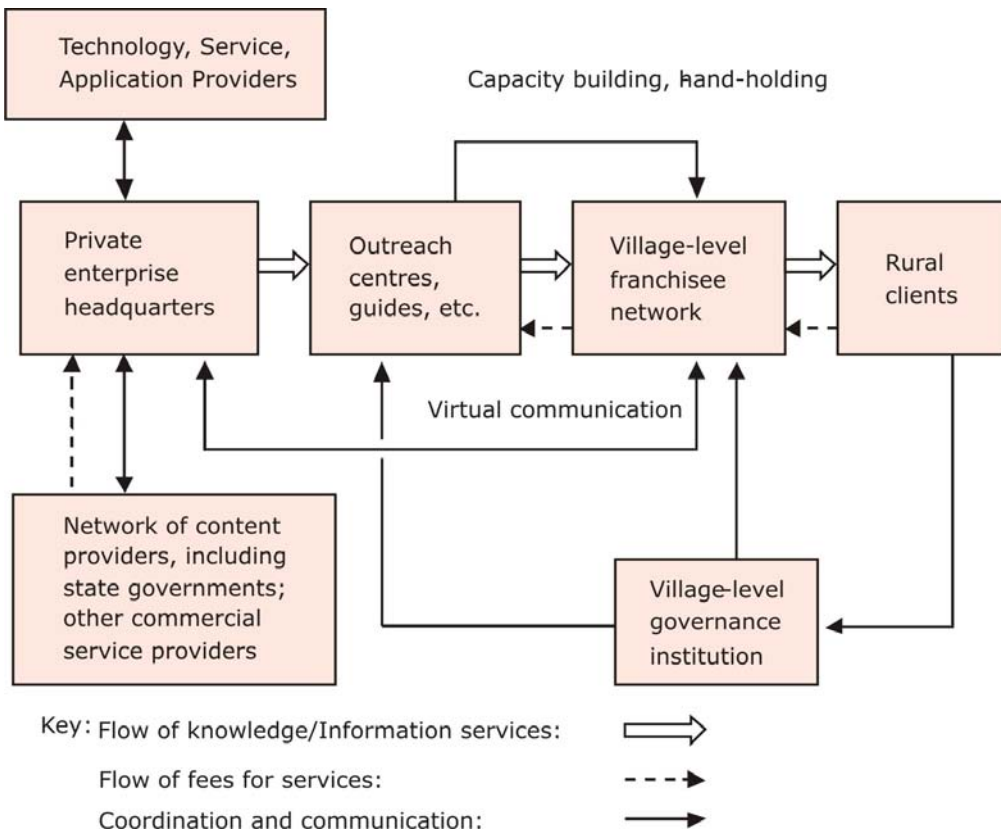
## Entrepreneurial model

Proponents of the entrepreneurial model believe that the ICT services should be delivered by grassroots entrepreneurs, chosen for their ability to work as knowledge workers and having acceptance within the community. The investments should be low enough for the entrepreneurs to be able to make profits from the fees paid by rural customers. The fees, in turn, should be low enough to be affordable, and the services should be of sufficient value to the customers for the model to remain sustainable over an extended period of time.

This model has been tried by both commercial entrepreneurs (for example, ITC's e-choupal) as well as social entrepreneurs (for example, TARAhaat and Drishtee). The only difference between the two is the priority, in terms of profits. For commercial entrepreneurs, bridging the digital divide is a means of increasing profitability whereas for the social entrepreneur, it is important to remain profitable in order to continue to serve the poor.

Figure 8.2 provides an ideal institutional arrangement for the commercial model.

**Figure 8.2: Typical Arrangements under an Entrepreneurial Model**



The information highway is established by the lead agency (say, private company), which sets up outreach centres and guides, to enable the development of a franchise network. Information and services flow to the rural client through this highway. Rural franchisees break even when they have a sufficient number of satisfied clients paying fees for their services. The information highway is supported partly by franchisee fees and partly by the fees paid by commercial service providers.

Two variations of the model were observed.

- a. *Cross-subsidy in fee structure*: In this variation, welfare services such as health and education are cross-subsidized by fees for commercial services, as in TARahaat.
- b. *Two-way flow of services*: Another variation includes using the same information highway for the reverse sale of goods/services. For instance, the franchisee network of Drishtee provides BPO services to state governments and other external clients. It also helps local artisans in marketing their artifacts through virtual marketing. In ICT e-choupals, the same network is used for providing information services and agri-inputs, on the one hand, and procuring agricultural commodities on the other.

## Grant-based model

In many regions of rural India, the people are so impoverished that it is beyond their means to pay for information services. In such areas, grant-based models should be used. The government owes this to the people residing in such areas. Besides, the whole idea of bridging the digital divide will be lost if the poorest of poor remain excluded. Grant-based models are implemented either by the government or by civil society institutions with access to grants from donors or parent companies.

Typical examples of this model include government and/or public sector organizations providing the technology as well as services. Partnerships between public sector/government and non-government organizations are also to be seen. The best known example is of the satellite connectivity provided by ISRO to set up Village Resource Centres at the block level in partnership with NGOs, to facilitate the setting up of VKCs. As per the model established by MSSRF, these VKCs are governed by village institutions and managed by knowledge workers especially trained for the purpose. It is hoped that the community will pay back in the long run for the free knowledge services it received in the short run thereby making the knowledge centre viable over a longer time frame. However, this essentially remains a grant-based programme, implemented by developmental agencies, with a thrust on positive discrimination in accessing ICT by the poor, the marginalized and the women in rural areas.

Figure 8.3 shows the institutional arrangements in a typical civil society-led, grant-based ICT intervention. The structure of the model looks similar to that of the entrepreneurship model. However, trained knowledge workers nominated by the villagers run the village kiosks here. The VKC is managed as a CPR by a village-level institution and services are provided free or at a nominal cost so that the poorest of poor can avail of these.

**Figure 8.3: Typical Arrangements under a Civil Society-led, Grant-based Model**

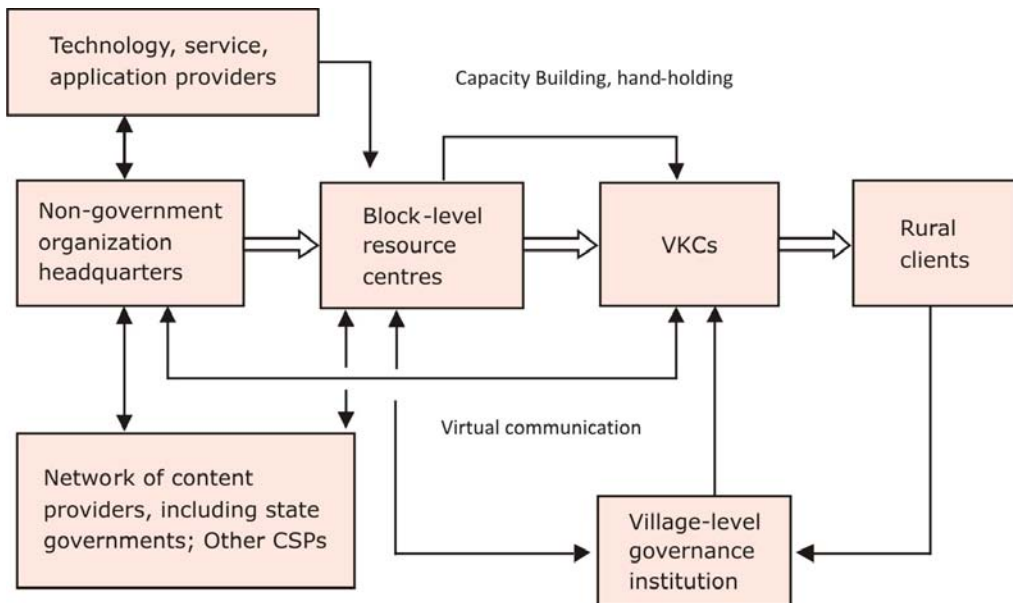


Figure 8.4 shows how a typical, government-based knowledge value chain is organized. Most of the e-government services such as Kisan Call Centres, Gyandoot, Bhumi and e-Sewa (rural) are included in this model.

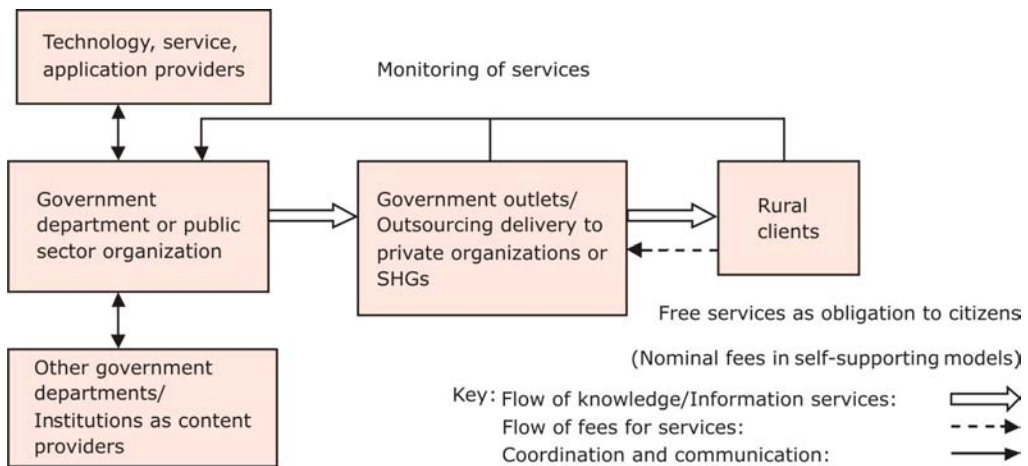
Government services can be of two types:

- a. Free services
- b. Pay-to-use

Free agricultural extension services offered through call centres by the Department of Agriculture (such as Kisan Call Centres) are examples of the free services model. For many e-government services, the users must pay at least part of the cost so that they value the service. In this way, the operating costs of the project can also be covered, making it financially self-supporting. Examples include land records services offered by Bhumi, e-government services by Gyandoot and e-Sewa. DoIT's ambitious CSC programme falls in the same category. The government has made investments to create the information highway. However, the CSCs to be set up with the support of private and civil society organizations will function on the principle of pay-to-use.



**Figure 8.4: Government-initiated, grant-based model**



### Cooperative model

Cooperatives fall in a different category because they represent collective enterprise. When a large cooperative like IFFCO creates call centres to offer free agricultural extension services to its members, it cannot be classified as grant-based because the very purpose of the cooperative venture is to serve its members while remaining profitable. The extension service will, in turn, help members to make proper use of agricultural inputs. When this service is extended to non-members, it may be seen as an investment in potential clients because they are more likely to purchase the fertilizer produced by the company. The IFFCO Kisan Sanchar Limited is the only known example of this model so far. Through its Green SIM Card, every subscriber receives five free voice messages on the mobile phone. Farmers can resolve specific problems by accessing expert advice through a dedicated helpline.

Newer models may emerge as we gain experience in the design and delivery of ICT-based services for the rural client, especially the poor.

### Design Principles

The creation of pro-poor knowledge value chains is a recent phenomenon and, as such, hardly any research is available on the institutional aspects of such value chains. It may, therefore, be too early to suggest design principles for the same. Till such time that more robust research is done on the subject, the above models may serve as approximations for what to expect in different combinations of partnerships.

Whatever be the model of institutional arrangements, building durable partnerships

seems to be the key to creating successful knowledge value chains that serve the rural poor. Fortunately, the literature on inter-organizational behaviour provides an excellent framework for assessing the durability of partnerships.

## Framework for Assessing Durability of Partnerships

Benson (1975) identified four main pre-conditions for partnerships to work effectively and sustain over time, viz.:

- a. Ideological consensus
- b. Domain consensus
- c. Administrative consensus
- d. Mutual acceptance

### Ideological consensus

This refers to the value system and work culture of the different partner organizations. Organizations with vastly different work cultures could also enter into partnerships provided they find a common goal and agree on the means to achieve the goal.

### Domain consensus

This shows the extent of agreement between partners about who will be responsible for which parts of the project/programme (in this case, the functions of the value chain).

### Administrative consensus

This refers to administrative norms and the ways of carrying out common tasks.

### Mutual acceptance

This refers to the recognition of partners' strengths and positive evaluation of each other.

The above criteria should serve as the touchstones for building a coherent value chain that works with a unified purpose and draws synergy from its partners, in order to gain competitive advantage and serve its target clients effectively. These criteria can also be used as a diagnostic tool to assess failed value chains and to develop plans for reviving them where possible.

# 9

## Social Capital as a Means of Empowerment

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### Introduction

Poverty and deprivation take their toll on large numbers of poor families, in terms of depleted longevity, malnutrition and health related problems, high infant mortality, poor cognitive development among children and all the ills associated with lack of basic amenities of life. However, the woes of the poor do not end there. The effects of historical deprivation and marginalization go much beyond just the physical to encompass the social and psychological states of being. This makes the problem of poverty all the more complex and difficult to handle. Individuals, groups and entire communities of the poor and marginalized feel helpless and often live in a state of 'magical consciousness' (Freire, 1972) from which it is very difficult to return into a state of self-belief and to take action to change their situation. Sociologists and activists have evolved various approaches of 'empowerment' (Narayan 2002, Freire, 1972) to tackle this situation. Building groups and institutions of the poor is a common feature of these approaches and, therefore, social capital building may be considered central to the empowerment process.

Readers may observe that almost all the PIs discussed in this volume lead to some form of empowerment, individually and collectively, for its members. In certain interventions, empowerment of the poor and the marginalized is the primary goal rather than a by-product. For instance, an intervention designed to bring about gender balance in a community in which women are discriminated against may witness the creation of women's groups designed to empower them. The activities that these groups take up either in the economic or social spheres only help to contribute to this overarching goal. Empowerment of the poor, like social capital, is therefore to be valued both as an outcome as well as a process of development. If an intervention is rated highly in terms of the outputs delivered but does not lead to any empowerment, it may be time to revisit the basic premises and design of the intervention.

In this chapter, we first examine the causes as well as social and psychological consequences of poverty, deprivation and marginalization. We then work towards an operational understanding of empowerment. Finally, we discuss approaches and strategies for empowerment through PIs.

## Socio-psychological Consequences of Poverty and Deprivation

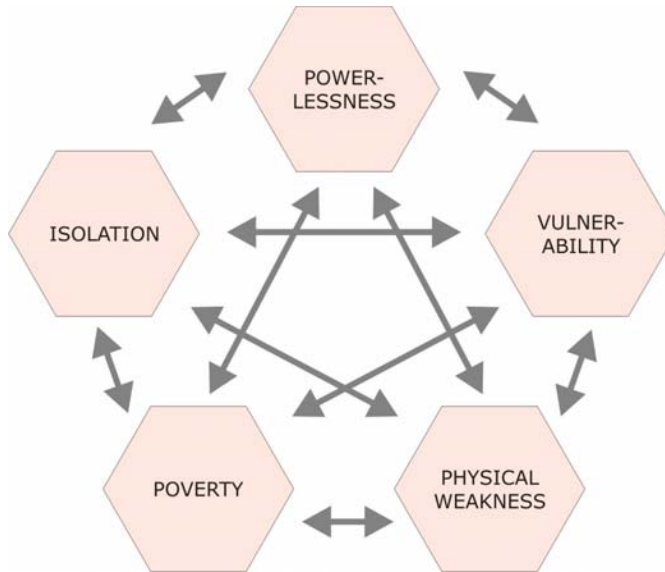
The sources of deprivation could be either economic (for example, alienation of forest dwellers from forests that provide their only means of livelihood, and displacement of local communities due to the construction of large projects such as dams, ports, industrial estates) or social (for example, marginalization and discrimination of communities on the basis of caste, religion and gender). In either case, the social and psychological impacts are similar, and lead to greater helplessness and vulnerability. Even as the poor find themselves trapped in a vicious cycle of poverty, they experience a feeling of 'learned helplessness'. The term, coined by psychologists, refers to a psychological state under which a person feels a lack of control over his/her situation and lack of belief in being able to act on it to change it (Seligman, 1975). Such people experience a lack of voice and self-belief. The problem gets compounded when they enter into a state of magical consciousness, induced by ideological beliefs that make some people 'inferior', 'lower' or 'impure' by birth.

Magical consciousness is characterized by acceptance and resignation in the face of brutality and oppression (Freire, 1972). Individuals at this stage of consciousness are trapped by the myth of 'natural inferiority'. They are unaware that man's actions are, as such, transforming. As explained by Smith (1997), "it is this sense of impotence which prevents individuals from naming their problems in dehumanizing terms, which ties them to magical explanations (such as *God, fate, luck, the times*, etc.) and which limits their activities to passive acceptance."

Such a psychological state combined with a near absence of an economic cushion to deal with the risks of insecure livelihoods (such as rainfed farming) render farmers and other individuals highly vulnerable to exploitation from unscrupulous moneylenders, traders and others. Farmers falling into the debt trap are often unable to bear the trauma arising from the loss of social prestige within their kith and kin, leading them to commit suicide. The only other option is to continue an existence, which dehumanizes both the exploited as well as the exploiter. Covert forms of servitude such as 'bonded labour', otherwise considered illegal in a modern democratic society, continue to persist, especially within interior rural areas. Desperate bids to restore lost honour include the selling of daughters to flesh merchants, who pose as eligible bridegrooms.

Delving into the anatomy of the deprivation trap, Chambers (1983) states that linking five clusters gives twenty possible causal relations, which in their negative forms interlock like a web to trap people in their deprivation (Figure 9.1).

Figure 9.1: The Deprivation Trap



## Empowerment: Concept and Processes

### Key concepts

Several approaches have been evolved to make the poor and the marginalized come out of this magical state of consciousness into a state in which they can join hands, rediscover their voice, regain their lost confidence and rebuild their future through the self-help route. The emergence from the magical to a critical state of consciousness is known as *conscientization*. Based on his experiences in Latin America, Paulo Freire, the Brazilian educationist, put forth, in 1972, a pedagogy for creating such an awareness among the oppressed, in his celebrated work, *Pedagogy of the Oppressed*. In India, during the eighties, BSC, Ahmedabad, adopted this process successfully to empower the Vankar community in a semi-feudal setting in coastal Gujarat. At the same time, similar experiments were underway to build communities of informal learners-educators, such as the Jawaja experiment in Rajasthan and the Myrada groups in Karnataka.

Conscientization, or achievement of critical state of consciousness, however, is only the first step of empowerment. From there on, the process must continue further to bring the people together for collective action. Such collective action will lead to empowerment if it enables the achievement of the four As, articulated by Gupta (1987) in his 4-A framework (Box 9.1).

### Box 9.1: 4-A Framework for Self-help and Empowerment

#### **Access**

Gaining access to resources, information, knowledge, skills and technology and new markets, which was so far denied to the poor on account of their status.

#### **Assurances**

Getting the right assurances from different institutions about future returns from present investments made by individuals. This includes assurances about the behaviour of other colleagues in their own institution/group as well as risks involved in getting future returns from investments made in economic activities in the present by the poor.

#### **Ability**

Building the capacity of individuals as well as the group to take advantage of the access to resources, knowledge, etc., in ways that can build the resilience of the group.

#### **Attitude**

Developing self-belief and belief in fellow members so as to take collective action to transform their own situation.

This brings us closer to a more complete understanding of empowerment. In its broadest sense, empowerment is the expansion of ‘freedom of choice and action’ (Amartya Sen, 1999). It means increasing one’s control over the resources and decisions that affect one’s life. Because powerlessness is embedded in the nature of institutional relationships, in the context of poverty reduction, an institutional definition of empowerment is more appropriate. Deepa Narayan of the World Bank, who has written extensively on the subject of empowerment and poverty reduction, provides such a definition:

*“Empowerment is the expansion of assets and capabilities of poor people to participate in, negotiate with, influence, control and hold accountable institutions that affect their lives.”* (Narayan, 2002, p 14)

Narayan identifies four key elements of empowerment:

- i. Access to information
- ii. Inclusion and participation
- iii. Local organizational capacity
- iv. Accountability

These key elements are described in some detail below.

### **Access to information**

- Informed citizens are better equipped to take advantage of opportunities, access services, exercise their rights, negotiate effectively and hold state and non-state actors accountable.
- Without information that is relevant, timely and presented in forms that can be easily understood, it is impossible for the poor to take effective action.
- Laws about the rights to information and freedom of the press, particularly the local press in local languages, provide the enabling environment for the emergence of informed citizen action.
- Most projects and programmes, whether at the community level or at the national level, underestimate the need for information and under-invest in information disclosure and dissemination.
- Critical areas include information about rules and rights to basic government services, about state and private sector performance, and about financial services, markets and prices.
- ICT can play an important role in bridging the information divide with these kinds of information (See Volume III for detailed exposition).
- Information flow from government to citizens and vice versa is critical for creating accountable governments. Governments need to develop innovative ways of collecting information about the needs, priorities and preferences of the poor. Mechanisms for systematic feedback to the policy-making levels must be institutionalized.

### **Inclusion and participation**

- Inclusion focuses on the question of who is being included and who is left out.
- Participation addresses the question of how they are included and the role they play once included.
- An empowering approach to participation views poor people as co-producers with authority and control over decisions and resources, devolved to the lowest appropriate level.
- Sustaining poor people's participation in societies with deeply entrenched norms of exclusion or in multiethnic societies with a history of conflict is a complex process that requires new institutional mechanisms, resources, facilitation, sustained vigilance and experimentation.

- Participatory decision-making is not always harmonious and priorities may be contested; therefore, conflict resolution mechanisms need to be in place.
- Participation at the local level can take different forms. It can be through direct discussion or representational mechanisms in nested institutions. It can happen through the political route through elected representatives or through the policy route.
- Pro-poor policies of the government make it possible to increase the livelihood choices of the people in two ways: a) what natural resources they can access, what they can grow or produce, to whom they can sell, etc., and b) what basic services they can access, in the areas of health and child care, literacy, education, risk mitigation, information services, e-governance services, etc.

### Local organizational capacity

- The organized poor are more likely to have their voices heard and their demands met than unorganized individuals.
- Local organizational capacity refers to the ability of people to work together, organize themselves and mobilize resources to solve problems of common interest.
- These organizations of the poor may be informal (as in a group of women, who lend each other money or rice) or formal, with or without legal registration (as in farmers' collectives).
- Organizations of the poor are constrained by limited resources and technical knowledge. They also usually lack bridging and linking social capital.
- Only when such groups connect with each other across communities and form networks or associations that have regional or national presence do they begin to influence government decision-making and gain collective bargaining power with the suppliers of raw material, buyers, employers and financiers.

### Accountability

- Accountability refers to the ability to hold public and private institutions and service providers answerable for their policies, actions and use of funds.
- Widespread corruption, resulting from abuse of public office for private



gain, hurts the poor the most because they have the least voice. They also have minimal access to use of private services that they cannot afford.

- Public or social accountability mechanisms (as distinct from political and administrative accountability) hold government agencies accountable to citizens.
- Access to information by citizens is key to building pressure for improved governance and accountability on the government delivery systems.
- Access to laws and impartial justice is also critical to protect the rights of the poor and pro-poor coalitions and to enable them to demand accountability whether from their governments or from private sector institutions.
- Contractor accountability is ensured when poor people can decide whether the services delivered by the contractors were as per the terms specified in the contract and whether the contractor should be paid.
- When poor people can hold providers accountable, control and power shifts to them.

## Empowerment processes for good governance

Narayan (ibid.) then applies this framework to five important areas of poverty reduction, viz.:

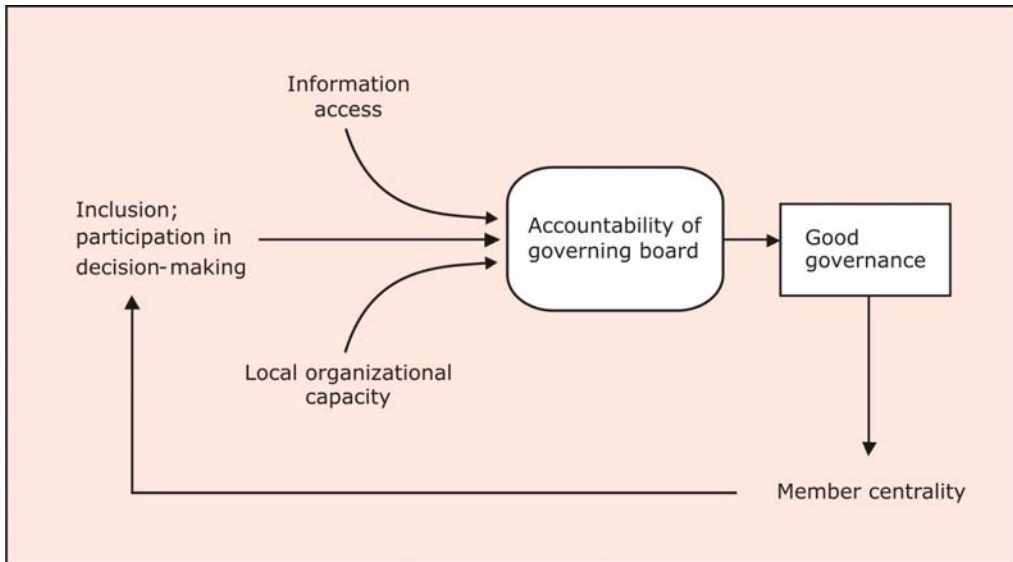
- a. Provision of basic services
- b. Improved local governance
- c. Improved national governance
- d. Pro-poor market development
- e. Access to justice and legal aid

Of these, we consider improving local and national governance of paramount importance. The provision of basic services will happen only when good governance is in place. Providing a level playing field in the marketplace and access to justice and legal aid can also be seen as functions of good governance. We have, therefore, tried to reconstruct the empowerment processes involved in achieving good governance, both at the local and national levels.

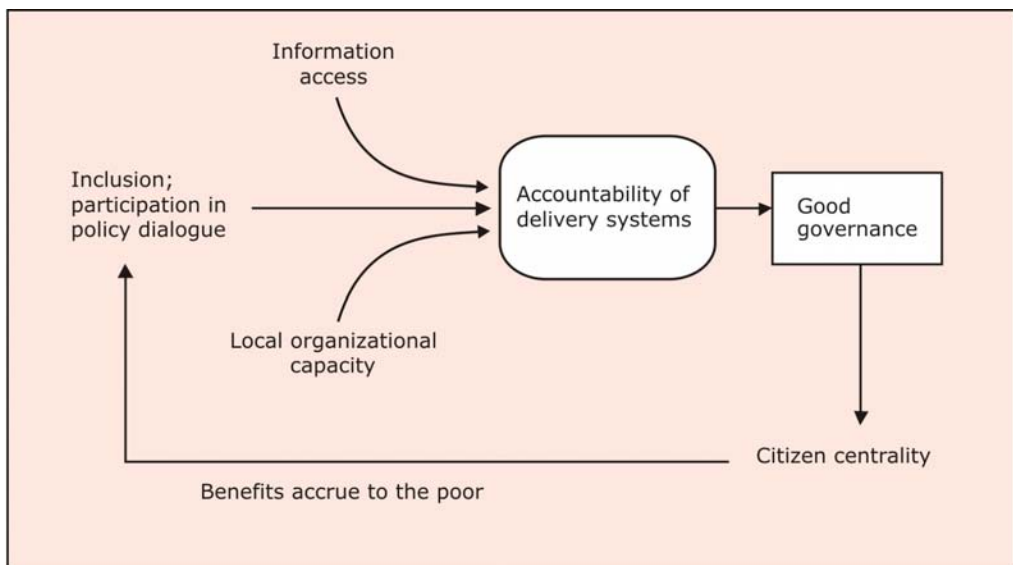
The first three elements of empowerment discussed above are useful in creating accountability, thereby leading to better governance. This applies equally to local institutions, of which the poor may be a part, and external institutions (public or

private) that provide services to the local communities. In the first case, it creates internal accountability (Figure 9.2) whereas, in the second case, it creates external accountability (Figure 9.3). Needless to say, the benefits will not flow to the poor without having such accountability in place.

**Figure 9.2: Achieving Internal Accountability**



**Figure 9.3: Achieving External Accountability**



## Two Broad Approaches to Empowerment

Empowerment processes vary depending on the situation: the extent of deprivation, the causes of deprivation and the resultant strategies for mobilization. The strategies used can be divided into two broad approaches:

- a. Rights-based approach
- b. Socio-economic development

### Rights-based approach

When the interventionists feel strongly about an injustice being meted out to the poor/marginalized, they may adopt a rights-based approach, which often results in confrontation with the existing authorities (more often than not it is the state or a nexus between private interests and corrupt government officials). This approach is based on the premise that it is the state's duty to provide basic amenities and to ensure that the fundamental rights of all citizens are protected. The fundamental rights enshrined in the Indian Constitution are listed in Box 9.2.

Human rights are rights and freedoms to which all humans are entitled. Proponents of the concept usually assert that all humans are endowed with certain entitlements merely by reason of being human. The modern conception of human rights developed in the aftermath of the Second World War, in part as a response to the Holocaust, culminated in the signing of the Universal Declaration of Human Rights (UDHR) by the United Nations General Assembly in 1948. Although the UDHR is a non-binding resolution, it is now considered to be a central component of international customary law, which may be invoked under appropriate circumstances by national and other judiciaries. The declaration was the first international legal effort to limit the behaviour of states and press upon them duties to their citizens.

Empowerment in a democratic nation's context, such as India, could take place through mass mobilization of the affected community, various non-cooperation methods of registering protest, including *satyagraha*, *gherao* and *chakka jam*, participation in public debates, using the media to create public opinion and demonstrating public support through rallies and show of numbers. Indian history is replete with several social movements, such as the *chipko andolan* of the Bishnoi community in Rajasthan, the members of which protected mature trees from the axe by hugging them, to the more recent farmer's protest in Nandigram, West Bengal, against Tata's car manufacturing project and the Narmada Bachao Andolan in Gujarat against the mega irrigation-cum-power generation project on the Narmada river.

Creating *pressure groups* to demand information from government officials and

### Box 9.2: Fundamental Rights of Citizens

The Fundamental Rights embodied in the Indian Constitution acts as a guarantee that all Indian citizens can and will lead their lives in peace, as long as they live in the Indian democracy. These civil liberties take precedence over any other law of the land. They include individual rights, common to most liberal democracies, such as equality before the law, freedom of speech and expression, freedom of association and peaceful assembly, freedom of religion, and the right to constitutional remedies for the protection of civil rights such as habeas corpus.

In addition, the Fundamental Rights for Indians are aimed at overturning the inequities of past social practices. They have also been used to successfully abolish untouchability; these rights prohibit discrimination on the grounds of religion, race, caste, sex, or place of birth; and forbid trafficking in human beings and also forced labour. They go beyond conventional civil liberties in protecting cultural and educational rights of minorities by ensuring that minorities may preserve their distinctive languages and establish and administer their own educational institutions.

The six fundamental rights provided in the India Constitution are:

1. Right to Equality
2. Right to Particular Freedom
3. Cultural and Educational Rights
4. Right to Freedom of Religion
5. Right against Exploitation
6. Right to Constitutional Remedies

Originally, the right to property was also included in the Fundamental Rights; however, the Forty-fourth Amendment, passed in 1978, revised the status of property rights by stating that “No person shall be deprived of his property save by authority of law.” Freedom of speech and expression, generally interpreted to include freedom of the press, can be limited “in the interests of the sovereignty and integrity of India, the security of the State, friendly relations with foreign States, public order, decency or morality, or in relation to contempt of court, defamation or incitement to an offence.”

*Source: “Fundamental Rights”*  
<http://www.iloveindia.com/constitution-of-india/fundamental-rights.html>

enforcing accountability of the government delivery system is another variation of the rights-based approach. This strategy was effectively adopted by an NGO, URMUL, in Rajasthan, to put pressure on the government’s Integrated Child Development Scheme

(ICDS). URMUL built the capacity of local communities to demand services due to them under the scheme—more specifically, to ensure that government employees turn up at *anganwadis* and provide proper meals and care to the children.

In recent years, the Right to Information (RTI) Act has greatly strengthened the hands of people, who believe in challenging the system and making it function (See Box 9.3 for the enactment and successful use of RTI in India). In this volume, however, we have not covered social movements and, therefore, strategies to organize people with

### Box 9.3: The Successful Deployment of RTI in India

In order to promote transparency and accountability in administration, the Indian Parliament enacted the Freedom of Information (FoI) Act, 2002, which was repealed later and a new Act, The RTI Act, came into force on 12 October 2005. The new law empowers Indian citizens to seek information from a Public Authority, making the government and its functionaries more accountable and responsible. The Act enables the establishment of an unprecedented regime of RTI for the citizens of the country.

The Act prescribes both mandatory disclosure of certain kinds of information by public authorities and the designation of Public Information Offices (PIOs) in all public authorities, to attend to requests from citizens for information. It also provides the citizens the right to appeal—a first appeal against an action or inaction of a PIO, to an Appellate Officer (AO), who is to be senior in rank to the PIO. Furthermore, the Act also mandates the constitution of Information Commissions at the central and state levels, to inquire into complaints, hear second appeals, oversee and guide the implementation of the Act.

The Act has benefited many, including the poor and the underprivileged. An evaluation report by PricewaterhouseCoopers in 2008 concluded that although the RTI Act has adequate ‘teeth’ to bring about transparency and reduce corruption, it is yet to reach the stage of implementation, which was envisioned. Notwithstanding the need to make improvements, the following achievements were found undisputable.

- The basic tenets of the Act have been implemented and the institutional mechanism is in place and is in use by citizens.
- The institution of Information Commission has assumed a pivotal position.
- Civil society organizations and the media have started ensuring the implementation of the Act in letter and spirit.
- The Centre and the state government departments have initiated the training of key functionaries to assume responsibilities as PIOs and First Appellate Authority (FAAs).

The real movement for RTI in India originated from the grass-roots level during the mid-nineties. A mass-based organization called the Mazdoor Kisan Shakti Sanghathan (MKSS) took an initiative to lead the people in a very backward region of Rajasthan—Bhim tehsil—to assert their right to information by asking for copies of bills and vouchers, and names of persons, who have been shown in the muster rolls on the construction of schools, dispensaries and other public works. The initiative exposed gross misappropriation of funds with roofless school buildings, dispensaries without walls, dams left incomplete, community centres with no doors and windows, and poor quality of cement being used for construction. MKSS organized a Jan Sunwai (People’s hearing)—the first ever in the history of Rajasthan. The Rajasthan experience on demanding RTI was echoed in several other states, including Andhra Pradesh, Goa, Karnataka, Tamil Nadu, Maharashtra, many of which had enacted their own legislations even before the FoI Act.

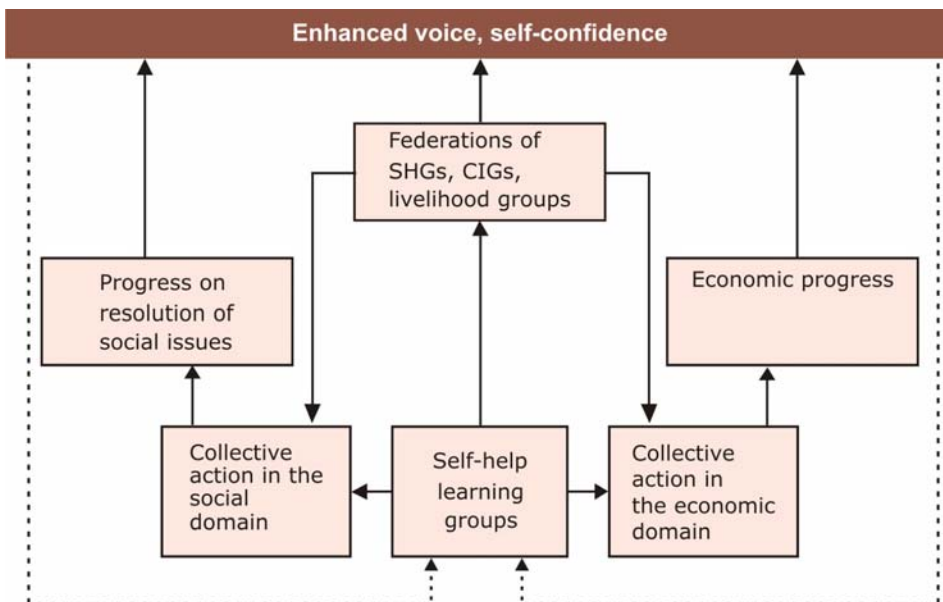
*Source: Center for Good Governance 2008; PricewaterhouseCoopers 2008.*

a rights-based approach are not included.

### Empowerment through socio-economic development

The socio-economic development route involves the empowerment of the poor at almost every step of the development process. The process of empowerment usually begins with the formation of self-help and learning groups (see Figure 9.4). These groups gain

**Figure 9.4: Pathways of Empowerment—Developmental Approach**



confidence through self-management of various activities, starting with simple activities such as savings and moving on to more challenging ones such as income-generation activities, collective micro-enterprise and providing services in the village.

When more and more such SHGs emerge and become functional, the time for collective action on a larger scale (often area level) becomes ripe. This collective action can play out in the economic domain in the form of producers' collectives that engage in the open market or negotiate with formal financial institutions, to access cheaper credit for livelihood activities. It could also play out in the social arena where federations of women's SHGs, for example, may take up social issues such as wife-beating, lack of education of the girl child, alcoholism amongst the men and the traditional practice of female foeticide.

Empowerment happens in a variety of ways in interventions that aim at strengthening local livelihoods or creating new livelihood options for local communities. Creating access to financial resources, technology and markets (for individuals) through group action in itself is an act of empowerment. Demystification of technology can be a powerful source of empowerment, as experienced by the tribal youth in Jharkhand, who have learnt to produce high quality grainage (DFLs) as an enterprise, in the tasar value chain promoted by PRADAN.

Similar is the case of the Siddi community living on the periphery of the Gir forest in Saurashtra. Siddi women organized themselves around the savings-and-credit activity and, later, learnt new skills to produce and market high-quality organic manure among other products. The story of their empowerment through self-help institutions is captured in Box 9.4.

#### **Box 9.4: Exclusion to Empowerment: Case of Siddi Women in Junagadh**

Descendants of Africans, who came to India as slaves and traders around 500 years ago, the Siddis are an extremely marginalized tribal community lying outside mainstream political and socio-economic development. They are classified as Primitive Tribal Group by the GoI. Rough estimates put their present population at around 25,000 spread over the states of Andhra Pradesh, Gujarat, Karnataka and Maharashtra. The majority of Siddis reside in Gujarat, largely on the periphery of the Gir Forest in Junagadh district of Gujarat. There are 1,089 Siddi households spread over 19 villages in Talala block. The Siddis' traditional source of income was the Gir Forest, from which they collected dry wood and other non-timber forest produce. Earlier interventions by various government departments and civil society organizations proved ineffective in the absence of a long-term sustainable empowerment strategy.

### ***AKRSP (India)'s Intervention***

In 2002, AKRSP(I) began implementing the Gir Periphery Management Project in 68 villages in west Gir, with the objective of developing alternative livelihood options, to reduce dependency and, hence, pressure on the forest. Although it had been working in the area from the late 1980s, the



idea of an integrated targeted approach began to gain momentum from 2002 under the Sustainable Community-based Approach for Livelihoods Enhancement (SCALE) Project, which almost took the form of a movement by 2004.

The Siddi women are now an example of how women belonging to a marginalized community can transform themselves, with appropriate support. Today, the Siddi Adivasi Mahila Sangh, or Siddi Women's Federation, comprises 42 MVMs with 555 members covering all the 19 Siddi villages in Talala. These MVMs started functioning as user-owned, savings-and-credit groups. The collective savings of the MVMs increased from Rs 1.13 lakhs in 2003 to 2.84 lakhs by July 2006. The objective of the federation is to organize the community for social and economic empowerment. The federation conducts training, income-generation activities and provides a voice for the Siddis.

Twenty-six MVMs are currently engaged in various income-generating activities, ranging from production of organic compost and neem oil to marketing of fish and handicrafts. Of about 16 different ideas that the women experimented with, organic compost turned out to be the most viable. The manure is sold under the brand name 'Panchtatwa' because it is made from five different ingredients, viz., poultry manure, neem oil, castor oil, tobacco dust and farmyard manure. These ingredients are composted in a pit for about 90 days.

The Jambur MVM specializes in organic compost. Starting in 1999 with a production of 200 bags, the annual production reached nearly 750 tonnes by July 2006. In 2007, the MVM sold manure worth Rs 26.64 lakhs, making a clean profit of Rs 7.52 lakhs, which worked out to Rs 31,315 per member.

### ***Marketing and Product Diversification***

Panchatatwa has established itself in the local market as a high-value product, with farmers willing to pay a premium price. Orchard growers, who use the product, have reported less fruit fall as compared to chemical fertilizers. Groundnut farmers have



informed the Siddi women that their groundnut seeds are a healthy pink and of more uniform size now with less insect damage. The soil health is also being maintained.

The manure is sold locally through AKRSP(I)'s network of extension volunteers (EVs), who are paid 10 per cent of the product cost as commission. Two dealers have been finalized at Mangrol and Talala, at a commission rate of 23 per cent, on the condition that they purchase a minimum of 1,000 bags, bear the transportation costs and the cost of the EV.

The Federation now plans to capture the large local market of farmers producing the kesar variety of mango. To capture this market, it has formulated a new product that caters specially to the needs of these orchard growers. Product diversification efforts include a new product that uses neem cake mixed with dung and vermi-compost. Dry compost has been developed to get rid of the foul odour. Diversification allows more employment opportunities because the production of organic compost runs on an annual cycle lasting four months a year, providing 60–70 working days to each member.

The importance of quality control in order to succeed in the market has been internalized by the MVMs. One MVM decided to fine the person filling the bags Rs 1,000 if the weight was less or more than what was declared. The groups have also learnt the importance of working capital management. The working capital requirement has been brought down from about Rs 4.0 lakhs to 1.5 lakhs through better stock and financial management.

### ***Institutional Arrangements***

The federation has a management committee, selected on an annual basis in the general body meeting. The management committee comprises a loan sanctioning committee and the para workers' review committee. The paid staff of the federation include an Institutional Organiser, whose services are paid for by AKRSP(I), and a team of para workers, comprising women leaders trained by it. In addition, AKRSP(I)'s community organizer serves as technical advisor to the federation.

### ***Conclusion***

The Siddi women began to gain confidence only after formation of exclusive institutions. This was made possible by nurturing the right kind of leadership in the groups and the development of a long-term vision among the members. The activities are just a means of realizing their vision, leading to higher self-esteem. Their growing confidence can be seen from that fact that they now interact directly and do business with the mainstream Patel and other farming communities.

*Source: Aga Khan Development Network 2007.*

Providing a wider choice of options to carry out local livelihoods is another source of empowerment. The farmers of Madhya Pradesh, who were given a basket of crop varieties to test and select, depending on the local conditions, as part of the Participatory Varietal Selection and Promotion project of ASA is a good example. Strengthening existing livelihoods through accurate advisories from distantly located experts either to farmers or fishermen through the use of ICT is also a form of empowerment. The farmers participating in e-sagu or M-krisi projects can now earn more than before, thanks to timely advice.

Increased social prestige within the family, community and, sometimes, even the nation are outcomes of empowerment. Elimination of exploitation and caste/class-based discrimination are also signs of more healthy social relations. Inclusive and sustainable growth of all groups and communities is the goal of empowerment. Empowerment is also a means for attaining inclusive sustainable growth. The two are intractable.

## **Alternative Strategies for Working with the Poor/ Marginalized**

Two main strategies for working with the poor and the marginalized in rural areas have been documented. The first involves working exclusively with the poor, building exclusive institutions of the poor that will, in due course, empower them and serve as a vehicle of their socio-economic development. The alternative and more popular strategy is to work with the entire village but ensure that the poor get their rightful place in decision-making. These strategies are discussed in more detail below.

### **Exclusive institutions of the poor**

This strategy epitomizes the antodaya approach (putting the last first) to poverty alleviation. It is particularly useful in such multi-caste villages where social equations are extremely skewed and the deprived and the marginalized communities live in a magical state of consciousness. Past experience has shown that establishing a multi-stakeholder institution at the village level in such a situation only leads to a reproduction of the skewed social relations within the institution and does not allow egalitarian and democratic values to grow. Under the circumstances, the only alternative available is to work separately with the poorest of poor and to build their capacity to such an extent that they begin to gain self-confidence and assert themselves within the village by taking up various developmental tasks/functions and/or addressing certain social issues. However, to reach this stage, they will need to go through a slow but intense process of empowerment involving conscientization (Box 9.5), collective action and learning by doing.

### Box 9.5: Conscientization as a Process of Empowerment

Paulo Freire (1920–97) is remembered for his pioneering work in the field of informal education. He believed in situating education in the lived experiences of the participants. In *Pedagogy of the Oppressed*, Freire (1972) defines the term conscientization as consciousness that has the power to transform reality. The pedagogy is actually one of empowering the oppressed and involves the following sequence of steps.

#### **Awareness**

The first step is to create *awareness*, leading to a state of critical consciousness about the situation in which the participant finds himself/herself. This will result in freedom from a magical state of consciousness.

#### **Dialogue**

The next step is *dialogue*. Dialogue is already a step towards seeking difference in the world. True dialogue requires developing respect for each other.

#### **Praxis**

Dialogue can lead to willingness to work with each other and to *praxis*, that is, taking informal action that is linked to certain commonly held values.

#### **Collective action**

Such *collective action* is a process of enhancing community and building social capital. It is also simultaneously a process of empowerment.

Source: Freire, Paulo 1972.

Social entrepreneurs wanting to tread this path must be aware that this is one of the most difficult strategies to adopt because it is directed against existing social structures, norms, culture and ideology. The informal education process demands that the teacher and the taught both immerse themselves completely in the learning process, over an extended period of time.

In a multi-caste/class setting, vested interests and dominant castes/classes are bound to feel threatened, and confrontation, conflict, sabotage, etc., are likely to follow as a natural consequence of successful conscientization of the deprived. Conscientization alone can only add to the misery of the poor if it is not followed through with interventions in the modes of production that aim at economic independence of the oppressed and poor. Such interventions must be planned at an area level so that the institutions of the marginalized can network and draw strength from each other and from the social capital created through networking with other like-minded and civil society institutions. Creating access to legal forums and services for the poor is very important to protect them from any 'backlash' that may take place because of the change in social equations, resulting from the intervention.

Given the above, it is not surprising that very few agencies have adopted such a strategy of working exclusively with the marginalized and the oppressed. Adopting this strategy calls for a high degree of commitment to social justice. In India, the term dalit is used to refer to scheduled castes and tribes. Historically, these communities have been the marginalized and the oppressed ones. After attaining independence, the country adopted a policy of reservations (which translates into quotas in educational institutions and governmental service for those communities listed in a schedule drawn up after much consultation) for these communities. However, the fact remains that the reservation policy has done little to improve the status of dalits in remote villages, where discrimination on the lines of caste and class continues unabated.

A few agencies that are committed to working exclusively for dalits include Unnati, Deccan Development Society, BSC, Navsarjan Trust and Janvikas<sup>1</sup>. Several other agencies such as Anandi, KMVS, Sewa, DDS, Udyogini and AWAG are committed to working exclusively for the cause of women's empowerment<sup>2</sup>.

### **Multi-stakeholder institutions with positive discrimination for the poor**

If working with exclusive groups of the deprived/marginalized is difficult, working with multi-stakeholder organizations is no easier!

During the fifties, the Government of India launched its community development programme with great enthusiasm. This enthusiasm was short-lived because planners and decision-makers soon realized that given the high level of social stratification in the country, community based development will not happen on its own. The necessary social capital will have to be built over time. But that will not happen until the evils of caste, class, gender and religion-based discrimination are tackled through education—a tall order. The planners then pinned their hopes on triggering a cooperative movement. This too proved to be an exercise in futility, barring a few pockets in Maharashtra and Gujarat where Gandhian leaders provided the impetus for cooperatives.

It was Myrada's work in the eighties and nineties with WD Associations that made it very clear that, for multi-stakeholder institutions to become self-supporting and self-managed on a sustainable basis, there was a need to first work with smaller homogenous groups (also referred to as 'natural groups', 'affinity groups' or 'common interest groups—CIGs') and build their capacities to a point that they may find their voice. The leaders of these SHGs must find representation in the larger village-level organization, and the facilitating agency must ensure that their preferences, needs and expectations are given due importance in all community-level decisions.

The facilitating agency must take care that modern secular values of democracy, equality, gender sensitivity and sustainability are institutionalized so that these institutions, in turn, influence and change traditional institutions rather than getting co-opted by them. This is not to say that everything traditional is undesirable. There is much to learn from traditional values and institutions, especially when it comes to preserving nature and co-evolving with it. *Gessellschaft* (modern institutions) must learn from *Gemeinschaft* (traditional institutions) and vice versa. But care should be taken to incorporate the best of both systems.

The above discussion on strategies makes it apparent that facilitating PIs is not easy. There are no fixed formulae since every village situation differs from each other. Further, facilitators have to deal with human beings, which means establishing rapport, building relationships and playing the role of educator in the ongoing learning events taking place through the intervention.

Needless to say, this requires a high level of communication skills and knowledge about human behaviour and understanding of local culture. People with such skills are in short supply. On the other hand, there are huge demands from planners and donors to create social capital in rural areas on a mammoth scale. A few agencies have specialized in training and support functions. These include DSC, Jan Vikas, Praxis, Myrada, Basix Livelihood School, Sambodhini, Development Alternatives, Unnati, MART, etc. Many more will be needed. We will also need to develop effective training modules for the facilitation of PIs. In the next two chapters, we have tried to put down some ideas about the facilitation process and the kind of skills needed to create social capital of high quality.

## End Notes

1. For a lucid account of a decade-long intervention to eliminate caste-based social and economic discrimination in the Bhal area of Gujarat, refer to *Education for Social Change* by J. M. Heredero (1989).

2. For a better understanding of empowerment processes in NRM interventions aimed at gender balance, see Sejal Dand et. al. (n.d) published by the Aga Khan Foundation.

# 10

## Planning and Facilitating Human and Social Capital

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### Introduction

Crafted institutions need to be nurtured. To start with, the facilitator and the members of the PI need to sit together to work out a common vision for the institution. The capacities in terms of knowledge, skills and attitudes of ordinary members as well as office bearers and leaders need to be enhanced. Systems and procedures need to be established. Norms and values need to be internalized. Learning systems need to be created. All this and more constitute the task of a facilitator. It can be facilitated through specially targeted training programmes as well as group learning processes through the action-reflection cycle.

Experienced facilitators are needed to build the capacities of complex PIs. However, there is an acute shortage of trained human resources to facilitate the emergence of vibrant people's institutions. Facilitation is a specialized skill that can be acquired through training and experience. In this chapter, we provide an overview of the facilitation process. We begin by distinguishing between facilitation of simple and complex PIs. We then look at the stages in the lifecycle of a typical crafted institution and the likely involvement of the external facilitator during each stage. Also included in the discussion is the planning for capacity building of human resources, which is so closely related to capacity building of PIs that one cannot be discussed without the other.

### Facilitating simple vs complex institutions

Modern institutions vary from very simple to complex, depending on their size, homogeneity, approach, replication potential and legal status (Figure 10.1)

Examples of simple institutions include SHGs, CIGs and UGs. Complexity increases either due to aggregation of simple institutions or increase in size, heterogeneity or multiplicity of objectives. For instance, a people's forum for governance of a river basin (such as the Arvari Sansad) would be classified as complex as would a block-level federation of women's SHGs, involved in savings, credit and women's issues.

Simple institutions play a critical role in the empowerment of the weaker sections of society and often form building blocks of more complex village-level or cluster-level

**Figure 10.1: Range of Crafted Institutions**

	Simple	Complex/Aggregated			
<i>Size</i>	Small group	Large membership			
<i>Homogeneity</i>	High	Low			
<i>Approach</i>	Sectoral	Multi-sectoral/ holistic			
<i>Replicability</i>	Relatively easy	Difficult			
<i>Legal status</i>	Informal	Formally registered			
<i>Examples</i>	↓ SHG CIG	↓ UG	↓ WDC in multi- caste village	↓ Federation of CIGs SHGs	↓ River- basin forum

institutions. Simple institutions are more standardized and crafted as compared to complex ones, which are more self-organizing in nature (Table 10.1).

Accordingly, the extent and nature of facilitation varies for the two types of institutions (Table 10.2).

## Facilitation at Different Stages of the Institution

It is useful to look at the facilitation needs of an institution as it goes through the typical life-cycle stages of an institution viz.: a) launching b) growth c) maturity and d) decline. Once the institution becomes mature, it can become autonomous and the facilitator can withdraw from the day-to-day functioning of the institution. Assuming that the institution is designed to be sustainable, there will be no decline stage. Prior to the emergence of an institution, a lot of spade work needs to be done, which we will refer to a preparatory stage. Corresponding to the above life-cycle stages, we may plan facilitation for the following stages.

- i. Preparatory stage
- ii. Formative stage
- iii. Growth stage
- iv. Autonomous stage

**Table 10.1: Characterizing Simple and Complex PIs**

Parameter	Simple	Complex
Extent of standardization	More crafted, standardized, uniform; although institutions may vary depending on culture and composition of groups	More self-organizing, creative, variable; Different institutions may follow different paths
Nature of decisions	Mostly routine, repetitive	Often unique and challenging
Nature of forces to deal with	Mostly internal forces except exclusive institutions seeking change in social relations	Often have to deal with external forces; negotiation skills important
Procedures and norms	Standard operating procedures, especially for micro-finance, Manuals prepared and followed strictly	Values/Norms as guideposts
Adherence to rules, procedures and norms	Certain amount of regimentation may be needed to induce discipline especially financial discipline	Flexible approach but commitment to basic values and norms
Replication	Relatively easier High predictability of achieving targets	Relatively difficult; Low predictability of achieving targets; Institutions often get stalled or even breakdown due to conflicts
Leadership development	Local leaders can be trained to replicate PIs quickly;	Quality facilitation very important for leadership development; may take more time to achieve
Aggregation of institutions	Aggregation of institutions relatively easier and generally recommended to build institutional strength, facilitate leadership opportunities, etc.	Every institution unique; Aggregation may be useful at area level if a common goal is visible; may take more time to achieve

The sequential steps of facilitation suggested by Anil Shah (2004) provide an overview of facilitation and appear to be in line with these stages (Box 10.1). These steps show that the first two stages need very intensive facilitation. The nature and intensity of facilitation changes in the growth and autonomous stages because the local people begin to assume leadership and responsibility for implementing their own projects. In other words, the PI goes through stages of empowerment if the right type of facilitation is done. We discuss the role of the facilitator in each of the four stages of facilitation next.



**Table 10.2: Differences in Facilitation of Simple and Complex PIs**

Parameters	Simple	Complex
Approach	Blueprint approach possible; Standard operating procedures may be written in the form of a manual and followed strictly by all staff; In case of SHGs involved in savings and credit a good deal of financial discipline may be imposed through the operating system so that after a while it gets internalized and becomes second nature to the members	Blueprint approach not advisable; Because the focus is on facilitating leadership and human resource development, a lot of flexibility will be built in while ensuring commitment to a common vision and a set of values/norms, which are critical for the institution. However, as most complex institutions are formal and registered, they will need to follow the legal and administrative discipline prescribed by law.
Time duration	Simple institutions are homogenous, small and have simple agenda; therefore, the learning cycles will be smaller.	Complex institutions have multi-stakeholder groups and multiple objectives; therefore, they would need more intense facilitation, and greater investment of time. A facilitator needs to build rapport with the people before launching the institution. For the same reason, it is advisable not to change facilitators frequently and without good reason.
Facilitators	Workers/Volunteers with relatively less experience and skills can also facilitate these institutions; In fact, the best facilitators will be leaders of successful SHGs.	This requires more experienced facilitators with proper training and high communication skills as well as knowledge of local culture and traditions.

### Preparatory stage

The preparatory stage is one in which the external facilitator builds a rapport with the local community and its leaders. It is also a stage of doing the groundwork in terms of ‘getting to know’ the village and the local situation. This includes the available local resources and skills as well as the needs, aspirations of different stakeholder groups. Chambers (1983) identified six sets of biases that the outsider may encounter when getting to know a project area. DSC discovered a few more during the course of its field work and training activities. This list of biases provides a useful guide (Box 10.2) to ensure that the poorest of poor are not missed out and that their voices are not ignored.

The preparatory stage also prepares the community for collective action. It lays the ground for future partnership between the local community and external agencies

### **Box 10.1: Sequential Steps of Facilitation**

#### ***Establishing relationships***

1. Meeting people in a casual manner.
2. Meeting local leaders.
3. Visiting different parts of the village, especially the poor and the marginalized.
4. Initiating discussion on problems using participatory methods.

#### ***Situational Analysis***

5. Understanding the situation and the problems from the perspective of the marginalized and the poor.
6. Organizing meetings at the community level—reviewing the general problems of the village and the specific problems of disadvantaged.

#### ***Facilitating search for locally appropriate solutions***

7. Organizing exposure visits—facilitating learning.
8. Post-visit meeting at the village: Letting own solutions emerge, sharing information about available scheme.

#### ***Establishing partnerships and working together***

9. Clarifying the conditions for working together and responsibilities the community has to take.
10. Facilitating organization of the community for planning and implementation of its own scheme; providing technical, administrative and financial support.

#### ***Phasing out when local institutions become independent***

11. Sharing experiences and knowledge with others.
12. Accessing an enlightened credit agency and helping local groups to negotiate with it.

*Source: Shah Anil 2004.*

### **Box 10.2: Putting the Last First: Eliminating Outsider Biases**

#### ***i) Spatial biases: Urban, tarmac, roadside***

Urban bias concentrates rural visits near towns and large administrative centres whereas the poorest people are often concentrated in remote areas where rural infrastructure is yet to develop. For the same reason, tarmac and roadside biases also direct attention towards those who are less poor and away from the poorer.

Within the village also, the poorer people are likely to be hidden from the main streets and meeting places. In India, the settlements of the scheduled caste is usually found on the periphery of the village. Peripheral residence is almost universal with the rural poor.

### ***ii) Project bias***

This refers to the 'showpiece' villages, the nicely groomed pet project or model village, specially staffed and supported with well briefed members who know what to say, and which is situated at a reasonable but not excessive distance from the urban headquarters.

### ***iii) Person bias***

Elite—The elite refers to those rural people who are less poor and more influential. Examples include progressive farmers, village leaders, traders, teachers, para-professionals, etc. They are the main sources of information for rural tourists! Conversely, the poor do not speak up. Weak, powerless and isolated, they are often reluctant to push themselves forward, especially in the presence of the elite.

Male—Most local-level government staff, researchers and other rural visitors are men. Most rural people with whom they establish contact are men. In most societies, women have inferior status and are subordinate to men. Hence, quite often women are shy of speaking to male visitors. Yet, poor rural women are a deprived class within a class. Rural single women, female heads of households and widows include many of the most wretched and unseen people in the world.

User and adopter bias—Where visits are focused on facilities or innovations, the users of services and the adopters of new practices are most likely to be seen than the non-users and non-adopters.

Active, present and living biases—Those who are active are more visible than those who are not. The sick lie in their huts. Inactive old people are often out of sight. The dead cannot be met. Those who have migrated and those who have died include many of the most deprived.

### ***iv) Dry season biases***

For a majority of the rural poor, the most difficult time of the year is usually the wet season, especially just before the harvest. Food is in short supply; infections are prevalent, malnutrition, morbidity and mortality high. Most visitors avoid the wet season for reasons of convenience (roads become inaccessible, respondents are busy and exhausted with seasonal activities, etc.). Hence, the wet season is usually the unseen season when the poor are most vulnerable.

**v) Diplomatic biases: Politeness and timidity**

Courtesy and cowardice combine to keep visitors and the poorest apart.

**vi) Professional bias**

Professionals are usually concerned with their own specialization—a soil scientist examines soil fertility, an agronomist investigates yields, etc. This prevents them from being sensitive to the integrated nature of poverty and deprivation.

**vii) Caste , class and communal bias**

If the visitor is from an upper caste background there may be an unconscious bias towards the lower caste people and vice-versa. Most visitors tend to avoid interacting with the poorest of poor if they have not been able to deal with the harsh reality of inequity in society. Similarly, members of the dominant community often harbour biases against minority community members and vice versa.

**viii) Literacy bias**

More often than not, illiterate people prefer to stay in the background because they consider themselves 'lesser' than the educated, who are 'improved' varieties of the human species! Conversely, the literate visitor finds it easier to communicate with literate rural folk, who may speak the same language.

*Source: Chambers, Robert 1983.*

interested in investing in the village's development. At this stage, there are a few things that facilitators must know (Box 10.3) and others that the local community must know (Box 10.4). This will ensure that both sides take an informed decision to enter into a partnership, which will see the formation of a suitable local institution to plan and implement developmental projects, with the help and support of the external agency.

In Volume 1, we had discussed briefly a few participatory tools and methods for assessing natural resources at the village level. In this volume, we provide additional participatory tools and techniques that can be used for assessing socio-economic status of families, including wealth ranking and identification of BPL families (see *Annexure 7*). Stakeholder analysis can be used for assessing social dynamics, power equations as well as the needs and aspirations of different social groups within the village/hamlet. (see *Annexure 8*).

### **Box 10.3: What the Facilitator Must Know**

- √ What are the resource ownership and use patterns in the village? This can be known through the use of participatory tools such as transect walks, field visits and official records.
- √ What is the local leadership pattern? How powerful are the traditional leaders and what is their influence on the lives of the community members?
- √ What are the social relations between different ethnic groups? What is the extent of discrimination, if any, on the lines of caste, class, gender and religion? Which are the marginalized groups, if any, and what is the extent of poverty, indebtedness, malnourishment and related problems?
- √ What are the needs and aspirations of different stakeholder groups in the village/ hamlet under review? This can be ascertained by carrying out stakeholder analysis with the help of focused group discussions with different groups and sub-groups.
- √ What is the state of the natural resources and what is the scope of interventions to augment and conserve these resources?
- √ What is the history of collective action in the village, either for conserving resources or changing social traditions? In other words, what is the available social capital in the village?
- √ What are the unique resources and skills of the village that can be used to augment livelihoods through market-led interventions? In other words, which are the promising sub-sectors where interventions can be made?

### **Box 10.4: What the People Must Know**

- √ What are the antecedents of the external facilitating agency? What are its main objectives and what is the proposed commitment to the local area in terms of time and resources?
- √ How can the agency help them to improve their socio-economic situation?
- √ What are the commitments they are expected to make in order for the partnership to work?
- √ How will they be able to hold the agency accountable and what demands can they make on the agency during the course of the partnership?
- √ What kind of local institution(s) need to be created and how will these institutions become the vehicles of inclusive growth of the community?
- √ What values are being espoused by the facilitating agency and how different are these from their own values?
- √ What kind of collective vision can they develop for their future and that of their children?

## Formative stage

This is the stage where the spadework is over and both sides have agreed to work together in partnership. The first step is usually the creation of small informal affinity groups or SHGs.

In many externally funded projects the so-called 'entry point activities' may be implemented in consultation with the people. This helps in working out operational procedures that are mutually acceptable and establishing trust.

A multi-stakeholder institution may be formed through the proper representation of all stakeholder groups in the governing body. Membership rules may follow prescriptions provided in the legal system in case of registered bodies. Otherwise, these may be evolved through consensus.

In the entire process, the facilitator plays a very important role in seeing that all groups are adequately represented, especially the poor and the marginalized and their informal groups formed earlier.

Developing a collective vision of the institution by its members becomes critical at this stage, to unleash the potential energy of its members. One of the tasks of the facilitator is to facilitate the vision building process. Appreciative Inquiry has emerged as a useful methodology for not only creating a common vision of development, but doing so in a grounded manner, building upon the best experiences and strengths of the community. Appreciative Inquiry goes through a cycle of four Ds, viz., Discovery, Dream, Design and Destiny (see *Annexure 9*).

In market-led interventions, the launching of the collective enterprise becomes as important as the launching of the institution. Tushar Shah (1996) emphasizes the importance of a well-planned launch in ensuring member allegiance, which is critical for success of a collective enterprise. It allays the apprehensions in the minds of the members about the *horizontal* and *vertical risks* associated with the enterprise and provides the right kind of assurances to move ahead. Here, horizontal risks refers to the future behaviour of fellow members in the institution whereas vertical risks refer to the market risks, which determine the chances of getting future returns from present investments (Anil Gupta, 1987).

## Growth stage

During the growth stage, the local institutions have been established and started functioning. However, the facilitator's job is to instill the basic values of the institution by converting each episode into a 'learning event'. Members reflect on their actions

and decisions and internalize the values of democracy, equality, unity, sustainability, gender sensitivity, transparency, mutual accountability and allegiance to their collective institution. This is the appropriate time to institutionalize participatory decision-making systems as well as participatory monitoring and learning systems.

During the stage of implementing projects, the institutions may encounter disagreements and conflicts. The ability of the members to sit together and sort out their differences, with or without an external facilitator, indicates the extent of maturity gained by the group.

This is also the period to facilitate group leadership. Where strong charismatic leaders have taken over, they should be encouraged and convinced to mentor younger leaders for future. Care should be taken to ensure gender balance in leadership development as well as participation of women in the decision-making process.

In a commercial enterprise, members, leaders and managers need to acquire an understanding of the market as well as value chain of the sub-sector in which they have entered. This will help them understand the quality requirements as well as areas of intervention for future growth and control of the value chain.

## **Autonomous stage**

This is the stage when the creative energies of the members have been unleashed. They have gained considerable confidence through the process of 'learning by doing'. Capacities have been built so that collectively they can manage the day-to-day affairs of the enterprise/institution autonomously. This is the stage when the facilitator must be willing to let go and take the back seat. However, he/she should also be 'available' to the local leaders in case they encounter a tricky situation and need advice on how to handle it. The facilitating agency continues to play the role of friend, philosopher and guide. It also engages in sector development activities such as research, policy advocacy, and accessing more sophisticated technology.

One way to find out if such empowerment is taking place is to periodically map out the 'Actor-Function' matrix (see Volume II, Part 1, Chapter 4). A comparison of the tasks and functions taken over by the local people from the external agencies over time will indicate the extent of empowerment and institution building that has taken place.

Table 10.3 summarizes the key facilitation tasks/issues at each stage of the lifecycle of the PI. Far from being exhaustive, the purpose of drawing up such a list is only to give a flavour of the tasks involved and how they change with change in maturity of the institution.

## Planning Human Resources Development

The list of facilitation tasks above shows clearly that a number of capacity building and hand-holding activities need to be performed at all the four stages in the lifecycle of the PI. In general, the following capacity building methods/strategies are found useful: a) exposure visits and field days b) training camps c) on-site training and demonstration d) market surveys e) hand-holding f) leadership training, etc. The capacity building inputs are more intensive in the initial stages. The training needs are different at different stages; the facilitating agency needs to plan for in advance (Table 10.4).

During the preparatory and launching stages, various functionaries and actors need training in order to learn new skills and get exposure to new ideas, technologies and ways of working and organizing. When the organization gets into the growth and maturity stage, the values and norms need to be reiterated and institutionalized.

**Table 10.3: Illustrative List of Tasks at Different Stages of the Lifecycle of a PI**

No.	Key Tasks	Sub-tasks and/or Associated Issues
<b>I</b>	<b>Preparatory Stage</b>	
1	Rapport building	Casual visits to the village to establish relationships; Meeting different stakeholder groups and learning about their needs/interests.
2	Awareness building	In case of the oppressed – moving from magical to critical consciousness. In case of others - need for cooperation and collaboration to solve local problems.
3	Situational analysis	Assessing available local natural resources. Assessing local infrastructure—roads, communication networks, health care institutions, markets, banks, etc. Assessing available human skills and competencies. Assessing available social capital and leadership. Assessing social stratification, factions and conflicts if any. Assessing extent of poverty, marginalization. Assessing extent and type of oppression of marginalized groups if any.
4	Sub-sector analysis	Identifying sub-sectors with potential for augmenting livelihoods through potential PIs.
5	Choice of institution	Nature of the PI that needs to be created: <ul style="list-style-type: none"> <li>- Formal vs informal</li> <li>- Village level/Nested/Aggregated</li> <li>- NRM-based/Market-led/Knowledge-led</li> <li>- Profit/Non-profit</li> <li>- Specific legal and administrative framework for registration</li> </ul>



Continued...

No.	Key Tasks	Sub-tasks and/or Associated Issues
6	Formal/Informal contract for working with local community	Clarifying conditions for working in the village.
		Clarifying role and commitment (including time-frame) of the external agency.
7	Entry-point activities	Confidence and rapport building by working on small projects.
8	Providing assurances	Dealing with horizontal and vertical risks of proposed institution/enterprise.
<b>II Launching stage</b>		
1	Identifying and working with marginalized groups	Promoting SHGs, CIGs, SAGs, etc., among the poor, the women and the marginalized sections of population.
2	Creating common vision	Facilitating series of meetings to develop common vision with long-term frame.
3	Membership rules	Developing consensus on membership as part of the vision building process.
4	Governance structure	Facilitating emergence of a representative governance board of the institution such that the poor and the marginalized groups as well as women are adequately represented.
5	Operating system	Developing a business/marketing plan.
		Developing plans for providing critical services to member producers.
		Creating systems and procedures for functioning of the PI.
		Recruiting trained staff.
		Appointing office bearers.
		Organizing sub-committees for division of work.
		Establishing an office and meeting place.
	Participatory micro-planning	Using participatory tools and techniques to develop a micro-plan for work in the village.
6	Launching the PI	Organizing an event to launch the PI or enterprise.
7	Establishing participative, inclusive decision-making culture	Creating an open forum and empowering weaker groups, to participate effectively in the village-level forum.
		Creating gender sensitivity within the institution.
		Creating a culture of positive discrimination for the poor and marginalized in all decisions of the PI.
<b>III Growth stage</b>		
1	Capacity building of key functionaries and ordinary members	Providing training for specific skills—technical, managerial, account keeping, etc.
		Providing training for collective decision-making with consideration for equity, sustainability in use of natural resources, gender sensitivity, etc.

Continued...

No.	Key Tasks	Sub-tasks and/or Associated Issues
2	Creating learning opportunities through action-reflection cycle	Facilitating reflection on decisions/actions as learning events and for making course corrections if needed.
3	Creating culture for innovation	Facilitating openness to ideas and differing perspectives so that creative solutions to local problems can be found.
4	Evolving rules and norms	Facilitating refinement of rules and norms for smooth functioning of the operating system and the governance structure.
5	Establishing sanctions and monitoring system	Identifying sources of disagreements during implementation.
6	Conflict resolution mechanisms	Developing internal norms/mechanisms for dealing with dissatisfied members or internal conflicts between members or between members and office-bearers or between leaders and their factions.
7	Nurturing broad-based leadership	Facilitating the emergence of group leadership. In a strong charismatic leadership, facilitating the mentoring of second generation leaders by the charismatic leader.
<b>IV Autonomous Stage</b>		
1	Granting earned autonomy	Withdrawing from the day-to-day management of the PI. Being available whenever the PI needs facilitator for guidance or advice. Attending annual meetings and important functions to show solidarity and support. Acting as a friend, philosopher and guide.
2	Continuing sector development work	Research, policy advocacy and networking, etc. Providing help in establishing new and useful linkages.
3	Aggregation of PIs and spawning of new PIs	Facilitating aggregation of PIs at the next level if required In case of VCI, providing guidance for the creation of new institutions to take up additional functions in the value chain.

Leadership training becomes more important. Technical training may continue through all stages although the focus of training may change. When the institution reaches the stage of ‘earned autonomy’, the capacity building tasks are almost over. However, the leadership needs to be prepared for taking up independent responsibility after the withdrawal of the support institution from day-to-day management.

A similar approach to planning capacity building could be taken for programmes, which also undergo similar stages. In a WSD programme, for instance, training may have to be planned for EVs, SHGs, UGs, WCs, PIAs and WDTs among others. As per the new common guidelines issued by the Gol (2008), a budget of 5% is made available for capacity building of all these functionaries and PIs.

**Table 10.4: Matching Training Methods with Needs at Various Stages of Institution**

Training methods	Stage			
	Preparatory	Launching	Growth	Autonomous
Exposure visits; field days	✓	✓		✓
Training on conscientization, unity, vision building, collective action, etc.	✓	✓	✓	
Technical training		✓	✓	
Demonstration, on-site training		✓	✓	
Facilitating learning, collective decision-making	✓	✓	✓	
Market survey, exposure			✓	✓
Hand-holding		✓	✓	
Leadership training		✓	✓	✓

### Monitoring quality of training

In large programmes, capacity building inputs lag behind the implementation of physical and financial components of the programme. This is because the latter is monitored more closely by the top management than the former. Even where the number of training programmes conducted may be monitored, the quality of programmes rarely gets attention. This can only be monitored by experts in the field of training.

Both design and delivery are equally important for a training programme to be successful and effective (see matrix in Figure 10.2)

**Figure 10.2: Design-Delivery matrix for monitoring Training**

		Delivery	
		Good	Poor
Design	Good		
	Poor		

As the figure shows, only in cell 1 is the training successful. When the trainers are talented, but design is weak, they may need some guidance to design better programmes. When the design is sound but trainers are weak, they may need to be provided additional training to do a better job of delivery. When both design and delivery are weak, the team may need to be changed or more professional staff may need to be recruited.

In this chapter, we have provided an overview of the facilitation process. There are a few issues that need special attention of the facilitator. These are dealt with in the next chapter.

# 11

## Special Issues in Facilitating PIs

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### Introduction

Issues that need facilitation change with the growth of the institution. There are also context-specific issues that depend on the nature of the intervention and the nature of the PI. All this we have seen in the previous chapter. Here, we would like to zero down on a few key issues, which are common to most PIs and which need the special attention of the facilitator.

- i. Vision building
- ii. Leadership development
- iii. Gender balance
- iv. Conflict management
- v. Creating suitable systems and procedures

Without proper facilitation of these issues, the institution that develops may be flawed and ultimately become unsustainable. Even if it sustains over time, it may not produce the desired benefits of inclusive growth and development.

### Vision Building

Vision building is extremely important because it lays the foundation of an institution. Without a clear vision, an institution will be rudderless. A commonly accepted vision emerges from a critical assessment of the socio-economic situation by the members and how collective action will help in transforming that situation for the better. For instance, a group of dry land farmers may visualize themselves attaining freedom from debt through access to institutional credit, savings habit and adoption of new technology. A group of tribal women may visualize themselves reducing their drudgery by adopting new tools and equipment for the cultivation of crops and post-harvest tasks. A group of landless farmers may consider the possibility of improving their lot by collectively accessing government land and developing it through collective farming, and so on.

The process of vision building can be facilitated through a series of group meetings as well as individual exercises carried out at the family level. For example, a tribal couple may visualize seeing their three children getting formal education and the present

economic activities of savings, credit, and micro-enterprise may be seen as the stepping stones to achieve that family vision. Several tribal women, from a common background and similar family vision, may develop a collective vision to become economically self-sufficient within a decade by saving regularly, increasing access to formal credit and investing in new techniques of cultivation such as SRI in paddy, use of new seeds and agricultural inputs. It is important that the vision:

- a. Promises to make a *significant impact on the lives and livelihoods* of potential members.
- b. Is *achievable through collective action*, within a reasonable time-frame.

Along with the vision comes a set of values and norms. Commitment to these values has to be built over time. When the entire organization is infused with and becomes known by these values, the organization is said to have grown into an institution. For example, SEWA, Ahmedabad, is known for its pioneering work in fighting for the right to livelihood of street-hawkers in urban centres and for its commitment to women's empowerment. 'Toehold' is associated with the revival of the traditional skills of leather artisans producing Kholapuri footwear. It is also associated with the values of 'fair-trade' and 'handcrafted' products, with which a significant segment of markets in the western countries identify.

## Leadership Development

Appropriate leadership is necessary for any organization to succeed in its espoused mission. Some people possess natural leadership qualities whereas others can develop such qualities through training and experience, provided they possess the right attitude and a commitment to serve their fellow members. Ensuring the emergence of suitable leadership is among the most important functions of a facilitator. We first present a few typologies of leadership followed by a discussion on situations demanding the tactful handling of leaders.

### Typology based on the extent of control

One dimension of leadership has to do with control and one's perception of how much control one should give to people. The laissez-faire style implies low control, the autocratic style high control and the participative lies somewhere in between (Johannsen, 2010).

#### The laissez-faire leadership style

The style is largely a 'hands-off' view that tends to minimize the amount of direction

and face time required. It works well if one has a team of highly trained and highly motivated people.

### **The autocratic leadership style**

In this style of leadership, the manager/leader retains as much power and decision-making authority as possible. He/she does not consult employees nor are they allowed to give any input. Employees are expected to obey orders without receiving any explanations. The motivation environment is produced by creating a structured set of rewards and punishments. The autocratic style has its advocates but it is falling out of favour in many countries. Some people have argued that the style is popular with today's CEOs, who have much in common with feudal lords of the Medieval era.

### **The participative leadership style**

It's hard to order and demand that someone or a team be creative, perform, solve complex problems, improve quality and provide outstanding customer service. The participative style presents a happy medium between over-controlling (micro-managing) and not being engaged, and tends to be seen in organizations that must innovate to prosper.

## **Transactional vs Transformational Leadership**

Another important variable on which leadership styles differ is the objective of the leader. When a leader wants to bring about change, her/his style of leadership is very different from that of a leader, who is happy with the status quo. Most theories of leadership development stress how to be effective within the status quo. Such a leader can be very influential and changes very little. To use a popular expression, these leaders are good at 'rearranging the deck chairs on the Titanic' but they cannot prevent the ship from sinking.

Unfortunately, many organizations run lean on transformational leaders; the vast majority of the leaders are transactional. Thus, organizations decline because there is an increasing disconnect between "the way things should be done" and "the way we do things here" (Johannsen, 2010).

### **The transactional leadership style**

The approach emphasizes getting things done within the umbrella of the status quo almost in opposition to the goals of the transformational leadership. It is considered to be a 'by-the-book' approach, in which the person works within the rules. As such, it is commonly seen in large, bureaucratic organizations.

## The transformational leadership style

Transformational leadership is about implementing new ideas; these leaders continually change themselves; they stay flexible and adaptable; and continually improve those around them. Transformational leaders have been written about for thousands of years—being both praised (Christ and Buddha) and cursed (Attila the Hun and Genghis Khan).

The primary focus of the transformational leadership is to make change happen in:

- The Self
- Others
- Groups
- Organizations

The transformational style requires a number of different skills and is closely associated with two other leadership styles: a) charismatic and b) visionary leadership.

**Charisma:** This is a special leadership style commonly associated with transformational leadership. Whereas extremely powerful, it is extremely hard to teach. This is one of those leadership qualities that is hard to define; like beauty, you know it when you experience it. One of the followers of Oliver North, a charismatic leader, once said about him, “I would follow him to hell since he is the only man I know who could get me back!”

**Visionary:** This leadership style focuses on how the leader defines the future for followers and moves them toward it. It involves the creation of a compelling picture of the future, a desired future state that people identify with. By creating this vision, the leader provides a means for people to develop commitment, a common goal around which to rally and a way for people to feel successful.

## Individual vs Group Leadership

When a community worker goes to a village, the chances are that he/she will come across two types of leadership:

- a. Individual, charismatic
- b. Group, non-charismatic

## Charismatic leadership

These are natural leaders in whom the rest of the members have a lot of faith because of proven leadership qualities. When such leaders remain unchallenged over a long period of time because of their knowledge, skills and acceptance, they develop



charisma—a certain charm or magnetism, which ensures their continued position in power. Charismatic leadership is acceptable as long as the leader works in the best interest of the community/group. The organization can scale new heights under such leadership. However, such selfless leaders are hard to find.

The following matrix can serve as a guide in selecting/promoting potential leaders within the new institution (Figure 11.1).

**Figure 11.1: Guide for Selecting Suitable Leadership**

		Motive	
		Selfless	Selfish
Leadership skills	High		
	Low		

*Cell 1:* This offers the most desirable situation and the leadership should be promoted whole-heartedly. Unfortunately, it is also the most rare of situations.

*Cell 2:* It is more common to find people with leadership skills wanting to improve their own position first rather than working for the collective good. This leadership should be avoided until such time that the attitude of the leader changes. If no other option is available, the leadership may be ‘tolerated’ until such time that an alternative leadership is developed through training and facilitation.

*Cell 3:* This is the most common situation. Here the motivation of the leader(s) is good but they lack the desirable knowledge and skills. Hence, they may need special intensive training in the areas that they are found lacking. Also, group leadership may be promoted so that the group can draw upon the strengths of individuals. Different individuals may provide leadership in tackling different issues, depending on their skills.

*Cell 4:* This situation is also not very common. A collective institution cannot be initiated if all members are thinking only about themselves. Perhaps, more awareness building and exposure visits will help to prepare the ground for collective action. Meanwhile, the search for suitable potential leaders must continue.

The qualities of a good leader for a community-based institution are listed in Box 11.1.

### Box 11.1: Qualities of a Leader

#### **Competence:**

- Knowledge and IQ
- Affective influence (EQ)
- Physical strength and prowess

#### **Credibility:**

- Honesty and interest in community welfare
- Past actions and reputation
- Acceptability by all sections of society
- Age and tradition
- Socio-economic status in the village
- Authority and positions held

#### **Connections:**

- With influential people, especially politicians

#### **Communication:**

- Persuasion, articulation, negotiation, skills

### Limitations of a charismatic leadership

An institution that is dependent entirely on one person to provide leadership becomes vulnerable when the leader is out of action for some personal reason (such as health, migration, etc.). To ensure institutional sustainability, a second line of leadership must be developed through the delegation of various tasks and responsibilities coupled with appropriate training and mentoring. It becomes the responsibility of the facilitator to make the community aware of the need to develop a second line of leadership and to help it in creating second-generation leaders from among the youth.

### Group leadership

Precisely because good charismatic leaders are difficult to find and to replace when they leave, there is a need to adopt an institutional design that facilitates group leadership. In SHGs, it is common practice to rotate the leadership roles so that as many of the members get a chance to develop the skills to articulate and facilitate group decision-making. When the groups get aggregated at cluster and block levels, the opportunity

to develop leadership skills increases. In a multi-tier structure, senior leaders also get a chance to mentor leaders at the lower tiers.

Group leadership implies the division of functions according to one's expertise. Group leadership also works well with the poor, especially women, because women leaders can draw affective support from each other and start articulating their concerns on forums that were earlier not accessible to them. Group leadership is healthy from the viewpoint of institutional sustainability because it builds in redundancy of leadership. In other words the group will never get crippled due to lack of leadership. When one leader fails, or is incapacitated for some reason, others will take over.

### **Situations demanding tactful handling of leaders**

Sometimes, powerful leaders may also pose problems for an institution and the facilitator, calling for tactful handling of the situation. We discuss a few such situations below.

#### **i) Seeking the blessings of strong traditional leaders**

External facilitators must be aware of the power of traditional leaders. Without their concurrence, it may be impossible to carry out any intervention in the village. This implies that the social feasibility should include an assessment of the traditional leadership and its willingness to give consent and/or explicit support to the formation of new PIs for the socio-economic betterment of the community.

#### **ii) Warding off undesirable leaders**

Sometimes, strong traditional leaders make a bid to enter the collective and assume leadership. Such leaders wield a lot of social power on account of their position and are, hence, not opposed by the rest of the community. Similarly, non-traditional leaders with economic/political clout may also seek to capture the leadership of the emergent/fledgling institution. If the primary interest of such individuals is to use the collective to further their individual gains, the facilitator should step in to counter the move and ensure that more selfless individuals assume leadership even though they may not be as knowledgeable or as powerful as the former.

Initial spadework in villages, with which the institution may plan to work, is often very helpful in determining the social feasibility of promoting new institutions in the village. Working with a scheduled caste community in Gujarat in the early eighties, the first author recalls that the facilitating institution of which he was a part, avoided making an intervention in a particular village for several years even though the need of the people was great and they had made several representations inviting the institution to visit the village. One of the deciding factors was the fact that it had a powerful traditional

leader, who was known to be very manipulative. Only when this leader died did the way became clear for social mobilization in the village! It is possible that much was made of the manipulative powers of the particular leader and that the intervention could actually have been made in the village much earlier. However, in such matters, the self-confidence of the facilitator makes a big difference and s/he must often rely on the 'gut feel' in making such decisions.

### **iii) Handling a dysfunctional leader**

Sometimes, dysfunctional leaders tend to block developmental initiatives in the village because of 'ego' problems. Some leaders want to hold on to the seat of power because of the prestige it offers but are unwilling to spend the time and energy necessary to play their role effectively. It is difficult to remove them because they are otherwise very powerful and influential. In such situations, both the facilitator and the rest of the members must handle the leader with a lot of tact. If she/he cannot be influenced/converted, some creative mechanism must be found to neutralize the leader without creating antagonism. Tactics may include promoting the leader into a position from where her/his dysfunctionality is of no consequence to the organization, for example, as an 'advisor' to a committee! It may also include neutralizing the leader with a combination of pressures and non-monitory incentives (Box 11.2).

### **iv) When a good leader turns 'bad'**

Sometimes, the power that accrues to one individual tends to corrupt her/him or make her/him arrogant and adopt an autocratic style of functioning. When this happens, the institution becomes opaque instead of transparent. No member has the courage to confront such a leader and, as a result, the leader becomes less and less accountable. The decline in the leadership of the Pingot village cooperative, promoted by AKRSP(I), provides graphic details of the consequences of not taking corrective action in time. Ironically, the same leadership that led to the cooperative receiving the Indira Gandhi Vrukshamira Award only a few years earlier was also responsible for its downfall (Chaudhari, 2008 in Pastakia 2008).

### **v) Tackling a power struggle between leaders**

The most challenging situation arises when two or more leaders with equal following get into a power struggle. If not nipped in the bud, such a struggle can escalate into a full-blown factional fight, leading to paralysis or permanent damage to the collective institution. During the first author's fieldwork in the Bhal region of Gujarat, the Tree Grower's Cooperative in Vadgam became embroiled in a factional fight between two traditional leaders. The work in the cooperative had to be suspended for more than a year until pressure from the common members (who suffered the most due to closure of

### Box 11.2: Turnaround of a 'Difficult' Sarpanch in Gudagokulpura

In 1997, BAIF initiated a project to develop 70 acres of degraded gaucher land in Gudagokulpura village, Bindi district, Rajasthan. About 45 acres of the land was treated with soil and water conservation measures and developed as a community pasture land with a community woodlot. A few influential villagers, who were close to the sarpanch, had encroached upon the remaining land. Although the encroachers had initially stalled the work, a compromise was reached by which BAIF and the proposed Grassland Development Committee (GDC) agreed to work only on the 45 acres of non-encroached land.

The panchayat had given them permission to work for one year. Subsequently, however, coming under the sway of the encroachers, the sarpanch became dysfunctional, refusing to recognize the GDC. He persuaded the Block Development Officer to write to BAIF to return the control of the land to the panchayat. He also began to malign the NGO in various public meetings. BAIF decided to exert pressure through the gram sabha, and established the GDC. In response, the sarpanch blocked the operation of a separate account by the GDC.

Realizing the need to win over the sarpanch, BAIF initiated a combination of measures. First, it brought the district collector to visit the village and used him to influence the sarpanch. The meeting led to the acceptance of the GDC by the panchayat with the following conditions:

- a. The GDC will report to the panchayat.
- b. The GDC, the panchayat and BAIF would manage the bank account jointly.

Soon after, BAIF brought officials from the revenue department to the village, leading to the publication of an article on the initiative in RAVIKA, the quarterly journal of the department. The report projected the sarpanch in a favourable light. The social prestige that he gained from this brought about a turnaround in his attitude and he began to take a positive interest in the project. By the end of 2000, the grassland was producing 10–12 tonnes of fodder per annum. In addition, the GDC earned an income of about Rs 15,000 from the sale of grass seed. This pattern of production was maintained over the next five years. The relationship between the GDC and the sarpanch continued to remain smooth during the remaining period of his tenure.

*Source: Nadodi, Mohan and M.H. Vader 2008, in Pastakia, 2008.*

work in the cooperative) was brought to bear on the two leaders. Ultimately, a negotiated settlement was arrived at and the cooperative resumed its normal functions. The cost can often be prohibitive as seen in the Pingot case study (see Part 2), in which forests

that had been preserved over several years of collective effort were liquidated within a day, in the wake of a power struggle between two leaders!

In such a situation, the facilitator may first try to meet the leaders/factions independently and talk to them to see if they are willing to sink their differences. If yes, a truce can be declared and the facilitator can help broker a negotiated settlement. The entire episode must be converted into a 'learning situation' so as to strengthen the unity within the organization.

If all attempts at facilitating a negotiated solution fail, the facilitating agency may take a tough stand and threaten to withdraw from the village. On the positive side, this could even prove to be a good opportunity for emergence of alternative leadership.

## Gender balance

### Understanding gender balance in rural communities

The bias against the fairer sex in Indian society is widespread although it may be significantly less in some communities than in others. Several state governments have passed resolutions to reserve a third of the total number of seats in all gram panchayats for women. This has created an opportunity for women to assume leadership at the village level. However, a majority of the women are unable to take advantage of this opportunity, in the absence of a change in the attitude of men to women. A study in Kerala on women's participation in gram panchayats concluded that many women elected to the gram panchayat are surrogates for their husbands or fathers, who have strong political backgrounds and who cannot contest because of the reservation (Anderson and Bohman, 2001). Such men are referred to as sarpanch pati (husband of the sarpanch) in most villages and operate as the sarpanch for all practical purposes.

The extent of gender bias in a given community can be assessed through participative gender analysis tools and techniques. The most popular among these are:

- a. The Harvard Framework for Gender Analysis
- b. Moser's Gender Planning Framework
- c. The Women's Empowerment Framework
- d. The Social Relations Framework

For a description as well as the comparative strengths of each method, see *Annexure 10*.

To understand the impact of various interventions on the lives of women, it is useful to differentiate between practical and strategic gender needs (Box 11.3). This differentiation is crucial because it clarifies the orientation and potential impact of an intervention.

### Box 11.3: Practical vs. Strategic Gender Needs

**Practical gender needs (PGN):** These are immediate perceived needs of women arising from their specific roles in the domestic, productive and community spheres. Examples include meeting requirements of drinking water, fuel-wood and fodder etc.

**Strategic gender needs (SGN):** These emerge out of the analyses of women's subordination to men and are dependent on the socio-cultural context of a given area. Examples include abolition of the sexual division of labour, removal of institutional forms of discrimination such as rights to property, establishment of political equity and adoption of measures against male violence.

Source: Moser, Caroline 1993.

## Addressing gender bias through interventions

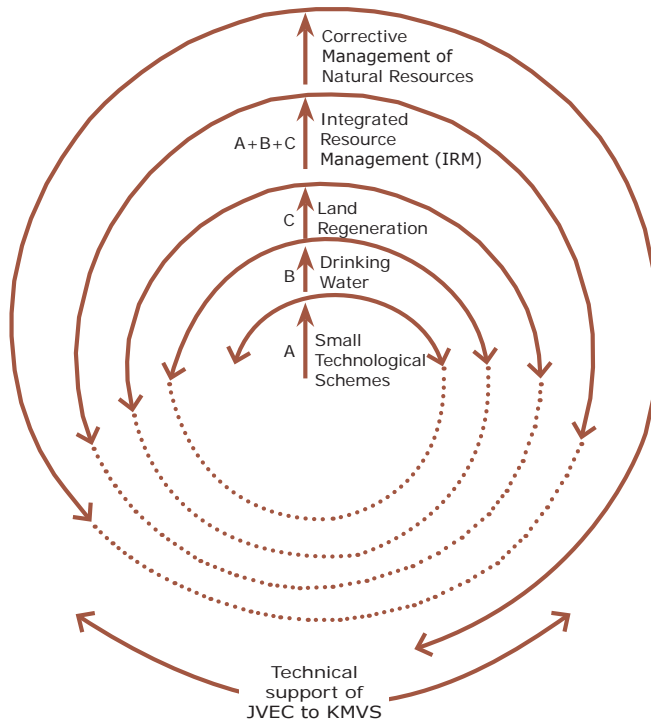
Several NGOs working towards women's empowerment have designed interventions that augment women's participation in NRM. This is based on the realization that women play a major role in fulfilling the subsistence needs of the family and the community. Hence, without women's participation in planning for NRM, these aspects will get neglected.

Processes enabling women's participation in NRM have been found to transform their lives. Dand, Ahdharia, Hardikar and Thacker (n.d.) published by the Aga Khan Foundation (India), provide five case studies that highlight the empowerment process involving critical reflection and collective action to change the socially constituted relationship between men and women. DDS was successful in pursuing the control of landless women over land and land-based resources in Andhra Pradesh. Its strategy included collective and multi-pronged action. It explored new types of institutional arrangements that guide women's rights to land and created a space to re-configure gender roles.

KMVS is an organization of over 5,000 women of Kutch district in Gujarat. It has created women's groups (*mahila mandals*) at the village level, which are aggregated at the block level to form taluka sangathans. Each taluka sangathan is guided by a representative executive committee, which undertakes the implementation of programmes in their block. The activities (both farm and non-farm) are spread over five blocks. The staff members of KMVS, who are not members of the collective, act as resource units for various issues raised by the sangathans. KMVS has a predominantly woman's team. However, for technical matters, it works closely with a sister concern called Sajajeevan. KMVS has demonstrated that women's

empowerment can be brought about through *mahila mandals* when capacity is built by taking up very simple NRM activities involving small technologies and progressively moving on to the collective management of natural resources at the watershed level (Figure 11.2). For the details of this empowerment process see case study in part 2.

**Figure 11.2: Empowerment of Women through Natural Resource Management**



Source: Case study on KMVS and JVEC in Dand, Ahdharia, Hardikar and Thacker (n.d.)

Several organizations have devised strategies to help women’s SHGs to move forward beyond savings and credit to self-employment and group enterprise. Examples include production and sale of handicrafts (Sahaj, Seva Mandir, Sewa, KMVS, etc.) food processing (Sewa) vermi-compost making (AKRSP, BAIF, DSC etc.) bio-pesticides (MSSRF) poultry (PRADAN), sericulture value chain (PRADAN), horticulture (BAIF, PRADAN) animal husbandry (BAIF, PRADAN) consumer non-durables (Udyogini) and rural BPO (Source for Change), ICT services (e-Seva). Wherever these groups of women producers have been aggregated at the area level, the profitability and resilience



of the enterprise has seen quantum jumps. Block-level women's federations have also been able to effectively take up strategic gender issues in federations promoted by NGOs such as Utthan, ASA and AKRSP(I). These successful interventions need to be scaled up and replicated on a wider scale, in order to restore the gender balance in rural areas.

## Engendering an institution

One of the keys to successful implementation of a women's empowerment strategy in rural projects is to ensure that the rank and file of the organization itself believes in gender equality. Initial experiences showed that when the implementing organization itself suffered from gender bias, it did not have the credibility to implement programmes that advocated gender equality. This was clearly a case of 'actions speak louder than words'. AKRSP(I) was among those institutions that took this issue to heart and worked out a comprehensive plan to first engender its own organization before embarking on gender equal strategies of development (Box 11.4).

### Box 11.4: How to Engender an Organization—Experiences of AKRSP(I)

Since 1993, AKRSP(I) has actively and systematically promoted gender and equity concerns and brought these to the centre of its NRM programmes in Gujarat. These efforts include:

- Formulation of a mission statement with explicit concern for gender issues at all levels.
- Gender sensitization training for staff.
- Changing the governing board to include eminent women experts.
- Addressing gender balance in staff.
- Creating a conducive work environment in which women feel secure.
- Creating separate women's organizations at the village level.
- Dual membership in village-level organizations.
- Recruiting more women as EVs in all programmes.

Barry Underwood, the Chief Executive of AKRSP(I) at the time, began a series of gender sensitization training programmes with the staff that lasted 18 months. It helped the staff to analyze their interventions from a gender perspective and examine how and why women are isolated from the development process. To assist the organization in working with a new focus, changes were made to the Governing Board. Two eminent persons with vast experience of working with women, Madhu Sarin and Ela Bhatt, were drawn into the Board. Since 1993, a gender specialist has been made a part of the village institution support team at the headquarters. After the adoption of the new HR

policy of 'positive discrimination' (if male and female candidates are of equal merit, female candidates are selected), women have been recruited at key positions. To create a conducive environment, working in teams is encouraged because certain areas are unsafe for women at night. The organization also provides vehicles for women staff to commute easily. Whereas gender analysis enables an understanding on the linkages between issues of gender, environment and development, the challenge remains in translating it into planning and implementation. Gender-aware planning is necessary for programmes at both the organization and village levels. AKRSP(I) has developed monitoring and review systems that reflect processes and achievements of enhancing women's participation in the programmes. In 1997, it included parameters for assessing gender and equity in GVMs promoted by it at the village level. Before any NRM activity is initiated in a village, the community organizer spells out the non-negotiable conditions, viz.:

- The activity has to be managed by a group.
- The community should contribute to some part of the total cost in cash or kind.
- Women's participation is essential for management of the activity.

*Source: Oza, Apoorva (n.d.) in Dand, Andharia, Hardikar and Thacker (n.d)*

## Conflict Management

One of the most important skills a facilitator must possess is to facilitate discussions and negotiations under conditions of unequal power and varying interests of stakeholder groups. Disagreements, disputes and conflicts are bound to take place in multi-stakeholder institutions as a matter of rule rather than exception. Such being the case, the institution must learn to develop its own rules and mechanisms to settle internal disputes and conflicts. The facilitator's role becomes one of creating conditions for peaceful settlement through mutual negotiations or other alternative dispute resolution (ADR) mechanisms, as discussed in a later section.

### Typology of conflicts

Conflicts may be either internal or external to the CBO being facilitated. Some of these may be latent whereas others may be manifested. Figure 11.3 shows a 2 x 2 matrix that serves as a simple typology of conflicts.

**Figure 11.3: Typology of Conflicts**

	Latent	Manifest
Internal		
External		

### **Internal vs external conflicts**

When dealing with internal conflicts, the facilitator must always be seen as a neutral person and must not be seen to side with one group/individual or the other, except when pushing the agenda of the poorest of poor. On the other hand, when dealing with external conflicts, the facilitator may support the CBO and provide guidance, to protect its interest in the best possible way without causing harm to its members.

### **Latent vs manifest conflicts**

Conflicts could lie latent for extended periods of time if the nature of relationship between the interested parties does not allow them to have an open confrontation. When conflicts do become explicit, these may be manifested in a variety of ways ranging from non-cooperation and sabotage to outright verbal confrontation and/or violence.

Sometimes, there may be ongoing social conflicts in the village where one proposes to initiate work. If these are manifested conflicts, one must make it very clear to the people that such conflicts must be kept out of the proposed institution otherwise it will not function. When conflicts are latent (as many gender-based conflicts are known to be), it becomes even more difficult to identify them. Such conflicts are rooted in some form of injustice within the context of unequal social relationships, in which the aggrieved party is either unable or unwilling to give vent to its anger or to voice concerns in public. Latent conflicts are most likely to be found in a stratified society with skewed social relationships.

The case study, 'Change in Guard', provided in Part 2 of this volume provides an example of how a gender-based latent conflict in a WSD project remained latent for four years before it finally got manifested. The conflict got resolved when women members

gathered the courage to confront the male-dominated committee, which had failed to discharge its duties to the expectation of the people, in particular the women members of the community. This resulted in the men agreeing to step down and allowing an all-woman committee to take charge, for a stipulated period of time. Not only did the women rise to the challenge, they demonstrated successfully how to run the WSD project over the next few years.

A facilitator must try to become aware of latent conflicts both prior to and during the formation of the institution. Sometimes, it is best not to interfere with these conflicts, because their resolution will not be possible before significant change in values and attitudes of certain stakeholders took place. At other times, it may be desirable to work with the aggrieved party and help it find its voice so that the conflict may be brought out in the open where the community as a whole can deal with it.

### **Importance of alternative dispute resolution mechanisms**

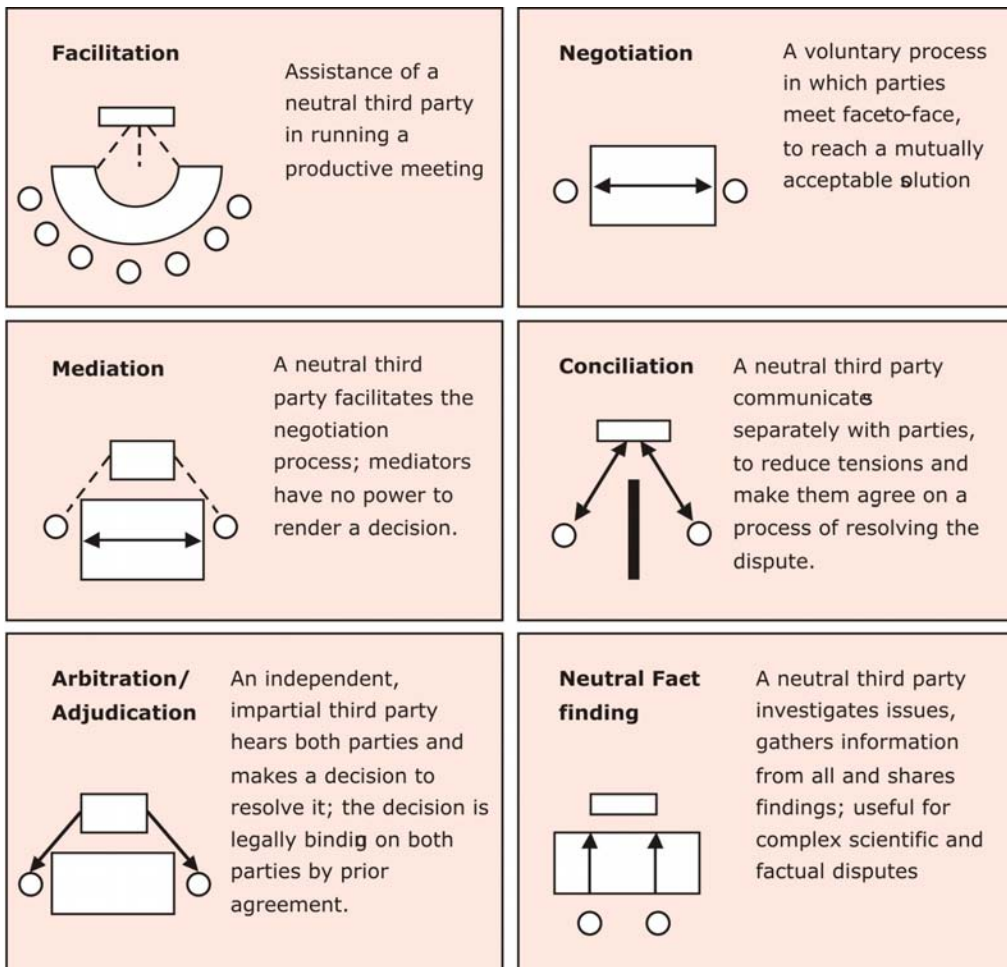
Facilitators must understand that disagreements and conflicts are part of the development process. However, when factional fights and other internal conflicts, escalate, these may cause great harm to the collective enterprise, paralyzing the functioning of the institution and affecting the poor members the most. A vigilant facilitator can take steps to prevent escalation and resolve the conflict through ADR mechanisms such as dialogue, direct negotiation, mediation, conciliation, arbitration, adjudication and neutral fact-finding (Box 11.5).

ADR includes dispute resolution processes and techniques that act as a means for disagreeing parties to come to an agreement without having to resort to litigation. The main advantages of ADR over litigation include:

- Suitability for multi-party disputes
- Flexibility of procedure—the process is determined and controlled by the parties involved in the dispute.
- Lower costs
- Less complexity
- Parties choice of a neutral third party (and, therefore, expertise in the area of dispute) to direct negotiations or to adjudicate.
- Likelihood and speed of settlements
- Practical solutions tailored to parties' needs.
- Durability of agreements
- Confidentiality
- The preservation of relationships

Sometimes, people may have more faith in their traditional leaders and their methods for resolving conflicts. In such cases, there is no harm if the factions go to such leaders

### Box 11.5: ADR Mechanisms/Processes



*Note: Whereas the processes of arbitration and adjudication are similar, an adjudicator is usually an expert in the subject matter in dispute. Adjudicators are not bound by the rules of litigation or arbitration. Their decisions are often interim ones, that is, they can be finalized using arbitration or another process. Adjudication decisions are usually binding on both parties by prior agreement.*

*Source: Modified and elaborated on diagrams provided by Pendzich, Christine 1993.*

to resolve their problems. However, one must also be cautious because some leaders may resort to measures that may not be considered constitutional, according to modern society and culture (See Pastakia, 2008, for a review of traditional conflict resolution methods in Gujarat and Rajasthan states).

### Institutionalizing conflict resolution mechanisms to address internal conflicts

The ideal situation would be where the collective institution has evolved its own

mechanism to resolve internal conflicts. One such institutional innovation is the *Nyay Samiti* (Justice Committee), which has been set up by the Primary Irrigation Cooperative in Samadiala village of Maliya taluka in Junagadh district. The Samiti comprising five members has been set up to deal with internal disputes and conflicts as and when they occur. It charges a fee of Rs 50 per case. The members listen to both sides, visit the site of the conflict if necessary and give their verdict and advice. The Samiti has decreed that if an ordinary member commits an offence, s/he will be fined Rs 50; a committee member caught committing an offence will be fined Rs 75 but if the chairperson commits an offence he will be fined Rs 100. This arrangement has been in place till date, and has been found to work. A few more cooperative irrigation societies promoted by AKRSP(I) and DSC have also institutionalized this mechanism of resolving internal conflicts.

## Dealing with external conflicts

Sometimes, conflicts may happen between villages, between village institutions and between the institution and external parties wanting to appropriate local natural resources. Upstream-downstream conflicts for sharing water among villages and even among regions are quite commonplace. Jethwa (2008) documented one such conflict in Surendranagar district of Gujarat, which got escalated and went right up to the Chief Minister for intermediation. As the conflict escalated, it oscillated among the political, administrative and judicial arenas. In handling external conflicts, the internal unity of the CBO is important, and the social capital developed by it, in terms of the social networks and linkages with various institutions and individuals, becomes even more so.

## Training in conflict analysis

Facilitators must have a basic training in conflict analysis and management, which should help them to answer a set of key questions useful for facilitating PIs (Box 11.6).

Attempting to find answers to these and other related questions, the first author analyzed fifteen cases of conflicts, in the context of community based NRM (Pastakia, 2008). He found that four variables help to explain most conflict situations. The most basic understanding can be obtained by the interaction between two key variables, viz.:

- **Perceived stakes of stakeholders.** Are these stakes are high or low? Stakes can be defined in terms of resource dependency and perceived economic benefits or in terms of social prestige and honour, etc. Most societies place higher value on social prestige and honour than economic benefits, but this could vary, depending upon the specific socio-economic conditions of the stakeholders concerned.

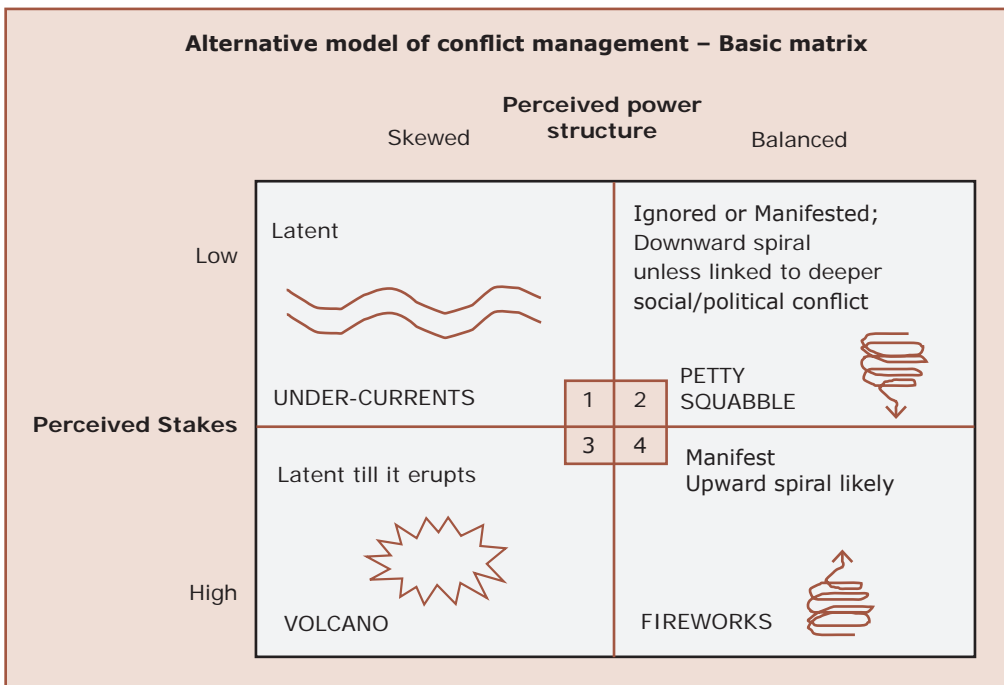
### Box 11.6: What the facilitator must know

- ✓ Which conflict is likely to escalate and which is likely to peter out on its own?
- ✓ What measures are most likely to be helpful in resolving a given conflict?
- ✓ How can one become aware of latent conflicts?
- ✓ Which latent conflict is likely to become manifest and when (under what circumstances)?
- ✓ What will be the effort needed to resolve such a conflict?
- ✓ What are the traditional dispute resolution mechanisms in use in the village? How effective are these?
- ✓ Who are the local leaders whom the people trust for resolving their conflicts?

- **Perceived power structure of stakeholders.** Whether power was perceived to be balanced or skewed in favour of one or more stakeholders groups.

The interaction between these two variables provides a basic matrix that is useful to predict the kind of conflicts that one may encounter in four different situations (See Figure 11.4).

**Figure 11.4: Basic Conflict Analysis Matrix**



As the figure shows, under skewed power relations, the conflict is likely to remain latent especially when the stakes are perceived to be low (Cell 1). The undercurrents will be perceived easily by those involved but not by external observers unless they make special efforts to analyze the stakes, interests, power equations and behaviour of different stakeholder groups. When the stakes are high, the chances are that the conflict will erupt like a volcano if and when the weaker side is able to organize and assert itself (Cell 3). The conflict is likely to be manifested early when the power is balanced. In the case of low stakes (Cell 2), this may either peter out or be settled amicably or ignored by one or more sides in the interest of harmony. It can at best take the proportion of a petty squabble. However, sometimes it may also be made the focal point for continuing an ongoing conflict rooted in the socio-political history of the region/village. When this happens, the conflict will move into Cell 4. Here, because the stakes are high, not only will the conflict be manifested, it will also have a tendency for spiraling upwards unless the leaders seize the first opportunity to arrive at a negotiated settlement. A full-blown manifest conflict will have all the trappings of fireworks—dramatic and in public view.

The external facilitator will need to worry about cells 3 and 4, which are more serious. Resolving a serious manifest conflict (Cell 4) will most likely call for third-party intervention to facilitate negotiations and to break deadlocks. Quick action may be needed to diffuse tensions before mediation/arbitration/negotiation can take place. Resolving a serious latent conflict (Cell 3) is even more difficult. It will need organizing/empowering the weaker party for economic independence and social emancipation. A long-term capacity building process will have to take place before the weaker party feels confident enough to make the conflict manifest and renegotiate relationships. Sometimes, the facilitator may have to be prepared to provide/access to legal services, if the conflict threatens to become violent.

The outcomes indicated above may be mediated by other variables. Hence, there is scope for refining the model by introducing intermediate variables. Two such variables were identified as:

- *Extent of mutual dependence*: The dependence could be on account of a formal or informal social or economic relationship. It could range from high to low or zero.
- *Scale of the conflict*: Is it localized or widespread? If the underlying issue affects a large number of villages or communities, the conflict could be said to be widespread in scale.

By inserting these variables into the typology, it is possible to expand the matrix to 16 cells or theoretical situations. One can thus get a more precise prediction of the type of conflicts one may expect under different situations.<sup>1</sup>



Conflicts can also be analyzed as and when these are developing. An accurate analysis can prove invaluable in facilitating a negotiated solution. Facilitators need to be equipped with diagnostic tools for analyzing conflicts. Pastakia (2008) provided a set of tools and techniques tested by practitioners in the Indian CBNRM context. *Annexure 8* provides a summary of important tools and methods for analyzing latent and manifest conflicts.

## Conflicts as indicators of policy lacunae

Often, conflicts serve as indicators of lacunae in policies and programmes and can help to caution policy makers. In 1997, the late Anil Shah, the then Chairman of DSC, raised the alarm regarding one such policy gap in the context of the JFM programme (Box 11.7). An alert facilitator can do a lot of good by raising the alarm and preventing further damage through suitable policy advocacy.

### Box 11.7:

#### Conflicts as Indicators of Policy Lacunae: Jurisdiction vs Equity in JFM

In 1986, the AKRSP(I) promoted in JFM project in Pingot village in south Gujarat. Afforestation was done in 125 ha of the available 464 ha of forest land, and 65 ha out of the available 265 ha of other government land. Jambuda, a neighbouring village, had a larger population but very little public land to undertake JFM. In 1986, owing to drought and scarcity, the villagers of Jambuda sought and got employment in the afforestation work in Pingot. In due course, the afforestation work on 48 ha, within Pingot's boundary but much closer to Jambuda, became virtually the JFM activity of Jambuda. This arrangement was formalized through an agreement between the GVMs of the two villages in February 1987.

In May 1992, Jambuda reported that some of the trees planted in their plot were ready for harvest and requested the Deputy Conservator of Forests to take measures to make available the share of the GVM. However, the Department was willing to give permission to Pingot only because the forest land in question was located within the boundary of that village. This triggered a conflict between the two villages. Whereas Pingot was willing to honour the agreement with Jambuda, it demanded a share in the benefits because joint management also implied sharing of benefits. There was also a brief period of a few days when Jambuda had failed to protect the forest due to a breakdown in their protection activity. During that time, Pingot had protected the forest.

A meeting facilitated jointly by AKRSP(I) and the Range Forest Officer led to an agreement to share the benefits in such a way that Pingot got 9 ha and Jambuda got 39 ha for

harvesting. The matter went up all the way to the Chief Conservator, who wondered to what extent such an agreement would be binding on succeeding office bearers. The conflict had thrown up a new policy issue, viz., what should be the entitlement of a local village to the forest land within its boundary? Similarly, what should be the entitlement of neighbouring villages that had no forest lands in their own village but had contributed to protection of the forests? In 95 villages of Valia block, there were 15 villages without any forest land. In the neighbouring Dediapada block, of 214 villages, 183 had no forest land and were dependent largely upon the forest lands available in only 31 villages.

In the author's opinion, the state forest departments would be well advised to set in motion policy initiatives about the norms, in terms of the forest area that will be adequate to meet the requirements of a typical household. That could serve as the basis for allocating forests for protection because according to law, the forest department had the authority to decide which village group will protect which part of the forest area, irrespective of its location within the boundary of a particular village. The said norms should be based not only on the technical calculation of needs and availability but also the development of processes and procedures that foster inter-village harmony, balancing jurisdiction with equity.

*Source: Shah, Anil 1997.*

## Creating Suitable Systems and Procedures

Many a times, there is conflict and mistrust among the members of CBOs due to lack of proper documentation and systems. As small informal groups or affinity groups expand in terms of membership and service delivery, there is need for the introduction of certain norms and formal systems, to ensure good governance, accountability and transparency. Even in small SHGs, the lack of proper documentation and record-keeping of monthly savings, not giving timely receipts to members or not having proper criteria for loans can become a cause for the disintegration of groups. Thus, though difficult and often resisted, the facilitating agencies need to introduce these systems in CBOs and build the capacities of the functionaries to implement them. Once the benefits of these systems are demonstrated, these are internalized more easily by the CBOs.

Some of the systems that need to be introduced in CBOs are:

- i. Administrative systems
- ii. Financial systems
- iii. Accounting systems
- iv. Programme management systems

## **Administrative systems**

These are related to maintaining proper documentation and records of meetings and day-to-day transactions. Keeping written minutes of meetings and noting a gist of the business transacted during the same, key decisions taken and member attendance reduces the chance of disgruntlement in absentee members. As the CBOs grow and recruit staff for running the business, it becomes important to introduce reporting systems and maintain registers such as attendance register, and salary register.

## **Financial systems**

These relate to rules, regulations and procedures for acquiring and utilizing finance, and distributing income. It will include rules and procedures for fund mobilization from within the members and outside sources. There is need for written norms and systems related to the delegation of powers between the members for operating bank accounts, investments, purchases, hiring services, etc. Financial management, or rather the lack of it, is one of the major causes for conflict among the members/clients of the CBO. Most of the legislations under which CBOs are registered also prescribe how the income derived by the CBO should be distributed. However, to ensure that these are practised requires certain financial and legal understanding.

All registered CBOs are mandated to have their accounts certified by a Chartered Accountant. This does, to some extent, ensure that the organizations follow accounting procedures, as per the accepted standards. This is one area that requires maximum capacity building from the facilitating agency. It is, therefore, necessary to conduct structured training programmes on financial management in a language that they can understand, and provide hand-holding support in the initial stages. CBOs also need to have an understanding of various legislations such as the Income Tax Act and labour laws, and ensure legal compliance of the same.

## **Accounting systems**

No CBOs can survive without the proper maintenance of accounts. Any financial transaction, however small, needs to be accounted for and this is done through maintenance of books of accounts such as the cash book, bank book and ledger. The regular maintenance of accounts, and supporting documents for expenses and incomes such as the issuance of receipts need to be kept. A proper checks-and-balance system also needs to be in place. Adherence to set accounting procedures ensures faith amongst the members and the clients. Regular disclosure of income and expenditure to the members/clients ensures transparency and faith. Capacity

building and hand-holding support of the accountants of CBOs is the first step that the facilitating agencies need to undertake.

### **Programme management systems**

As the CBOs expand their area of operations, recruit more staff and add more services and products, a need will arise to build the capacities of the functionaries to programme management skills such as planning, implementation and monitoring. This will include developing a business plan and strategy for expansion. Systems for procuring goods/ services, quality control, supervision, etc., will need to be introduced to ensure member/ client satisfaction.

A few NGOs are taking advantage of the ISO 9000 system, to establish and maintain systems. Jal Bhagirathi Foundation (JBF) in Rajasthan and ASA in Madhya Pradesh are two such organizations that have acquired ISO certification. JBF has been involved in promoting a three-tier system of PIs to create and govern drinking water management systems at the village/hamlet level.

The first step was to develop an operations manual and ensure that people at different levels of the organization follow it religiously. The manual is discussed and reviewed on an annual basis with all staff members. The ISO certification not only ensures that systems are improved with inputs from experts, it also provides confidence among donors, partners and other stakeholders, including government departments.

However, many NGOs are of the view that the ISO system is both time consuming and expensive. The search for less expensive but effective mechanisms for ensuring quality of services that are tuned to the needs of civil society led to the development of Credibility Alliance (See Box 11.8). Membership to the Alliance ensures that a minimum standard of governance, financial systems, client faith, etc., is enjoyed by the NGO since it has to follow the norms for basic standards of governance established by the Alliance.

In the context of CBOs, similar standards are yet to evolve. Among the early initiatives are those of Andhra Pradesh Mahila Abhivruddhi Society (APMAS), which carries out a simple rating system for SHG federations.

### Box 11.8:

#### Credibility Alliance: Setting Standards for Civil Society Organizations

Credibility Alliance (CA) is a consortium of voluntary organizations committed to enhancing accountability and transparency in the voluntary sector through good governance. It is an initiative that emerged from within the sector and was registered in May 2004 as an independent, not-for-profit organization after an extensive consultative process over a period of two years, involving thousands of voluntary organizations all over India. CA aspires to build trust among all stakeholders by improving governance in the voluntary sector. CA is akin to a professional body that will set norms or standards of governance.

The minimum norms are the basic standards of governance that all voluntary organizations should follow. It is mandatory for all members of the Alliance to comply with the minimum norms or give an undertaking that they would do so within a year. These norms shall operate on the principle of self-regulation that respects autonomy and seeks to preserve the spirit of innovation. The members shall participate in the process of evolving suitable guidelines, based on voluntary disclosure of information and adhere to them. This shall promote the ideals of accountability and transparency within the voluntary sector.

#### Minimum Norms

These include the following elements:

##### 1. Identity

- The organization has been functioning for a minimum of 1 year from the date of registration.
- The physical address given by the organization is verifiable.
- The organization is registered as a Trust/Society/Section 25 Company.
- The registration documents of the organization are available on request.

##### 2. Vision, Aims/Objectives and Achievements

- A vision/purpose/mandate/mission, which drives the organization, is articulated beyond the registration of documents.
- The organization is able to show performance through defined indicators against stated objectives.

##### 3. Governance

- The organization has a Governing Board, by whatever name called.
- The organization discloses name, age, gender, occupation and position of its Board members.
- Not more than half the Board members have remunerated roles.

- The Board has at least two meetings a year, suitably spaced, with the quorum stipulated in its own Articles of Association.
- The minutes of the Board meetings are documented and circulated.
- The Board approves programmes, budgets, annual activity reports and audited financial statements.
- The Board ensures the organization's compliance with its laws and regulations.

#### 4. Operations

- Activities are in line with the Vision and Aims/Objectives of the organization.
- The organization periodically reviews the progress of the programmes.
- The organization follows consultative decision-making processes.
- The organization complies with applicable laws and regulations of the country.
- The accounts of the organization are regularly maintained and those with an annual income above Rs 50,000 are audited by a chartered accountant.
- Roles and responsibilities are defined for Personnel (Staff and Volunteers).
- All personnel are issued letters of contract/appointment.
- Appropriate personnel policy is in place.

#### 5. Accountability and Transparency

- Signed audited statements are available: balance sheet, income and expenditure statement, receipts and payments accounts, schedules to these, notes on accounts and the statutory auditor's report.
- Statement of accounts indicates whether constructed on a cash or accrual basis.
- There are no serious adverse notes on any material point.
- There are no material transactions involving conflict of interest between a Board or staff member and the organization.
- The organization's Annual Report is distributed and communicated to the community and others and is made available on request every year, within eight months of the end of the organization's financial year.
- The Annual Report contains information on the Board members' names, position in the Board, remuneration or reimbursement, objectives and description of main activities, review of the progress and results achieved in the year.

Source: Credibility Alliance organisational website, <http://www.credall.org.in/>

### End-notes

1. Lack of space prevents us from discussing the complete model here. Interested readers may refer to Pastakia (2008) **Locked Horns: Conflicts and their Resolution in Community Based Natural Resource Management**, pp 301–310.

# 12

## Monitoring Performance and Sustainability of PIs

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### Introduction

Facilitating PIs represents a major investment in the software component of any project/programme aimed at improving rural livelihoods. It is but natural that the top management of facilitating agencies as well as donor agencies would like to know whether these investments are leading to intended outcomes and benefits for the local community. Due to the differences between simple and complex institutions, discussed in Chapter 10, the approach to monitoring these institutions will also be different. In simple institutions of large numbers, it makes sense to select a set of indicators that are measurable and for which data can be collected and compiled easily. In multi-stakeholder, multi-objective, large forums, it may be better to have external researchers use process documentation methods for assessing the processes, in conjunction with physical and financial assessments, to measure the outputs of the institution. In either case, a set of criteria and indicators is needed to assess performance.

Practitioners are also concerned about the sustainability of institutions because they would like these institutions to be durable and continue providing services to their members as long as these services are needed and are relevant for the growth of individual members and the community as a whole. Most facilitating agencies do not have separate indicators for sustainability. However, sustainability concerns are built into the performance indicators that are in use.

In this chapter, we have tried to look at some of the criteria and indicators used by different agencies to measure performance of different types of institutions. This is followed by a discussion on sustainability of PIs drawn from literature. We conclude by drawing up a checklist to assess sustainability of PIs.

### Criteria and Indicators for Monitoring the Performance of PIs

In this section, we have tried to put together experiences in monitoring the performance of SHGs, UGs, CIGs, VDCs and village-level CBOs involved in NRM/market-led interventions.

## Monitoring SHGs

SHGs involved in savings and credit have a simple agenda of contributing savings regularly and inter-lending, as per needs of the members. Conducting regular meetings and making regular payments becomes critical for the success of the activity. Hence, the commonly used indicators for monitoring SHGs are as follows:

- Group size
- Regularity of meetings
- Average savings
- Average credit
- Equity in disbursement of loans
- On-time repayment of loans
- Use of credit—substitution of moneylender's debt, consumptive needs, investment in long-term assets such as houses, social expenses, investment in productive assets and productive needs.

Many NGOs/ SHG federations do not monitor the use of credit. There are also practical difficulties in collecting this kind of information because members may take loans for productive purposes but later divert part or whole of it to other consumptive needs or for repayment of loans from moneylenders. Analyzing this information is important because it shows whether there is a shift over time from meeting the consumptive needs of the family to procurement of productive assets. It indicates whether the desired improvement of the financial status of a family is actually taking place. In many cases considerable time may be spent by the family in just liquidating past debts - but that too could be considered a movement in the right direction.

At the SHG federation level the following outreach indicators are commonly monitored (Sa-Dhan, 2004):

- Total membership
- Women membership
- Number of active borrowers
- Total loan disbursed
- Number of loan disbursed
- Average loan size

Wherever MFIs have been created to service clusters of SHGs, it becomes important to monitor the financial health of the MFI. Table 12.1 shows the commonly used financial indicators to monitor performance of MFIs. These are ratios calculated on the



**Table 12.1: Financial Indicators to Monitor the Performance of MFIs**

No.	Name and Type of Ratio	Calculations	Benchmark
	<b>Portfolio Quality</b>		
1	Portfolio at risk (PAR)	Portfolio in arrears > 30 days divided by gross loan portfolio O/S*	0%
	<b>Efficiency</b>		
2	Personnel cost ratio (PCR)	Personnel cost divided by average loan portfolio O/S	68%
3	Administrative cost ratio (ACR)	Administrative cost divided by average loan portfolio O/S	4–6%
4	Total administrative cost ratio (Total ACR)	Total administrative cost divided by average loan portfolio O/S	10–15 %
5	Financial cost ratio (FCR)	Financial cost divided by average loan portfolio O/S	(= < , CRL )
6	Operating cost ratio (OCR)	Total operating cost divided by average loan portfolio O/S	20–25 %
7	Yield on portfolio (YOP)	Total operating revenue divided by average loan portfolio O/S	(= APR)
8	Yield to APR	YOP divided by annual percentage rate (APR)	> 90
	<b>Productivity</b>		
9	Productivity ratio	Active clients divided by loan officers	500
10	Active client/Members ratio	Active clients divided by members	100
	<b>Profitability</b>		
11	Return on assets (ROA)	Total Income divided by total assets	
	<b>Sustainability</b>		
12	Capital adequacy ratio (CAR)	Net-worth divided by risk weighted assets	20
13	Debt service coverage ratio (DSCR)	Gross revenue from operations divided by Principal + interest paid/payable to financial agencies	> 40
14	Operational self sufficiency (OSS)	Total income (gross income) divided by total operating cost	>100
15	Financial self sufficiency (FSS)	Operating income divided by (operating costs + loan loss provisions + financing costs)	> 100

Note: \*O/S = Outstanding

Source: Sanjay Khirwadkar (Per. Comm.)

basis of annual financial statements of the MFI. The benchmark figures indicate ideal performance.

In addition, periodic reviews need to be organized to examine social impact such as:

- Social status of women in the family on account of becoming a source of

income and credit in the family.

- Social status of women in the community on account of collective action taken by women SHGs, to tackle social issues in the village.
- Social impact on the status of dalits on account of improved economic situation.

## Monitoring UGs

UGs are among the least monitored among informal PIs. Because UGs are built around common property assets, it is often presumed that it will be in the self-interest of users to collectively maintain the assets. The task of monitoring UGs is often left to WDCs, which themselves may not be functioning beyond the project period. Not surprisingly, many UGs become defunct in no time. Often, the benefits may not be shared equitably, especially if the social and economic differences between potential users are skewed.

Some of the better functioning UGs are often found to comprise family members and kith and kin, and instances in which farmers come together to invest jointly in a common property, say, a group well. BAIF is among the agencies that has promoted group wells in a big way among small and marginal tribal farmers (See Box 4.1, Volume 1).

Direct monitoring of UGs by the facilitating agency is, therefore, considered desirable. UGs can be monitored with the help of process indicators (Table 12.2) drawn from Elinor Ostrom's study of CPRs. Apart from the process indicators, one can also examine the state of the CPR—whether it is being maintained properly and being used to exploit resources on a sustainable basis.

## Monitoring CIGs

CIGs are small groups of primary producers with similar backgrounds and common livelihoods. For example, tribals living off non-timber forest produce (NTFPs) may come together to negotiate better prices for their produce in the market. CIGs with the same economic activity can form a formal institution such as a cooperative or producers' company.

A CIG's performance may be monitored by the facilitating agency or producers' company, based on its collective produce. More often than not, CIGs serve as forums for the producers to share difficulties and learn from each other. The regular exchange of information in meetings and its impact on production becomes an important indicator to monitor. The use of ICT tools, to augment the information needs of the producers through CIGs, could be another indicator.

**Table 12.2: Checklist of Indicators for Monitoring UGs**

No.	Criteria	Indicators for Monitoring
1	Boundary rules	1) Are the boundaries of the CPR and the members of the UG clearly defined?
		2) Are all potential users of the CPR included in the UG?
2	State of CPR	1) How well is the CPR protected/maintained? Is it functional and productive as per its planned capacity?
3	Provision rules	1) What are the key maintenance/protection functions? How do members provide (contribute) labour, money, etc., for these functions?
4	Appropriation rules	1) What is the system of sharing benefits from the CPR?
		2) How equitable is it? Is there a proper match between the contribution of labour, material, money, etc., by members with the formula for sharing benefits from the CPR?
		3) What rules for harvesting/use of the resource have been formed, keeping in view the sustainability of the resource? How strictly are these being followed?
5	Decision- making	1) How frequently does the group meet to decide on issues related to CPR management?
		2) How participative is the decision-making? Can individuals, affected adversely by a rule, voice their complaints and get the rule modified?
6	Mutual monitoring	1) Who ensures that the rules are being followed? Is there a system of mutual monitoring in place? How effective is it?
7	Sanctions	1) Is there a system of graduated sanctions (fines, penalties, non-monetary punishments, etc.) for those who break the operational rules?
8	Conflict resolution	1) Is there an effective and low-cost conflict resolution mechanism to resolve internal conflicts—those between members or between members and office bearers, or between office bearers?
9	Nested enterprises	1) Does the larger institutional system play any role in terms of monitoring performance of the UG, building its capacity, providing financial/technical support for maintenance, etc.?

Once federated, CIGs tend to be monitored more rigorously by the collective enterprise institution because such an institution needs to plan its marketing activities, in accordance to the production and vice-versa. It also begins to communicate to the producers the quality standards demanded by the market and provides inputs to enable CIGs to meet these standards.

## Monitoring VDCs

Some NGOs such as AKRSP(I) and Seva Mandir have found it useful to invest in

VDCs, which take up the planning and implementation of all developmental schemes that come to the village. The VDC builds up a *Gram Kosh* (village development fund) over time and becomes responsible for managing it as a common property asset.

The number of VDCs is large (often running into a few scores or even hundreds); therefore, the facilitating agency needs to monitor their growth and performance on a regular basis. Agencies have developed a set of indicators, to monitor their maturity. AKRSP(I) uses an *Institutional Maturity Index* (IMI), which provides weights to a set of 10 criteria that are used to assess the performance of a VDC (See Table 12.3). The evaluator uses a five-point scale to assess the institution on each of the criteria, based on certain guidelines provided. The minimum score is 0 and maximum is 4. With the weights indicated in the table, maximum marks that can be scored comes to 100.

**Table 12.3: Institutional Maturity Index of AKRSP(I)**

No.	Criteria	Weight
1	Awareness about the institution and its objectives (reference to shared vision)	2
2	Participation in meetings - Number of meetings held - Number of participants - Minutes of the meetings	3
3	Leadership quality (includes the creation of a second line of leadership)	2
4	Accounting skill (includes financial discipline, transparency in sharing accounts, periodic auditing, etc.)	3
5	Equity in benefits distribution	2.5
6	Financial self-reliance	2.5
7	Linkages and liaison skills	3
8	Conflict resolution capacity	2.5
9	Equity in terms of socio-economic condition (reference to inclusiveness)	2
10	Assets management (reference to maintenance of assets)	2.5
	<b>Total</b>	<b>25.0</b>

The index is used to classify VDCs, using the ABC classification method. This facilitates decisions regarding the allocation of projects and human resources to strengthen weaker institutions.

### Performance of village-level CBOs for NRM

Sometimes, one would like to compare the performance of different types of village-level PIs (FPCs, VDCs, drinking water committee, lift irrigation society, tree-growers' cooperative, seed producer companies, etc.) across socio-ecological contexts. DSC

has instituted in Gujarat a tradition of recognizing well-managed CBOs and NGOs every year through its annual awards function. The selection committee comprising well-known academics and practitioners in the field of rural development has evolved a checklist, which enables them to make a comparative assessment of the performance of CBOs across the socio-ecological conditions of the state.

The list has 46 indicators classified under five criteria, as shown in Table 12.4. The Awards Committee gives greater emphasis<sup>1</sup> to the establishment of rigorous systems and procedures (45%) followed by value system (20%), human resource development (15%) and linkages developed (10%). Physical and financial achievements (10%) have got a relatively low weight. This re-affirms the importance given to institutional sustainability as compared to immediate benefits derived from the institution by its members.

**Table 12.4: DSC's Performance Indicators for CBO's in NRM**

No.	Criteria	Indicators	Weight
1	Identity created by the institution and its value system	9	20
2	Operating systems and structures		
	a) Implementation procedures	7	25
	b) Financial discipline procedures	5	20
3	Extent of human resources developed	7	15
4	Extent to which physical and financial resources have been developed	4	10
5	Extent to which linkages with external agencies developed	4	10
	<b>Total</b>	<b>36</b>	<b>100</b>

## Criteria and Indicators for Monitoring the Sustainability of PIs

Whereas most practitioners have been preoccupied with the measurement of institutional performance, many of the indicators used by them do hint at an underlying concern for durability/sustainability of these institutions over a long time frame. This is where the focus shifts from immediate outputs to the development of operating systems, procedures, processes, values and leadership that will ensure the resilience of the institution.

DSC's checklist has an explicit indicator under institutional values, which states, 'measures taken for the sustainability of the institution' with a weight of 2.5%. However, several other indicators such as inclusiveness, gender balance, participative decision-making, people-centred leadership and adoption of conflict resolution mechanisms also indicate concern for the sustainability of the institution. Similar is the case with

the IMI of AKRSP(I), which reflects concerns for shared vision, inclusiveness, equity, participation, gender sensitivity, self-reliance in conflict resolution, self-reliance in financial matters, etc. Both have emphasized the development of social capital, in terms of linkages and networks, which indicate institutional strength and contribute to sustainability.

## Self-reliance and sustainability

In 1999, the Indian Institute of Management, Ahmedabad, held an international workshop on 'Criteria and Indicators of Sustainability in Rural Development', in collaboration with UNESCO's Man and Biosphere Programme. Of the 36 papers presented, only four focused on the sustainability of institutions. This may be an implicit indicator of the lack of clarity and rigour in monitoring software components of programmes, as compared to hardware components. SEWA's primary concern in monitoring women's associations and groups of self-employed women under its fold was 'whether women have become self-reliant both collectively and individually'. *Self-reliance* could be of three types: a) financial b) managerial and c) establishing linkages with markets and external developmental agencies (Nanavathy, 1999). The organization emphasizes participatory planning, implementation and monitoring as a means of achieving self-reliance and, therefore, sustainability.

In the context of NRM in rural areas, the KMVS echoes the sentiments of SEWA when it states that juxtaposed against a 'culture of dependency' on the government, self-reliance emerges as the most important dimension of sustainability (Iyengar, Joseph, Virmani and Kothari, 1999). In its decade-long experience of working in the arid desert of Kutch, KMVS finds that whereas managerial skills are important for sustainability of the natural resource base, it is the leadership that links sustainability of resources to that of larger social processes. In Laiyari village, a woman emerged as a leader even though she could not understand watershed in technical terms nor was she good at implementation. What she brought to the institution was a tremendous sense of justice to the decision-making process. Hence, KMVS views a judicious interplay of social leadership and management of natural resources as an integral part of the process of social sustainability (ibid.).

## Symbolism of sustainability

Iyengar et. al. (1999) believe that institutions and local communities should use cultural symbols to reinforce processes of sustainability:

“For sustainability to transcend its academic relevance and creep into ways of life, it will need to unleash societal signs and symbols. Just as the celebration

of 'holi' has become one with an ethos, will sustainability itself be one day symbolized in a spirit of celebration across societies?" (ibid.)

It should be pointed out that many of the traditional cultures did in fact institutionalize the spirit of sustainability through the symbolism of the type that the authors above yearn for. A decision-making practice observed by the "Seventh Generation tribe" of Canada is a case in point (Box 12.1).

### Box 12.1: The Empty Seat

A 'first citizens' group in Canada evolved a unique system of incorporating symbolism for sustainability in their decision-making process. When the community leaders sat to take major decisions that affected the entire community, they made it a point to leave one seat empty. This was the seat reserved for the *representative of the seventh generation*. As per ritual, any person who wanted to speak had to be passed a particular stick. Only the person in possession of the stick was allowed to speak and the rest were to listen. When the stick had been passed around and all had spoken, it was finally placed on the seat of the seventh generation representative. Everyone became silent then for a minute and tried to listen to what the seventh generation representative was telling them about the decision that they were about to take. Later, the group of elders reconsidered their decision in the light of what the impact of their decision could be on future generations. The tribe's deep concern for nature and future generations helped it to evolve such an institutional mechanism.

## Redundancy and sustainability

Redundancy is a well known concept of design. Any organized system needs to build in certain amount of redundancy in order to ensure that the system works under all kinds of stressful situations. The human body is a good example of redundancy in design. It is not by accident that the human body has two hands, two eyes and two kidneys, two lungs, etc.

Felsenthal (1980) developed guidelines for evaluating the desirability of the type and the amount of redundancy to be maintained in administrative organizations (Box 12.2).

### Box 12.2: Guidelines for Evaluating Desirability of Redundancy

The three main redundancy types are as follows.

- a) **Total Negative Redundancy:** When the removal of duplicate units of two or more elements/units, the functions of which are essentially the same, does not affect the adequate operation of the system. Negative redundancy only adds to the cost burden of the system and can, therefore, be done away with.
- b) **Partial Redundancy:** When there are two or more units, the functions of which partially overlap, for example, the eyes or the kidneys, the second organ is redundant but not totally because it improves perception or physiological performance. To judge whether a partially redundant element is desirable, the loss in performance on its removal must be compared with the cost of installing and maintaining it within the system.
- c) **Total Positive Redundancy:** When there are two or more elements/units, the functions of which are essentially the same, the removal of duplicate units/elements may endanger the survival of the system. Three types of such redundancy have been observed.
  - Back-up redundancy: On the malfunctioning of the original element, the back-up element takes over and the system does not break down, for example, the reserve army.
  - Parallel redundancy: For example, the use of two or more referees in a football game.
  - In-tandem redundancy: For example, two or more persons signing a payment order sequentially.

To judge the need for back-up redundancy, the following considerations are useful:

- i. The probability of different types of system failure occurring over specific period of time.
- ii. The cost of installing and maintaining back-up elements.
- iii. The cost of different lengths of time elapsing before a failure can be corrected.

To judge whether parallel and in-tandem redundancies are needed, the following criteria may be used.

- i. How much is the system's probability of failure reduced by introducing the redundancy elements/units?
- ii. What is the cost of installing and maintaining additional elements/units?
- iii. What is the cost associated with systems failure? How significant is it?

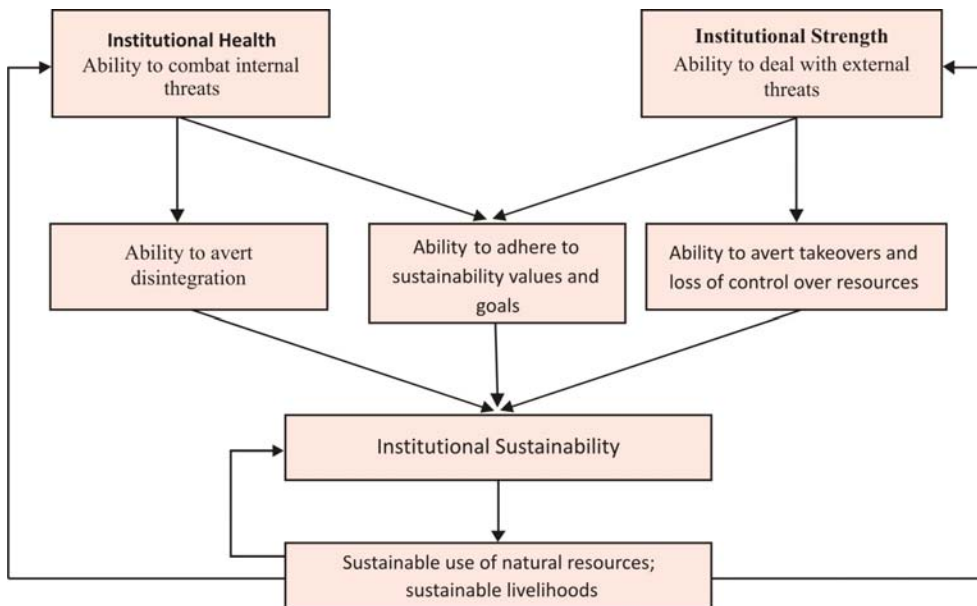
*Source: Felsenthal, Dan S 1980.*



## Framework for institutional sustainability

Pastakia (1999) provided a systematic framework for developing indicators of institutional sustainability. The framework made a distinction between *institutional health* and *institutional strength* (Figure 12.1). The first refers to effectively dealing with internal threats and debilitating forces whereas the second refers to the strength or power of the institution in the larger socio-political milieu in which it is embedded. Institutional strength provides it the ability to ward off external threats.

**Figure 12.1: Institutional Sustainability—a Framework of Analysis**



Pastakia drew up a list of internal and external threats that institutions need to deal effectively with, in order to survive and grow (ibid.).

Examples of internal threats include factionalism, power struggles between leaders, exclusion of relevant stakeholders, imbalance of power structure, non-participative decision-making, culture that inhibits creativity and innovation, and the absence of a second line of leadership, etc.

*Examples of external threats* include competition from other caste/class groups for the same resource, feudal social structure that perceives the institution as a threat to existing social order, interference by influential bureaucrats and external agencies, failure of the support organization to stick to its commitments, poorly defined property rights over natural resources, etc. Mathur (1999) believes that a major challenge that community institutions face, in relation to the state in India, is in the area of government rules and laws.

“The role of the state has usually been that of exclusion denying the poor and the marginalized access to resources that can help them to take part in the production processes. The use of forests is a case in point where the law is framed in such a way, that the rights of the forest dwellers are usurped and therefore their customary way of using forests resources becomes illegal. Most common lands have also diminished in this way. The economic exclusion tends to get accentuated if supported by social exclusion. Thus those who are trying to struggle for their livelihood and fight for their rights are also the people who are at the lower end of the social scale—tribals, scheduled castes etc. Hence effective community institutions need to have capacity, to cross legal hurdles, which are most of the time, propped up by the social structure.” (ibid.)

#### *Factors contributing to institutional health*

These are the internal processes that lead to unity, member allegiance, member centrality of governance structure, participation, transparency, inclusiveness, gender sensitivity, respect for nature and use of natural resources on a sustainable basis among others.

#### *Factors contributing to institutional strength*

These include, among others, the size of the institution and its accumulated internal resources (human, physical and financial), networks to which the institution belongs, its influence, and credibility and goodwill in society.

## **Indicators of Institutional Sustainability**

Given here is a checklist of criteria and indicators of institutional sustainability that is guided by the conceptual framework discussed earlier as well as the various concepts discussed for the design of durable institutions (Table 12.5). The checklist is presented in two parts, viz., institutional health and institutional strength, in order to focus on two different dimensions of institutional sustainability. However, the two are closely inter-related. Institutional health is a form of internal strength, in terms of unity and solidarity that is indispensable for warding off external threats. Similarly, institutional strength in terms of resources leveraged through external linkages also contributes to the building of institutional health.

**Table 12.5: Indicators of Institutional Sustainability**

**A. Institutional Health**

No.	Criteria	Indicators
1	Shared vision, identity and value system	1) Does the institution have a long-term vision, which is shared by the rank and file of the institution?
		2) Has the institution developed a common identity?
		3) Has the organization been infused with a set of common values that embody modern values of democracy, fraternity, equity, inclusive growth, gender sensitivity and sustainable use of natural resources?
2	Member-centric inclusive governance structure	1) Are all the stakeholder groups especially the landless, the marginal and the poor communities adequately represented in the governance body?
		2) Are women given membership in the institution and are they represented in the governance body?
		3) Does the governance structure facilitate the voicing of the concerns of women and marginal groups?
		4) How does the governance body take into account the concerns of indirect stakeholders such as future generations and downstream villages?
3	Effective leadership	1) Is the leadership both competent as well as community service-oriented?
		2) How broad-based is the leadership? Is the institution dependent on a single charismatic leader or does it have a group leadership?
		3) What is the investment made by leaders in developing second- and third-generation leaders through the processes of mentoring, delegation, training, etc.?
4	Participative operating system	1) Has the institution adopted participative processes for planning, implementing and monitoring its projects and activities?
		2) Are the risks and responsibilities of different stakeholders in proportion to the rewards and benefits that they get out of the enterprise/institution?
		3) Does the organizational culture allow free expression of opposing views or does it stifle the dissenting voice? Is the organization flexible enough to adapt its rules and norms to take into account the odd case, which does not fit into the existing framework?
		4) Does the organizational culture facilitate creativity and innovation?
		5) Are the major decisions/rules regarding allocation of resources, sharing of benefits, division of responsibilities, major collective investments, sanctions, etc., taken in consultation with all stakeholders? In multi-tiered or nested organizations, is the governing body member-centric in taking such decisions and are these decisions shared with ordinary members at the grass-roots level?

Continued...

No.	Criteria	Indicators
		<p>6) Is there transparency in the sharing of accounts and other information, regarding the workings of the organization?</p> <p>7) Has the institution or its leadership developed a mechanism for grievance resolution for its members? Is there an internal system for conflict resolution? Has it been successful in resolving all internal disputes and conflicts so far?</p> <p>8) Is it possible to identify members, who play the role of gatekeepers and whistle-blowers, in other words, who act as the conscience of the institution?</p> <p>9) Does the monitoring and learning system of the institution enable it to make course corrections and adapt to changing situations and challenges?</p>
5	Member allegiance and loyalty	<p>1) Is the ordinary member aware about his/her rights and responsibilities? Has there been adequate investment in member education?</p> <p>2) Is the ordinary member aware about the common vision and goals of the organization? Can he/she easily identify with this vision?</p> <p>3) Does the common member share the values of the institution for achieving the above vision and goals?</p> <p>4) Are members loyal to the institution in moments of crisis? Do they honour their commitment of meeting production targets of the collective enterprise?</p> <p>5) Are the members committed enough to institutional values and goals so as to resist the negative influences of paternalistic external agencies, corrupt bureaucrats and funding agencies with vested interests?</p> <p>6) Can the members identify attempts by individuals to sabotage its developmental activities and can it deal with these individuals effectively by going to the root of the problem?</p>
6	Human resources created for self-reliance	<p>1) Does the institution have sufficient number of trained people to take care of the technical aspects of their collective enterprise?</p> <p>2) Are there sufficient number of members with managerial skills? If not, is there sufficient trained managerial staff?</p> <p>3) Has the institution acquired accounting skills and financial discipline necessary to meet the legal and administrative requirements of the institution?</p> <p>4) Has the leadership developed sufficiently to be able to integrate sustainable management of natural resources, with equity concerns and human welfare?</p>
7	Financial self-reliance	<p>1) Is the institution able to meet all its expenses from the internal resources at its disposal? If not, does it have a plan in place to make this happen in the near future?</p> <p>2) Is the institution in a position to mobilize funds on its own for its planned developmental activities?</p>

Continued...

No.	Criteria	Indicators
8	Optimal redundancy	1) Does the institutional design and operating system allow for sufficient redundancy in roles, expertise, communication channels, leadership, etc.?
9	Balance of power	1) Is the power of the executive suitably balanced with the power of the general body? 2) Is the power of the professional staff suitably balanced with the power of the executive and the general body?
10	Earned autonomy	1) Has the institution begun to function independently of the facilitating agency and without the interference of any external officials (such as government officials in cooperatives)? 2) Does the institution have a long-term plan for functioning autonomously while building up its financial independence?

## B. Institutional Strength

No.	Criteria	Indicators
1	Social strength	1) What is the size of the institution, in terms of membership and human and financial resources? 2) What is the geographical area of control or influence, in case it is a federated or nested organization? How many tiers are there? 3) What linkages with external agencies have been developed and what are the social networks of which the institution is a part? What is the capacity to mobilize resources and support through these networks and linkages a) on short notice and b) over a reasonable time frame?
2	Legitimacy	4) What is the legal legitimacy of the institution? Does it have a legal personality? Does it fulfill all the legal and administrative requirements of the society in which it operates? Are all the property rights of its resources clearly defined? 5) What is the moral legitimacy of the institution? What is the goodwill generated by the institution on account of its past work? What is the influence of the institution on society at large? Has it become a reference point for anything the society values?
3	Organizational strength	1) What is the capacity of the institution to handle and absorb new technology with or without the hiring of professionals? 2) What is the capacity of the institution to handle large projects with large financial outlays? 3) What is its capacity to self-replicate and spawn new institutions, as per the need of the hour? 4) What is the capacity of the institution to monitor changes in the business or social environment so that it can adapt accordingly?

## Continued...

No.	Criteria	Indicators
4	Economic and entrepreneurial strength	1) What is the extent of control over the value chain in the sub-sector that it operates in terms of: a) Share of price-spread? b) Control over market price on account of forward linkages and integration? c) Control over supply of quality inputs on account of backward integration? d) Control over the entire value chain on account of strategic alliances and spawning of new institutions to handle different nodes of the chain?
		2) What is the capacity to withstand production and market shocks and safeguard the interests of the small producer, who is a member of the collective enterprise?
		3) What are the cumulative assets and reserves built up over time? How are these reserves being used for the welfare of the needy members?
		4) What is the capacity to identify and to tap new market opportunities so that more livelihood options can be generated for the poor and marginalized communities?
5	Political strength	1) What is the ability to protect the legal rights of the members and the institution through legal action, mass movements, lobbying, etc.
		2) What is the capacity to use ICT and media, to create public opinion and mass mobilization, in order to preserve the rights of the members?
		3) What is the capacity to handle social issues and bring about social change within the local communities?
		4) What is the capacity to lobby with the government and change policies and programmes in favour of the poor and the marginalized?

## End-note

1. Each indicator has been given a weight. the weights indicated in table 12.4 for each category of indicators is arrived at by totalling the weights for all the indicators in that category.

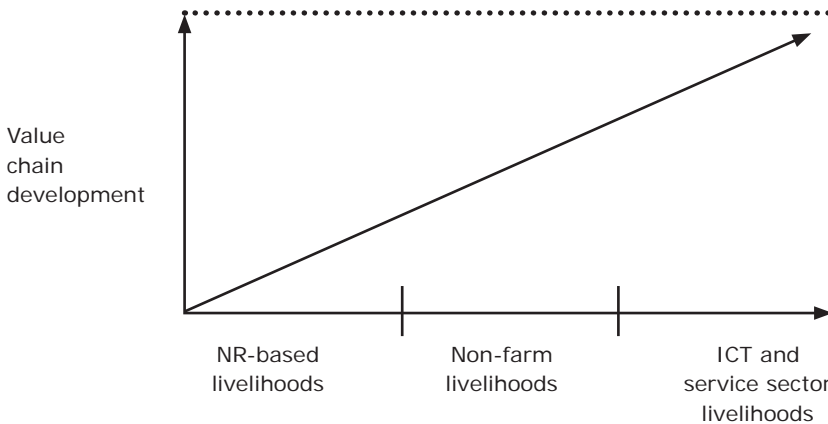
# 13

## Summary and Conclusions

### Livelihood Augmentation Matrix

Inclusive and sustainable development leads to a widening of livelihood choices at the individual level and a diversification of the economy at the local/regional level. This can happen in two different ways, as shown in the matrix in Figure 13.1. The first is the development of sectors moving from NRM-based livelihoods to non-farm activities and service sector (including ICT based) activities. The second is through market and VCs, which enable the poor to get better returns for their efforts (labour, goods and services).

Figure 13.1: The Livelihoods Augmentation Matrix



### Critical role of PIs

PIs have a critical role in all stages of the livelihoods augmentation matrix. Institutions play an astounding array of functions. The most important of these are the empowerment of the poor and the marginalized, giving voice to the voiceless, creating self-reliance, self-worth, self-sustenance and the power of self-direction.

The past two decades of NRM interventions have clearly shown that the pace of development and livelihoods augmentation can be accelerated through the creation of human and social capital. The self-help movement of the poor—in particular, women—has demonstrated beyond doubt that the poor are bankable and that they too are keen

on contributing to the mainstream economy and life of the country. SHGs and affinity groups have emerged as building blocks of social capital. Aggregated and nested PIs enable them to gain social, economic and political strength. The judicious use of this strength can lead to social reforms and change in social structures, the elimination of poverty and inclusive, sustainable growth of rural communities.

## **Quality and Sustainability Issues in Social Capital**

However, many developmental agencies, in particular, governmental agencies, implementing large programmes fail to realize that building social capital of good quality requires a) commitment of time because institution building is process-intensive b) facilitation of high order. The facilitation of multi-stakeholder, multi-function institutions is a highly skilled and complex task, demanding high commitment of the facilitators. Certain issues require the special attention of the facilitator such as developing a common vision, sharing of egalitarian and democratic values, gender sensitivity, conflict resolution, creation of broad-based leadership, sustainable use of natural resources, etc.

Sustainability of PIs depends not only on the extent of investment in software and the quality of facilitation but also on the design of the institution. Considerable literature is available on the design of self-organizing institutions and, to a lesser extent, on the design of crafted institutions. The design of institutions varies depending on the sphere of activity, the size, the legal personality of the institution, the objectives, among others. Design principles for different types of institutions have been discussed in this volume.

Although institutions vary, depending on their objectives and domains, some common criteria and indicators could be identified to monitor their performance and sustainability. In large projects that visualize the creation of social capital at the grass-roots level on a wide scale, the monitoring of PIs becomes crucial. The weaker institutions may need more intensive facilitation. They may also draw upon other stronger institutions and local leaders.

## **Training institutions for facilitators: bridging the demand-supply gap**

At present, institutions such as IRMA and IIFM, which provide post-graduate diplomas in management, and TISS, XISS and universities providing a Masters degree in Social Work have been among the main suppliers of trained personnel for facilitating rural livelihood projects. Given the paucity of trained facilitators to facilitate quality PIs of different types, there is a strong case to establish national- and state-level training institutions that can provide such training to potential developmental workers in different



sectors. In addition, conventional post-graduate courses on rural development may like to revisit their curriculum and/or provide special training modules on the facilitation of PIs. Besides many grass-roots level workers and local leaders can also be trained to become skilled facilitators. The experience of existing training institutions such as DSC, PRAXIS, The Livelihood School of Basix, Jan Vikas, Developmental Alternatives, Human and Institution Development Network, Udyogini and many others can be pooled together to work in this direction.

## Future of PIs

More and more developmental organizations are likely to get into market-led and ICT-based interventions in the coming years. This will call for more specialized PIs, to meet the challenges of creating pro-poor value chains, bio-industrial watersheds, ICT services and knowledge value chains relevant to the needs of the poor.

Rights-based organizations are likely to become more prolific in the coming years because the pressure on natural resources in rural areas is increasing on account of growing industrial and infrastructure needs. These organizations will need to align themselves with large federated PIs, to protect the rights of the poor over their resources and livelihoods. A better understanding of such organizations will be called for in future.

The ICT revolution in the country is likely to make information and knowledge more easily accessible through knowledge value chains. Such knowledge chains require partnerships between public, private, civil society and PIs on a scale that is unprecedented. Building viable and durable partnerships is likely to be key in the coming years not only in the ICT domain but also in other spheres of commercial activity. The challenges as well as opportunities of the future underline the need and importance of building quality social capital not only at the people's level but at all levels of society.

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# Part-2

## Best Practices



1. **Women's Empowerment through Natural Resource Management: Kutch Mahila Vikas Sangathan**
2. **Saving the Sacred Oran Lands of Rajasthan: Experiences of KRPAVIS**
3. **Change of Guard: Resolution of a Gender-based Latent Conflict in Ubhariya Village, Gujarat**
4. **Critical Role of Self Help Groups in Watershed Development: Experiences of MYRADA in Chitradurga, Karnataka**
5. **Vankar Cooperatives of the Bhal: Empowerment of Dalits through Collective Action**
6. **Enduring Cooperative Performance: Mulukanoor Cooperative Rural Bank in Andhra Pradesh**

The views expressed in these case studies are those of the authors and do not reflect the official opinion of the institutions studied.

# 1

## Women's Empowerment through Natural Resource Management: Kutch Mahila Vikas Sangathan<sup>1</sup>

### Introduction

Started in 1989, the Kutch Mahila Vikas Sangathan (KMVS) is an organization of about 5,000 rural women of Kutch district, Gujarat, with its head office in Bhuj. Its activities are spread over five of the nine talukas (blocks) in the district, namely, Bhuj, Nakhatrana, Mundra, Abdasa and Lakhpur. Based on the expressed needs of women, KMVS implements programmes and activities related to health, education, legal awareness and support, savings and credit, control over handicrafts production and marketing, and natural resource conservation. Whereas KMVS works with several caste groups, such as the *ahirs*, *darbars*, *kolis*, *rabaris* and *harijans*, and mixed religious groups, its overall objective is the empowerment of women and restoring the degraded natural environment in Kutch. To address the issue of environmental degradation, KMVS established a unique partnership with Jan Vikas Ecology Cell (JVEC, now Sahjeevan), to provide technical support and guidance. This case documents the strategy evolved by this partnership in empowering women's groups and enabling them to take up natural resources management (NRM)-related activities (which was traditionally a male bastion) for the overall socio-economic development of the village.

### The organization

KMVS has created women's groups (mahila mandals) at the village level, which together form the taluka sangathans (block-level collectives). Each taluka sangathan is led by a team of representatives from the mandals to form the taluka samitis (block-level committees). These give direction to programmes undertaken in the area and have the ability to manage and implement programmes.

KMVS staff members, who are not members of the collective, act as a resource support unit for various issues raised by the sangathans. The 40-member staff is divided into seven programme areas—health, savings and credit, handicraft, legal aid, literacy, panchayati raj and environment. A programme co-ordinator supervises work in all the talukas, assisted by project co-ordinators in each taluka. A three-member executive team, comprising the founding members of KMVS, guides the staff.

KMVS has a predominantly women's team. The organization does not have technical

persons with formal training on the team; however, the team members of its environment cell have been placed with the JVEC and have received intensive inputs, in all aspects of natural resource management.

KMVS has been able to attract a large number of women workers and retain them mainly because it provides a caring and nurturing



environment that has become part of its organizational culture. During a crisis, the workers *and* their families are taken care of. This helps to build a positive attitude among the staff as well as their families. Over the years, KMVS has established a workers' council that comprises senior staff members, who look into matters of performance appraisals and staff welfare. Hierarchy and difference in status do not restrict communication channels.

## Context

Kutch is the westernmost border district of Gujarat. Twenty-four per cent of it is desert. There are nine talukas, of which seven are drought prone. The absence of perennial rivers has created dependence on surface and ground water resources. Unique to the area is the presence of nine different ecosystems. The ecological diversity of the region is reflected in the occupations of people—farming in the agricultural-horticulture ecosystems, trading and fishing in the coastal areas and animal husbandry in the Banni grasslands. The history of each community in the area is distinctly different. The graziers, *Sodhas* and *Jets* for instance, were given land for agriculture after independence. Agriculture for these communities was new and soon their livelihoods shifted from only animal husbandry to agriculture and animal husbandry.

Over the years, imbalances in the use of natural resources, some external interventions such as the aggressive spread of *ganda bawad* (*prosopis juliflora*) and recurrent drought cycles have led to the destruction of the careful balance between human settlements and their ecosystems. People have come to rely on the drought relief work of the government. In the drought years, men migrate with the healthy cattle or for wage labour outside the district whereas women stay back to work on drought relief works and handicrafts. The time spent on land preparation and dry land agriculture has consequently decreased.

## Collaboration with JVEC

When KMVS started working with women, it realized that its primary strength lay in organizing women and educating them. Given the importance of assisting communities in technical aspects of NRM, it sought collaboration with JVEC,<sup>2</sup> a technical organization, in 1991.

Initially, the roles of the two organizations were unclear and diffused. Gradually, they arrived at a system: the KMVS team was responsible for developing the capabilities of women by training them as eco-workers and on small technologies. When the women were ready to take up integrated resource management, they approached JVEC through the samiti. JVEC then started interacting with the mahila mandal and the community, to guide the NRM work.

In the initial years, JVEC also focused on building technical capabilities within its team to respond to the complexity of the ecosystems in Kutch. It conducted a variety of surveys and studies to gain in-depth knowledge of the ecosystems. Based on this understanding, JVEC has developed a three-stage cycle for implementation of NRM programmes with mahila mandals. Over a six-year period, the programmes move through a cycle of experimentation, consolidation and up-scaling.

## KMVS-JVEC Pilot Project

In June 1992, KMVS-JVEC started a pilot project with eight women groups in eight villages. The aims of the pilot project were to:

- Empower women through a process of regeneration of primary resources, namely, land, water and biomass, leading to a self-sustaining eco system.
- Sensitize the community on ecological issues and facilitate adaptation of appropriate technology, leading to the alleviation of the physical and economic burden of women.
- Enable women to effectively control assets and the means of production, in order to bring about a just social order.

The focus of KMVS-JVEC was on giving intensive inputs to women in the village on the planning and implementation of select activities. It evolved a comprehensive strategy for women's participation in NRM, with the following elements:

- Increase the women's skills and confidence progressively in NRM programmes.
- Increase the credibility of mahila mandals in villages by assisting them to take up village development issues.
- Build male support for mahila mandals by involving men gradually in NRM

programmes.

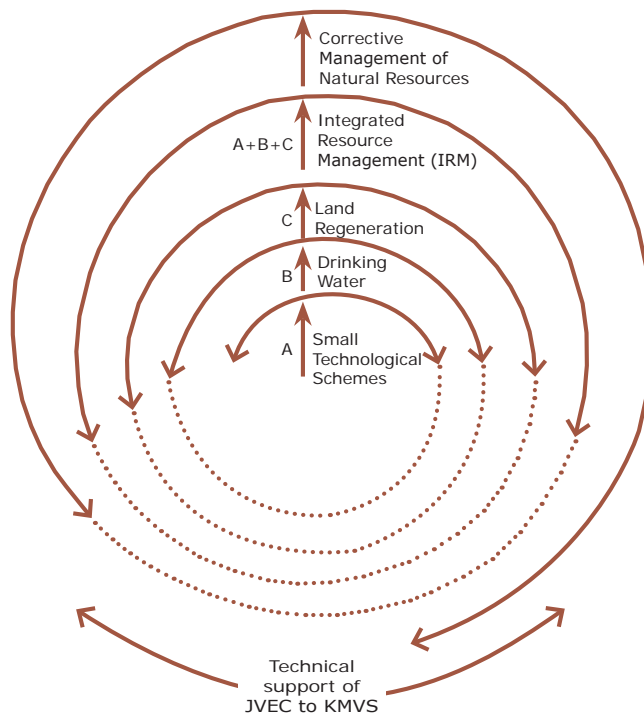
- Create village institutions in which women's participation is high.

## Empowerment of Women through NRM

### Conceptual framework

A strategic cycle for integrated resource management has been designed (see Figure 1) according to which, small technologies that do not raise conflicts in the village are implemented first by the mahila mandal. This helps the women to gain confidence and establish credibility in the community. Drinking water issues are taken up next because these have the support of a large section of the community. Land regeneration activities come next, followed by the implementation of integrated resource management and, finally, structures and systems for the collective management of natural resources.

Figure 1: Empowerment of Women through NRM



## Capacity building through training

KMVS-JVEC designed an Eco-workers Training Programme for the women of Nakhatrana and Bhuj taluka, with the purpose of creating a cadre of trained animators for the eco-restoration programme in the sangathan (see Table 1 for training schedule).

The training programme aims at:

- Building the technical capacity of sangathan participants for designing, implementing and managing natural resource projects in their village.
- Building skills in reading village revenue maps and understanding plans, scale and direction, in order to use these in designing NRM projects.
- Providing technical understanding in small technology.
- Using training sessions for area-level ecological planning.

**Table 1: Training Schedule**

No.	Topic	Exercises and Follow-Up
1.	Women and environment	Components constituting environment Tracing historical, socio-cultural and economic patterns of women's relationship with natural resources Gender-based, decision-making patterns Social and technological changes in farming systems
2.	Small technologies	Understanding small technology schemes Smokeless stoves, biogas plants, vermi-compost, vegetable gardens, toilets, solar cookers and farmland treatments Biomass conservation Processing applications through different government departments Planning for implementation
3.	Understanding maps; Using revenue maps	Map reading Drawing maps Mapping farms: drawing model farms
4.	Drinking water issues	Review of drinking water resources Geo-physical context of the region Water cycle Traditional drinking water sources Pipeline system
5.	Drinking water alternatives	Survey of the present status of drinking water Programme planning and implementation
6.	Soil and water conservation	Understanding the issue Alternatives: farmland treatment Using A-frame
7.	Dry-land agriculture	Practices and problems Planning for improved farm practices Plant behaviour and inter-cropping
8.	Watershed development	Project planning, budgeting and management

## Learning by doing

### Small technologies

JVEC has undertaken the capacity building of sangathan women, to implement small technology interventions such as vegetable gardens, solar distillation, toilet construction, household horticulture, poly-lined tanks, smokeless cooking stoves, farm bunding. Safai



Vidyalaya, a state-level nodal agency for sanitation and energy saving programmes, has recognized KMVS as the first organization in which women alone have controlled and implemented the entire scheme at all levels (from NGO to beneficiary).

### Drinking water campaign

In 1993–94, KMVS decided to take up the problem of drinking water supplied by pipelines. The issue, once raised, spread to 24 villages that faced severe drinking water problems. The purpose of the campaign was to mobilize village mahila mandals, identify traditional sources of drinking water and test the viability of developing these sources through geological surveys. The information was used to formulate schemes that were submitted to the government. Water committees were set up in these villages. In the first phase, 10 schemes were prepared and submitted to the water supply board. In all 24 villages, a postcard system was evolved, in which the committee dispatched a postcard every week to the water supply board, taluka panchayat and zilla (district) panchayat, indicating the days on which they received drinking water. This has resulted in regular supply of drinking water to these villages.

### Soil and water conservation

With assistance from trained members of taluka samitis, the mahila mandals have taken up land-regeneration activities. They have learned to design technical structures and oversee the implementation.

### Watershed development

In 1993–94, the mahila mandals of Khari and Laiyari decided to work on the watershed programme. JVEC first undertook a detailed assessment of the village. During the first phase of water harvesting, both villages worked on repairing traditional ponds and constructing a protection wall to ensure drinking water for the entire village. This was undertaken with financial assistance from the District Rural Development Agency

(DRDA) under the Employment Assurance Scheme. Over the year, watershed designs for the two villages were finalized. In Khari, the emphasis was on treatment of agricultural land because, traditionally, the villagers are farmers; in Laiyari, the emphasis was on the development of grasslands because the community comprised *maldharis* (animal herders).

### **Proposal development**

JVEC has developed a system wherein taluka samitis develop formal proposals before resources for implementation are released. This has helped to build the capacity and the competence of the samitis in planning and budgeting. These skills have been useful because the samitis have accessed resources and schemes from other agencies for their projects.

## **Evolving a Strategy for the Empowerment of Women**

### **Creating space for women in village-level management systems**

In the watershed programmes, watershed development committees were initially constituted with women drawn from the mahila mandals and men from different households/hamlets. Later, it was found that the committees had gained greater control than the mahila mandals over environmental planning. Separate planning sessions were, therefore, organized for mahila mandal members. At the conclusion of the training session, women were able to present their proposals for establishing fodder/grain banks, to their respective village watershed samitis.

This experience made the resource unit at KMVS realize the importance of its role in supporting the mahila mandals in integrated resource management. There was a need to constantly hone the sangathan members' vision and understanding of NRM so that women could utilize every opportunity and play a vital role in the ecological development of their villages.

### **Creating a network of women's groups**

KMVS developed mahila mandals at the village level that together formed taluka sangathans with memberships ranging from 700 to 1,200. The representatives of five talukas formed a committee to resolve some of the major social, political and economic problems they faced.

### **Legitimizing Women's Role in NRM**

KMVS created a cadre of trained women from different mahila mandals to specialize



in their areas of interest. For example, there are midwives, eco-workers, savings group cadres and literacy workers. These cadres are responsible for implementing programmes related to their field in their villages. In addition, cadres gather at regular meetings and training sessions, to share their experiences in different villages.

The sangathan has gained visibility beyond their villages and the collective strength has led to its widespread recognition. Its numbers and its reputation have allowed it to negotiate with the government on major schemes and activities such as drought relief and primary health-care centres.

In 1996, KMVS-JVEC organized an Environment Fair, with the objective of spreading information regarding environmental restoration activities achieved as a result of women's leadership. The sangathan women, with knowledge, training and field experience in watershed development, fuel-efficient stoves, drinking water schemes and other initiatives, took up the role of animators and demonstrated technologies and basic concepts involved.

The Fair drew attention to the close relationship that rural women had with their immediate environment and highlighted the impact of ecological degradation on their own well-being and livelihoods as well as on their families and communities. It established the women as credible and legitimate role models for the implementation and management of environment programmes. More and more villages now approach KMVS, with an interest in implementing integrated resource management programmes under the leadership of their women. In villages where the sangathan does not have a base, men have been coming forward to request the setting up of mahila mandals in their villages.

Over 1,200 mahila mandal members participated in the Fair; this helped them to develop outward linkages with like-minded voluntary organizations, government departments and experts.

### **Creating male support**

To legitimize women's work in development projects, KMVS has encouraged mahila mandals to create male support for their work in the village. KMVS selects men, who understand and support the local mahila mandal, on watershed development committees. Over the last 10 years, the credibility of mahila mandals and sangathans has grown, and support for their cause has started coming from within the larger community.

Women from Laiyari village observed, "The men were initially suspicious because the organization was talking only to women. Therefore, men would follow mahila mandal

women to the Bhuj office of the organization to check on them. There they saw many other women and were assured of the women's new work. The women also made it a point to tell the men all that they learnt. The organization through their other programmes gave better returns for the handicraft work, and gradually men began to trust their women and the work."

Elaborating on the reasons for men's support to women in the mandals, a husband said, "We saw that the world was changing. Women were being projected everywhere, with reservations for them and special schemes, so we also let our women go out. We saw that our interest would be served by giving support to women."

Male members of the Laiyari WDC said, "Men went along with women on the exposure tour too; because the mahila mandal was taking a leading role in repairing the lake, women had to go and see how it was done. Women are able to talk and sort out differences that men find difficult to resolve peacefully. For example, when Kundi talav (traditional pond) was being built, there were some differences that cropped up amongst the families living on either side, regarding submergence of private lands. The men almost came to blows. That was our way of resolving it. But the women intervened, asked for the records of ownership, got a common acceptable person to do measurements and showed from the records that private lands would not be affected. The matter got resolved peacefully and there is no bitterness within the community now. We saw that whatever work women took up, it was done well."

Although at the taluka level, the taluka samitis have only women on decision-making bodies, work on NRM issues has led to a need for interaction with men. The samitis have carefully planned for the future by working with men on some issues.

Experience shows that introducing an activity through women gives legitimacy to sensitive men to associate with the taluka sangathan. There are about 11 men in Nakhatrana village, who have been brought in by the taluka samiti for various activities. The samitis are now willing to employ men to aid their work but are not prepared to bring them into its decision-making structures. The presence of men does facilitate interaction with men in the village and helps involve them in the programmes.

### **Creating outward linkages**

KMVS has built strategic linkages with the district-level administration so that the latter supports the sangathan. The District Development Officer (DDO) is an ex-officio member of its Governing Board, making the state a stakeholder in the organization. Because of these close links with the district, the taluka-level sangathans are able to collaborate in government programmes effectively.

KMVS has also played a crucial role in state-level networks, to support women sarpanches. After the cyclone in 1997, various organizations of Kutch came together to support the victims. They have continued to take up some issues under a common banner of Abhiyan, in which KMVS plays a key role.

KMVS has encouraged taluka-level sangathans to build linkages with financial institutions, taluka and district government departments too. Over the years, the credibility of these sangathans has given them access to large sums of credit as additional capital for their savings and credit programmes.

### **Enhancing access to knowledge and skills**

KMVS has supported women in accessing and understanding information regarding new farm technology, politics of water, ground water resources and geology of the area. The men of the villages wanted the same information; therefore, they allowed the women to participate actively in land and water issues.

### **Devolving financial power**

Over the years, KMVS has devolved financial powers to the taluka sangathan for NRM programmes. The taluka samitis and mahila mandals are given complete charge of finances for all programmes implemented in the village. Men now openly acknowledge that women are able, efficient and honest managers of money.

In the watershed development committee of Dhador village in Nakhatrana taluka, there are five women and four men on the committee. All projects are taken up in teams within the village. Financial powers, however, lie solely with women and their signatures are essential, to withdraw cash from the bank. Although the women are illiterate, they have managed to oversee the accounts, with assistance from a literate account keeper.

Recounting their experience, the men in Laiyari and Dhador villages said, “Earlier, in our villages, only men had access to development funds. There was a lot of corruption in drought relief works. We too cheated on it by doing less work. Nothing came of it for so many years. The women are very careful in implementing NRM works. They make full use of every rupee and are very honest. Their efforts have led to development in the village.”

Each taluka in KMVS’s programme area has a different set of problems. KMVS has supported a variety of programmes in all talukas, in response to women’s stated needs. In the Rajput-dominated areas of Abdassa taluka, where violence against women is a serious problem, the organization has supported the women’s need for training in legal issues and has created a legal aid cell. In 1998, KMVS started a Panchayati

Raj Programme, headed by a co-ordinator and three assistants, to conduct training for women sarpanches from all nine talukas of Kutch district. The women of Bhuj taluka, which is rich in handicrafts, are learning about design, production and business management. Their products are being sold under an exclusive label to boutiques in major cities across India and abroad.

## Impact

After about seven years of working for greater participation of women in NRM activities, women see a direct impact on their life. They understand that the regeneration of natural resources will help in the long run and prevent migration. Whereas it is mostly the men who migrate with the cattle, women who stay behind or, in many cases, accompany men, still bear the brunt of this relocation. Responding to a question on the impact that the sangathan has had on their lives, the Panchham taluka samiti women members said, “The savings-and-credit programme and the handicraft work that we get through the sangathan gives us control over our incomes. Because we have access to cash incomes now, the men in households consult us for some decisions. Our respect, not only in our villages, but in the entire area has increased due to our work in the sangathan.”

## End-notes

1. *Abridged and edited version of the case study 'Kutch Mahila Vikas Sangathan and Jan Vikas Ecology Cell' published in Dand Sejal, Jhanvi Andharia, Neeta Hardikar and Sumitra Thacker (n.d.) **Understanding Women's Experiences in Natural Resource Management**, Aga Khan Foundation, Delhi.*

2. *JEVC was established by Jan Vikas, an NGO based in Ahmedabad, to lend technical support to KMVS in the area of environmental planning and NRM. Subsequently, it was registered as a separate institution called Sahjeevan. In 2010, Sahjeevan received the Anil Shah Gram Vikas Award instituted by Development Support Centre.*

# 2

## Saving the Sacred Oran Lands of Rajasthan: Experiences of KRPAVIS<sup>1</sup>

### Introduction

*Orans* are the sacred lands of Rajasthan traditionally managed by informal people's institutions called *Thain*. The disintegration of these institutions and their replacement by the village panchayat has meant a loss of control of the community and a deterioration in the status of the Orans. The intervention shows how over a 100 Orans in 40 villages are being revived through community based initiatives facilitated by an NGO, KRPAVIS.

### What are Orans?

Orans are the local, micro bio-diversity reserves, or the community conserved areas (CCAs), harbouring the shrine of a local goddess or deity. Also known as *Dev-banis*, these local forests vary in size from 100 to 500 *bighas* (about 100 ha). Most Orans have sources of water, either small springs or rivulets running through them or a variety of ponds and *nadis* in their midst. These can cover fairly extensive areas across interspersed habitation. At the heart of every Oran is a deity, whose domain has at some point in time been marked out by a ritual, usually comprising the pouring of Ganges water or saffron-milk around the grove. Taking care of the shrine is a *sadhu*, whose own modest needs are met by local communities. The *sadhu* is an interface between local community concerns and the preservation and well being of the Orans. Also implicated historically in the upkeep of the Oran is a traditional local institution in the village by the name of *Thain*. Comprising a group of five to seven village notables, the *Thain* had an important role in the appointment of the *sadhu*, and the power to dispense with his services. These checks and balances played an important role in governing the community's interests and those relating to the preservation of Oran.



Source: slide.com

The viability of Orans lies in the fact that these fulfill real needs of the local people. First, Orans are critically important pasture tracts for local livestock. Geared mainly to the needs of cattle, the Orans provide a rich reserve that is invaluable especially in times of need. At times, these even cater to the needs of migrating herd owners. Second, the Orans are a source of water round the year and of fuel wood too. Thus, whereas standing trees can never be lopped within an Oran, fallen branches can be collected. Third, Orans often provide valuable medicinal herbs and plants for men and animals. Fourth, Orans are a refuge for wildlife in an otherwise densely peopled landscape. Last but not the least, Dev-banis and shrines are a locus for community gatherings at festival times. In a nutshell, Orans and Dev-banis are a living and active part of the socio-ecological landscape of local communities.

## Declining Status of Orans and its Causes

The reported changes in the local rainfall and seasonality have had clear-cut consequences on the status and biotic composition of Orans. The most apparent change has been in the decline of large plant species. The Orans of Alwar were renowned for their bamboo. Today the numbers of these have fallen sharply. A Bamboo Cooperative Society, formed as early as 1952, is now defunct, largely due to the low availability of bamboo. Another large plant species, known locally as *Kala Khair*, has visibly decreased in presence. The *Googal* tree was widespread earlier; today it has virtually disappeared. A very important species of Orans, in terms of its grazing utility, was *Dhok*. There are very few young specimens of this tree available today.

The picture is similar for grasses and shrubs. For instance, there is a species locally known as *sawan*. This is an excellent fodder grass and its grain is used to make *kheer*. Its peculiarity is that it needs sustained light showers to grow optimally. The shortening of the rainy season has directly affected its growth, and there is today a severe decline in its availability. In contrast, a grass that has spread recently is *Laumpla*. This grass grows under dry conditions, and indicates the spread of aridity. Similarly, some twenty-odd species of bulbous plants of medicinal value were formerly available in Orans. Today, these are hard to find. Most Orans have water sources in the form of tanks, known locally as *johads*, *talavs* and *bauris*. Many of these have now run dry. Natural springs abounded in some Orans. Some of these no longer flow through the year.

As elsewhere, the changes in the local production system need to be viewed within the larger context of population growth. Whereas human population has grown considerably in a span of fifty years, there have been equally significant changes in the livestock population. The most substantial increase has been in the population of small ruminants. Broadly speaking, agriculture across this entire tract has seen a complete

transformation over the last thirty years, moving from a subsistence type of production to a commodified, resource-intensive type. Large areas that were uncultivated have been brought into cultivation. The basic shift has been to a modern, technology intensive agriculture, focusing on water-intensive crops, with high grain yields. Crops with high residual fodder value have generally gone out of favour.



These have had a direct effect in curtailing the availability of resources for livestock. On the one hand, pastures have been converted to arable lands, and shorter fallow lands have reduced the temporal availability of grazing. In contrast to millet and even wheat, the crops favoured locally today such as onions and mustard often provide very little or no pasture for animals. For all these reasons, cattle are no longer the favoured species; the emphasis has shifted to buffaloes, on the one hand, and small stock, especially goats, on the other. The composition of the livestock has consequently moved away from the traditional type, with its emphasis on cattle-keeping.

### Changing needs of local communities

Historically, Orans served mainly as pasturage for cattle. The species composition of these Orans had consequently evolved in response to the grazing requirements of cattle. Today, however it is buffaloes that need to use these Orans for grazing and wallowing, especially during the lean parts of the year. Goats and sheep also graze in the Orans in large numbers, in contrast to the past when Orans were not their main grazing ground. What people need today is pasturage for small ruminants and seasonal reserves for buffaloes. The present species composition of the vegetation of an Oran, however, is neither optimally suited for buffaloes nor, indeed, for goats or sheep. There is consequently a mismatch between the needs of animals that are important today and what Orans have to offer by way of pasturage. At a more specific level, the diversity of the vegetation in the forest canopy as well as the under-storey is deteriorating. In particular, species that were useful for pasture have become fewer, and some reportedly have altogether disappeared. As a result, the perceived value of an Oran is poor, and the community is reluctant to invest resources and energy for its upkeep. The easy availability of water has also made redundant the traditional sources of water available in Orans. Over time, water sources such as bauris and johads have become neglected, and there is, in general, a lowering of interest in the management of community water resources.

## Erosion of traditional institutions

From the larger perspective, it is evident that Orans are operating today in something of an institutional vacuum and, indeed, it is not clear at the present time what agency enjoys jurisdiction over an Oran. The upkeep of an Oran was the responsibility of the Thain. Today, the Thain has disintegrated. Modern institutions, such as the official village panchayat, which have supplanted it have displayed little interest in the management of Orans. Unlike the Thain, which represented community concerns pertaining to the use of Oran, the panchayat is not in any way oriented to these ends. At the village community level, there is often tension between those who wish to preserve Orans and those who would rather plough it down. This is nowhere manifested more clearly than in the weakening of village institutions that held the community together.

Increasingly, it will be found that local populations have been excluded from the management of their resources. At will, the forest department can enclose these for plantation, or declare it a reserve. There are two consequences of this: one, the alienation of the local people and, two, the deterioration of natural resources. Bakhtpura village illustrates the difference a community's involvement in an Oran can make. The Oran of this village has been cut into two parts, one that is community controlled and the other that has been enclosed as a forest reserve. The result of this has been that the reserved forest has been stripped bare—presumably by the local community—whereas the community controlled forests retains fairly thick stands of trees.

Encroachment is a recurrent problem that every Oran has to contend with. Cultivators living on the margins of the groves surreptitiously expand their cultivated lands into Orans. Alienation can also take other forms. Substantial tracts of lands, often comprising Oran lands, have been distributed for cultivation, most recently for *jatropha*. This benefits a few people, mostly entrepreneurs from outside the local community, and contributes considerably to heightening local tensions. In such instances, local communities are formally deprived from accessing an Oran although often enough grazing continues surreptitiously. From stewards, they overnight become trespassers. All these aspects contribute to the larger alienation of the communities from their Orans.

## KRAPAVIS and Oran Development Interventions

KRAPAVIS started working on the regeneration of Orans in 1992, following a campaign to combat illegal mining in Rajasthan's Sariska Tiger Reserve. The Reserve itself had several large Orans. For the last 16 years, KRAPAVIS has been working to revive Orans, both physically and conceptually. The broad objectives are as follows:

- To encourage community action to safeguard the long-term interest



of communities in the survival, restoration, growth and development of Orans.

- To develop better management practices in relation to the rural ecosystem.
- To preserve endemic/endangered species and wild cultivars found within Orans.
- To bring about increased livelihood security for rural dwellers.
- To reduce the levels of poverty for the millions of villagers dependent on community forests and pastures.

To date, KRPAVIS has restored around 100 Orans in Rajasthan, which has led to a dramatic improvement in the livelihoods of the associated rural communities, particularly for women. These forests are being employed as models to showcase Oran revival procedures, which involve conservation measures such as tree plantation, the sowing of grass seeds, and the use of water harvesting structures and checks for soil erosion. The survival of Orans is dependent on the incorporation of certain structural features such as stone barriers, loose boulder check-dams, drainage ditches, trenching and bunding on slopes to prevent water run-off that leads to soil erosion and gully formation. These measures are necessary for developing the water-holding capacity of the soil, which in turn is vital for healthy plant growth and survival of fauna. KRPAVIS supports the construction and repair of water-harvesting structures, and the planting of trees. Around 2,000 trees have been planted in each Oran, the plants having been nurtured in the organization's nursery. Tree species are chosen on the basis of four 'E' benefits: Ecology, Employment, Energy and Economics.

KRPAVIS also works to enhance the capacity of community members, especially women, to manage and maintain Orans. The organization works with the community to develop contextually sensitive regulations and enforcement systems, and to establish linkages with Panchayati Raj Institutions (PRIs), with an emphasis on women's participation. Furthermore, it provides opportunities for villagers to offer their services as trainers, consultants or advisors to Oran management institutions in other districts.



KRAPAVIS currently has a cadre of around 300 women and youth, to disseminate information and training related to the revival of Orans. These personnel have, in turn, received basic education in biodiversity conservation, the causes and effects of global warming, water management, nursery management, planting and irrigation methods. This training takes the form of quarterly three-day, in-village workshops.

KRAPAVIS has so far succeeded in conserving biodiversity and protecting rural livelihoods in over 40 villages. This has been achieved through networking with PRIs and Village Forest Protection and Management Committees (VFPMCs), renovating water harvesting structures, installing conservation devices such as trenches and stone/vegetative barriers, and planting several thousand new trees. Furthermore, KRAPAVIS has empowered local communities by offering members, particularly women and PRI participants, the chance to expand the administrative and managerial abilities through Oran management and workshops.

KRAPAVIS reduces community poverty levels through the adoption of a three-pillar model: Oran conservation (a source of natural wealth and grazing grounds); pastoralism/livestock development (a major source of livelihood) and sustainable agriculture (supporting communities growing crop varieties that are high in fodder, have reasonable yields and are not water-intensive). In the Orans, the focus of KRAPAVIS has been to bolster sources of natural wealth such as fodder, fuel, timber, berries, roots and herbs. Species within Orans serve numerous other purposes of great value to rural livelihoods, providing, for example, traditional non-timber forest products and subsistence goods to the people; nesting, roosting and foraging sites to the pest-controlling cavity nesting birds and other wild animals; sites for beehives, thus enhancing the availability of honey; and so on. Orans are also used to develop seedling orchards and seed production areas of the ethno-silvicultural species, thus sustaining essential ecological processes and life support systems. Some of the plant species that have been preserved or reintroduced in Orans have great medicinal value, such as *adusta*, which is used as a cough syrup. Other species, notably *ber*, *satavari*, *kuri*, *saava* and certain other wild grains, are valuable for home consumption. In addition, these species, along with minor forest produce such as honey, pottery (from Oran clay) and baskets (from grasses), can be sold at the market, providing an invaluable supplement to village livelihoods and providing a much-needed poverty alleviation mechanism during times of unforeseen difficulties (drought, poor harvest, blight, etc.). KRAPAVIS also strengthens economic opportunities by establishing self-help groups (SHGs) for women. To date, 70 SHGs have been formed, dealing with issues such as animal health, breed improvement and fodder management. These have contributed significantly to socio-economic empowerment in the region's rural communities.

KRAPAVIS has been working on eco-biodiversity, agriculture and pastoralism issues. These include finding means to provide access to Orans and grazing lands; mobilizing Gujjar pastoralists (working on the principles of ensuring ecological sustainability and access to grazing for nomadic peoples), NRM and other livelihood concerns.

KRAPAVIS has established an 'Oran forum' in which different stakeholders can discuss matters related to policy, from local to national levels. In addition, the organization has tried to convince the government to recognize the importance of Orans by circulating quarterly newsletters and other literature, inviting government officials to training programmes and workshops, networking and campaigning with other institutes working on related issues, and exploring the possibility of using legal action to bring about a reclassification of Orans.

At state and national levels, the organization has continued to campaign for the recognition of Orans as vital socio-economic resources for the rural poor whilst serving as a much-needed intermediary between government groups and the communities themselves. To this end, KRAPAVIS facilitates policy meetings of representatives from the village, region and state levels.

KRAPAVIS has developed seedling orchards and seed production areas of ethno-silvicultural species in and around the Orans. Orans preserve endemic, endangered or threatened species, medicinal plants and a variety of wild cultivars. An example of the latter is *jijapota* (visiting botanists were unable to provide the scientific or English names for this, which demands further study), which has been protected by the community and KRAPAVIS in the Bera village Oran. KRAPAVIS also works on culturally important varieties of *bajra* (millet) and mustard, which can grow on even the most marginalized soils without irrigation and with very little or sometimes no external inputs.

## Outcomes and Impact

In the last 16 years, KRAPAVIS has strived to reverse the tide of degradation afflicting Orans by re-engaging locals in resource management. This has led to the empowerment of individuals from over 40 villages to manage their own Orans. Thanks to workshops, training programmes, SHGs and continued education programmes carried out by KRAPAVIS and the villagers themselves, this social system of Oran regeneration should prove not merely sustainable but also expandable. The institutions established through this initiative appear to be fairly durable, built upon widespread community involvement and representation, clear and simple rules and regulations, and consensus decision-making. Through the work of PRIs, it has also been possible for villagers to access resources that were previously out of their reach (government schemes, donors, financial institutions, etc.). From a financial perspective, sustainability is assured

through the sale of grass, herbs, seeds saplings and plants, with the income earned from these going to a common fund. Some income is generated from the imposition of penal fines, which act as a deterrent and a viable local enforcement system for the protection of Orans. This money also goes to the common fund, which will eventually become a revolving fund.

The re-establishment of taboos and more formal rules associated with large-scale resource extraction from Orans has resulted in a noticeable improvement in biodiversity in general. In reference to agricultural biodiversity, the ready availability of Oran land for experimental planting, together with moves to engage village elders and to learn from their experiences of indigenous plant varieties and species, has led to a marked improvement.

By helping to resurrect Orans, this initiative has increased the adaptive capacity of communities to deal with climate change in the following ways:

- Re-establishing methods and institutions for management of water bodies, leading to more efficient use of groundwater and, thereby, increasing the ability of communities to cope with drought.
- Encouraging the plantation of a wide variety of crops, using scattered landholdings, to cope with the expected reduction in annual rainfall associated with climate change in this region.
- Campaigning against water-intensive monocultures, including the government's proposal of using much of Rajasthan's 'wastelands' for bio-fuel production.
- Introducing new low-cost technologies, including improved *chulhas* (stoves), solar panning, etc., which reduces the demand for fuel wood, thus helping to conserve the Orans and maintain vegetation cover.

## Future Plans

In terms of ecology, this initiative has so far proved sustainable due to the emphasis placed on water management, crop diversification and continued tree planting and grass sowing. Future plans for KRAPAVIS include further, more concentrated campaigns for policy change and government recognition of villagers' claims to Oran ownership. KRAPAVIS will also continue its important work at the 'ground-level', ensuring that village institutions function effectively, serving as a mediator between communities and the state where necessary, and offering its expertise on ecological issues. The revival of Orans involves the whole community. Both men and women can undergo training in Oran management duties and education in biodiversity conservation measures, and

the local institutions (PRIs) actively encourage the participation of women at every level. To this end, a separate forum (mahila mandal) has been established to ensure that women feel comfortable and confident about getting involved.

### End-notes

1. *Abridged and edited version of the article by Aman Singh, Founder KRAPAVIS, entitled "Sacred Activism to Save Orans—Community Conserved Areas: Experiences from KRAPAVIS." in **Wasteland News**, February-April, 2009*

# 3

## Change of Guard: Resolution of a Gender-Based Latent Conflict<sup>1</sup>

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### Introduction

Ubhariya in Sagbara taluka of Narmada district of Gujarat is a unique village. A watershed development project (WDP) is being implemented in the village, and the village boasts of an all-women watershed committee. This case studies the basic issue of gender in developmental projects. The non-acceptance of women in decision-making and leadership roles is an omnipresent problem in a rural setting. Any such endeavour is met with stiff opposition and non-co-operation from the men of the society. This problem is especially pronounced in rural areas due to cultural and socio-economic dimensions.

This case deals with an internal conflict in the village between the women and the men, which resulted in women taking up managerial responsibilities for watershed development. It also documents how and why the conflict remained latent for a long time and how it came out into the open. It was ultimately resolved, with the women getting an opportunity to prove themselves.

### Context

Ubhariya is a small village bordering the Ukai reservoir. The population of the village is 1,985, distributed over 439 households. All the villagers belong to the Vasava tribe. The total area of the village is 594 ha, of which 440 ha are cultivable. The village does not have any forest area but has 10 ha of panchayat wasteland and 126 ha is uncultivable waste. More than 50% of the total households are landless. The rest comprise marginal, small and medium farmers, and a few artisans. The economy is basically agrarian.

The first developmental intervention in the village was the formation of a lift-irrigation society in 1986 with the help of the Aga Khan Rural Support Programme (India) [AKRSP(I)], an NGO operating in Gujarat, with its headquarters in Ahmedabad. The intervention brought 150 ha of land under irrigation. This was the first attempt of the community to get itself organized for collective action.

In 1996, 500 ha of the village area, falling in one micro-watershed, were taken up in a WDP as part of the Employment Assurance Scheme of GoI. AKRSP(I) was the project

implementation agency (PIA). Subsequently, a Watershed Association was formed, with each household in the village becoming a member.

A Watershed Development Committee (WDC) was constituted through democratic processes, following the guidelines of the DRDA. The 11 members of the WDC represented all sections of society. Two of them were women. The primary responsibility of the Committee was to ensure the implementation of various watershed treatment activities in the project area, with a total financial outlay of Rs 15.20 lakhs. Besides this, the WDC had to manage an additional amount of Rs 50,000 as a revolving fund, for augmenting the income of the asset-less and resource-poor villagers.

The basic objective of the project was to develop the natural resources of the village through a watershed approach and, at the same time, make an attempt to somewhat ease the pressure on watershed resources through income-generating activities. The immediate benefit to the community was in the form of wages for labour, arising from various soil and water treatments such as contour bunding and gully plugging. The more durable benefits from these activities were reduced soil erosion, increase in agricultural productivity and a resultant increase in household income levels.

These benefits were considered significant by the local community; efficient and effective management, and speedy implementation of the project, therefore, were the primary concerns of the villagers. AKRSP(I) shared these concerns, along with concerns about the quality and quantity of work, institutional development, equity and sustainability.

## Social Status of Women in Ubhariya

In the social environment of a tribal village such as Ubhariya, women are given a secondary position to men. The village follows a traditional system of 'bride price'. In this system, the groom has to pay the bride's father a predetermined amount of cash or cattle in exchange for the daughter, at the time of marriage. Although, Vasava is a sub-tribe of the Bhil tribe, Vasavas are settled cultivators. And unlike in forest dwelling tribal communities, the status of women is secondary here. The role of women in decision-making is minimal and restricted to household chores and agricultural work such as weeding. When a girl gets married, the father is known to say, "*Chokri vechai gayee* (The girl has been sold)." The bride-price is not determined by the qualities of the girl but the social status of her father.

In the economically weaker tribal communities, this issue is not very pronounced. This could be because the income brought into a household by both the sexes is more or less equal. But for the economically well-off communities, perhaps the process of

sanskritization and the patriarchal structure have resulted in women being pushed to a lower level. Here, almost all economic activities are taken care of by men. This results in reduced access and mobility for women, and in the control lying with the male members only. Exposure to the external mainstream caste culture has resulted in female members being largely restricted to the household. Their share in decision-making has been reduced to a minimum.

## Formation of a Mahila Vikas Mandal

The process of empowerment of women in Ubhariya was initiated by AKRSP(I) through the formation of a *Mahila Vikas Mandal* (MVM) in 1995. This was an all-woman institution, which provided a separate platform for women to discuss their own issues. Thrift-and-credit activities were also initiated. The basic training necessary for efficient management of the institution and the savings-credit programme were imparted by AKRSP(I). Table 1 shows the achievements of the MVM since its formation. As evident from the table, the MVM had been making steady progress not only in terms of increased membership but also in terms of the thrift-and-credit activities. The repayment rates remained exceptionally high even when the credit disbursed increased manifold. This was made possible by the high amount of self-discipline imposed by the group since its inception.

**Table 1: The Ubhariya MVM: Progress of the Savings-Credit Programme**

No.	Year	Members	Total savings (Rs)	Credit disbursed (Rs)	Interest earning (Rs)	Recovery	
						Amount (Rs)	%
1	1995	15	1,950	1,560	593	1,560	100
2	1996	22	3,080	2,400	477	2,400	100
3	1997	28	4,980	4,635	1,032	4,515	97
4	1998	32	7,740	7,850	1,886	6,845	87
5	1999	40	8,470	20,850	5,177	18,500*	89

\* Till December 1999

The institution had a system of fines for members not attending the monthly meetings, which has been strictly followed. There were instances in which the AKRSP(I) representative, who used to facilitate the meetings in the initial days, had to pay a fine



for his or her late arrival or absence in the meeting! As such, attendance in the meeting was usually more than 90%. In 1999, the MVM also took a two acre agricultural plot on lease and started farming. In the first year, cotton worth Rs 13,225 was produced on the plot.

During the initial years, the credit disbursement from the MVM was only for the small household requirements of the women, and almost all of it was for consumption. In 1999, low rainfall in the area resulted in failure of the first sowing. The MVM came to the rescue of its members and, for the first time, agricultural loans were disbursed. This was the initiation of the MVM into the larger economic picture of the village. Hence, it can be said that the MVM is an efficiently and effectively managed institution, serving its objectives. It has provided the women with an opportunity to actualize their managerial potential, which they have admirably demonstrated.

This process has not been one without struggle. The change was brought about only after overcoming stiff opposition from male members. The hardships Ramaben, the Secretary of the MVM, faced is a case in point. She used to get beaten by her husband for attending MVM meetings or for visiting the AKRSP(I) office. With time, as the results of the thrift-and-credit activities became visible to the husbands of the women, Ramaben's husband underwent a complete transformation. Now he has formed a Self Help Group (SHG), comprising 15 men, and asks his wife to help him out in routine matters!

## **WDP: Generating Latent Heat!**

The WDP in Ubhariya started in 1997. By December 1999, the WDC had implemented watershed development activities in 186 ha of the total project area. Eight members of the committee were men and three were women, two from the village and one a representative of AKRSP(I). The two women members were also members of the MVM.

During the first year itself, the committee had started exhibiting signs of inefficiency. The meetings were irregular. The committee members did not attend meetings regularly—three of the eight members were regular absentees. Second, the implementation of the programme was adversely affected. A total of 500 ha of the watershed area were to be covered under the project; but at the end of two-and-a-half years, not even half of this had been achieved. The landless, who formed a major part of the population, suffered the most because of this inefficiency. Third, the quality of the work was also impaired. This was a major concern for the small and marginal farmers because the benefits were not commensurate with their efforts, and no checks were in place to ensure proper functioning of the WDC.

Moreover, Rs 38,000 of a revolving fund of Rs 50,000 was disbursed as interest-free loans to individuals and groups for various income-generating activities. The loans were provided for a period of six months. However, even after one year, inadequate follow-up by the Committee resulted in non-recovery of even a single penny from the beneficiaries.

Whereas this inefficiency of the committee did not make much difference to the economically well-off sections of the village, it was of major concern to the economically weaker sections of the village, especially the women. AKRSP(I), as the PIA, was also concerned. AKRSP(I)'s primary concern was the quality and quantity of work, and the completion of the project on time. It also had to think about equity issues and the sustainability of the village-level institution. For the small and marginal farmers, agriculture was their subsistence and, hence, they were the most affected party. The watershed development activities were not only a means of earning wages but also resulted in an improvement in the moisture regime, a reduction in the removal of the top soil and a consequent increase in agricultural productivity. These were of critical importance to this group. The revolving fund was a means of augmenting the household income for these communities. However, it had ceased to 'revolve' and, hence, more people were not able to take the benefits derived from it.

Further, the women of these households were the worst-affected because the men migrated to nearby industrial areas whereas they remained behind to take care of the problem of securing food through various means. It was this mounting pressure on the womenfolk that led to the manifestation of the otherwise latent conflict between the men and the women. The conflict came out in the open in the form of a confrontation between the MVM and the Watershed Association on the day of the half-yearly General Body Meeting (HYGBM) of the Watershed Association.

## Change of Guard

The HYGBM and Annual General Body Meeting (AGBM) of the Watershed Association are platforms for all the watershed users to discuss programme implementation, budgets, financial statements and reconstitution of the WDC. The members of the MVM regularly attend GBMs in their capacity as members of the institution and also as watershed users. As is the case with all GBMs, the reconstitution of the WDC was on the agenda in the December 1999 HYGBM. The majority of the quorum was men and they automatically ratified the committee without discussion. The members of the MVM then confronted them, with the working of the WDC.

The first issue that was raised was the irregular attendance of WDC members for which no one had an answer because even at the HYGBM, two of the members of the

WDC were absent. The MVM members then raised the issue of pending repayments of the revolving fund. The WDC members could give no convincing answer because their efforts to recover the revolving fund were minimal and known to all. Nobody could refute the charges of inefficiency and ineffectiveness of the WDC. Getting no adequate reply, the women proposed something that met with stiff opposition from all the men present. The MVM members proposed that because the WDC was not functioning properly, the WDC should comprise those members of the MVM, who had been very efficiently running an institution for five years and where the recovery was almost 100%.

This was unanimously opposed by all the men. The first argument that was given by the men was that women could not do the job because it involved frequent visits to AKRSP(I) office and to the bank, to the fields for quality monitoring, taking care of the accounts, etc. Moreover, it required devoting time, which the women could not afford due to their household responsibilities. The MVM members gave the counter-argument that they were already doing all that. They were frequent visitors of the AKRSP(I) office, bank, etc., for work related to the MVM. And, as for field visits, it was routine for the women because the majority of agricultural work was anyway being done by them.

The next point that the men raised was that, as per the guidelines of DRDA, the WDC could only have two women members, and not more. They also said that women would find it difficult to understand the technicalities of the micro-watershed treatment work. This resulted in the intervention of the AKRSP(I) representative. The representative explained to the quorum that the guidelines necessitate a *minimum* of two women members, but, there was no ceiling for the *maximum* number of women members, and even the entire WDC could be constituted solely of women members. With regard to the technical competencies for treatment work, even the present committee had no knowledge of this work at the beginning. It was only through training that they had become competent enough to take care of that responsibility. This would not really be a problem; women members could be given the kind of training that had been given to the men earlier. Their competencies could also be enhanced to handle the technical work efficiently.

Even though they had no answers to the points raised by the women and the clarifications by the AKRSP(I) representative, the men would not comply. They accepted that the WDC had been functioning inefficiently but they were not ready for an all-woman WDC. Discussions and convincing arguments did not yield any fruit. "*Challenge sathe kahi shakiye, behno watershed ni kamgiri nahi kari shakey !* (We are sure that women cannot manage the watershed work !)," was the men's response. They challenged the women members, "Let there be an all-woman committee for six months. In this period, if they cannot give results both in terms of programme implementation and recovery of

the revolving fund, they should quit.” The women members were ready to accept this challenge even though they knew that for most of the activities, they would have to deal with the same men who were challenging them. Moreover, the same men would also be reviewing the progress after six months.

After some discussion, the quorum agreed to have an all-woman committee. But, as the majority of the women would be new to the committee, and were apprehensive about it, the President of the committee would remain the same so that he could clarify things when needed. The women agreed to this and the new WDC was constituted. It had ten women members, including the AKRSP(I) representative and only one male member. It was further decided to review the progress after six months and a resolution for the same was passed.

The women took to the new task very enthusiastically. To equip the women members with technical competencies, intensive training on watershed treatment was given. Three sub-committees, comprising three women members each, were formed. One had the overall responsibility of field implementation and quality monitoring. The second was held responsible for accounts, payments and other financial matters, and the third for administrative and liaison work. For recovery of loans, it was decided that the entire committee would first chalk out a repayment schedule with the beneficiaries, and then follow up regularly. All were responsible for this. The new WDC started work.

In the first two months of its tenure, implementation was very slow because most of the agricultural fields had standing crops. Also, the larger and relatively more prosperous farmers were not taking up any work. Only some of the small and marginal farmers had vacant fields. The WDC was being geared up for the new task during this period. By the third month, the harvesting of crops started. The WDC then began the dual task of sensitizing the farmers to watershed development work and following up for loan repayments. After finishing their household duties, the WDC members would supervise the work in the fields, monitoring the quality of work and motivating farmers to take up watershed-treatment activities. Evenings were spent in following up of loan recoveries. The results began to emerge. The implementation was expedited. The loan recovery amounts started flowing in. The visible efforts and the outcomes began weakening the resistance of the economically prosperous section of the village.

The next AGBM was held in June 2000. The WDC’s progress was reviewed by the men, and they could neither undermine nor deny the results. Of the Rs 38,000 revolving fund loan, Rs 18,500 has been recovered. Sixty-four hectares of land had been covered under various watershed development activities and a common well for irrigation had been dug. The total expenditure during this period was Rs 2.2 lakhs (Table 2). Although the project was still behind schedule, the situation was much better

than earlier because the gap had reduced considerably. Looking at its performance, the tenure of the all-woman WDC was ratified. However, the post of president was still occupied by a man.

**Table 2: Progress of Ubhariya WDP**

Month and Year	Cumulative Financial Expenditure (Rs in lakhs)
December 1999	7.20
June 2000	9.43
October 2000	10.33

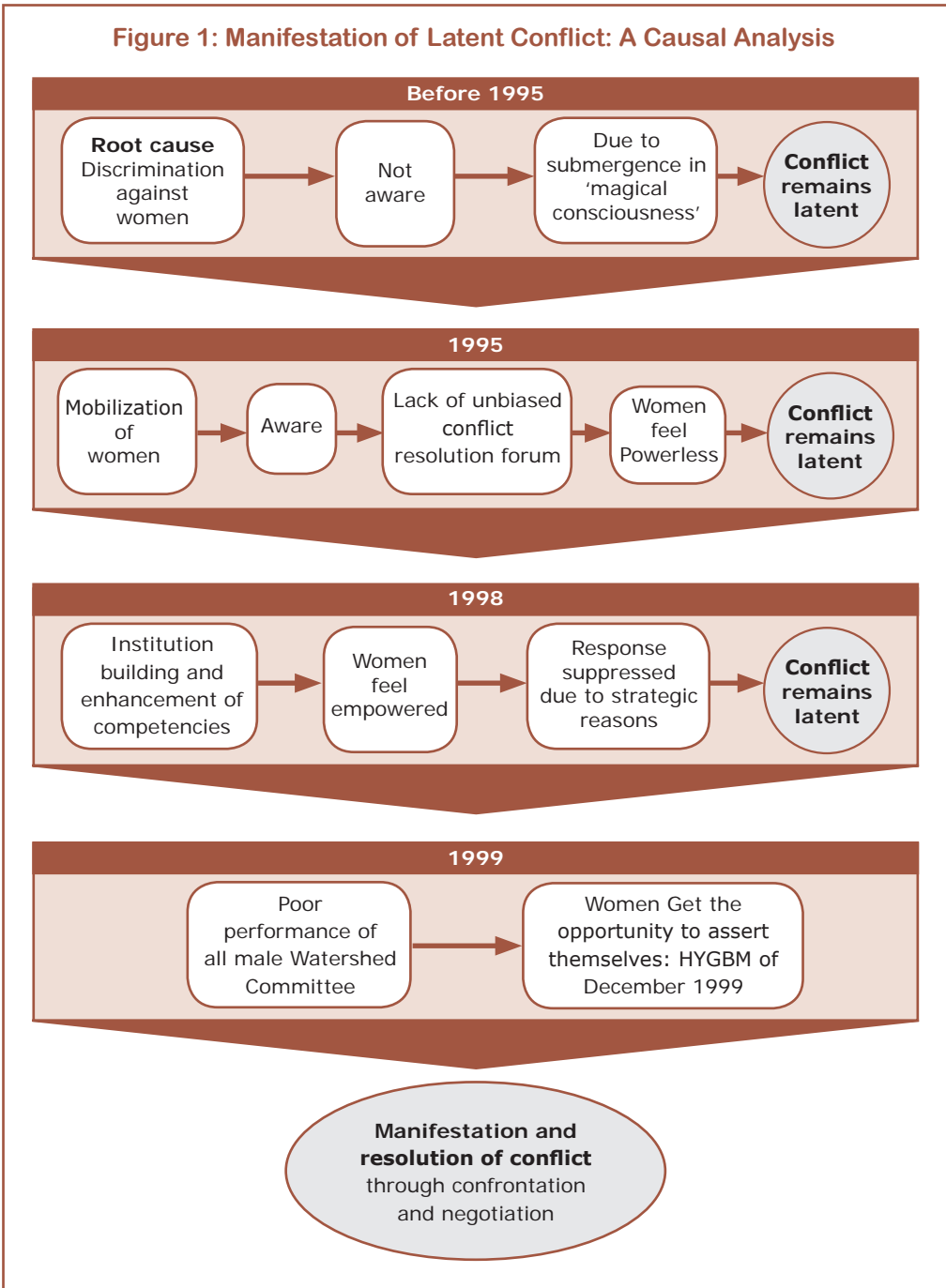
During the six-month tenure of the WDC, the president was not regular in attending monthly meetings. Prior to this tenure, all the WDC meetings were held at his house; but now the meetings were held at the community hall in the village. Earlier, the attendance in the meetings used to be low and, hence, all decisions were taken by the president alone, with no one to question him. This issue was also raised at the AGBM. The women held the view that because a great responsibility has been entrusted to the WDC, all should discharge their duties with utmost sincerity, for the greater welfare of the whole village. Also, there was no system in place for compliance, as in the case of the MVM. The quorum decided that the WDC should frame its own rules, regarding this issue. In the monthly meeting of the WDC in July 2000, it was decided that any member who remained absent for three consecutive meetings would cease to be a member of the WDC. In the three meetings that were held after the AGBM all the WDC members were present, except the president. The vice-president of the WDC then took charge as the president of the WDC.

## Analysis and Reflections

The case reflects gender-based, latent, internal conflict. The conflict was between the MVM—an all-woman institution—and the Watershed Association, where men have always dominated. In order to understand the stages through which the conflict remained latent and then became manifest, leading ultimately to its resolution, a causal analysis was carried out, which followed the framework suggested by Pastakia (2008). Figure 1 is a schematic representation of the analysis.

In the pre-1995 scenario, women were discriminated against by male members of the community. As such, the social status of women was subordinate to men. The women were not aware of this situation because of their submergence in a magical state of consciousness.<sup>2</sup> The discrimination was taken as a natural phenomenon and as their fate.

**Figure 1: Manifestation of Latent Conflict: A Causal Analysis**



During 1995, efforts were initiated to mobilize and empower the women. Over the next three years, enhancement of their existing competencies was a major task undertaken by the NGO, resulting in the establishment of the MVM. This made them aware of the unjust discrimination against them. However, because the society was patriarchal,

all decisions were taken by the men at the household as well as societal levels. As a result, the women thought that they did not have access to an unbiased conflict resolution forum. Hence, by 1998, the women were aware but still largely powerless. This prevented the conflict from being manifested.

The next year, 1999, proved to be a turning point. It was a drought year; the MVM had the opportunity to be involved in the disbursement of agricultural loans for the first time. Now, the MVM was not only an all-woman institution taking care of the small consumption needs of the women but also a key player in the agrarian economy of the village. At the same time, the inefficient functioning of the WDC was a major concern to all. With their increased confidence, competency and experience, the empowered women were ready for a takeover. But it was a time to wait. Finally, the opportunity presented itself in the form of the HYGBM in December 1999.

For the MVM, it was not simply a question of being involved with decision-making in the WDC alone. The strategy was to use the WDC as a vehicle to get recognition for managerial and technical competence of women and to establish themselves as decision makers rather than just being caretakers at home. The HYGBM of the Watershed Association, in this context, was recognized as the most appropriate opportunity. Also, the element of surprise was on their side because they were the ones with their homework complete whereas the men were unprepared. This would be the first case of women asking for a takeover of what is traditionally considered as a male domain. The hitherto latent conflict became manifested.

In the HYGBM, the strategy adopted by the MVM was that of confrontation. The members knew that the men would have no answers to their questions. This was followed by the proposal to takeover the WDC; it was met with opposition from all the men. Because the concerns vis-à-vis the WDC were not only issues between men and women but included the overall development of the village, a super-ordinate goal of common interest emerged. This provided a platform for negotiations.

The role of AKRSP(I) in this was that of a facilitator, rather than a mediator or arbitrator. It sought to develop a better understanding of policy norms. Its major contribution was in allaying the apprehensions of both the parties. For the MVM, it boosted their confidence in undertaking a new task. For the men, it was an assurance that if no positive impact could be made on project implementation by the MVM, at least there would be no negative impact. Hence, the role of the AKRSP(I) was more that of a catalyst. The negotiations resulted in the reconstitution of the WDC with 10 women members and only one male member.

During the six months, the WDC made full use of its competencies. This not only

addressed the needs of a larger section of the society but also resulted in increasing the pace of implementation. In the AGBM, after the progress was reviewed, the WDC was ratified. Hence, the women received due recognition of their technical and managerial competence, and were also established as decision makers.

## Analysis and Reflection

Much discrimination exists in the patriarchal society of villages, and the status of women is secondary to that of men. There is a bias and a fallacious negative opinion about the ability of women to take up technical and managerial responsibilities. As for tribal societies, in general, discrimination does not appear to be that strong. The society is largely homogenous; however, stratification exists on an economic basis. Among those in the lower economic strata, gender discrimination is less and most of the roles are shared. Among those in the higher economic strata, the discrimination is more. There is a considerable aping of the customs and practices of non-tribals. The traditional more egalitarian tribal culture is slowly being forgotten. It is in this context that the developments at Ubhariya village are path-breaking and provide hope for creating a counterforce in favour of a development that is free of gender bias.

This case underscores the existing gender discrimination in a rural tribal society and, at the same time, highlights the process of empowerment of women. It also underlines the resistance to and the attitudinal bias against the empowerment of women in a society that restricts their role to household chores. It further emphasizes the need for involving women in the institution-building process and enhancing their competencies so that they may take better control of their environment.

The participation of women is imperative in any NRM regime. In the context of degradation and depletion of natural resources, women are the most affected. Hence, it is essential to have increased participation of women in decision-making on natural resources. Although, the existing policies and programmes on NRM espouse the participation of women, in reality their presence in decision-making forums is minimal. Even the imposition of quotas for women in such forums has not solved the problem because having women on management committees for watershed development or forest protection is seen as a legal obligation and a formality to be completed, in order to have access to projects and funds. For improved decision-making, it is necessary that all the stakeholders be given an equal role and opportunity. But this has to be facilitated (at least in the initial stages) by the external agency and supplemented with efforts in building technical and managerial competencies. At the same time, efforts have to be made to remove the attitudinal bias of men against women.



Ubhariya village sets an example for NRM practitioners and policy-makers alike to bring women to the forefront and in the mainstream of community based NRM. AKRSP(I) here exemplifies the different roles played by an NGO in the empowerment of women and in institution building. In the beginning, this role was one of mobilizing the community and facilitating institution building. During the conflict, it became that of a mediator—restoring trust in both the parties and allaying their apprehensions. Later, it was transformed into that of a facilitator for capacity building, hence catalyzing the process of change.

The example set by the Ubhariya women has already started having an impact on other watershed projects. The process of equal participation of women has been initiated. The WDCs of 11 other watershed projects, with AKRSP(I) as the PIA, have decided to have a minimum of 50% women members. In one of the projects, Bodvav-Makran, which is to be implemented from January 2001, an all-woman WDC has already been constituted. Ubhariya, as such, leads the way in empowerment of women within the project area.

### Postscript: The Situation Six Years Later (2006)

The implementation of the watershed project was successfully completed by the women's watershed development committee in 2001. All physical and financial targets were achieved, with some money to spare, at the end of the project period. After a visit to the village by the Director, DRDA, Bharuch, the project was extended by another three months to enable the committee to construct two group-wells with the money that was left unutilized.

As a result of this experience, the women have gained tremendous confidence. The MVM has become visible and strong. It has initiated the formation of new women's groups in the neighbourhood. Under the leadership of Amitaben, the MVM leader, a block-level federation called the Mahila Manch, Sagbara, has been established. The men too have become more supportive and there has been no instance of their trying to wrest back power from the women.

### End-notes

1. Reproduced from the case study by Dharmendra Chandurkar, in Pastakia, Astad (ed.). 2008. **Locked Horns: Conflicts and their Resolution in Community Based Natural Resource Management**, Bangalore: Books for Change.

2. The term was first used by Paulo Freire (1972) to describe the psychological state of oppressed classes which made them accept the existing social order without questioning it (see Paulo Freire, *Pedagogy of the Oppressed*, London: Penguin, 1972).

# 4

## Critical Role of Self-help Area Groups in Watershed Development: Experiences of MYRADA in Chitradurga, Karnataka<sup>1</sup>

### Introduction

Myrada is known for its pioneering work in promoting people's institutions for self help and NRM. In particular, its demonstration of the critical role of Self-help Area Groups (SAGs) of farmers and SHGs of poor women and landless people within the context of watershed development is well known. Myrada's pilot initiatives have influenced changes in government, donor and NGO policies. This case which is based on a larger study by CESC, looks at the functioning of a sample of six SAGs in Chitradurga district of Karnataka. It highlights the strategic thinking behind the promotion of SAGs as well as the processes involved in empowering the poor through these institutions while addressing the issue of sustainability in watershed development.

### Centrality of People's Institutions in Myrada's Mission

Mysore Resettlement and Development Agency (Myrada), an NGO, was founded in 1968 to assist the state government in resettling Tibetan refugees in Karnataka, then called Mysore. The Tibetan programme ended in the early eighties. By 1982, the focus of Myrada shifted from resettlement to the poor and marginalized in the rural areas. It manages rural development programmes in three states of South India and provides on-going support, including deputations of staff to programmes in six other states. It also promotes the Self-help Affinity Strategy in Cambodia, Myanmar and Bangladesh.

Myrada's search for a suitable mission statement involved an analysis of the causes that kept people poor. By 1987, it had adopted a mission to, "foster a process of ongoing change in favour of the rural poor in a way in which this process can be sustained by them through building and managing appropriate and innovative local level institutions based on their rights and rooted in values of justice, equity and mutual support."

### Study Area and Groups

Chitradurga and its neighbouring districts in Karnataka fall in the dry and semi-arid tracts of the state. The area is dry and hilly, with many parts facing a high degree of soil erosion during spells of high-intensity rain. Large tracts of land were almost barren, with very low productivity due to a combination of natural and man-made factors.

Before the implementation of the Watershed Development (WSD) projects, there were not many efforts to harvest water and increase water availability. There were also hardly any efforts at systematic soil and moisture conservation or land improvement. Ground water was being depleted rapidly. Traditionally, many parts of the district had areca nut (Areca catechu) palm



Source: myrada.org

orchards because these are very lucrative. Whereas the initial costs of maintaining areca palm orchards are rather high, the returns too are very high. It provides a steady and healthy return on the investment and is an excellent cash crop. On the downside, it is highly water intensive; as one travels through the region, one observes that many orchards have now been cleared because the lowering of the ground water table has rendered these orchards unviable.

The general condition of these areas before the WSD interventions was one of acute agrarian distress, with low land productivity, water scarcity, inadequate irrigation and high levels of distress migration during dry periods. Typically, the water table of these villages was falling and agriculture was nearly totally rainfed. Productivity and returns from agriculture was proving to be increasingly unattractive. Discussions indicated that most small and marginal farmers and even many who were better off were finding it difficult to cope with the risks of rainfed agriculture along with the increasing risks in the marketplace. Land resources too were not very good and most small and marginal farmers did not have the capacity to invest heavily in land improvement or consider options for improving land productivity. The slew of WSD projects opened up avenues for improving farming conditions, and Myrada's strategy appears to have dramatically increased the stakes of the small and marginal farmers in their land resources.

Myrada had been promoting SAGs in many of the villages in the district before the WSD projects were being planned whereas some were, indeed, consciously started as a prelude to the WSD, as part of strategy. Several SAGs were formed after initiating WSD, during implementation or towards the end of the project as part of an exit strategy. However, in most villages, the promotion of women's SHGs preceded the implementation of the WSD project.

This study covers six SAGs (watershed farmers' area groups) in three villages (Kudineerkattai, Gowripurand Sirapanahalli) belonging to the Holalkere and Chalekere blocks of Chitradurga district in Karnataka (Table 1). These groups were promoted by Myrada between 1997 and 2004. Within each village, there are also several women's SHGs functioning alongside the Area Groups. The women's SHGs, closely connected with the Area Groups and contacted during the study, are listed in Table 1. In Myrada's parlance, all these informal groups are referred to as Self-help Affinity Groups.

**Table 1: Farmer's Area groups and Women's SHGs Included in the Sample**

No.	SAGs	Year of Starting	Members	Village	Women's SHG
1	Sri Hanumantha Devara Jalanayana Abhiruddi Sangha (Watershed Development Group) JAS	1997	20	Kudineerkattai	Sri Durgambika Mahila Swasahaya Sangha (Women Self Help Group)
2	Sri Vinayaka JAS	1999	18	Kudineerkattai	Sri Laxmi MSS
3	Sri Ganga JNSS Jalanayana Nirvahana Swasahaya Sangha (Watershed Management Self Help Group)	2002	13	N. Gowripura	Sri Akka Mahadevi Sri Maleyamajji MSS
4	Sri Thunga JNSS	2004	18	N. Gowripura	-
5	Sri Bhadra JNSS	1999	18	Sirapanahalli	Sri Kariyamma MSS and Sri Mookambika MSS
6	Sri Kalikadevi JAS	1999	10	Sirapanahalli	-

## Role of SAGs

The emphasis on self-help affinity groups as a prime mover for change existed in Myrada's interventions well before watershed management programmes were introduced. In many watersheds, such groups were functioning even as many as three to five years prior to the commencement of many of the watershed development projects.<sup>2</sup> According to Myrada, these groups are considered a critical component of watershed management strategy mainly for four reasons that emerged from field experiences.

1. The affinity groups provided the much-needed space for the landless and the near landless to participate in the investments made and utilize the new opportunities.
2. The group members, who were inducted in the Watershed Management Institutions (WMIs), contributed to the development of organizational and financial management systems in the WMI and insisted that systems be respected.
3. The affinity groups could provide credit from its common fund to members engaged in watershed activities, to supplement the investments made by the watershed component, which often lacked the flexibility required to meet the differences in the local situations. The groups also provided credit to members to meet the obligations of 'beneficiary contributions', expected in most WSD projects.
4. The affinity groups introduced the strategy of converting the grants provided to the WMI for watershed activities into loans for treatment on private lands. As a consequence of this influence exerted by these groups, which were accustomed to managing loans, the WMIs that were provided with grants from donors decided to convert these grants into loans. These loans were given to individual members to treat their private lands thereby increasing the individual stakes. The treatment of common land remained a grants-based activity. The window for people to contribute and participate through *shramdaan* (volunteer labour) remained open.

## Women's SHGs

The formation of the women's SHGs, gave impetus to the savings habit and provided the self belief to people that, even with small incomes, they could actually save. The SHGs and SAGs formed mostly as homogenous groups provided a new social network on which the members could depend when in need. The support from Myrada and, later, the Community Managed Resource Centers (CMRCs)<sup>3</sup> promoted by it, also ensured that the members had access to proper guidance and many services that were absent in other WSD projects.

In the early phase, the emphasis was on savings and mutual support. Later, internal lending became a dominant feature. Myrada rewarded the better functioning groups by leveraging bank linkages, additional credit as well as support from various 'agricultural projects' designed to improve land and crop productivity. Myrada could leverage support from NABARD and this success seems to be a major factor that is helping

farmers' groups to access soft loans. The SHGs and farmers' groups are relatively homogeneous, with the very poor and landless having separate SHGs. The farmers have been quick to learn and adopt better farming practices and management of watershed assets.

The SHGs comprise primarily those women, who struggle to put together some savings. Savings is their main interest. There appear to be no dramatic changes in their livelihoods options.

## Watershed Development Teams

The WSD teams comprised key persons from the SHGs or SAGs, where these existed. In many instances, machines such as earth moving equipment and tractors were used to speed up the WSD project work because quick execution was considered more important than slowing down the work to ensure the direct participation of potential beneficiaries by relying on manual labour. The projects were executed in a flexible manner, to ensure quick completion so that benefits could be obtained within a minimum timeframe. Some of the most difficult and complex land treatments such as land-levelling were carried out with the help of machines. Most of the association members improved their farm bunds, established live barriers, amended the drainage systems, set up silt-traps and undertook a variety of land treatments under the technical guidance provided by Myrada. The quick pace of work made sure that farmers could start getting benefits from the land treatment without much delay.

There was considerable emphasis on providing advice for improving agriculture and in ensuring high quality of agricultural extension services. The hallmark of the farmers groups (SAGs) is the high level of peer-to-peer learning opportunities that



Source: myrada.org

these institutions provide. The bank linkage for successful groups increasingly depended on achieving higher repaying capacities. This could be realized only by qualitative changes in the farming practices that included many technical changes. Combined with the security of their savings and the credit linkages, many were willing to take the higher risks that all this entailed. This

was not too daunting to many farmers given the easy repayment terms on the soft loans that were on offer. The banks too were willing to share the risks, under the umbrella of Myrada.

Along with knowledge inputs, bank linkages became as important as land management. This eventually appears to have prompted many farmers to increase the share of cash crops and even to shift to orchards that entail higher initial costs. Ironically, many have shifted from food crops to perennial cash crops such as areca (betel) nut palm orchards, involving high costs of cultivation. There has been a significant shift to such crops, encouraged by the liberal institutional credit available through the linkages with banks and NABARD facilitated by Myrada.

## Process of Group Formation

The main stages of group formation are:

1. Identifying homogenous groups.
2. Building cooperation within group members.
3. Promoting group members to develop as a pro-active problem-solving team and support each other in decision-making.
4. Ensuring that each member and the group is an active participant in WSD work.
5. Monitoring and encouraging group unity and bonding within the group.
6. Encouraging a service-oriented attitude and social networking.
7. Supporting the free exchange of ideas and opinions within the group to create a learning environment.
8. Promoting transparency and accountability within groups and in WSD projects.

The staff of Myrada helps the groups to formulate and enforce norms and rules. Efforts are made to ensure that there are weekly meetings and all the activities are thoroughly discussed within the group. A rigorous effort is made to teach the group about the importance of the group, savings, book maintenance, accounts operations and many small things that go into ensuring mutual trust and the financial integrity of the group. A policy of *rotational leadership* is followed, which makes it mandatory that each member leads the group for six months. Because some natural leaders will tend to dominate, this ensures that nobody is taken for granted and helps in greater transparency. A culture is created wherein all the decisions relating to loans, enforcement of norms, and roles and responsibilities of leader are discussed in the group without any grudges or hard feelings, in a routine manner over the nurturing phase.

## Sustainability of SAGs and SHGs: Role of CMRCs and Federations

The certainty of Myrada's eventual exit from the day-to-day work of the group is discussed at a suitable stage, and efforts are made to gradually usher in the exit by encouraging independent relations with the banks and other external players. All the pending issues for which Myrada's presence is needed are phased out so that the group has no dependence on Myrada. With the establishment of the CMRC, a minimal support required is provided by the CMRC staff. In case there are issues that are not getting resolved within the group, the CMRC is there to help mediate a solution. The CMRC staff does not regularly attend the group or intervene in any matter unless a group specifically requires mediation. In most cases, the group leaders visit the CMRC when needed, either to get information or to keep the group informed about new developments.

The role and support provided by the CMRC are:

- Training on various aspects, including book-keeping and farming, in order to build capacities.
- Helping in accounting/scrutiny or preparation of financial statements.
- Providing information and knowledge inputs for agriculture extension.
- Establishing linkages with government projects and providing information on schemes.

Though there have been attempts to federate the SAGs, none of the groups covered in this case study are currently actively associated with any federation. The federations are not so much watershed-level organizations despite the links with the watershed-based SAGs. The role of a federation does not seem to be that of larger watershed management but of acting as an apex body for a large number of SAGs, to provide advantages of scale and other benefits of aggregation. As of now, the task of watershed management after the completion of WSD project is neither a day-to-day concern nor a 'core' theme for any SAG.

### End-notes

1. *Abridged and edited version of draft case study by C.P. Geevan entitled by "Village Institutions Promoted by MYRADA", part of a larger study on Sustainability of Village Institutions Promoted by NGOs, January 2010, supported by Sir Dorabji Tata Trust and AKRSP(I) and anchored by Centre for Environment and Social Concerns (CESC). The field studies were carried out in 2008.*

2. *The Role of Self Help Affinity Groups in Watershed Management Institutions: The Myrada Experience by Aloysius P. Fernandez, Executive Director, Myrada, Rural Management Systems, Series Paper 35.*

3. *Myrada help to create Community Managed Resource Centres that provide a certain minimal support to SHGs and SAGs even after it has withdrawn from a particular area.*



# 5

## Vankar Cooperatives of the Bhal: Empowerment of Dalits through Collective Action<sup>1</sup>

### Introduction

Historical deprivation of socially and economically marginalized groups and communities in degraded environments often leads to a state of 'learned helplessness' from which it is very difficult to emerge. The Vankars (a scheduled caste community) in a coastal saline backward region of Gujarat called the Bhal found themselves in such a state during the early eighties. The community's deprivation, poverty and suffering were rooted in a caste-based, semi-feudal system in which the upper castes practised social discrimination and oppression of the scheduled castes such as the Vankars, the Valmikis and the Chamars. The fact that the available natural resources were meagre meant that these resources were cornered by the dominant caste (mainly Rajputs), leaving the scheduled caste with very little, to eke out an existence. The very poor and landless among the scheduled castes often ended up becoming bonded labourers.

Recognizing the limits to economic emancipation through the individual management of resources, and grabbing the support extended by an external agency called Behavioural Science Center (BSC)<sup>2</sup>, the Vankars decided to resort to community action. This resulted in the setting up of a string of scheduled caste cooperatives organized around coastal saline wastelands taken on lease from the government. The setting up of these cooperatives from 1979 onwards and their subsequent federation into a cooperative union in 1989 was the realization of a dream shared by the leaders of an oppressed community and their counterparts in the external agency.

This case documents this unique cooperative movement for social emancipation over the past three decades. The decade of the eighties saw the intervention being initiated, leading to the creation of the Vankar cooperatives and their federation. The decade of the nineties saw the federation taking charge, with limited support from the facilitating agency. The last decade has seen the cooperatives struggle on their own, with little help from external agencies.

Being a part of the BSC team during the eighties, the author had a ringside view of the developments in the Bhal, leading to irreversible social change in the area. The case focuses on the process of building social capital among the oppressed so that they may emerge from a state of 'magical consciousness' (induced by the caste ideology)

to a state of 'critical consciousness'; from a position of learned helplessness to one of praxis and self-directed growth. This process of empowerment made it possible for the Vankar community to take control of its own developmental trajectory and transform its relationships with the upper caste communities on a permanent basis. The pedagogy developed by BSC of creating critical consciousness leading to collective action, in order to challenge and transform oppressive social relations, will be of particular interest to practitioners and academics alike.

## Context

### Geo-physical

The Bhal region of Gujarat covers the low lying coastal area around the Gulf of Cambay. The region suffers from hostile geo-climatic environments comprising highly saline soils, erratic rains, monsoon inundation, temperature extremes, coastal cyclones, etc. All these conditions have rendered life very difficult. During the early eighties when BSC initiated its work in the Bhal, saline wastelands occupied more than 59% of the land, representing the single largest under-utilized resource of the area. The halophytic biomass produced on this land, together with the agricultural waste, supported a fairly large animal population, mainly cows, buffaloes, bullocks and a few goats. The remaining land comprising alluvial and shallow black soils was used for dry-land farming; the main crops being wheat and cotton. Yields were low and uncertain owing to the erratic pattern of rains. With the advent of the Mahi canal system, some villages had started cultivating paddy as a cash crop. However, the risk involved was quite high for many of the tail-end villages, since timely water-supply was not guaranteed.

### Socio-political

Most of the Bhal villages are multi-caste in nature. Caste as an institution plays a dominant role in segregating people into different groups based on profession (skills) and ascribed status. Traditionally, the Rajputs represented the erstwhile ruling class and continued to behave as such. The Brahmins (priestly class) together with the Rajputs constituted the upper caste communities. The Bharwads (shepherds), Kolis and Vaghris constituted the other backward communities. The most despised were the outcastes (untouchables) comprising the traditional weavers (Vankars), sweepers (Valmikis) and flayers (Chamars).

The Vankars, who had undergone an occupational change from weaving to farming in the past three decades, had a good understanding of saline soils and their own

nomenclature for differentiating alkaline patches. They believed that saline lands could be reclaimed through a process of bunding, ploughing and leaching of salts with rain water. However, their experience, limited only to agriculture and animal husbandry, precluded other livelihood options.

Their organizational skills, on the other hand, were somewhat restricted owing to the adverse social conditions that had forced them to adopt a survival strategy which necessitated appeasement of powerful upper-caste people even at the cost of disunity among themselves. Factionalism was the bane of the Vankar community. Factional fights among Vankars was a recurrent theme in their conversation and a critical element in their group image.

The traditional dominance of the upper caste had given it a headstart in the race for political power. The sarpanch in many villages was either an upper caste person or its nominee. The local MLA (Member of the Legislative Assembly) was also a Rajput. The nexus between the upper-caste leaders and the local bureaucrats exercised a near total control over the government delivery system so as to render it almost inaccessible to the scheduled caste—except through the good offices of an upper caste leader.

In the late seventies, new forces came into play. The Vankars had begun to take advantage of the improved access to education through the government reservation system and through the Catholic missionary activity. The resultant increase in awareness among the youth, and the arrival of BSC on the scene had set the stage for a process of social change.

## **Pedagogy Adopted by BSC<sup>3</sup>**

The Centre's pedagogy involved non-formal education of the target population in three stages, as described below.

- i. Group training leading to social awareness.
- ii. Social awareness leading to group action and setting up of cooperatives.
- iii. Education, in and through the cooperatives.

### **Group training**

The training is designed to counter the harmful effects of unjust socio-economic structures and their ideology. Caste ideology in India tames the people into subjection, highlighting the importance of the unconscious ideological formation. The harmful effects (loss of self-respect, factional fights, overdependence, ignorance, etc.) must be opposed first at the unconscious level. This is done through the use of symbols, fantasy and the experience of the feelings generated during the training sessions.

The critical awareness of the group is raised by having the participants reflect on the socio-economic structures of their own village, on the origin of their knowledge, on the purpose of the ideological myths prevalent in society, on their own factional fights (who benefits and who suffers under them), on their economic dependence and the means to achieve self-sufficiency.

The lived experiences of unity and mutual support within the group are lessons in themselves. The aim is to have self-respect accepted as the most important value in the new culture, which the group evolves during the course, hoping that this value will be carried along to the situation back home.

In subsequent training sessions, practical skills in self-expression or the ability to communicate with others, conflict resolution, planning, decision-making, dealing with the bureaucracy, etc., are also imparted when the group faces issues that demand such skills.

### **Group action**

Action is seen as part of the whole educational process. Indeed, the very aim of group training is action in the village, which is planned during the training itself. The action usually requires a number of meetings with the elders and the representatives of all the households, to arrive at a consensus on the establishment of a cooperative.

### **The cooperative as a university**

The cooperative represents a radical change in the economic structure, giving rise to a new set of social relations. However, this change can come about only when the cooperative becomes a school in which new learning can take place on technological, managerial, social and political issues, as the occasion demands. In such a school, there is no dichotomy between the teacher and the taught because, in the cooperative, everybody learns and everybody teaches as the problems of production, labour or management are faced by all together. The subject matter is not irrelevant because it deals with the problems the people face here and now. The facilitator becomes very much a part of this university, helping to identify learning events and facilitating reflection on them so as to help cooperative members modify their behaviour, and take course corrections where needed.

## **Cooperative Movement of Vankars in the Bhal (1979–91)**

The cooperative (registered either as a primary agricultural cooperative or as a tree growers' cooperative) provided the Vankars land as a means of production and employment. It also promised to address issues of caste-based discrimination and

bring an end to such exploitation and atrocities on the scheduled caste communities of the region.

By the end of 1991, there were eight such cooperatives. In 1989, a two-tier structure of cooperatives emerged; a federation was registered, with its office, in Daheda village, where BSC had established a 50-acre experimental farm on saline wasteland, taken on long term lease from the government.

### Key activities and achievements<sup>4</sup>

The major activity was to establish community plantations of the ganda bawal tree (*Prosopis juliflora*) on saline wastelands given to the cooperatives by the state revenue department on lease. The community assets created through this activity as shown in Table 1 were valued at Rs 3.921 million in 1991. Of a total of 1,613 acres of wasteland, about 1,112 (about 70%) were made productive. The total investment of about Rs 3,500 per acre of plantation compared favourably with similar efforts of the government elsewhere.

The cooperatives served as a safety net for over 985 dalit families during the entire decade of the eighties when these plantations were being established. This is because the entire process of establishing such plantations on wastelands was highly labour intensive, involving labour for creating bunds, micro-catchment, water-harvesting systems, drainage systems, plantation work and maintenance work. Employment was also generated during the harvesting of fuel-wood and converting it into charcoal, to be sold in the open market in Ahmedabad. The total employment generated was worth Rs 2.965 million or about 81% of the total investment.

**Table 1: Value of Community Plantations (1991)**

Village	Families	Total Land (acres)	Productive Plantation	Book Value of Plantation (Rs)	Value Per Acre of Productive Plantation (Rs)
Golana	123	147	147	6,89,393	4,690
Gudel	54	107	35	2,31,342	6,610
Mitli	66	140	140	75,368	538
Pandad	117	579	280	11,15,779	3,985
Rohini	48	100	60	2,74,426	4,574
Vadgam	67	332	282	8,49,797	3,013
Vainej	51	163	133	5,03,825	3,788
Valli	21	45	35	1,81,970	5,199
<b>Total</b>	<b>986</b>	<b>1,613</b>	<b>1,112</b>	<b>39,21,900</b>	<b>3,527</b>

The plantations were established through a combination of grants (mostly in terms of food for work) and loans. About 77% of the investment was accounted for by grants whereas the rest was provided as loans by BSC from a revolving fund. The total loan provided to the cooperatives by BSC was Rs 843,312, of which Rs 631,308 (75%) had been returned by the end of 1991. The initial revolving fund was Rs 400,000; therefore, this implied a turnover of more than twice over ten years.

### **Income from charcoal**

Initial efforts of the cooperative to market firewood directly to institutional clients such as boarding schools and factories did not work out. Charcoal making trials using traditional methods<sup>5</sup> showed that the value addition was significant. Whereas the net profit from the direct selling of firewood was Rs 0.09 per kg., for charcoal it worked out to Rs 0.72 per kg. Assuming a recovery rate of 25% by the traditional method, the comparative profit for direct sale of firewood was Rs 0.36, which was still half of the net profit realized through charcoal making. The other advantage of charcoal making was that the product was easier to handle, less bulky and, therefore, could be transported to distant markets.

The total revenue generated from the plantations worked out to Rs 1.273 million from 2,366 tonnes of wood. Most of this wood was converted into charcoal. The wood was harvested from a total of 161 acres at an average yield of 14.7 tonnes of wood or Rs 7,911 per acre. Estimates made by the federation showed that there was scope for harvesting at least 90 to 100 acres every year from 1994 onwards. *Prosopis juliflora* is known for its vigorous coppicing power, which means that, once harvested, the same plantation would have grown again within three years for a second harvest. This ensures a steady stream of income to the cooperatives, provided they manage and protect the plantations well.

### **Efforts at diversification**

The Golana cooperative had the good fortune of getting land on the riverbed, part of which was non-saline and cultivable. Initial efforts at cultivating agricultural crops on a collective basis were found to be unviable. Finally, the cooperative decided to rent out plots to the highest bidders from among its own members. This way, those who had less land could augment their livelihoods and, at the same time, the cooperative could generate some income to cover its overheads.

The cooperatives had also tried to diversify into inland fisheries by taking large tanks on rent from the fisheries department in Varasda village and, later, in Kaneval and Indrenej villages. The Varasda experience was found to be unviable because of the

high infestation of aquatic weeds and the high cost of fingerlings supplied by the department.

## **Institutional Processes**

### **Preparatory Phase**

In order to gain the trust of the community and demonstrate the possibilities of harnessing the wasteland through new technology, BSC entered into a contractual relationship with the local community. Negotiations between the first cooperative at Vadgam and the BSC led to the signing of a ten-year contract, in which BSC offered to provide the necessary technical, managerial and financial support along with capacity building inputs. The Vankars, in turn, agreed to ensure that all families within the village would be made members with equal share-holding and equal say in the working of the cooperative. In the event of the plantation becoming economically viable the amount invested would be treated as a loan, so that a revolving capital could be set up to promote similar cooperatives in the region.

### **Institutional processes within the cooperative**

#### **Leadership**

From the viewpoint of the cooperative, most of the traditional leaders were unsuitable to assume leadership of the cooperatives in view of two major weaknesses: (i) corruption in discharging duties towards individuals within their jurisdiction and (ii) inability to emerge from the patronizing influence of the Rajput leaders.

A new functional leadership was, therefore, required to run the new enterprise. The cooperative was generating new skills in the areas of technology management, people management, administration and systems development, mobilization and public relations. This called for a new type of leadership—preferably group leadership as opposed to the charismatic leadership of one or two individuals. The executive committee usually comprising youth was eager to take on the challenge offered by the cooperative. However, their enthusiasm was not always appreciated by the traditional leaders, who saw them as a potential threat to their leadership. This situation of dual leadership was resolved in at least a few villages much later as the educational process within the cooperatives started influencing the traditional leaders<sup>6</sup>.

#### **Membership**

Although the by-laws of a scheduled caste cooperative permit the membership of other

scheduled castes such as the Harijans, the Vankars chose to limit membership within their own community. The stated reason was to keep the horizontal institutional<sup>7</sup> risks within manageable limits. The unstated reason may have been a form of discrimination against the Harijans whom the Vankars looked down upon. As the Vankars of Golana were to discover later, a heavy price had to be paid for this in 1986 when the Rajputs successfully used the Harijans against the Vankars in the worst carnage the region had seen against outcastes, in several years. This incident caused a change among the Vankars, who resolved to help the Harijans to set up their own cooperatives, which would be provided membership in the Sangh (Daheda Federation).

Rules for membership of the village cooperative were also modified over time. At first, only the head of the family could become a member. Later, amendments opened membership to: a) married sons of undivided families and b) women.

The Sangh decided to restrict its area of operation and membership to the 28 villages inhabited by Vankars of the Bhal. This was later extended to include another 22 villages in which the Valmikis lived. By 1991, exclusive savings-and-credit cooperatives of scheduled caste women (Vankars, Valmikis, Chamars) were also being supported by the Sangh.

### **Managing plantations as common property resources**

During the initial stages, the community forests were treated by the community as common property assets. The main benefit (other than labour) that the cooperative provided its members was fuel wood. Rules for provision of fuel wood on an equitable basis were devised by the cooperatives. This continued even later when the plantations were mature enough for harvest because branches below a particular girth were unsuitable for conversion into charcoal by the traditional method. These branches were given to the members for home consumption.

### **Participatory technology development**

The coastal salinity in the Bhal had defied solutions for several decades. The technologies available in the existing CSIR and ICAR research institutions proved ineffective in dealing with the high saline and alkaline soils of the region. The cooperatives began to pool their knowledge and adopted a process of participatory technology development. This process, initiated by the technical wing of BSC, generated new ideas through the interaction between local knowledge systems and modern science. These ideas were followed up with local trials and experimentation. The two-tier structure of the cooperatives offered multiple points for technological experimentation, upgradation, validation and diffusion. The Daheda sub-centre served the purpose of screening



new techniques and germplasm before offering it to the cooperatives for trial and validation, thereby reducing the cost of experimentation substantially. Methods of planting, silvicultural practices and design of water harvesting and drainage systems were developed for *Prosopis juliflora* (ganda bawal) and *Salvadora* sp. (piludi)<sup>8</sup>. These were two halophytic species that had already adapted well to the local conditions and showed promise of making the land productive.

### Conflict management

Conflicts within cooperatives occurred from time to time over a variety of issues. Most conflicts could be traced back to internal jealousies, factional fights or power struggles between two or more traditional leaders. Some of the measures adopted to pre-empt conflicts were:

- i. Maintaining family-wise and faction-wise data on employment and feeding it back to members from time to time.
- ii. Maintaining factional parity in the appointment of office bearers and employees and determination of salaries to the extent possible while emphasizing the need for competent and trained people.
- iii. Keeping a constant vigil and looking out for early warning signals.
- iv. Resorting to arbitration, which has traditionally been the most popular way of resolving conflicts in the Bhal. This role was, earlier, the preserve of the upper caste leaders. With growing awareness among the Vankars and the coming of the cooperatives, this role was taken up by the facilitating agency and at a much later stage by the Sangh and even the leaders of neighbouring villages.

In the Bhal, there was hardly any cooperative free of factionalism and yet most of them succeeded in creating new CPR assets and protecting them. Two cooperatives, viz., Vadgam and Mithli, suffered severe setbacks on account of extended periods of breakdown in communication and resultant paralysis, from which they could recover subsequently.

The Vankar cooperatives also faced two types of external conflicts.

- i. With the Bharwad community, which competed for resources and the right to the pathway on government wastelands.
- ii. With the Rajputs, who were adversely affected because the Vankars had stopped going to their fields to provide cheap labour and the cooperatives posed a serious threat to their dominance over the scheduled caste.

The first never assumed serious proportions, in view of the relative abundance of the

resource in question. Occasional tensions were dealt with by imposing fines on the offenders and through dialogue with community leaders.

The second type of conflict was a serious matter. In Golana, where the Vankar leadership was strong, things began to come to a head. Some Rajputs had already lost surplus land to the cooperative under the Land Ceiling Act. In 1985, the government decided to transfer a common plot (traditionally being used as a threshing ground by the upper caste) to the Vankars, who were in dire need of land to build houses. This was more than what the Rajputs could take. What followed was the worst carnage in the area on an unarmed and unprepared population. Whereas four Vankar leaders lost their lives, several others sustained serious injuries. That the Vankars emerged from this ordeal with their unity and self-respect intact is a tribute to their courage and their desire to attain freedom, whatever the price.

Throughout this episode, BSC stood by the Golana Vankars and continued to guide them in the court case that followed. After a major show of solidarity by Vankars and other scheduled castes from all over the state, the police swung into action and apprehended the culprits. In 1987, the designated Sessions Court at Nadiad passed a judgment providing life terms to fourteen of the Rajputs, who had plotted and spearheaded the carnage. The Rajputs took the case to the Supreme Court. The apex court upheld the life sentence for 11 of the accused and reduced the punishment in the case of three. The Golana case was instrumental in bringing about an irreversible change in the social relations between the upper castes and scheduled castes in the area.

## Emergence of the Federation

Cooperation among cooperatives is a basic principle of cooperativism. The Sangh, which came into legal existence in 1989, is a manifestation of this principle in action. The rationale for a federation of the scheduled caste cooperatives, as provided in BSC's Annual Report (1988-89) is reproduced below:

1. Dealing with the market, the bureaucracy, financial organizations, institutions which can provide higher technology, etc., demands a degree of sophistication and socio-economic clout, which no single village can easily possess.
2. If the management of the village cooperatives is left exclusively to the village, it not only tends to be parochial but, what is worse, could easily fall prey to vested interests or succumb to factional pressures.
3. An individual cooperative can hardly make its voice heard by politicians who, ultimately, have a deciding voice in the district.

4. Heavy equipment, storage facilities cannot be had by small village cooperatives.

The Sangh comprised two types of officers.

- a. Elected officials, viz., the executive committee and its President.
- b. Appointed officials. This team of 'civil servants' was led by a General Manager and comprised a General Secretary assisted by two clerks; five managers, who helped various villages in the planning and execution of work on the plantations; and two educational officers whose task was to take care of social problems, conflict resolution, preparation of new villages, training of village committees, etc. The BSC provided the financial support for the salaries of Sangh employees during the initial years.

By the end of its first year of existence, the Sangh appears to have achieved institutional equilibrium. It successfully replaced the BSC in several functions and established a credibility of its own. Particular mention should be made of its success in dealing with external threats and external agencies.

### Disengagement process<sup>9</sup>

The disengagement process, which began in 1990, lasted for almost three years. It implied among other things:

- Handing over power and authority for financial and managerial matters to the local organization.
- Responding to new needs that arose as a result of the federations' plans, based on its own perception of the requirements of the area.
- Training the federation and its staff to assume many of the responsibilities that the Centre used to shoulder earlier.
- Assisting the federation in areas in which it was yet to acquire competence – for example, planning for women's programmes, planning for financial self-reliance, initiating a platform for dalit unity, etc.

Significantly, a major shift in the positioning and use of the cooperative took place in 1991 under the autonomous leadership of the federation. It now focused its attention on meeting the socio-economic and welfare needs of the community by:

- Reducing the scope of exploitation in agricultural production/marketing.
- Increasing the quality of life of the people by helping them to acquire land for housing and by implementing housing schemes for the poor.
- Generating new ventures for the unemployed and needy sections of the

cooperatives.

- Strengthening existing cooperative ventures through new technology/products.
- Reducing exploitation by redeeming agricultural land lost on account of unscrupulous and exploitative credit.

The Centre tried to play its new supportive role to the best of its ability. One of the mechanisms used was to depute one of its staff members to act as General Manager for a period of one year. This arrangement continued for another two years, except that the BSC staff member occupied the post of Deputy General Manager. Once this period was over, the Centre continued to provide advice on specific issues as and when required. BSC's role as friend, philosopher and guide continued through the decade of the nineties.

## Social Outcomes and Impact

By the beginning of the nineties, the identity of the federation as an organization spearheading social change became more prominent than its economic role. The people began to regard it as their own and turn to it for arbitration, support and leadership.

In April 1991, the federation organized a meeting of the nat at the request of the traditional leaders themselves, in order to undertake reforms in the constitution of the samaj (Vankar community). This was an epoch-making gesture of recognition, an indication that the nat did not see the federation as a rival or competing power, but as a source of support. The federation also took up cudgels on issues of caste atrocity. It engaged the services of a lawyer with a background of social activism, who provided regular legal training to the federation staff and different village groups (BSC Annual Report, 1990–91). The federation also initiated work with the Valmiki community, helping them to organize themselves into cooperatives (*ibid.*).

Around this time, the BSC initiated an internal study to assess the social impact of the intervention. Using the questionnaire method, the study attempted to capture changes in the following parameters: unity, cooperation, awareness, self-respect, dependency and exploitation. 108 respondents—Vankars from eight cooperatives and two control villages participated in the survey. The study confirmed significant changes in the social and psychological outlook of the Vankars. On the positive side, it brought out significant increase in unity and cooperation among the Vankars. The cooperatives had an average score of 2.28 for unity and 2.08 for cooperation (on a scale of 1 to 4 with 1 representing the highest rank) indicating a fair level of unity. On the down side, whereas the impact on the caste system and practice on untouchability was significant,

the practice continued unabated, signifying that change of this kind does not come so easily and will take a few more decades to be complete. Although untouchability is manifested in a variety of ways, the most common is to provide tea in separate vessels to the untouchables. A Vankar's refusal to take tea in a separate vessel was taken as a measure of the ability to stand up against social discrimination. Respondents from cooperative villages demonstrated a higher propensity to stand up against the discriminatory practice as compared to control villages (Table 2).

**Table 2: Resisting Untouchability**

Degree of Refusal	Cooperative Village (%)	Control Village (%)
Never	54	76
Sometimes	24	12
Always	22	12

## Autonomous Functioning of the Cooperatives (1991-2010)<sup>10</sup>

As on August 2010, the Sangh has eight Vankar cooperatives. The cooperatives at Panded and Valli, which were originally formed by pooling individual plots, opted out of the Sangh in order to de-pool their land and convert it into paddy fields. On the other hand, two new cooperatives at Kanewal and Indernej came up for inland fisheries.

After 15 years of leadership, Lalji bhai of Rohini relinquished his position as chairperson of the Sangh giving way to Peter bhai Pocha of Golana. During their tenure, the cooperatives had tried to diversify into activities that would strengthen the livelihoods of ordinary members such as supply of agri-inputs at the doorstep, processing of paddy for better price realization, etc. However, there was a gradual decline in these activities due to problems in working capital management and lack of professional expertise and guidance in dealing with the markets. As a result, most of the cooperatives can barely generate enough income to cover their overheads. The Sangh has a skeleton staff of three. To add to their woes, the fisheries cooperatives lost their rights to fish in their village tanks after the fisheries department took an unexpected decision to open up the bidding process to private players. The collector refused to renew the lease of the cooperatives practising community forestry (except for Rohini) on the grounds that the sarpanches had objected to the renewal. This prompted the Vadgam cooperative to initiate a legal battle to fight for its rights. Meanwhile, Kalidas Khoda of Vadgam, one of the first social animators trained by BSC, has emerged as the new leader of the Sangh. He is keen on restoring the cooperatives to their lost glory and thinks that this is possible, with the support of BSC.

On its part, BSC is unwilling and perhaps unable to extend support beyond a point. During the past two decades, BSC too has undergone significant changes in its leadership, mission and staffing pattern, which makes it difficult to respond to the economic and livelihood aspects of the cooperatives. BSC has transformed itself into a strong human rights organization, with projects and programmes spread across the entire state. It adopted a strategy of mass mobilization and advocacy combined with judicial activism and legal aid to address human rights violation of the dalits, tribals and minority communities of the state.

On a positive note, the women’s savings-and-credit cooperative of the Bhal continues to perform well with 2,239 members and a total savings of Rs 4.45 million. BSC has replicated the model across the state and now there are 10 such cooperatives, with a total savings of Rs 13.76 million (BSC, 2009). The Sangh is keen on building bridges with the women’s cooperative and BSC in chalking out its plans for the future.

## Conclusion

The Vankar Cooperative has multiple dimensions. After the process of disengagement, some aspects of the cooperative appear to have become stronger whereas others became weak (Table 3).

**Table 3: Changing Dimensions of the Cooperative**

Dimension	Prior to disengagement	Post-disengagement
As a CPR institution	Strong	Moderate
As a safety net for employment during lean months	Very strong	Weak
As an affinity group	Very strong	Strong
As a collective enterprise	Strong	Weak
As a source of new identity	Very strong	Moderate
As an instrument of empowerment and social change	Very strong	Strong

The cooperative is no longer perceived as a strong economic institution. This perception is based on the fact that it has failed to generate employment or take up new economic activities that may generate surplus. The poor economic status of the cooperative and the federation has had a corresponding effect on the social status of these institutions. However, the Vankars are unwilling to dissolve these institutions because they do not wish to relinquish control over the land, which is gaining value with improved access to irrigation from the Mahi Canal system. Many of the social functions of the Sangh have now been taken over by other social institutions now operating in the area, such as the Navsarjan Trust. However, the Sangh continues to be valued as a symbol of the Vankars’ struggle for social emancipation.

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## Endnotes

1. Authored by Astad Pastakia based on his personal experiences in the Bhal as well as the earlier documentation by him and other colleagues in BSC. The case draws upon three of the author's papers written between 1990 and 1991, past annual reports of the Centre and a book written by BSC's founder-director, Fr. J. M. Heredero that provides a comprehensive account of BSC's pedagogy and its outcomes as on 1989 (see references). The Author is grateful to Vijay Paramar, CEO, Janvikas and one of the previous directors of BSC, for going through the case study and providing valuable feedback.
2. The BSC was established by a Jesuit institution, the 'St. Xavier's Non-formal Education Society', Ahmedabad, based in St. Xavier's college. The centre, however, had a totally secular character and vision of development, being founded by members of four different faiths—Hindu, Muslim, Christian and Zoroastrian.
3. This section is based almost entirely on Heredero (1989) pp. 108–112.
4. This section is based on BSC's Annual Report (1991–92).
5. The traditional method was practised by particular communities from Kutch and involved arranging the wood in a circular pyramid, which was fired after covering it with a layer of mud. It demanded constant vigil to ensure optimum combustion. To reduce the drudgery and improve recovery, percentage trials were organized at the Daheda experimental farm with modern metal kilns. However, the poor life of the kilns made the method unviable. Metal kilns for making charcoal briquettes also proved unviable for the same reason.
6. For a discussion on how the traditional and modern leaderships influenced each other, see Heredero 1989, 72–73.
7. Refers to the uncertainty in the behaviour of other members in an institution. If the proportion of 'free riders' is high, the institution cannot hope to last for long.
8. Although *Salvadora sp.* could be raised on the experimental farm at Daheda, this could not be taken up by the cooperatives as the plants are highly susceptible to browsing by animals, which prevents further growth.
9. Based on BSC's annual report (1990-91)

10. Based largely on personal communication with Shri Kalidas Khoda and Shri Jayantilal, the present chairperson and the accountant of the Sangh, respectively. Geevan C.P. of Centre for Social and Environmental Issues, Ahmedabad, who had interacted with the Sangh a few months ago in the context of a different study, also shared his perceptions on the present status of the Sangh. The author is grateful to Geeta Oza for putting him in touch with the current leadership at the Sangh.



# 6

## Enduring Cooperative Performance: Mulukanoor Cooperative Rural Bank in Andhra Pradesh<sup>1</sup>

### Introduction

This case presents a brief account of Mulukanoor cooperative rural bank one of the most enduring cooperative ventures in the country. The case traces the evaluation of the cooperative over five decades and delves into the key reasons for its remarkable success.

### Mulukanoor Cooperative: Critical Events and Processes

#### The beginning

The Mulukanoor Cooperative Rural Bank started its activities in 1958–59 by offering short-term credit (crop loans) to its members for raising seasonal crops. Prior to its coming into existence, farmers—especially small and marginal—were dependent on local moneylenders for their credit needs. With the advent of chemical fertilizers, the need for cash in agricultural production was accentuated and led to another dependency on the suppliers of these chemical fertilizers.

One of the main and immediate objectives with which the Mulukanoor cooperative came into existence was to reduce or eliminate, if possible, this dependence of farmers on moneylenders and suppliers of chemical fertilizers, who were often exploitative.

#### Decisions to raise internal funds: The crucial turn

Like many other agricultural credit cooperatives, the Mulukanoor cooperative also borrowed funds, initially, from the District Cooperative Central Bank (DCCB), for lending to its members. It later switched over to the State Bank of Hyderabad because the DCCB could not meet its demands. The ratio of share capital to the loan amount being one to ten, both at the level of the members and itself, the cooperative soon realized that it did not have any capital left with it to do any other activity. It also realized that its role was strictly limited to that of an intermediary, just passing on loans from the bank to the members and taking collections from the members to the bank. It needed capital to carry its fertilizer business and tried initially to raise funds on a short-term, ad hoc basis from a few individuals; this arrangement was unsatisfactory because being dependent on a few members, was less predictable and less reliable. Discussions were held and

a broad consensus among members was reached, to strengthen the capital base of the cooperative.

Almost all the members were unable to make contributions in cash. After serious deliberations, the following two methods were adopted and the cooperative was authorized to make deductions at source when disbursing loans to members.

### **Reducing member borrowing limit**

The first was to raise the ratio of the share capital to the loan amount from 1:10 to 1:5, for members. This reduced the borrowing limit or power of members while retaining the same ratio of 1:10 for the cooperative thereby increasing its leverage to raise more funds than was necessary to just meet the credit needs of its members either internally or externally. For the members this meant putting double the amount of share capital, to borrow the same amount of loan from the cooperative.

### **Collecting thrift deposit compulsorily**

The second was to make it compulsory for every member borrowing from the cooperative to deposit 5% of the seasonal crop loan amount with the cooperative once every year. Members borrow twice a year, for the kharif and rabi season crops, and repay the amount twice a year. A decision was taken that the cooperative should pay interest on the money deposited at the same rate as the member was paying on the borrowed amount from the cooperative. This was to offset the interest cost that the member was incurring because he agreed to make this deposit from the loan amount. It was also agreed that this deposit amount can be withdrawn only on withdrawing from the membership of the cooperative; interest will be credited to the same deposit account annually.

At present, the interest cost is more than offset due to the positive differential between the rate of interest paid on the deposit amount and the rate of interest charged on the seasonal crop loan amount. The cooperative still benefits; otherwise it would have to borrow from the bank for business purposes at a much higher rate of interest.

### **Altered dynamics due to internal funds**

These two measures contributed to fuelling the growth and development of the Mulukanoor cooperative and facilitated a diversification of its services, to meet the ever growing and changing needs of its members. Due to these measures, members contributed uninterruptedly to the ever-increasing need of capital for diversification into activities that strengthened the cooperative and benefited the members significantly.

The internal generation of funds gave the cooperative the necessary freedom, in turn, to meet the crucial need of financing its members liberally for utilizing scarce ground water resources.

Over the years, the nature of its credit services programme was transformed from that of borrowing from the bank to lend to its members to that of lending to its members and seeking refinance from bank. This enables the cooperative to gain relative freedom to tune credit services to suit the needs of its members better, in terms of providing adequate assistance on time and reducing dependence on the bank. In the process the relationship between the Mulukanoor cooperative and the bank also got transformed from that of dependence to mutuality. There have been occasions, in the following years, when the financing bank requested the Mulukanoor cooperative to use some of its credit schemes so that it could meet its targets.

Because of access to large amount of internal funds, Mulukanoor was always in the forefront and used any scheme or programme that was of interest to its members profitably. Mulukanoor was in a position to use its funds in implementing the programme or scheme first and claim reimbursements later. This enhanced its credibility as an organization that can readily take up developmental scheme and implement them effectively. This also raised its image among members as an organization that strives sincerely to meet their requirements.

### **Members' need-oriented service diversification**

The Mulukanoor cooperative judiciously used various programmes of assistance that came its way, to enhance the productivity of its members' major resources, namely, their land and their labour. In the initial years, it addressed the need of its members of utilizing scarce ground water resources by providing term loans to dig new open wells, deepen the existing ones or to go for in well bores and energize their pump sets with electricity instead of using diesel. Its programmes of credit, supply of fertilizers, pesticides, agricultural equipment and implements along with proper guidance and subsequent monitoring of use by members were all aimed at achieving this end. Two of the services that benefit members significantly are:

#### **Marketing of paddy**

With adequate generation of internal funds and having won its members' loyalty through productivity enhancing input supply and micro-finance services, it ventured into the processing and marketing of output. It did this by grabbing an opportunity to establish a rice mill, with a capacity of one tonne per hour and with financial assistance from National Cooperative Development Corporation (NCDC).

With an assured supply of paddy from members (members repay their loans along with interest twice a year in kind, namely, in the form of paddy), it grew from strength to strength. At present, the Mulukanoor cooperative pays a premium over and above the market price of paddy, which constitutes a very significant and regular benefit to members. This activity also generates a major chunk of its surpluses, contributing continuously and helping the consolidation of gains both at the level of the cooperative and its paddy producing and supplying members. The Mulukanoor Cooperative, over the years, had increased its capacity for paddy processing to more than 4 tonnes/hr. and built an impressive storage capacity of over 10,000 MT.

Mulkanoor succeeded in this venture because it was able to link the repayment of loans to paddy procurement from members. This arrangement was beneficial to the cooperative as it meant an assured supply of paddy to achieve higher levels of business and that too without virtually involving any funds in working capital because members repay in kind, that is, paddy. The cooperative ends up paying to the bank out of the proceedings of the business and bears much less interest cost compared with what others end up paying on working capital. Mulukanoor cooperative has used this singular advantage to the maximum (more than 90% recovery of loans in the form of paddy consistently over these years).

### **Seed multiplication and marketing services**

Meanwhile, with the introduction of High Yielding Variety Programme, another dependency of the farmers had arisen for the regular supply of assured and good quality seeds. The Mulukanoor cooperative stepped in to fulfill this need because it also perceived a profitable business opportunity in doing so. Mulukanoor acquires the foundation seed from private companies and/or from different agricultural research stations and distributes the same among its members for multiplication. Depending on the contractual arrangements, it either markets the seed itself under its own brand name or supplies it back to foundation seed suppliers after processing and testing.

Having a substantial amount of internal funds, on which interest must be paid to members, created pressures on management and staff to diversify into other business activities (such as poultry feed supply), which were continued only as long as these were relevant.

### **Vigilant members demand accountability**

One of the consequences of augmenting internal funds was that it helped many members accumulate, without conscious effort, a reasonably large sum of money (longstanding members have more than what they borrow from the cooperative) in

their deposit account, which enhanced their credit worthiness, self worth, confidence and risk taking ability. It also raised their concern and level of anxiety, to become more vigilant about the activities of the management and staff, and the results thereof. In the meetings that were held regularly, the management and staff became more responsive about sharing information and accounts.

Mulukanoor may be one of the very few primary agricultural credit cooperatives, which presents printed annual reports and accounts to members, within four months of the closure of accounts. This practice has been followed regularly for over thirty years. It is also one of the very few cooperatives to insist on keeping passbooks of members in an updated condition. All these resulted in an open atmosphere of functioning, within well-established, accepted and understood procedures of work, trying to ensure equality of treatment and opportunity and reduce scope for favouritism.

When the stakes in the cooperative increased, members became cautious about exercising their right to vote and elected the management judiciously. Elections were always held by secret ballot and were always contested. Members understood that they not only have the right to elect but also have the right to information on all that elected or appointed bodies do and the right to intervene if they thought that these bodies were not performing in the interest of members or in accordance with their collective will.

### **Resisting temptation**

The anxiety about the large sum of money in the deposit account with the cooperative tempted some to withdraw their membership in order to withdraw this money and join as new members. Through suitable amendments of the by-laws, the cooperative decided to prevent such member behaviour and checked it in time. As per the amended rules, a member who decides to leave cannot join again before a specified number of years. Further, the member may be allowed to join again only on condition that he/she agrees to re-deposit the amount taken out of the cooperative when he/she left.

### **Financial Performance: Living up to Expectations**

The ever-increasing internal funds, on which interest needs to be paid, contributed to a gradual but subtle pressure on the management and staff to perform well and become economically prudent and efficient in their undertakings. At stake was the trust the members reposed in their integrity and the confidence they had in their ability to manage the affairs of the cooperative.

The management and staff of the Mulukanoor cooperative lived up to the expectations of their members by not extending credit unwisely, or tying the capital in excessive

inventories, or investing too much in fixed assets without keeping enough amount for adequate working capital, or continuing services that contributed negatively, and lastly, by not expanding or diversifying more rapidly than the available capital and resources would permit.

The management and staff of the Mulukanoor cooperative demonstrated their ability to produce satisfactory results and provided dividend on share capital regularly for over last thirty years.

The experience of the Mulukanoor cooperative thus indicates the indispensable nature of members' financial participation by contributing capital. A natural outcome was that members began patronizing the goods and services of their cooperative and demanding accountable and efficient performance.

Details about the Mulukanoor cooperative are presented in the following three tables:

Table 1: Mulukanoor Cooperative Rural Bank - 40 years of Progress – Sources of Funds

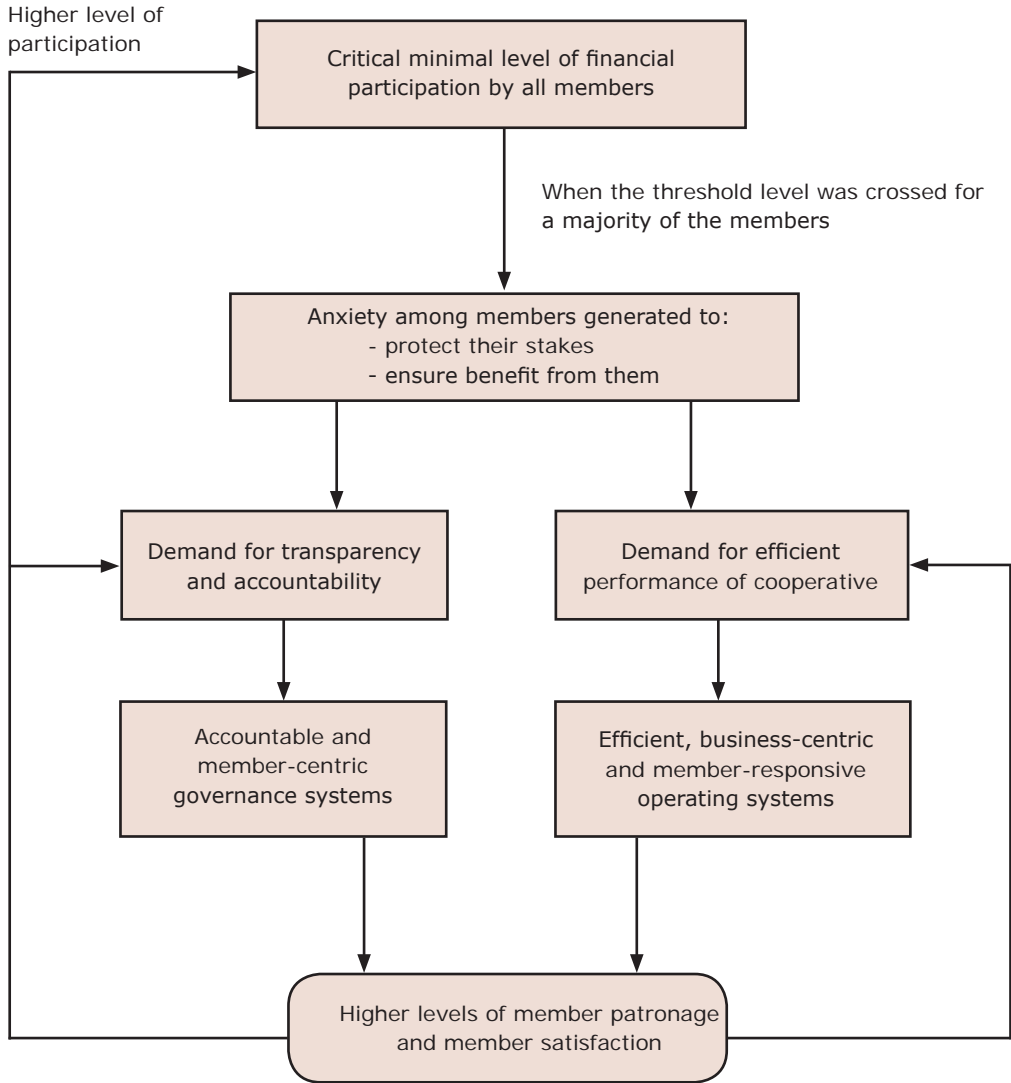
Table 2: Mulukanoor Cooperative Rural Bank - 40 Years of Progress – Uses of Funds

Table 3: Mulukanoor Cooperative Rural Bank - 40 years of Progress - Services

## Analysis and Reflection

The experience of Mulukanoor Cooperative shows that collective enterprise can be an effective instrument for the emancipation and economic development of the poor. However, it is very important to build in the financial stakes of the members over time and that too in an equitable manner. This ensures the active participation of members, improves patronage, creates demands for an accountable and transparent governance system and a member-responsive operating system. The case demonstrates that even more than institutional design or the creation of certain social structures, building in high stakes of the members is crucial for their involvement and creation of pressures on the governance and operating systems to deliver. These relationships are brought out through the flow diagram in Figure 1.

**Figure 1: Role of Financial Stakes in Member Patronage and a Cooperative's Performance**



**Table 1: Mulukanoor Cooperative Rural Bank – Sources of Funds (Rs in thousands)**

Year	Members		Staff	Shares	Deposits	Reserves	Borrowings	Payables	Surplus	Total Funds
	A	B								
1956-57	373	-	1	2	-	-	-	-	-	2
1957-58	429	-	3	13	-	-	74	-	1	88
1958-59	878	-	4	23	4	3	185	2	2	219
1959-60	904	-	5	33	15	9	247	30	10	344
1960-61	1,218	-	5	40	30	8	330	3	11	422
1961-62	1,509	-	12	66	47	23	420	62	15	633
1962-63	1,639	-	18	85	51	85	510	108	20	859
1963-64	1,760	-	23	167	100	98	624	104	19	1112
1964-65	1,892	-	23	207	127	180	996	71	38	1619
1965-66	1,994	-	42	302	136	176	1374	9	26	2023
1966-67	2,101	-	57	382	231	247	2244	201	43	3348
1967-68	2,151	804	64	491	340	379	2256	388	64	3918
1968-69	2,229	827	60	507	593	774	2589	178	58	4699
1969-70	2,280	1,246	58	706	410	877	3755	313	3	6064
1970-71	2,330	1,315	53	837	394	1014	2559	-	18	4822
1971-72	2,421	1,449	48	816	369	976	3141	14	73	5389
1972-73	2,903	1,534	84	966	420	1171	4928	2	47	7534
1973-74	3,143	1,845	105	1,060	1129	1335	5812	1005	323	10664
1974-75	3,336	2,325	110	1,300	1280	1562	7336	1862	241	13581
1975-76	3,500	2,487	142	1,591	1327	1804	7854	1897	175	14648
1976-77	3,344	2,496	146	1,689	1517	2975	9240	1396	66	16883
1977-78	3,382	2,496	137	1,754	1761	3766	9161	1710	106	18258
1978-79	3,325	2,500	145	1,826	1875	3626	12181	1839	335	21682



Continued...

Year	Members		Staff	Shares	Deposits	Reserves	Borrowings	Payables	Surplus	Total Funds
	A	B								
1979-80	3,222	2,500	109	1,821	1711	3184	9795	2175	357	19043
1980-81	3,465	2,501	104	1,725	2117	4109	11148	1946	355	21400
1981-82	3,396	2,525	101	1,739	2994	5538	8866	1640	827	21604
1982-83	3387	2,526	86	1,932	3668	6946	10001	2877	1110	26534
1983-84	3,282	2,622	93	2,638	4570	9239	15087	2634	1086	35254
1984-85	3,191	2,826	94	3,365	4778	9881	19331	2363	1380	41098
1985-86	3,385	2,826	92	5,972	5644	13508	19371	1441	1874	47810
1986-87	3,565	2,826	92	6,361	6848	14268	25958	3835	914	58184
1987-88	3,705	2,826	84	6,878	8091	16174	19334	5138	1896	57511
1988-89	3,730	2,893	84	6,699	11138	18351	27100	5253	2002	70543
1989-90	3,940	-	96	7,215	14002	21089	36263	10790	2191	91550
1990-91	4,317	-	96	7,960	16944	23237	36450	10750	1053	96194
1991-92	4,883	-	93	8,072	21302	28249	33239	10781	3939	105582
1992-93	5,160	-	91	9,133	24441	32225	35005	9451	2810	113065
1993-94	5,316	-	94	9,733	32060	36226	41074	8284	2981	130358
1994-95	5,518	-	98	10,119	39914	42191	34500	9644	4463	140831
1995-96	5,609	-	110	10,694	49720	50089	38421	6656	4648	160228
1996-97	5,684	-	110	11,525	60033	56793	63176	6195	5470	203192
1997-98	5,735	-	110	11,985	72158	67588	53897	8055	6719	220402
1998-99	5,849	-	120	13,246	85905	87517	38874	5381	7222	238145
1999-'00	5,936	-	115	14,318	137385	102482	36484	5361	8277	304307
2000-01	5,931	-	111	15,980	163611	110667	45845	7363	6566	350032
2001-02	5,987	-	110	16,957	178645	133830	20000	12388	10155	371975
2002-03	6,048	-	110	1,821	182289	142392	37464	12545	9813	402713

Table 2: Mulukanoor Cooperative Rural Bank - Uses of Funds

Year	Lending	Investments	Assets	Stocks	(Rs in thousands)		
					Receivables	Cash	Total funds
1956-57	-	1	-	1	-	-	2
1957-58	4	80	2	-	-	2	88
1958-59	99	60	2	12	22	24	219
1959-60	209	24	19	33	44	15	344
1960-61	272	33	21	74	11	11	422
1961-62	381	47	49	128	6	22	633
1962-63	425	66	91	204	62	11	859
1963-64	590	159	145	189	14	15	1112
1964-65	934	176	155	273	25	56	1619
1965-66	1002	180	344	278	119	100	2023
1966-67	1168	331	431	1266	52	100	3348
1967-68	1619	265	431	1574	9	20	3918
1968-69	2572	337	647	891	87	165	4699
1969-70	2770	334	747	1795	124	294	6064
1970-71	2626	463	743	807	122	61	4822
1971-72	3183	515	768	696	185	42	5389
1972-73	4381	466	898	1449	279	61	7534
1973-74	5570	889	1096	1559	1465	85	10664
1974-75	7237	1078	1487	2659	1054	66	13581
1975-76	6993	898	2398	2242	1885	232	14648
1976-77	6576	701	2904	4281	1710	711	16883
1977-78	8600	712	3194	3792	1817	143	18258
1978-79	7717	899	3569	6713	1822	962	21682

Continued...

Year	Lending	Investments	Assets	Stocks	(Rs in thousands)		
					Receivables	Cash	Total funds
1979-80	6762	1116	3787	5476	1645	257	19043
1980-81	6370	1490	4174	7998	1271	97	21400
1981-82	6621	1253	5481	6315	939	995	21604
1982-83	7602	1590	6351	7023	3636	332	26534
1983-84	7388	2133	7109	14653	3841	130	35254
1984-85	11046	2376	11574	12902	1919	1281	41098
1985-86	13368	2804	14045	10631	6236	726	47810
1986-87	17493	3316	15204	16410	4981	780	58184
1987-88	19098	3522	15653	14554	3874	810	57511
1988-89	23717	4286	16132	22169	2179	2060	70543
1989-90	27318	7493	16386	30917	8690	746	91550
1990-91	33726	8960	16398	28166	7370	1574	96194
1991-92	45720	13160	16725	19998	9949	30	105582
1992-93	54889	19025	17992	13192	7808	159	113065
1993-94	58540	15548	18447	23480	14034	309	130358
1994-95	59247	18585	21362	24385	16035	1217	140831
1995-96	64545	21931	24552	29126	19837	237	160228
1996-97	67218	31186	28891	66097	9451	349	203192
1997-98	66158	57178	31272	46632	18525	637	220402
1998-99	80650	52989	34357	54077	15701	371	238145
1999-00	88763	74161	38406	70764	31790	423	304307
2000-01	112941	90205	46206	67906	32425	349	350032
2001-02	125753	142677	48399	35902	18830	414	371975
2002-03	134977	134718	54276	49449	28730	563	402713

Table 3: Mulukanoor Cooperative Rural Bank - Services (Rs in thousands)

Year	Loans	Input Supply	Hire Charges	Output marketed	Consumer Goods	Total Services	Salaries & Wages	Surplus	Dividend
1956-57	-	-	-	-	-	-	-	-	-
1957-58	32	33	-	-	-	65	1	-	-
1958-59	186	39	-	-	-	225	2	2	5.75
1959-60	265	135	-	-	8	408	3	10	6.25
1960-61	292	143	-	-	6	441	4	10	6.25
1961-62	379	285	-	-	4	668	6	14	6.25
1962-63	446	380	-	-	15	841	10	18	6.25
1963-64	637	531	-	-	42	1210	13	18	6.25
1964-65	1295	1061	-	-	58	2414	22	38	6.25
1965-66	1324	881	-	-	183	2388	30	26	6.25
1966-67	1891	1276	-	-	299	3466	48	43	6.25
1967-68	3002	1562	-	2271	479	7314	84	64	6.35
1968-69	2340	1381	-	1058	441	5220	83	57	4
1969-70	2939	2258	28	113	697	6035	92	3	-
1970-71	3498	1897	1	-	100	5496	94	18	1
1971-72	3204	1916	87	1308	377	6892	86	74	4
1972-73	5343	1907	83	843	418	8594	119	47	2.75
1973-74	6933	3320	74	1507	431	12265	132	323	10
1974-75	9714	3780	187	2998	472	17151	145	241	10
1975-76	11669	4821	361	3461	575	20887	264	175	6
1976-77	12049	5039	370	3753	1054	22265	311	66	6
1977-78	6521	4093	383	4684	1029	16710	407	148	5.5
1978-79	6985	5979	474	4260	749	18447	445	335	10
1979-80	5379	4381	685	7342	1344	19131	423	448	10

Continued...

Year	Loans	Input Supply	Hire Charges	Output marketed	Consumer Goods	Total Services	Salaries & Wages	Surplus	Dividend
1980-81	6673	6198	810	5109	1727	20517	552	355	10
1981-82	8975	8179	822	9898	1969	29843	627	827	10
1982-83	9915	6441	1331	10950	2535	31172	648	1110	10
1983-84	14842	9862	846	14074	5722	45346	826	1086	10
1984-85	18059	9644	1463	20839	6630	56635	942	1380	10
1985-86	14289	7730	1560	17472	7537	48588	1069	1874	12
1986-87	23952	9731	1104	13859	6342	54988	1111	914	12
1987-88	22355	13638	872	28549	6252	71666	1204	1896	12
1988-89	34169	15705	921	31108	5765	87668	1464	2002	12
1989-90	35724	26095	1047	24727	5980	93573	1593	2191	12
1990-91	27504	19530	793	28197	5954	81978	1429	739	12
1991-92	54208	35994	1395	55686	9150	156433	2071	3939	15
1992-93	39344	31797	1438	24239	8464	105282	2350	2810	15
1993-94	26012	20139	1197	41410	13387	102145	2756	2981	15
1994-95	22172	24510	1217	58986	14473	121358	3079	4463	15
1995-96	34876	34114	1319	78232	13525	162066	3402	4648	15
1996-97	71,850	48819	1613	123001	17334	262617	3830	5470	15
1997-98	63987	52960	1498	151121	19970	289536	4384	6719	15
1998-99	83694	67981	1923	29439	19547	202584	4868	7222	15
1999-2000	1170 91	747 95	23 25	1648 49	141 65	3732 25	51 12	82 77	15
2000-01	1492 27	856 38	26 04	1694 63	132 11	4201 43	57 94	65 66	15
2001-02	1284 64	864 25	27 99	1937 34	177 22	4291 44	59 52	101 55	15
2002-03	1106 03	528 73	24 04	1336 40	152 01	3147 21	72 25	98 13	15

## End-notes

1. Abridged and edited version of the case study by Prof. K.V. Raju, (Faculty, IRMA) entitled, "Determinants of Enduring Cooperative Performance: Understanding from Experience of Mulukanoor, Andhra Pradesh, India."

# Annexures



1. Glossary of Terms
2. Resource Guide
3. Resource Institutions
4. Legal and Administrative Implications of Institutional Choice
5. **Three Main Micro-finance Models**
6. Design Principles for Collective Enterprise Institution
7. Participatory Rural Appraisal Methods and Techniques
8. **Tools and Frameworks for Conflict Analysis**
9. Participatory Tools for Gender Analysis
10. Appreciative Inquiry and Community Development
11. About the Contributors

# 1. Glossary of Terms

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## **Affinity Groups**

Affinity groups are organized in a non-hierarchical manner, usually using consensus decision-making, and are often made up of trusted friends with a common ideology. These groups have a method of organization that is flexible and decentralized.

[http://en.wikipedia.org/wiki/Affinity\\_group](http://en.wikipedia.org/wiki/Affinity_group)

## **Application Service Provider**

An application service provider (ASP) is a business that provides computer-based services to customers over a network.

[http://en.wikipedia.org/wiki/Application\\_service\\_provider](http://en.wikipedia.org/wiki/Application_service_provider)

## **Capacity Building**

Capacity building often refers to assistance that is provided to entities, usually societies (institutions) in developing countries that have a need to develop a certain skill or competence, or for general upgrading of performance ability.

[http://en.wikipedia.org/wiki/Capacity\\_building](http://en.wikipedia.org/wiki/Capacity_building)

## **Community Organizations**

Community organizations (sometimes known as community-based organizations) are civil society, non-profit organizations that operate within a single local community. These are essentially a subset of a wider group of non-profits. Like other non-profits, these are often run on a voluntary basis.

[http://en.wikipedia.org/wiki/Community\\_organization](http://en.wikipedia.org/wiki/Community_organization)

## **Collective Enterprise**

Refers to economic units which are owned and managed by the members of a collective (eds.).

## **Collective Farming**

A collective farm is essentially an agricultural production cooperative, in which member-owners engage jointly in farming activities.

[http://en.wikipedia.org/wiki/Collective\\_farming](http://en.wikipedia.org/wiki/Collective_farming)

## **Collectivization**

Collectivization is the process of forming collectives or collective communities, in which property and resources are owned by the community and not individuals.



<http://en.wikipedia.org/wiki/Collectivization>

### **Conflict**

Conflict is a state of opposition between persons or ideas or interests.

<http://www.thefreedictionary.com/conflict>

### **Conflict Management**

Conflict management, sometimes described as dispute avoidance, is a process that ensures that disputes do not arise. [http://en.wikipedia.org/wiki/Conflict\\_management](http://en.wikipedia.org/wiki/Conflict_management) However, 'managing conflicts' also implies creating conditions conducive for mutual negotiations between warring parties and the use of alternative dispute resolution mechanisms (such as conciliation, arbitration, adjudication and fact-finding), to resolve conflicts (eds.).

### **Conflict Resolution**

Conflict resolution is a range of methods for alleviating or eliminating sources of conflict. The term is sometimes used interchangeably with 'dispute resolution' or 'alternative dispute resolution'.

[http://en.wikipedia.org/wiki/Conflict\\_resolution](http://en.wikipedia.org/wiki/Conflict_resolution)

### **Connectivity Service Provider**

Connectivity service provider, also sometimes referred to as an Internet access provider (IAP), is a company that offers its customers access to connectivity.

[http://en.wikipedia.org/wiki/Internet\\_service\\_provider](http://en.wikipedia.org/wiki/Internet_service_provider)

### **Content Providers**

Content providers store and retrieve data, and make data accessible to all applications. They provide the only way to share data across applications.

<http://developer.android.com/guide/topics/providers/content-providers.html>

In the context of village knowledge centres, content providers could be a network of local institutions that have expertise on a particular subject of interest to the clients. Sometimes village experts can themselves be the knowledge/content providers (eds.).

### **Common Property Resources**

Common property resources (CPRs) are natural or human-made resources in which one person's use subtracts from another's use and in which it is often necessary, but difficult and costly, to exclude other users outside the group from using the resource.

[http://p2pfoundation.net/Common\\_Pool\\_Resource](http://p2pfoundation.net/Common_Pool_Resource)

The best way to ensure the sustainable and equitable use of CPRs is, therefore, for users to organize themselves and agree on certain norms and rules for abstraction as well as provision for maintenance of the resource. Traditional CPR institutions have been found to work effectively in a large number of resources such as fishing sites, and pasturelands all over the world (eds.).

### **Crafted Institutions**

Crafted institutions imply the opposite of 'self-organizing' ones and refer to PIs that have in some form been 'crafted' by an external agency or a programme, to the extent that certain rules are pre-determined, in order to maintain a particular standard within the programme. For example, the common guidelines for watershed development programmes of the central government specify the nature of institutions that need to be created by the community if it is interested in participating in these programmes.

### **Democratic Institutions**

Democratic institutions are those that uphold the values of democracy and follow democratic decision-making processes (eds.)

### **E-literacy**

E-literacy simply refers to the awareness, skills, understanding and reflective approaches necessary for an individual to operate comfortably in information-rich and IT-enabled environments.

[http://www.jelit.org/11/01/JeLit\\_Editorial.pdf](http://www.jelit.org/11/01/JeLit_Editorial.pdf)

### **Empowerment**

Empowerment is the process or end state by which individuals acquire the power to think and act freely, exercise choice and fulfill their potential as full and equal members of society. Empowerment often comes from within, and individuals empower themselves; however, cultures, societies, institutions and individuals can create conditions, which facilitate or undermine the possibilities for empowerment. The empowerment of women, for instance, is an essential precondition for the elimination of poverty and hunger, the full realization of human rights and the achievement of sustainable development.

<http://www.nzaid.govt.nz/library/docs/gender-doco.pdf>

### **External Conflicts**

External conflicts, in the context of community based initiatives (usually implemented through community based institutions), refer to conflicts with external stakeholders or

external forces that adversely affect the interests of the community members, their lives and livelihoods (eds.).

### **Facilitation**

Facilitation is broadly used to describe any activity that makes tasks for others easy.

<http://en.wikipedia.org/wiki/Facilitation>

In the specific context of community based institutions, facilitation refers to the process of hand-holding and capacity building that is necessary in the initial stages for the institution to find its feet and ultimately grow, through collective decision-making and action (eds.).

### **Financial Inclusion**

Financial inclusion is the delivery of banking services at affordable costs to vast sections of disadvantaged and low-income groups. Unrestrained access to public goods and services is a necessary condition for an open and efficient society.

[http://www.iibf.org.in/scripts/iib\\_financeinclusion.asp](http://www.iibf.org.in/scripts/iib_financeinclusion.asp)

### **Formal Institutions**

Formal institutions are openly codified, in the sense that they are established and communicated through channels that are widely accepted as official.

<http://forestry.oxfordjournals.org/content/80/5/489.full>

### **Gender**

Gender implies the social attributes, opportunities and roles associated with being female and male, and the relationships between women and men and girls and boys, as well as the relations amongst women and amongst men. These attributes, opportunities and roles are socially constructed, context- and time-specific, and changeable. Gender determines what is expected, allowed and valued in a woman, man, boy or girl in a given context society or culture, at a specific time and place. Gender is an overarching variable that cuts across all other factors including race, class, ethnicity, age and disability.

*Source: NZAID Gender Analysis Guideline, (<http://nzaidtools.nzaid.govt.nz/sites/default/files/tools/1195062.pdf>)*

### **Gender Equality**

Gender equality refers to the equal rights, responsibilities and opportunities of women and men, girls and boys. Equality does not mean that women and men, or girls and boys become the same, but that their rights, responsibilities and opportunities will not depend on whether they are born male or female. Gender equality implies that the

interests, needs and priorities of both women and men are taken into consideration, recognizing the diversity of different groups of women and men. Equality between women and men is a human right, a precondition for and indicator of sustainable people-centred development.

*Source: NZAID Gender Analysis Guideline, (<http://nzaidtools.nzaid.govt.nz/sites/default/files/tools/1195062.pdf>)*

### **Gender Mainstreaming**

Gender mainstreaming is a strategy to ensure that the needs, priorities and experiences of both women and men are taken into account when formulating development plans, policies and programmes. It is the process of assessing the implications, for women and men, of any planned action, including legislation, policies or programmes in all areas and at all levels including design, implementation, monitoring and evaluation.

*Source: ibid.*

### **Gender Relations**

Gender relations are the economic, social and power relationships between males and females. Rather than seeing women and men, boys and girls in isolation, gender relations require us to consider power, benefits, opportunities and rights, relative to each other.

*Source: ibid.*

### **Gender Sensitivity**

Gender sensitivity is the awareness and insight into the state of the other sex, with reference to historical roots of sexist stereotyping, discrimination and violence.

*Source: ibid.*

### **Grading**

Grading, in the context of marketing of commodities, refers to the classification of cleaned products into various quality fractions, depending upon the various commercial values (maturity, spoilage, damages, odour and taste) and other usage.

### **Gram Kosh**

Gram kosh is a fund created at the community level from contributions made by the community members themselves (eds.).

### **Human Capital**

Human capital refers to the stock of competences, knowledge and personality attributes embodied in the ability to perform labour, so as to produce economic value.

[http://en.wikipedia.org/wiki/Human\\_capital](http://en.wikipedia.org/wiki/Human_capital)

## **Human Resources**

Human resources is a term used to describe individuals, who comprise the workforce of an organization, although it is also applied in labor economics.

[http://en.wikipedia.org/wiki/Human\\_resources](http://en.wikipedia.org/wiki/Human_resources)

## **Inclusive Development**

Inclusive development is the process of ensuring that all marginalized/excluded groups are included in the development process (eds.).

## **Informal Institutions**

Informal institutions are socially shared rules, usually unwritten, that are created, communicated, and enforced outside of officially sanctioned channels'.

<http://forestry.oxfordjournals.org/content/80/5/489.full>

## **Institutional Sustainability**

Institutional sustainability is achieved when prevailing structures and processes have the capacity to continue to perform their functions over a long term. For institutional sustainability, it is important to have in place well-defined laws, participatory policy-making processes, effective public and private sector organizations that create a framework within which the livelihoods of the poor can be continuously improved.

<http://www.sustainableicts.org/Sustainable.htm>

## **Internal Conflict**

Internal conflict is a mental or emotional struggle that occurs within a person. However, in the context of people's organizations, it refers to disagreement or fighting within an organization. (eds.).

## **Kiosk**

Kiosk in information technology, is a small, physical structure (often including a computer and a display screen) that displays information for people walking by.

[http://whatis.techtarget.com/definition/0,,sid9\\_gci212445,00.html](http://whatis.techtarget.com/definition/0,,sid9_gci212445,00.html)

## **Knowledge Value Chains**

Knowledge value chains (KVCs) comprise two major sets of activities—knowledge acquisition and knowledge application.

[http://en.wikipedia.org/wiki/Knowledge\\_value\\_chain](http://en.wikipedia.org/wiki/Knowledge_value_chain)

In the context of rural livelihoods, KVC refer to a series of actors or institutions that collaborate to deliver information and knowledge services to rural or other clients (eds.).

## **Knowledge Worker**

Knowledge workers in today's workforce are individuals who are valued for their ability to act and communicate with knowledge within a specific subject area. Knowledge workers may be found across a variety of information technology roles, but also among professionals like teachers, librarians, lawyers, architects, physicians, nurses, engineers and scientists.

[http://en.wikipedia.org/wiki/Knowledge\\_worker](http://en.wikipedia.org/wiki/Knowledge_worker)

## **Latent Conflicts**

Latent conflicts are not easily discernable, particularly to external programme implementers or facilitators, because these tend to simmer beneath the surface with few overt signs of something being amiss. Many conflicts remain latent because the aggrieved parties lack access to community decision-making forums or forums for unbiased conflict resolution, in which they may seek redressal of their grievances. (Source: Madhu Sarin and Rukmini Rao, in Pastakia, 2008)

## **Manifest Conflict**

Manifest conflict is one that becomes explicit; conflict may be manifested in a variety of ways ranging from non-cooperation and sabotage to verbal exchanges and even outright violence. (Source: Pastakia 2008)

## **Market-led interventions**

Market-led interventions seek to increase the price realized by farmers and other primary producers through better marketing or by addressing market imperfections (eds.).

## **Micro-finance**

Micro-finance is the provision of financial services to low-income clients, including consumers and the self-employed, who traditionally lack access to banking and related services.

<http://en.wikipedia.org/wiki/Microfinance>

## **Micro-finance Institutions**

Microfinance institutions are organizations that offer financial services to the very poor. (eds.).

## **Micro-planning**

Micro-planning implies:

- a. The participation of the beneficiaries—the local people—in identifying needs.
- b. The generation of available resources, in terms of material inputs, co-operative action and the creation of more resources through supportive efforts
- c. The preparation of village plans, keeping in view the available resources.

[http://www.education.nic.in/edu\\_guarantee\\_sch/egsannex3.pdf](http://www.education.nic.in/edu_guarantee_sch/egsannex3.pdf)

### **Micro-watershed**

Micro-watershed is a small first- or second-class watershed, in which a certain number of families live (community), making use and managing the resources, mainly the soil, water, vegetation, including crops and native vegetation, and fauna, including domestic and wild animals of the area. <http://www.rlc.fao.org/en/tierra/micro.htm> From the operational viewpoint, it may be considered as the smallest ecological unit for planning the development of natural resources and NRM-based livelihoods (eds.).

### **Modern Institutions**

Modern institutions, in the context of people's institutions and as opposed to traditional institutions, refer to institutions of relatively recent origin that have been promoted in modern-day India with democratic and secular values. These institutions are more often than not created with the help of external support agencies under specific programmes for building local resources and livelihoods or providing welfare services (eds.).

### **Monitoring**

Monitoring refers to the process of continuous collection and review of data on the implementation of activities, so as to make course corrections as and when required and, thereby, improve the quality of implementation (eds.).

### **Nested Enterprises**

Nested enterprises, in the context of self-help organizations and people's institutions, refer to a system of inter-dependent institutions as opposed to multi-tiered institutions. For example, in Kalanjiam Community Banking Programme (KCBP) groups, clusters and federations are promoted as independent organizations, owned and controlled by members at the hamlet, village and block levels. Primary groups control both the clusters and federations. (Reddy and Prakash, 2003) accessed at <http://www.apmas.org/pdf/Status%20of%20SHG%20Federations%20in%20AP.pdf>

## **Non-farm Livelihoods**

Non-farm livelihoods are additional livelihoods from non-farm sectors and include agro-processing and services because the scope for improving employment in agriculture has almost been exhausted (eds.)

## **Oran Lands**

Orans—literally meaning the place where land, water and jungle peacefully cohabitate—were once considered the property of gods and were at the centre of rural life, a land resource for all to share in equally, and for all to protect under a communally enforced code. (<http://www.ashoka.org/fellow/3550>)

## **Packaging**

Packaging is the science, art and technology of enclosing or protecting products for distribution, storage, sale and use.

[http://en.wikipedia.org/wiki/Packaging\\_and\\_labeling](http://en.wikipedia.org/wiki/Packaging_and_labeling)

## **Pani Panchayat**

Pani panchayat is a voluntary activity of a group of farmers engaged in the collective management of water for both harvesting and equitable distribution among themselves, in order to improve their economic condition.

<http://panipanchayat.org/>

## **Patronage Cohesiveness**

Patronage cohesiveness is said to exist when a governing body takes all decisions with a view to maximizing members' interests and members' allegiance to the cooperative. They worry about the interests of all stakeholder groups, irrespective of the fact that a dominant minority may be contributing to the bulk of the business (Source: Tushar Shah, 1996).

## **Positive Discrimination**

Positive discrimination is an institutionalized way of enabling those historically disadvantaged by a social or political system to participate in public life.

<http://www.answers.com/topic/positive-discrimination-1>

## **Practical Gender Needs**

Practical gender needs refer to those needs that have been identified by women within their socially defined roles as a response to an immediate perceived necessity (for example, inadequacies in living conditions such as water supply, health care and



employment).

Source: NZAID Gender Analysis Guideline, (<http://nzaidtools.nzaid.govt.nz/sites/default/files/tools/1195062.pdf>)

### **Primary Producer**

Primary producer is a person or organization producing basic agriculture and agricultural commodities such as a farmer or a cattle producer.

[en.wiktionary.org/wiki/primary\\_producer](http://en.wiktionary.org/wiki/primary_producer)

### **Processing**

Processing may be defined as an activity that is performed to maintain or improve the quality or to change the form or characteristics of a commodity or product.

### **Promoter**

Promoter is a person who exercises substantial control over a company, or is a person who undertakes all necessary steps to float a company.

<http://www.legalserviceindia.com/article/l276-PromoterPromoter-Group.html>

### **Public Policy Advocacy**

Public policy advocacy refers to the effort to influence public policy through various forms of persuasive communication. Public policies include statements, policies or prevailing practices imposed by those in authority to guide or control institutional, community and, sometimes, individual behaviour.

[http://www.humsafar.org/rc/Advocacy\\_Strategy.doc](http://www.humsafar.org/rc/Advocacy_Strategy.doc)

### **Self-organizing Institutions**

Self-organizing institutions refer to informal institutions of a group of people, which emerge in response to a common issue or common purpose with which the group identifies. The institutions could take the form of rules, norms and sanctions that govern collective behaviour or collective action (eds.).

### **Semi-feudal System**

Semi-feudal system is a system based primarily on land; feudalism involved a hierarchy of authority, rights and power that extended from monarchy downwards. At the head of the system, the king owned all the land. Beneath the crown, an intricate network of duties and obligations linked royalty, tenants-in-chief (such as the barons), under-tenants (knights) and serfs. Feudalism was reinforced by personal oaths of allegiance and a complex legal system. (<http://encyclopedia.farlex.com/Semi-feudal>).

In the Indian context, the feudal system was further integrated with the caste system,

which placed certain castes such as the brahmins and kshatriyas close to the king whereas others, who performed tasks that were considered low or defiling, were treated as outcastes. The outcastes, now referred to as scheduled castes, continue to lead a life of deprivation and discrimination even in modern-day India. In certain parts of the country. Such areas are referred to as having semi-feudal system of governance (eds.).

### **Service Interface Provider**

Service interface provider, in the context of knowledge value chains, refers to the local entrepreneur or knowledge institution that provides service to rural clients by serving as interpreter and facilitator, thereby bridging the gap between ICT and rural clients (eds.).

### **Self-help Groups**

Self-help groups (SHGs) are village-based financial intermediaries, usually comprising between 10 and 15 local women.

[http://en.wikipedia.org/wiki/Self-help\\_group\\_\(finance\)](http://en.wikipedia.org/wiki/Self-help_group_(finance))

As the name implies, SHGs comprise a group of individuals who come together with the common goal of improving their socio-economic status. An SHG is not limited to savings-and-credit activity although, for many, this is a convenient starting point for building their financial position while learning to work together. SHGs are also known to take up micro-enterprise, and provide valuable services in the village such as advocacy for social issues and social change among other activities (eds.).

### **Social Capital**

Social capital includes features of social organization such as trust, norms (or reciprocity), and networks (of civil engagement), which can improve the efficiency of society by facilitating coordinated actions. (DFID, 1999) accessed at [www.dfid.gov.uk](http://www.dfid.gov.uk)

### **Social Discrimination**

Social discrimination is a sociological term referring to the treatment meted out to a person of a certain group, based solely on class or category. Discrimination is the actual behaviour towards another group.

[en.wikipedia.org/wiki/Social\\_discrimination](http://en.wikipedia.org/wiki/Social_discrimination)

### **Social Entrepreneurs**

Social entrepreneurs recognize a social problem and use entrepreneurial principles to organize, create and manage a venture to make social change (a social venture).

[http://en.wikipedia.org/wiki/Social\\_entrepreneurship](http://en.wikipedia.org/wiki/Social_entrepreneurship)

## **Stakeholders**

Stakeholders are persons, groups or organizations that have direct or indirect stake in an organization because it can affect or be affected by the organization's actions, objectives and policies.

<http://www.businessdictionary.com/definition/stakeholder.html>

## **Strategic Gender Needs**

Strategic gender needs are identified by women as a result of their subordinate social status. They tend to challenge gender divisions of labour, power and control, as well as traditionally defined norms and roles (for example, legal rights, domestic violence, equal wages and women's control over their bodies).

*Source: Caroline Moser (1993)*

## **Sub-sectors**

Sub-sectors are the set of all economic actors and factors (relationships between them) connected with a single commodity from its pre-production stage to its final consumption (eds.).

## **Sustainability**

Sustainability is the capacity to endure. In ecology, the word describes how biological systems remain diverse and productive over time.

<http://en.wikipedia.org/wiki/Sustainability>

## **Sustainable Development**

Sustainable development is a pattern of resource use that aims to meet human needs while preserving the environment, so that these needs can be met not only in the present but also for future generations.

[http://en.wikipedia.org/wiki/Sustainable\\_development](http://en.wikipedia.org/wiki/Sustainable_development)

## **Terminal Price**

Terminal price is the final price that the consumer pays for a product after it has undergone transformation through a value/supply chain (eds.).

## **Cooperatives**

Cooperatives are jointly owned commercial enterprises (usually organized by farmers or consumers), which produce and distribute goods and services and are run for the benefit of their owners.

<http://www.thefreedictionary.com/cooperative>

## **Traditional Institutions**

Traditional institutions are institutions that follow a set of customs passed down over generations, and have a set of beliefs and values that endorse those customs.

*Source: Samuel Fleischacker, 1994*

## **Umbrella Organizations**

Umbrella organizations are an association of institutions that work together formally, to coordinate activities or pool resources.

[http://en.wikipedia.org/wiki/Umbrella\\_organization](http://en.wikipedia.org/wiki/Umbrella_organization)

## **Value Chains**

Value chains are the full range of activities required to bring a product from its conception to its end use and beyond. This includes activities such as design, production, marketing, distribution and support to the final consumer (Ruijter de Wildt, Elliott, & Hitchins, 2006). A value chain is also referred to as vertical alliance (or strategic network) of enterprises (within a supply chain), collaborating to achieve a more rewarding position in the market (Agriculture & Food Council of Alberta, 2002).

## **Watershed Association**

Watershed association is an organization dedicated to the development and the protection of a designated watershed (eds.)

## 2. Resource Guide

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### Gender Balance

#### 1. **A Field of One's Own: Gender and Land Rights in South Asia**

Bina Agarwal, 1994

575 pages; Rs 395

Cambridge University Press (CUP), UK, and Foundation Books, New Delhi.

Being the first major study of gender and property in South Asia, this pioneering and comprehensive analysis by Bina Agarwal argues that the single most important economic factor affecting women's situations is the gender gap in command over property. In rural South Asia, the most significant form of property is arable land—a critical determinant of economic well-being, social status and empowerment. However, only a few women own land, and fewer control it. Drawing on a vast range of interdisciplinary sources and her own field research, and tracing regional variations across five countries, the author investigates the complex barriers to women's land ownership and control, and how they might be overcome. The book makes significant and original contributions to theory and policy concerning land reforms, 'bargaining' and gender relations, women's status, and the nature of resistance.

#### 2. **Tools for the Field: Methodologies Handbook for Gender Analysis in Agriculture**

Edited by Hilary Sims Feldstein and Janice Jiggins, 1994

270 pages; \$18.95

Kumarian Press, Connecticut

Comprising thirty-nine original cases, ranging from agricultural production to post-harvest activities, by contributors from the North and South, covering Latin America, Asia and Africa, this handbook offers a practical set of tools for anyone interested in gender analysis in agriculture. It provides real-life examples on how to assemble and use research tools for collecting gender-sensitive data, in a timely and cost-effective way.

#### 3. **The Oxfam Gender Training Manual**

Suzanne Williams with Janet Seed, and Adelina Mwau, 1994

648 pages; £35.96

An Oxfam Publication, UK and Ireland

Providing a comprehensive approach to gender training in development, the book encompasses work on gender awareness-raising and gender analysis at the individual, community and global levels. An important reference source for development agency trainers and academics, the manual acknowledges the work of the gender trainers throughout the world, who have developed the material. It offers everything one needs to know to organize, run and evaluate group workshops on gender. Important concepts such as defining gender and its relation to other issues are explained in the beginning. There are excellent guidelines for the facilitators for planning and running the training. There is also guidance on how to prepare further case studies. The book is aimed at NGO staff, who has some experience in running workshops, as well as experienced gender trainers.

## Inclusive Development

### 1. **Finding Pathways: Social Inclusion in Rural Development**

Edited by Smita Premchander, Sudin K. and Peter Reid, 2009

453 pages; Rs 475

Books for Change, Bangalore and WORLP, Bhubaneshwar.

Conceptualizing social inclusion, specifically in the South Asian context, with examples from India, Nepal and Bangladesh, the book presents the lived experience of excluded groups, and various projects and programmes that have led to inclusion or have failed to do so. It discusses examples of organization building, economic activities and educational support, at the grass-roots level. It highlights the need for policy change, and most importantly, change in the mindset.

### 2. **Putting People First: Sociological Variables in Rural Development**

Edited by Michael M. Cernea, 1991

Second edition

575 pages; Rs 1,846

A World Bank Publication, Washington, D.C.

Highlighting, more explicitly than the first edition, the issues related to NRM, particularly water, forests and fisheries, the second edition of this book deals with the environmental implications of development programmes, the development of human capital through investments in grassroots organizations and participation. It also points to such adverse consequences of development as the risk of greater impoverishment for some marginal groups, the forced displacement and involuntary resettlement of populations, and the deterioration

of common income-generating assets.

The authors stress the operational relevance of the sociologist's task. They draw lessons, both positive and negative, from many World Bank-assisted development projects, as well as projects supported by other international, bilateral or national development agencies.

### 3. **Rural Development: Putting the Last First**

Robert Chambers, 1983

246 pages; Rs 732

Prentice Hall, New Jersey

Emphasizing that rural poverty is often unseen or misperceived by outsiders, Dr Chambers contends that researchers, scientists, administrators and fieldworkers rarely appreciate the richness and validity of rural people's knowledge or the hidden nature of rural poverty. The book examines the various factors contributing to the vicious cycle of poverty, and suggests strategies to combat these factors.

### 4. **In the Hands of the People**

Anil Shah, 2001

Edited by Sudarshan Iyengar and Indira Hirway

360 pages; Rs 300

GIDR, Centre for Development Alternatives, and DSC, Ahmedabad

Comprising a collection of selected papers by the author on a wide range of rural development projects, programmes and policies, the book stands out for its honesty, perceptiveness and originality. It is based on the bedrock of realism, of direct personal experience and innovation in the field with poor people. It shows how participatory action research can feed into policy influence. And it does this from an impressive range of contexts and experiences from government administration to NGOs, from community development to joint forest management, from watershed development to participatory irrigation management, and from behaviour, attitudes and training to influencing and changing policy.

## **Social Analysis and Empowerment**

### 1. **Methods for Community Participation**

Somesh Kumar, 2002

336 pages; Rs 475

Vistaar Publication, New Delhi

Combining the concept, practice and application of participatory rural appraisal (PRA) in a comprehensive manner, the author views PRA as a means of opening up new ways of approaching various problems within the development process. He defines it as a growing body of methods to enable local people to share, enhance and analyze their knowledge of life and conditions, in order to plan, act, monitor and evaluate their actions. The book provides examples from experiences, material with directions for use, as well as possibilities for innovation. It is rich in insight from actual practice in the field, and contains useful tips on the best practices, which readers and practitioners will find extremely valuable. The book is divided into four parts. Part 1 deals with the concept of participation and explores its multiple dimensions. Parts 2 and 3 deal with the methods of PRA. Each method is explained with an introduction, applications, examples, a process outlining the steps, the time and material required, and the advantages and limitations of using these methods. The final part provides a summary of the concept of PRA.

**2. Locked Horns: Conflict and their Resolution in Community Based Natural Resource Management**

Edited by Astad Pastakia, 2008

331 pages; Rs 600

Books for Change, Bangalore

Portraying the tensions, trials and tribulations that affect communities struggling to manage local natural resources in a manner that satisfies the needs and aspirations of different stakeholders, Locked Horns is a collection of selected cases and review papers. The analyses of cases have led to the identification of important policy and management-related issues for western India; it has also helped in moving towards a theoretical model with significantly higher predictive and explanatory powers, as compared to earlier ones that were rooted in psychological and systems perspectives. The findings of this book will stimulate more research in a field of study that has great relevance for the sustainable management of scarce natural resources.

**3. Sojourners in the Process of Empowerment: A Training Manual on Social Analysis for Self-help Groups**

Jimmy Dabhi, 2006

118 pages; Rs 100

Indian Social Institute, New Delhi

Acknowledging the strengths and constraints of SHGs, the manual focuses on assisting and accompanying the members of such groups in the social analysis



of the context in which they are initiated, sustained and proliferated. These social analysis tools, methods and processes are meant to be used and further modified and developed within a broader perspective of development and empowerment of the voiceless, the socially discriminated, the excluded and women in particular. This manual is presented with a deep faith in the ability of people to know, to learn more and work towards their own emancipation from the shackles of exploitation and exclusion.

#### **4. Empowerment and Poverty Reduction: A Sourcebook**

Edited by Deepa Narayan, 2002

366 pages; Rs 750

A World Bank Publication, Washington, D.C.

Recognizing that poverty cannot be reduced on a large scale, without tapping into the energy, skills and motivation of millions of poor people around the world, the book offers a framework for empowerment that focuses on increasing poor people's freedom of choice and action to shape their own lives. This approach requires three societal changes: a change in the mindset, from viewing poor people as the problem to viewing them as essential partners in reducing poverty; a change in the relationship between poor people and formal systems, enabling them to participate in decisions that affect their lives; and a change in formal and informal institutions, to make them more responsive to the needs and realities of poor people. Based on analyses of experiences from around the world, the sourcebook identifies four key elements to support the empowerment of poor people: information, inclusion/participation, accountability and local organizational capacity. This framework is applied to five areas of action to improve development effectiveness. These are: provision of basic services, improved local governance, improved national governance, pro-poor market development, and access to justice and legal aid. The sourcebook also offers twenty 'Tools and Practices', focusing on a wide range of topics from poor people's enterprises, ICT to diagnostic tools, including corruption surveys and citizen report cards.

#### **5. Training for Transformation: A Handbook for Community Workers, Books 1–3**

Anne Hope and Sally Timmel, 1984

552 pages; £22.46

Mambo Press, Zimbabwe

Aiming at assisting workers in the field engaged in facilitating the development of self-reliant creative communities, the three books have, as their basic

philosophy, the belief that we should all participate in making this world a more just place to live in. Book 1, on 'Training for Transformation', describes Paulo Freire's theory on developing critical awareness and how to put this theory into practice. Book 2 is focused on the skills necessary for participatory education whereas Book 3 deals with the social analyses necessary to develop critical awareness and long-term planning and describes the steps needed to build solidarity in a people's movement.

## **6. Pedagogy of the Oppressed**

Paulo Freire, 1970  
176 pages; Rs 583  
Penguin Books India

Arguing that the ignorance and the lethargy of the poor are a direct result of economic, social and political domination, Paulo Freire, in this landmark account, establishes that by being kept in a situation in which critical awareness and response are practically impossible, the disadvantaged are kept 'submerged'. In some countries, the oppressors use the system of education to maintain this 'culture of silence' whereas, in others, the advance of technology has condemned many people, particularly the less well-off, to a rigid conformity. Through the right kind of education, avoiding authoritarian teacher-pupil models and based on the actual experiences of students and on continual shared investigation, every human being, no matter how impoverished or illiterate, can develop a new awareness of self, which will free her/him from being more than passive objects and respond to uncontrollable change. As Freire presents it, each individual wins back the right to say his or her own word, to name the world. This new edition has been modified to reflect the connection between liberation and inclusive language. Inspirational and ground-breaking, this revolutionary work continues to stimulate and shape the thought of educationists all over the world and on the overall struggle for national development in Third World countries.

## **7. Right to Food Campaign: A Training Manual**

Muktar Alam, G. Maheswaran and O.S. Tyagi, 2003  
68 pages; Rs 45  
Indian Social Institute, New Delhi

Aiming at training the masses and their trainers to run a campaign on the right to food, the manual has been divided into five sections. The first section gives an analysis of the political economy of food security in India. It covers the welfare

and delivery mechanism of the government along with its functioning. The second section is on legislative provisions for food to the citizens of India, in an attempt to create legal literacy among readers. Section three has information on international instruments and section four is on training for trainers as well as for communities on the right to food.

## Collective Action

### 1. **The Myrada Experience: A Manual for Capacity Building of Self Help Groups**

Myrada, 2001  
205 pages;  
Myrada, Bangalore

Bringing together the wealth of experience of Myrada's trainers, the manual may be used for institutional capacity building for any community based organization and not just SHGs. This user-friendly manual is intended for field trainers engaged in training CBOs. It is widely used in several parts of India and abroad because it fulfills a long-felt need.

### 2. **The Myrada Experience: A Manual for Capacity Building of People's Institutions Managing Watersheds**

Myrada, 2004  
350 pages;  
Myrada, Bangalore

Using the experiences of two decades of work by Myrada in building people's institutions in the context of watershed development, the manual is exclusively focused on the capacity building of watershed institutions—in particular, the watershed development association. The manual is organized in six sections and has 21 modules for training, which can be directly taken up by the field staff of any facilitating agency.

### 3. **Governing the Commons: The Evolution of Institutions for Collective Action**

Elinor Ostrom, 1990  
280 pages; \$26.99  
Cambridge University Press, Cambridge

Critiquing the foundations of policy analysis as applied to natural resources, Elinor Ostrom provides a unique body of empirical data to explore the conditions under which common pool resource problems have been satisfactorily or

unsatisfactorily solved. The governance of natural resources that are used by many individuals in common is an issue of increasing concern to policy analysts. Both state control and privatization of resources have been advocated, but neither the state nor the market has been uniformly successful in solving common pool resource problems. Dr. Ostrom first describes three models most frequently used as the foundation for recommending state or market solutions. She then outlines theoretical and empirical alternatives to these models, in order to illustrate the diversity of possible solutions. In subsequent chapters, she uses institutional analyses to examine different ways, both successful and unsuccessful, of governing the commons. In contrast to the proposition of the tragedy of the commons argument, common pool problems sometimes are solved by voluntary organizations rather than by a coercive state. Among the cases considered are communal tenure in pasturelands and forests, irrigation communities and other water rights, and fisheries.

#### **4. Catalysing Cooperation: Design of Self Governing Organisations**

Tushar Shah, 1996

315 pages; Rs 395.00

Sage Publications, New Delhi

Offering a new theoretical framework for understanding cooperatives and people's organizations, Tushar Shah examines different cases, including dairy cooperatives, sugar cooperatives and informal village-level water companies, and observes the great impact that regional social conditions have on the operation and design of these cooperatives. In order for cooperation to be used as an effective instrument of socio-economic development, these organizations must master the art of catalyzing cooperation based on robust design. The author offers concrete recommendations on how to redesign cooperatives so that they will survive and succeed amidst stiff competition. Catalysing Cooperation provides a framework for creating more effective self-governing organizations within the cooperative sector, which will benefit practitioners as well as students, professionals and researchers interested in the field.

## **Institutional Sustainability**

### **1. Criteria and Indicators of Sustainability in Rural Development: A Natural Resource Perspective**

Edited by Anil K. Gupta, 2001

424 pages;

Oxford & IBH Publishing Co. Pvt. Ltd, New Delhi

Presenting the proceedings of an international workshop on the subject of criteria and indicators of sustainability, organized at the Indian Institution of Management, Ahmedabad, during March 1999, the book begins with the premise that the concept of sustainability was losing its coherence because of the absence of precise criteria and indicators to measure it. The papers presented in the workshop try to fill this gap. The discussion focuses on what is a good indicator, how it helps in relating to various criteria of sustainability (ethical, technological, institutional, socio-cultural or economic), and the areas for future study. The use of different criteria and indicators for assessing sustainability in the areas of biodiversity, conservation, rural development, institutional health, participatory learning, biosphere reserves, etc., are discussed, with specific case studies from different Asian countries such as Maldives, Seychelles, Nepal, Mongolia, Bhutan, Iran, Sri Lanka and India.

### 3. Resource Institutions

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The institutions included in this list are based on our knowledge of the contribution they have made to this field. The authors are aware that there may be several other institutions doing equally valuable work and therefore this should not be taken as an exhaustive list.

#### 1. **Praxis—Institute for Participatory Practices**

C - 75, South Extension, Part II  
New Delhi 110049  
Ph/Fax: + 91-11- 41642348/49/50/51  
E-mail: info@praxisindia.org  
Website: www.praxisindia.org

Praxis—Institute for Participatory Practices is committed to mainstreaming the voices of the poor and marginalized sections of society in the process of development. This stems from the belief that for development to be sustainable, the process must be truly participative. Praxis works through consultancy services and participatory action research for external organizations as well as activists. Praxis shares its knowledge and expertise with other organizations (NGOs, CBOs, etc.) and engages in issues that help bring the voices of the poor and the marginalized to the table. Praxis's long-standing expertise in training and capacity building is geared for creative and effective strategies to implement participation as a key developmental tool.

#### 2. **JANVIKAS**

C-105, Royal Chinmay  
Off Judges Bungalow Road  
Bodhakdev, Vastrapur  
Ahmedabad 380054, India  
Tel: +91-79-26857745  
E-mail: janvikas\_ahm@vsnl.net  
Website: <http://www.navjan.org>

Started as a training and support organization in 1987, Janvikas sees its role as one of promoting sustainable changes by supporting voluntary efforts at the grass-roots level, setting up issue-based institutions, enhancing capacities and focusing on motivating and training youth for nation building. Now Janvikas has grown from a two-person team to a complex of issue-based institutions in the development field. Among the sister organizations that it has spawned are Centre for Social Justice, Paryavaran Mitra, Janvikas Ecology Cell (now

Sahjeevan), and Drishti (now Video Volunteers).

### 3. **Watershed Support Services and Activities Network (WASSAN)**

H. No. 12-13-450, Street No. 1  
Secunderabad 500017, Andhra Pradesh, India  
Tel: + 91-40-27015295/27015296  
E-mail: wassan@eth.net  
Website: <http://www.wassan.org>

WASSAN was started in 1995 as an informal network of NGOs, to influence governmental policies related to its Watershed Development Programs being implemented in drought-prone areas a of rural India. Its efforts are directed towards bringing about a qualitative change in the watershed development programmes in India, and providing capacity building and support services for development initiatives in NRM, with a focus on promoting livelihoods of the poor, with gender equity.

### 4. **Mysore Resettlement and Development Agency (MYRADA)**

Myrada Head Office  
No. 2 Service Road  
Dumlur Layout  
Bangalore 560071  
India  
Tel: +91-80-5543166/5564457/5572028/5578279  
e-mail: [info@myrada.org](mailto:info@myrada.org)  
Website: [www.myrada.org](http://www.myrada.org)

Myrada manages rural development programmes in three states of South India and provides on-going support, including depositions of staff to programmes in six other states. The NGO also promotes the Self-help Affinity Group strategy in Cambodia, Myanmar and Bangladesh. Myrada's mission statement is, 'Building poor people's institutions'. This arose from the belief that the poor have a right to craft their own institutions. Myrada is now working directly with 75,000 families, and approximately 8,50,000 people.

### 5. **Development Alternatives (DA)**

111/9-Z, Kishangarh, Vasant Kunj,  
New Delhi 110070, India  
Tel: +91-11-26134103/26890380  
Fax: +91-11-26130817  
E-mail: [tara@devalt.org](mailto:tara@devalt.org)  
Website: [www.devalt.org](http://www.devalt.org)

DA is a non-profit organization established in 1983. Its main focus is on creating large-scale sustainable livelihoods. DA works with a wide range of partners: government, international agencies, public and private sector institutions and grass-roots voluntary organizations. The responsibility for providing support to such partnerships lies with the respective functional units of the DA Group. Supporting field projects aimed at livelihood augmentation and environmental protection, DA is one of the better known training institutions in the developmental sector.

## 6. **The Livelihood School**

BASIX, 3rd Floor, Surabhi Arcade  
Bank Street, Koti  
Hyderabad 500001, Andhra Pradesh, India  
Tel: +91-40-30512500/01  
E-mail: ho@tls.org.in, ho@thelivelihoodschool.org  
Website: <http://thelivelihoodschool.in>

The Livelihood School is an academic institution promoted by the BASIX group, a livelihoods promotion institution. The mandate of the school is to build a knowledge base on livelihoods and disseminate the same to livelihood practitioners for enhancing their understanding and implementation capabilities. These practitioners will, in turn, promote a large number of livelihoods.

## 7. **Andhra Pradesh Mahilabhivruddhi Society, (APMAS)**

Plot 20, Rao & Raju Colony, Road 2  
Banjara Hills, Hyderabad 500034  
Andhra Pradesh, India  
Tel: +91-40-23547952/27, 23555864  
E-mail: [info@apmas.org](mailto:info@apmas.org)  
Website: [www.apmas.org](http://www.apmas.org)

APMAS is a national-level technical and managerial support institution, with a vision of promoting 'sustainable self-help movement in India'. It works for women's empowerment and poverty alleviation through capacity building, quality assessment, livelihoods promotion, communication, research and advocacy on a fee-for-service basis. APMAS has strong networks with the Department of Women Empowerment and Self Employment, SERP, APRLP, PRIA, NABARD, Andhra Bank and other state-level institutions. APMAS has responded to requests for capacity building support from training institutions located in Hyderabad such as NIRD, MANAGE, APARD, ICM and others.



## 8. **Association for Rural Advancement through Voluntary Action and Local Involvement (ARAVALI)**

Patel Bhawan, HCM RIPA  
Jawaharlal Nehru Marg  
Jaipur 302017, Rajasthan, India  
Tel/Fax: +91-141-2701941/2710556/2704750  
E-mail: aravali-rj@nic.in  
Website: <http://www.aravali.org.in>

ARAVALI was initiated as a result of the joint effort of the Government of Rajasthan and a few leading voluntary agencies in 1994, to promote innovations in development and act as an interface between the government and voluntary organizations. ARAVALI has been working closely with over about 30 different voluntary organizations in Rajasthan, helping them through a process of training, exposure and organizational development, in the context of NRM, micro-finance and livelihood development. ARAVALI has also helped address policy issues related to natural resources especially watershed management, rainfed agriculture and livestock management. An important area of work has been information sharing and documentation of best practices. ARAVALI aims to increase the number of voluntary agencies that have an ability to work on sustainable management of natural resources in the state.

## 9. **Tata-Dhan Academy**

Boys Town Campus, Pulloothu,  
Madurai 625016, Tamil Nadu,  
India  
Tel: +91-452-2475318/2475219  
E-mail: [tatadhanacademy@satyam.net.in](mailto:tatadhanacademy@satyam.net.in)  
Website: <http://www.dhan.org>

Tata-Dhan Academy aims at becoming a centre of excellence in development management education, training and research. It nurtures, grooms and educates young graduates, both boys and girls, as development professionals. They receive multi-disciplinary knowledge, including applied technologies relevant to the 'context'. Equally high is the emphasis on 'learning' and 'building knowledge' through action-reflection-action. Simultaneously, the focus is on building high-quality, techno-managerial competencies supported by appropriate motivations, values and attitudes to work with people, the disadvantaged in particular, with a view to 'building people's organizations to build people'.

## 10. **Development Support Centre (DSC)**

Marutinandanvilla, Near Government Tube Well,  
Bopal, Ahmedabad 380058  
Gujarat, India  
Tel+91-2715-235994/95  
E-mail: [dsc@dscindia.org](mailto:dsc@dscindia.org)  
Website: [www.dscindia.org](http://www.dscindia.org)

Established in 1994, Development Support Centre provides knowledge-based support to community based organizations, NGOs and government functionaries. DSC helps in the capacity building of key functionaries in rural development, performs hand-holding operations in the field, takes initiatives for policy change, and carries out field studies and research projects related to issues in policy and practice. It directly implements key projects in more than 200 villages in rainfed and irrigated areas across two States, that is, Gujarat and Madhya Pradesh.

## 11. **Indian Society for Applied Behavioural Science (ISABS)**

B-1/33 A, Mezzanine Floor,  
Hauz Khas, New Delhi 110 016  
Tel: +91-11-26850956/26964710  
E-mail: [isabs@ndf.vsnl.net.in](mailto:isabs@ndf.vsnl.net.in)  
Website: <http://www.isabs.org/>

Started in 1972, the Indian Society for Applied Behavioural Science is a national, non-profit, voluntary, professional organization founded by a group of behavioural scientists engaged in applying their knowledge and skills for the well-being of persons and organizations. ISABS is a value-based institution dedicated to the dignity and autonomy of human beings as individuals in groups, organizations and society at large. Its members work as independent consultants, trainers, counsellors, academicians, training managers, personnel and human resource development managers in industrial and non-industrial organizations, and as community change agents.

## 12. **Human and Institutional Development Forum**

26, Jayasree Nilaya  
Kanakapura Road  
Basavanagudi  
Bangalore 560004, India  
Tel: +91-80-26578193  
E-mail: [hidforum@vsnl.com](mailto:hidforum@vsnl.com)  
Website: [www.hidforum.org](http://www.hidforum.org)

Founded in Bangalore, in March 2000, Human and Institutional Development (HID) Forum brings together people from different professional and organizational settings, who aim to develop new ways of thinking, working and reflection about HID, especially in the field of rural development. HID is about supporting individuals, groups and organizations to enhance and develop their social and methodological competencies, enabling them to carry on social change and development processes more effectively.

## 4. Legal and Administrative Implications of Institutional Choice<sup>1</sup>

Institutional Type	Advantages	Disadvantages
Society	<ol style="list-style-type: none"> <li>1. Simple process of registration.</li> <li>2. Simple record-keeping and even simpler regulations.</li> <li>3. Low possibility of interference by the regulator.</li> <li>4. Exemption (largely) from tax due to the overtly charitable nature of operations.</li> <li>5. Appropriate for taking up micro-insurance (as an agency) on behalf of insurance companies.</li> </ol>	<ol style="list-style-type: none"> <li>1. A charitable institution, in essence, it is inappropriate for the for-profit, financially sustainable, strategic goal of micro-finance operations.</li> <li>2. Tax-exemption for surpluses can be (and is) challenged on the question of whether provision of microfinance services is a charitable activity.</li> <li>3. There is no system of equity investment or ownership, thereby, making it less attractive for commercial investors interested in microfinance.</li> <li>4. Commercial investors generally regard investments in such entities risky, primarily on account of their lack of professionalism and managerial practices and are, therefore, reluctant to commit large volumes of funds to such MFIs.</li> <li>5. In accordance with Section 45S16 of the RBI Act, 1934, no unincorporated bodies are allowed to accept deposits from the public. Organizations registered under the Societies Registration Act and the Trust Act are considered unincorporated bodies. Therefore, according to the law, they are not even allowed to collect savings from their clients.</li> <li>6. Also vulnerable to the use of usurious (exorbitant) interest prevention acts of various state governments because the status of microfinance as a charitable activity is debatable.</li> </ol>
Trust	<ol style="list-style-type: none"> <li>1. Simple process of registration.</li> <li>2. Simple record-keeping and even simpler regulations.</li> <li>3. Low possibility of interference by the regulator.</li> <li>4. Exemption from tax (largely) due to the overtly charitable nature of operations.</li> </ol>	As above

Continued...

Institutional Type	Advantages	Disadvantages
Section 25 Companies	<p>1. <i>Exemption from income tax:</i> Section 25-1A of the Companies Act, 1956, mentions that the objective of charitable Section 25 companies is, “the promotion of commerce, art, science, religion, charity or any other useful object.” This works as a great advantage for MFIs.</p> <p>2. <i>Leveraging capacity:</i> Having a Section 25 company adds to the legitimacy of the institution. It also adds to the credibility of the commercial FIs, who are willing to lend to the sector.</p> <p>3. <i>Easier processes and low regulator interference:</i> As discussed in the preceding sub-sections, Section 25 companies have relatively easier processes to register and they need to comply with very few regulatory requirements. They also need not register with the RBI, unlike NBFCs. This makes the functioning of the organization very easy.</p>	<p>1. <i>Deposit mobilization:</i> The same restrictions as for societies/trusts apply for deposit mobilization in Section 25 companies.</p> <p>2. <i>Not an attractive option for equity mobilization:</i> Being a not-for-profit entity prohibits Section 25 companies from distributing dividend. Therefore, these entities find it difficult to attract equity investors or even some social investors, to invest equity funds with them. Also, the exit route for investors is not smooth because another investor willing to forgo the possibility of a dividend return on the investment must be found.</p> <p>3. <i>Lack of clarity on ceiling:</i> Although microfinance defined by the RBI provides for financial services of very small amounts, RBI instructions exempting Section 25 companies from registration and reserve requirements for NBFCs stipulate that loans should not exceed Rs 50,000 for non-housing purposes and Rs 1,25,000 for housing purposes.</p>
NBFC	<p>1. <i>Investor confidence:</i> Being registered as an NBFC commands a higher level of confidence among institutional lenders and banks.</p> <p>2. <i>Limited regulation if not accepting deposits:</i> MFIs registered as NBFCs are subject to nominal regulations if they are not accepting public deposits.</p> <p>3. <i>Attractive option for social investors:</i> They are the most preferred option for social investors because of the disclosure norms that NBFCs follow. The exit route for such investors is also relatively safe compared to other types of MFIs.</p> <p>4. <i>Up-scaling of operations:</i> With a regulated set-up, professional management and high investor confidence, it becomes far easier to scale up operations.</p>	<p>1. <i>Very high minimum capital requirement:</i> Rs 20 million needed to obtain a license.</p> <p>2. <i>Deposit mobilization:</i> Can mobilize deposits only after completing two years of operations and obtaining an investment grade rating, which is difficult to get.</p> <p>3. <i>Foreign direct investment and venture capital restrictions:</i> The MFI must first raise more than Rs 22 million from domestic sources before it can become eligible for foreign equity investment.</p>

Continued...

Institutional Type	Advantages	Disadvantages
Nidhi Companies	<ol style="list-style-type: none"> <li>1. Provide very liberal provisions, in terms of compliance with several regulatory norms of the Companies Act.</li> <li>2. Are allowed to accept deposits from members; for MFIs, this represents a way around the problem of NBFCs needing to be registered with the RBI and then waiting two years or more to get an investment grade rating.</li> <li>3. Are governed by the Companies Act 1956, which allows them to be a corporate agent of a life insurance and a non-life insurance company. In case they are functioning as MFIs, they can avail of the FDI facility, recently announced by RBI.</li> <li>4. Can also obtain donated equity from abroad, provided they have the necessary clearance under FCRA.</li> </ol>	<ol style="list-style-type: none"> <li>1. The requirement that such companies should lend only against substantial collateral makes them unsuitable as a legal form for MFIs that, by the very nature of their business, must advance loans without collateral.</li> <li>2. The inability of these companies to hold any share capital brings them on par with societies and trusts in other ways. Therefore, they are also subject to the disadvantages of societies and trusts in the matter of fund mobilization and management.</li> </ol>
Cooperative Banks	<ol style="list-style-type: none"> <li>1. Can accept demand and time deposits.</li> <li>2. Require low capital.</li> <li>3. Have access to clearing house functions.</li> </ol>	<ol style="list-style-type: none"> <li>1. Duality of control. Problems are greater in case the relevant state does not have an MACS Act.</li> <li>2. Poor public image of cooperative banks following recent governance and management problems, resulting in the failure of a number of such banks.</li> <li>3. On account of these failures, it is now also extremely difficult to obtain new licenses from the RBI.</li> </ol>
Mutually Aided Cooperative Societies	<ol style="list-style-type: none"> <li>1. Ease of formation and management.</li> <li>2. Can accept deposits.</li> <li>3. Minimal interference from regulators, unlike cooperative societies formed under the traditional cooperative laws.</li> <li>4. Client-centric and, therefore, can mobilize equity from the clients.</li> </ol>	<ol style="list-style-type: none"> <li>1. Virtually no regulation. May also encourage risk-taking behaviour by the promoters/managers, resulting in the collapse of the institution.</li> <li>2. May affect scaling up because cooperatives are not perceived as trustworthy organizational forms by the formal financial sector.</li> <li>3. Unlike other entities such as societies or trusts, these do not have the advantage of tax exemption.</li> </ol>

## Continued...

Institutional Type	Advantages	Disadvantages
Producer Companies	<ol style="list-style-type: none"><li>1. Simple process of registration.</li><li>2. Simple record-keeping and even simpler regulations.</li><li>3. Low possibility of interference by the regulator.</li><li>4. Member-focused approach.</li></ol>	<ol style="list-style-type: none"><li>1. As a member-owned organization, bound to face problems related to professional management and governance; also, a profit-centric approach, necessary for long-term sustainability of the microfinance programme, may take a back seat.</li><li>2. Tax exemption for surpluses not likely.</li><li>3. Commercial investors could shy away; equity investment may not be possible in such organizations. Also debt investment would have its limitations because such organizations, by design, would have problems in mobilizing equity.</li></ol>

## End-notes

1. Abstracted from *Existing Legal and Regulatory Framework for the Microfinance Organisations in India: Challenges and Implications*, Chapter 2, Sa-Dhan Microfinance Resource Centre, New Delhi, 2006.

## 5. Three Main Micro-finance Models

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The design of micro-finance institutions varies from agency to agency. Dutta (2006) identified three different models in use. The characteristics of each model were further explored in depth in a case writing workshop facilitated by the first author for The Livelihood School in 2006. These are described briefly below:

- a. SHG model
- b. Grameen Bank model
- c. BASIX Joint Liability Group (JLG) model

The models differ from each other in terms of the target segments, terms for lending, and other such parameters. Table 1 helps to characterize the models across nine such parameters.

As the table shows, both SHG and Grameen Bank models provide credit to members for consumption and production needs. The difference is that in the former the loan is given to the group, which in turn lends to the individual member whereas in the latter the individual gets the loan directly from the MFI. Basix JLG model too provides loans to individuals directly, but on condition that a joint liability group stands guarantee.

The SHG model makes savings the plank to instill financial discipline, which is not considered necessary in the other two models – although the Grameen Bank model does encourage savings through a separate account with the bank/MFI.

Out of the three the Grameen Bank model is the most programmed and schedules are followed rigidly, almost religiously. In both Grameen Bank and SHG models the borrower moves through progressive cycles of borrowing and gain confidence as well as financial independence over time. In the case of Basix JLG model, the client is likely to be more entrepreneurial with greater risk cushion as he/she is already “economically active” to start with. The SHG model is the most flexible of the three and exhibits a number of variations depending on the arrangements for routing external credit and building the capacity of SHGs. The main variations are listed below:

- i. NGO establishes linkages between Bank and SHG. Bank lends directly to the SHG and is also responsible for recovery.
- ii. A federation of SHGs is formed at the block/district level. The Federations may stand guarantee with banks and /or play the role of routing the credit while retaining a small fee to meet their administrative expenses.
- iii. The NGO sets up a Non-banking financial institution (NBFI) or a Bank to play the role of Micro-finance Institution. It may itself provide the capacity building support.



**Table1: Characteristics of Three Main MF Models**

Variable	SHG Model	Grameen Bank	BASIX JLG
Lending to Whom	Loans to groups >> Borrowers	Loans to individuals	Loans to individuals
Targeting	Men's groups Women's groups Mixed groups	Women's groups only	Economically active (men / women)
Group size	10-20	5 sub groups	4-6 for JLG
Lending Process/ Schedule	Savings proceeds credit; 6-12 months gestation	Credit as per schedule (4-10 weeks); Savings encouraged through separate account	Credit disbursement after credit assessment; After group agrees to form JLG
Frequency and purpose of meetings	Regular; For credit and repayment and savings; also Social issues	Regular – monthly or weekly For repayment only	Not regular; Specific purpose meetings only; Agents to recover loans
Loan size	Progressive increase in cycles Ratio to savings Group decision Amt not fixed	Stepwise increase; fixed quantities and stages But borrower has choice not to take more than need	Based on credit assessment by agent
Repayment Schedule	Seasonal Determined by groups	Regular rigid schedules	Flexible product based schedules; Mutual agreement with borrowers
Capacity building	For finance and accounts Business dev. Social issues	For finance accounts only	Loan orientation
Other products	Insurance Pension Money transfer	Insurance Pension Money Transfer	Insurance Ag-BDS IDS

- iv. NGO directly plays the role of routing credit from a bank and takes the responsibility of repayment In another variation of the same model a federation of SHGs may play the role of hand-holding and capacity building of its member SHGs. The fees paid by member institutions are sufficient to cover it expenses and make is self-supporting.
- v. The NGO sets up a Community Managed Resource Centres – one for every 100-120 SHGs. These are managed by elected representatives

from SHGs and CBOs and supported by professional staff from the NGO as well as community resource persons. CMRCs are service centers that are designed to become self-sustaining over a period of time. They do not undertake any financial intermediation.

## 6. Design Principles for Collective Enterprise Institution<sup>1</sup>

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Before presenting the design principles, we explain three types of efficiencies that a collective enterprise institution must possess in order to be successful.

### Efficiencies Needed by Collective Enterprise Institutions

#### i) Patronage cohesiveness

This is said to exist when a governing body takes all decisions, with a view to maximizing members' interests and members' allegiance to the collective enterprise institution. It worries about the interests of all stakeholder groups, irrespective of the fact that a dominant minority may be contributing to the bulk of the business.

In a typical collective enterprise institution, the structuring of the relationship between the board and the general body (through the design of the electoral system) determines the extent of patronage cohesiveness of governance. In simple words, if all stakeholder groups are not represented adequately, in proportion to their numbers or potential contribution to the business enterprise, at least a few members are likely to feel alienated, resulting in lower levels of patronage cohesiveness.

#### ii) Governance effectiveness

This is achieved when the governing board demonstrates a capacity and will to hold the operating system accountable to it, for achieving the organized goals and vision of the collective. It also implies leadership of the board to motivate and energize the professional staff in charge of the operating system.

#### iii) Operating effectiveness

This refers to the effectiveness of the operating staff in a) providing services to members and b) obtaining business, capital and allegiance to the organization. In essence, member loyalty and allegiance are sustained through mutually reinforcing relationships between the operating system and the members.

# Design Principles for Collective Enterprise Institutions

## 1) Choosing an appropriate purpose

- a. Robust designs of member organizations focus clearly on purposes, which are central to their members rather than those of interest to external agents.
- b. The purposes a collective chooses should, in principle, be achievable by organizational intervention.

## 2) Creating an appropriate operating system

- a. In well-designed collective enterprise institutions, operating systems build and sustain competitive advantage by developing new ways of organizing business and of serving members as well as customers.
- b. Robust designs of collective enterprise institutions excel at rooting their unique competitive advantage in their very character as collectives, which is the only thing other competitors cannot replicate even in the long run.

## 3) Creating governance with patronage cohesiveness

- a. The operating system's performance, relative to its potential, is determined by the quality and level of performance-linked demands placed upon it and of performance-linked support—including rewards—provided to it by the governance structure.
- b. Robust designs of collective enterprise institutions overcome their governance weakness by promoting (or permitting) design-features that maximize the patronage cohesiveness in their governance structure (GS) and processes.

## 4) Nurturing member allegiance

- a. A bad 'launch' and 'running in' can cause an otherwise robustly designed cooperative to fail.
- b. Institutions with robust designs evolve and enforce a structure of rights of the 'members-on-the-collective' and of the 'collective-on-the-members' as a method of sustaining and enhancing member-allegiance and loyalty.

## End-note

1. This note is based on Tushar Shah's (1996) **Catalyzing Cooperation: Design of Self-governing Organisations**. The design principles are as in the original except for the substitution of the words 'collective enterprise institution' in place of 'cooperative'.

## 7. Participatory Rural Appraisal Methods and Techniques<sup>1</sup>

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### Introduction

Participatory Rural Appraisal (PRA) is described as a growing family of approaches and methods, to enable local people to share, enhance and analyze their knowledge of life and conditions, in order to plan, act, monitor and evaluate (Chambers, 1997). PRA draws its methods, principles and approaches from various disciplines and approaches. Participatory Action Research (PAR), inspired by the conscientization work of Paulo Freire, has contributed to the belief in poor people's abilities to analyze their own realities. Agro-ecosystem analysis, developed by Gordon Conway and his colleagues, has contributed a number of methods, including maps, transects and seasonal calendars. PRA draws heavily from applied anthropology its emphasis on fieldwork, stay in rural areas, rapport with the community and focus on emic, that is, the local people's perspective. Anthropology has also enriched the repository of PRA methods. Field research on farming systems has revealed that small and marginal farmers have an experimental mindset and that they are capable of doing their own analysis. The use of analytical and flow diagrams in PRA can be traced back to field research on farming systems.

One of the distinguishing features of PRA is that it marks a significant paradigmatic shift in development thinking. A number of reversals characterize PRA:

#### **Closed to open**

It enables the observer to capture the realities of people because it follows an open and flexible approach. They get an opportunity to express themselves in their own ways and are not constrained by any fixed categories.

#### **Individual to group**

In PRA, the focus is on groups. Despite problems of domination by a few, groups help in the collection of in-depth information in a shorter period of time and allow for the checking of the correctness of information. The group provides enough synergy so that the quality of analysis also improves significantly. One person starts, another adds to the discussion and this works as a stimulus for others. Thus, the quality of information and analysis improves significantly.

#### **Verbal to visual**

PRA introduces a shift from verbal to visual, which, in fact, helps in improving its

effectiveness by allowing the non-literate and the not-so-articulate to participate in the exercises.

### **Higher to lower**

PRA makes a deliberate attempt to side with the poor and marginalized sections of society.

### **Reserve to rapport**

Whereas other modes of inquiry stress aloofness and maintaining a distance, in PRA the emphasis is on building rapport with the local people.

### **Frustration to fun**

PRA makes fieldwork a pleasant and fun activity in contrast to the frustration that most other modes of enquiry cause.

### **Right attitude for PRA**

PRA practitioners have identified a set of attitudes and behaviour that are central to PRA (Kumar, 1996). These include:

- Self-critical awareness of one's behaviour and shortcomings.
- Commitment to the poor, weak and vulnerable.
- Respecting others.
- Not interrupting, not lecturing, but being a good active listener.
- Not hiding but embracing error.
- 'Handing over the stick', meaning passing on the initiative and responsibility to others.
- 'They can do it', meaning empowering others through confidence in their capabilities.
- Open-ended flexibility to make space for the priorities of the poor.

### **Selected PRA methods**

This note provides an introduction to nine different PRA methods or techniques. Readers interested in detailed guidelines for using these methods may refer to any standard book on PRA methods, including Kumar Somesh's *Methods for Community Participation* from which this note has been prepared. The methods included here are:

- i. Social mapping

- ii. Resource mapping
- iii. Transect
- iv. Trend analysis
- v. Well-being ranking method

## Social Mapping

### Introduction

Social mapping is perhaps the most popular method in PRA. For many, in fact, it is synonymous with PRA itself. This potent method seeks to explore the spatial dimensions of people's realities. The focus here is on the depiction of habitation patterns and the nature of housing and social infrastructure: roads, drainage systems, schools, drinking water facilities, etc. A social map is different from other regular maps in significant ways. For one, it is made by local people and not by experts. For another, it is not drawn to scale. It depicts what the local people believe to be relevant and important for them. Thus, it reflects their perceptions of the social dimensions of their reality, with a high degree of authenticity. In spite of there being many overlaps, a social map is different from a resource map. The latter depicts natural resources—land, water sources, flora and fauna, etc. In certain cases, though, a map could be a rich combination of the two. This is quite often so in the case of areas that have a dispersed settlement pattern.

### Applications

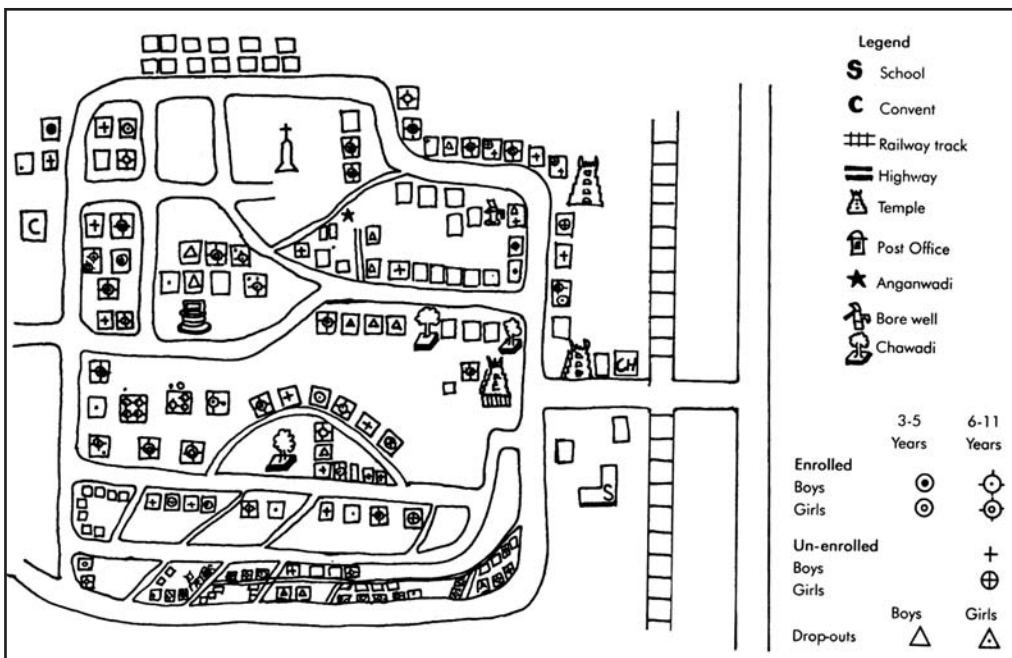
The chief feature of a social map is that it is a big help in developing a broad understanding of the various facets of social reality, viz., social stratification, demographics, settlement patterns, social infrastructure, etc. The diverse applications of social maps include:

- Developing a comprehensive understanding of the physical and social aspects of village life.
- Collecting demographic and other required information of each household.
- Providing a forum for discussion, to unravel the various aspects of social life.
- Serving as a guiding instrument during the process of planning interventions.
- Serving as a monitoring and evaluating tool.

## Illustration

Fig. 7.1 illustrates a typical social map. The village mapped out is Chetlamallapuram in Kurnool, Andhra Pradesh, India. The map neatly depicts the lanes, sub-lanes, school, railway track, temple, post-office, well, community hall, etc., in the village. In addition, using different symbols, it provides household-wise details on the educational status of children both by age and by gender. In fact, the exercise helped in arriving at the exact number of boys and girls, who are out of school. It also revealed that more boys go to school than girls; more girls are 'un-enrolled' than boys; and more girls drop out than boys in the 6–11 years age group.

**Figure 7.1: Social Map of Chetlamallapuram Village**



## Resource Mapping

### Introduction

After social mapping, resource mapping is one of the most commonly used PRA methods. A resource map focuses on the nature of resources in the locality and depicts land, hills, rivers, fields, vegetation, etc. A resource map may cover habitation as well. At times, the distinction between the resource map and social map may get blurred.

A resource map in PRA is not drawn to scale. It is not done by experts but by the local people. The local people are considered to have an in-depth knowledge of their



surroundings. Hence, a resource map drawn by the local people is considered to be accurate and detailed. It is important to keep in mind, however, that it reflects the people's perceptions rather than precise measurements to scale. Thus, a resource map reflects how people view their own locality in terms of natural resources.

## Applications

Resource maps have been used for depicting various aspects related to the NRM of a locality, including:

- Topography, terrain and slopes
- Forest, vegetation and tree species
- Soil-type, fertility, erosion and depth
- Land and land use, command area, tenure, boundaries and ownership
- Water, water bodies, irrigation sources, rivers and drainage
- Watershed development, various soil and water conservation measures, denuded areas, etc.
- Agricultural development, cropping pattern, productivity, etc.

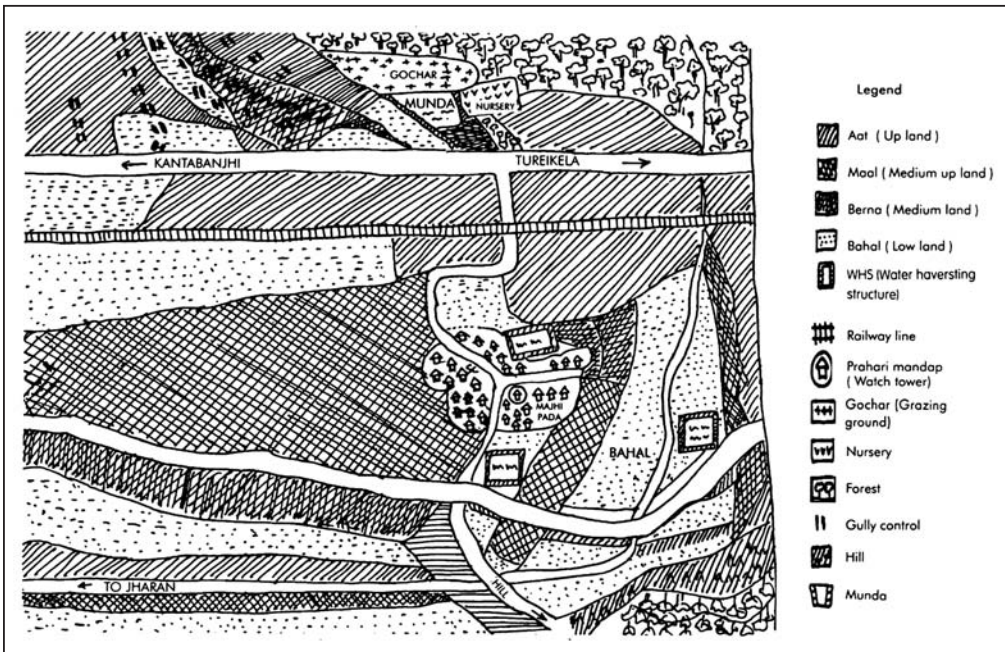
Resource maps have been found especially useful because these provide a focused spatial structure for discussion and analysis. These maps help to create a common understanding amongst the participants as well as a baseline for monitoring and evaluation. The process of creating a resource map is full of joy and it instills self-confidence amongst the participants, making the following interactions more meaningful. Resource maps have been found particularly useful for an analysis of problems, looking at solutions and planning for action. Resource maps have been used to generate discussions among the participants about natural resources, their entitlement and utilization, problems related to deforestation and soil erosion, etc. The focus gradually shifts from the identification and prioritization of problems related to natural resources, to planning for intervention.

## Illustration

Figure 7.2 is a resource map of Nuapada village of Bolangir district, Orissa. The resource map depicts different land types, in addition to water-harvesting structures, grazing land, roads, railway lines and habitation. The mapping was followed by a detailed discussion on the present status of natural resources in the village, in which the problems and impact of the structures were brought up. The villagers were of the opinion that soil erosion and loss of soil fertility were the two major problems. Though gully-control measures had been taken up, the treatment was still not effective in arresting

erosion. The traditional water-harvesting structures, which had been systematically and scientifically constructed, had become dysfunctional due to neglect and lack of maintenance. The resource map helped them realize that the mismanagement of natural resources and the neglect of traditional water-harvesting structures had led to a perennial drought-like situation in their village.

**Figure 7.2: Resource Map**



Resource maps are best made on the ground, initially. This provides more opportunities for the local people to participate meaningfully. The use of coloured chalk and other material at hand make it easier to do the mapping. The general tendency is to go for a combination of a three-dimensional model and a two-dimensional map. The features related to slope, terrain, drainage, etc., are best shown in the third dimensions of height whereas others can be shown in two dimensions.

There are a number of reported instances of resource maps being made permanently on walls or, in certain villages, on the floor, particularly where a watershed development programme is on. Maps are made in public with the involvement of villagers. They discuss various issues related to natural resources—the present status, their felt needs and future plans—and finalize details of the location of the structures and activities, budget and time frame. The maps prove handy for monitoring progress. The use of the maps for discussions helps to increase awareness among the villagers, thereby

improving transparency. Painted at a public place, such maps are available to the people at any point in time.

## Transect

### Introduction

Transect is another PRA method used to explore the spatial dimensions of people's realities. It has been popularly used for NRM. It provides a cross-sectional representation of the different agro-ecological zones and a comparison of these against certain parameters, including topography, land type, land usage, ownership, access, soil type, soil fertility, vegetation, crops, problems, opportunities and solutions.

Although natural resources remain the focus of any transect, this does not mean that there is no place for the depiction of social aspects. Various social aspects, for example, the caste and ethnic determinants of a settlement, access and control, and gender-related dimensions are captured in detail, depending upon the objectives of the exercise.

A transect is different from resource map despite areas of overlap. The resource map provides a bird's-eye view of the locality with a focus on natural resources. A transect, however, depicts a cross-sectional view of the different agro-ecological zones and provides a comparative assessment of the zones on different parameters. It is usually made after a resource map and, therefore, helps in triangulation. It also helps in taking forward the process of problem identification and planning for the development of natural resources in the area.

Transect differs from a historical transect in that the focus here is geographical whereas the focus in the latter is on trends or changes over time on aspects related to natural resources. It is like a snapshot of the same transect at different points of time.

### Applications

Transect has been used for various purposes, including:

- Appraisal of natural resources in terms of status, problems and potential.
- Verification of issues raised during other PRA exercises particularly during social mapping, natural resources mapping, etc.
- Planning of various interventions and checking the relevance of the planned interventions.
- Monitoring and evaluation of interventions and projects.

## Illustration

Figure 7.3 is a transect map of Ghantabahal village of Bolangir district in Orissa, India. The whole area has been divided into six agro-climatic zones. The details for each of the zones on six features—area, land type, water source, species of trees, uses and ownership—have been collected and listed in a tabular form. In the discussions that followed, the participants also identified various problems that infest each of the agro-ecological zones. Encroachment by local people on government land and common property resources has become one of the most severe problems. Soil erosion has been another problem on all types of land but particularly in the uplands, leading to a significant drop in soil fertility and, thereby, in productivity.

**Figure 7.3: Transect of Ghantabahal Village, Orissa**

Land scape						
Features						
Area locality	TentelKhunti	Karla Pita	Kara Dungri	Gharla Munda	Latha Kend	Ghantabahal
Land types (local name)	Up land (Aat) Low land (Bahal) Hills (Parbat)	Mostly upland (Aat) Very little low land (Bahal)	Rocky mountain (Parbat) Upland (Aat) Forest (Patra)	Up land (Aat) Low land (Bahal) Plantation forest	Only low land (Bahal)	Mostly low land (Bahali and Bahal)
Water source	Kankara Jor	Dor Jodia	Seasonal stream	Karla Munda Lathakend Munda	Archu Munda	Ningi Munda, wells, tube wells
Species	Mahua, Rengal, Char, Dharua, Bijo Sahas, Palsa, Womb, Kendu (wild animal)	No Forest Railway line	Chakunda, Niligiri, Bamboo Bhamar, Neem, Sipal Tental	Nou Munda, Akari Chakunda, Niligiri, Bhamar, Sipo, Mango, Kaju (Patra land)	Mostly Palsa, Mahua	Neem, Banyan, and Mahua
Uses	Less cultivation Low productivity Forest produces	Cultivation of vegetables	Less cultivation Grass land, Plantation	Encroached field plantation, cultivation of more rice	Good cultivation of Paddy and vegetables	High yield, good cultivation of rice, millets, pulses
Ownership	Government and people	Government and people	Government and people	Soil conservation department and people	People	People

## Trend Analysis

### Introduction

Trend analysis is a popular PRA method used to explore temporal dimensions, with a focus on change. It captures changes and trends related to certain variables over different spans of time. It is, thus, the people's account of the past and of how things have changed and, hence, also provides a historical perspective.

The local people have a good understanding of the present situation and the changes that have taken place over the years. Trend analysis can provide a good idea of the quantitative changes over time in different aspects of village life, such as population,

livestock population, the number of trees, area under cultivation, yield and rainfall. It helps to understand increases and decreases in the variables under study over a period of time. It usually charts broad movements in different aspects of local people's lives rather than precise shifts. The discussion that follows a trend analysis may also look into the causes of changes and, thus, provide an understanding of the dynamics of change.

## Applications

Trend analysis is useful to:

- Learn from the community as to how it perceives changes over time in various areas/aspects.
- Integrate significant changes in the village profile.
- Discuss rather than ask direct questions about village problems and the increase or decrease in the severity of the problems over the years.
- Discuss interventions and measures that had worked out or failed in the past and the reasons thereof.
- Understand people's perception not only of the past and the present but also of the shape of things to come in the near or distant future, with or without intervention.
- Produce a conducive environment to plan possible interventions.

## Illustration

Figure 7.4 illustrates a typical trend analysis done by a group in a Dhauradadar Village, Orissa. The figure shows four different forest patches of Dhauradadar Village of Bolangir district over a period of ten years. In 1979, the village suffered a severe drought leading to virtual clearance of the forest. However, during the period 1979 to 1996 a reversal of trends took place, with different forest protection committees taking over the protection of different forest patches. This brought about significant improvements. The Kendukhai and Karla-Jharan patches have performed better in comparison to the others as shown in the diagram. A distinctive feature of the figure is that it focuses on the status of forest cover over the years in four different patches.

**Figure 7.4: Trend Analysis: Forest Protection**

Forest Protection	Kendukai Forest	Patharkudi Forest	Chandli Forest	Karla-Jharan Forest
	Group A	Group B	Group C	Group D
1985				
1986				
1987				
1992				
1993				
1995				

Legend					
	Good Forest		Depleted Forest		Completely Destroyed
	Regenerated Forest		Clearing Operation		Regenerated Good Forest

## Well-being Ranking

### Introduction

Well-being ranking, also known as wealth ranking and well-being analysis, is a PRA method commonly used for ranking and grouping households and communities on the basis of income, wealth and other perceivable, well-being criteria. Well-being ranking is based on the perception of the local people. It helps to understand the local people's conception of wealth, well-being and their views on socio-economic disparities between households.

Whereas wealth ranking was the initial activity in vogue, the realization that wealth or income as the sole criteria of well-being does not reflect the realities of the people has grown. Wealth ranking reveals a materialistic focus on income and assets. It has an economist's bias because it is based on measurement. Well-being is more oriented to the quality of life. Well-being is culture-specific and is difficult to measure. Well-being ranking, however, provides a unique method for exploring local people's thinking on well-being. Therefore, a well-being ranking method has gained prominence. In fact, the sensitivity involved in exploring wealth has also induced facilitators to opt for well-being rather than wealth ranking. However, well-being ranking is a relative and not an absolute assessment of people's wealth or well-being.

## Applications

The well-being ranking method has been used for different purposes, including:

- To identify and classify households or groups based on the relative well-being in the areas of income, wealth, assets, status, etc.
- To identify target groups for intervention and to check whether the programmes are reaching the target group.
- To explore issues related to livelihood, vulnerability and constraints to development as people perceive them, and to design intervention strategies in line with people's aspirations.
- To study inter-household and inter-group, socio-economic disparities and to understand how the local people view them.
- To arrive at an understanding of people's criteria and indicators for wealth, good life, well-being, development, etc.
- To study the impact of interventions or well-being programmes on different groups/households and to develop a baseline for monitoring and evaluation.

## Process

Well-being ranking can be done in different ways, including the:

- Card sorting method
- Social mapping method

### Card scoring method

The steps for well-being ranking, using the card sorting method include:

- Arrange for a list of households in the locality where you want to do the

well-being ranking.

- Write the names of the head of households on small cards—one household per card.
- Explain the purpose of the exercise to the participants. Ask them to rank the households based on the well-being of the households concerned.
- Let the participants do the ranking on their own.
- When dealing with small villages with 30 to 40 households, ask the participants to arrange the households in descending order of well-being, that is, from the highest to the lowest on well-being.
- Ask them why they have placed the cards in that particular order. This gives you the criteria participants are using to do the well-being ranking.
- However, when dealing with larger villages, the above method may become tedious and not add to your understanding. In such cases, ask the participants to sort out the household cards into representative categories of well-being. Ensure that the participants discuss among themselves and arrive at the well-being categories.
- Find out the characteristics of each of the categories. If the participants have not already named the well-being categories, ask them to do so. Encourage them to depict the categories with visuals on symbols.
- Note down the numbers and the names of the heads of the households, under each category of well-being. Add the necessary basic details on each household card. Prepare a category-wise list of households, with details of the assets, income, occupation, etc.

### Social map for well-being ranking





















A simple technique of ranking well-being relies on the social map. The houses in the social map are ranked on basis of well-being, using symbols or colour codes. Suppose, participants identify five categories of well-being, using five different colours or symbols. The participants can classify houses directly on the map itself. The criteria for each category of well-being will also be generated with the participants.

### Illustration

Figure 7.5 shows the well-being ranking of the ganda caste in village Tankarupara, Bolangir district, Orissa, India. This exercise was done as part of the poverty profiling of the drought-prone district and focussed on intra-caste well-being disparity.



Figure 7.5: Well-being Ranking of the Ganda (SC) Households

Category	Household number of the families	Criteria
	     	<ul style="list-style-type: none"> <li>• Lives in other cities</li> <li>• Better earning from agriculture</li> <li>• Good house</li> </ul>
	  	<ul style="list-style-type: none"> <li>• Depends upon wage</li> </ul>
		<ul style="list-style-type: none"> <li>• Old person—unable to cultivate</li> <li>• Cultivation by labourers</li> </ul>
	  	<ul style="list-style-type: none"> <li>• Widows—old</li> <li>• No house to live in</li> <li>• No land</li> </ul>
	 	<ul style="list-style-type: none"> <li>• Helpless—destitute</li> <li>• Handicapped—dependent on others</li> </ul>

**End-note**

1. Abstracted from Somesh Kumar, *Methods for Community Participation: A Complete Guide for Practitioners*. Vistaar Publications, New Delhi, 2002

## 8. Tools and Frameworks for Conflict Analysis<sup>1</sup>

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### Introduction

Resolving and managing conflicts calls for diagnostic tools and frameworks, which are not only robust but can also be easily understood by the practitioner. Analytical tools for conflict management should make it possible to identify key stakeholders, the strategies pursued by them and the reasons behind such strategies. In addition, they should help the analyst to map the power equations and alliances between groups and individuals as well as their motivations and interests. Only then can one hope to explore creative alternatives for negotiating win-win solutions.

A set of tools and methods is presented here to assess both latent as well as manifest conflicts.

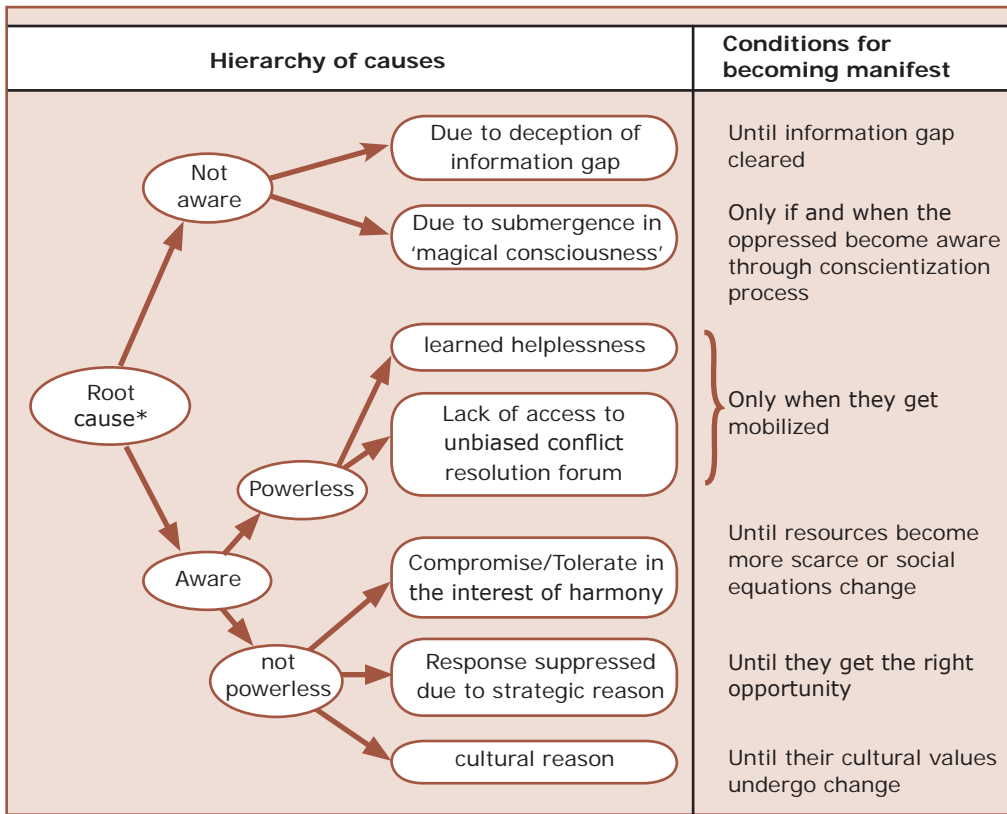
### Analyzing Latent Conflicts

Some authors have referred to latent conflicts as ‘implicit conflicts’ (Buckles, 1999). A variety of reasons have been cited for conflicts remaining latent such as fear, distrust, peer pressure, financial constraints, exclusion from certain disputing procedures, and strategic and cultural reasons (Castro and Ettenger, 1997). Because of their subterranean nature, it is difficult to identify such conflicts, let alone document and study them. Not surprisingly, there is a dearth of empirical research on the subject (however, see Sarin, 1998) and methods for analyzing latent conflicts are conspicuous by their absence. In this section, we present two frameworks that can be used to analyze latent conflicts.

### Causes of Latent Conflict—A Typology

The First framework (see Figure 8.1) is a typology that helps to explain why conflicts remain latent. The root cause of latent conflicts is assumed to be an injustice (either perceived or real) in the allocation of rights and responsibilities or in the sharing of costs and benefits of a common enterprise. The aggrieved party could prefer to stay silent because of a variety of reasons, as shown in the diagram. The conflict can become manifest when there is a change in the conditions that prevent the party from bringing out its grievances into the open. Appropriate interventions by external agencies can bring about the necessary changes in the conditions. However, unless such changes lead to a new social equilibrium, in favour of the aggrieved party, the conflict is likely to go subterranean again, on the withdrawal of the external agency.

**Figure 8.1: Causes of Latent Conflict—A Typology**



*\*Usually the unjust or partial allocation of rights and responsibilities or unacceptable sharing of costs and benefits.*

For an illustration of this framework, see “Change in guard” (Best Practices, this volume). The case documents a gender-based, latent conflict, in which the women progressively gain in confidence and social stature over a period of five years. The reasons for staying silent at different points in time are different. The women wait for the opportune moment to confront the men and succeed in negotiating a position of respect in the watershed committee.

### **Latent conflicts induced by projects and programmes**

This tool represents a set of simple questions that a field-worker needs to ask, in order to identify latent conflicts. A brief discussion on when and how latent conflicts can be addressed and resolved is also included.

#### **a) How can latent conflicts be identified?**

Latent conflicts span a wide diversity of levels and complexity. Identifying conflicts

at different levels requires different methods and approaches. Localized conflicts at the intra-household, intra-village or inter-village levels may be identified by constantly monitoring a number of parameters. For example, whenever a new project or programme is introduced in a new area, facilitators need to remember the non-homogeneity of communities and households, and that each intervention is likely to impact different groups differently. As the majority of latent conflicts involve disadvantaged groups and poor women, identifying these requires not only special effort on the part of facilitators but also an explicit commitment to enhancing gender and social equality (Sarin and Rao, 2008 in Pastakia, 2008).

In addition to using techniques such as PRAs and social and gender analyses, some simple questions can be used for identifying and tracking potential latent conflicts in Community Based Natural Resource Management programmes (CBNRM) (see Box 8.1).

#### **Box 8.1: Checklist for Identifying Latent Conflicts Induced by Projects**

- ✓ What was the resource use and access pattern before the new intervention?
- ✓ What has changed and for whom?
- ✓ Are the gainers from CBNRM different from the earlier group of users?
- ✓ Who is dissatisfied and why?
- ✓ Who is breaking the rules and why?
- ✓ Who has incurred the highest costs?
- ✓ Are they receiving commensurate benefits in return?
- ✓ Did they voluntarily accept reduced resource access or was it imposed on them?
- ✓ What are their views on the matter?
- ✓ Which uses are looked down upon by the vocal elite?

*Source: Madhu Sarin and Rukmani Rao, 2008 in Pastakia, 2008.*

Integrating systematic socio-economic and gender analyses of local natural resource use and dependence patterns prior to any CBNRM intervention can be helpful not only in making the intervention more gender and equity sensitive but also in monitoring gainers and losers over time. Keeping track of the losers and their perceptions and priorities can be an effective mechanism for identifying potential or simmering latent conflict. Many latent conflicts can be identified through separate, informal meetings with smaller homogenous groups of the poor and women in non-public spaces where such groups are likely to be less inhibited in speaking their minds.

## b) When and how should latent conflicts be resolved?

There is no simple mechanism for deciding whether efforts should be made to make a latent conflict manifest in order to resolve it. Facilitators need to make carefully considered assessments of the potential outcomes of making each latent conflict manifest and whether they feel confident of managing them to satisfactory resolution.

Whether women and marginalized groups get empowered or further marginalized by conflict management interventions will depend on the facilitators' conceptual understanding of the dynamics of hierarchical power relations within and between communities, and their own ability and commitment to altering the existing balance of power in favour of the relatively powerless. Altering unequal social and gender relations can seldom be done quickly or simply. Interventions should be attempted only when they can be seen through to a new equilibrium in power relations, which involves long-term commitment.

There are also major risks involved. Addressing some latent conflicts can result in the outbreak of violence, as was the case of another instance of conflict between members of Mass Tribal Organisations (MTOs) and the forest department, which took place in Dewas, Madhya Pradesh.<sup>3</sup> Insensitively handled gender-based conflicts can similarly result in the affected women getting beaten up, molested, otherwise assaulted or even thrown out of their homes. (*ibid.*)

*Facilitating manifestation and management of such latent conflicts requires initiating slow processes of empowerment with fairly long-term commitment on the part of the facilitators.*

## Analyzing Manifest Conflicts

Manifest conflicts are relatively easier to analyze because the positions of stakeholders are usually known. The existence of voiceless stakeholders and those with weak voices cannot be ruled out. Exclusion of such stakeholders, either by design or default, is one of the most common causes of conflicts. Hence, here too, identification of all stakeholders is an important step in the analysis. The motivations and the strategies may be gauged from not only what the stakeholders say but also how they behave and act. The chain of events that culminate into conflict can serve as a valuable source of data. Here, we present four different tools for analyzing manifest conflicts:

- Stakeholder analysis
- Actor-arena analysis
- Root cause analysis
- Provocation-response analysis

The choice of method will depend on the nature of the conflict as well as the nature of data available.

## Stakeholder analysis

Stakeholder Analysis (SHA) is clearly the most popular and promising among the methods available for conflict analysis. With its origins in business management, the approach found its way into the field of CBNRM after the popularization of planning techniques such as PRA, during the mid-nineties.

SHA has been used for the following purposes (Ramirez, 1999):

- To discover the existing pattern of interaction empirically.
- To improve interventions analytically.
- As a management tool in policy-making.
- As a tool to predict conflict.

Our focus has been to demonstrate how SHA can also be adapted for analyzing ongoing conflicts for their resolution and carrying out a post-mortem of conflicts that are either resolved or have become a part of history, in order to learn from them.

As explained by Ramirez:

“Stakeholder analysis refers to a range of tools for identification and description of stakeholders on the basis of their attributes, interrelationships and interests related to a given issue or resources” (ibid. p. 102)

The distinction between stakeholders is often based on qualitative criteria that are difficult to generalize. The use of matrices is common in the operationalization of SHA. In one form, stakeholders are listed on both the x- and the y-axis and potential areas of complementarities and conflict are signalled with positive and negatives. Such an analysis provides a simple mapping of relationships and highlights areas of potential danger.

In another form, stakeholder groups appear on one axis and a list of attributes or criteria appear on the other. Duboris (1998) proposed the use of a 4R framework to assess stakeholders, referring to Responsibility, Rights, Revenue and Relationships. ODA (1995) emphasized stakeholders' interests and the potential of a project's impact on each group. Context-specific criteria have also been developed. For instance, in the context of community forest management, Colfer (1985) used variables such as proximity to forest, pre-existing rights, dependence, indigenous knowledge, culture-forest integration and power. The criteria used in SHA for cases in this volume are listed in Table 8.1.

**Table 8.1: Format for Stakeholder Analysis**

Criteria	Stakeholder Group 1	Stakeholder Group 2	Stakeholder Group N
Stakes			
Power and influence			
Inter-dependence and alliances			
Potential impact of intervention or proposed change			
Positions taken			
Interests and expectations			
Strategies adopted and their outcomes			
Potential for contributing to solution			

In the criteria mentioned above, stakes may be defined as the extent of dependence of the stakeholder group on the particular resource. In some cases, it is useful to make a distinction between social and economic stakes. The stakes of an external developmental agency, for instance, may be defined in non-monetary terms. The first three criteria seek to map out the resource-use patterns and the historical relations between the groups. The fourth criterion suggests a change in the equilibrium either on account of an external intervention or on account of a provocation by one or more stakeholders. The next three criteria focus on the conflict itself, clarifying the positions taken, the strategies adopted by different groups to achieve their goals and the underlying motivations and interests of these groups. The last criterion would be relevant only if the conflict was ongoing and the search for a solution was still on.

Skutsch (1999) has pointed out that the most common fallacy in this method of analysis occurs when the analyst leaves himself/herself out of the list of stakeholders and presents the process as an objective exercise. This observation is based on the assumption that SHA is primarily a management tool and “is a means of increasing the decision-maker’s knowledge of the environment in which the planned intervention is to be made, so as to increase its chances of success.” In our view, SHA is amenable to wider usage. Whereas SHA can be carried out by different analysts and groups such as excluded stakeholders, primary stakeholders, secondary stakeholders, external agencies and independent researchers, the particular biases and differences in the perceptions of different groups will be reflected in these analyses.

Our experience indicates that another common fallacy is to view SHA as a one-time exercise. Especially while analyzing conflicts, it becomes useful to repeat an SHA when

there are indications that significant changes in social relations, political alignments, resource regime and ecological endowments are taking place. This is because SHA provides a snapshot of the conflict situation vis-à-vis different stakeholders, at a given point in time. A comparison of snapshots over time will help in revealing significant shifts in the positions and strategies adopted by different stakeholders.

## Actor-arena analysis

An 'actor-oriented analysis' was proposed, to counter the idea that planned projects induce simple cause-effect impact. Rather, it is necessary to see social change more in terms of human action and consciousness, embedded within existing institutional structures and processes. In this analysis, actors are considered to be knowledgeable and capable within their area of manoeuvre and to be able to express power in some form or the other (Skutsch, 1999).

Although similar to SHA in many ways, there are a few significant differences:

- i. The researcher sees himself/herself as an independent observer (Giddens, 1984).
- ii. Conflicts are seen to take place in different arenas.
- iii. Actors are defined as groups and individuals, who are conceived as competing and compromising in these arenas (Skutsch, 1999).

The main aim of an actor-oriented analysis is "to identify and characterize differing actor strategies and rationales, the conditions under which they arise, their viability or effectiveness for solving specific problems and their structural outcomes." (Long, 1990 in Skutch, 1999).

The mapping of actors and their positions over time, across levels and arenas, is largely inspired from this method of analysis and is intended to facilitate such an analysis (see Table 8.2). To operationalize this method, one must be clear about the demarcation of arenas and levels.

- **People's arena:** At the village level, this refers to the village community whereas at higher levels, activists, civil service organizations and the press may join as interested parties, either to influence public opinion or to help resolve the conflict through dialogue. At the village level, the traditional and/or modern leaders could decide to resolve their conflict through mutual negotiations and dialogue. Alternatively, the conflict could be referred to the local panch or the lok adalat.
- **Political arena:** A conflict can get politicized at any level when politicians with vested interests join the battle or are called upon to play a mediating



role. Politicians are found at all levels. At the village, panchayati raj institutions and their elections lead to village-level politics. Local MLAs, workers of different political parties and MPs, etc., may also get involved, depending upon the political mileage that an individual or party can get out of politicizing a particular conflict and making an issue out of it at a higher level.

- **Legal arena:** This refers to the available legal and quasi-legal forums such as the district magistrate’s office, civil and criminal courts, arbitration by government officers, etc. The use of public interest litigation is also possible in cases affecting the fundamental rights of people or when fragile eco-systems are endangered due to mindless exploitation/pollution by specific interest groups, at the cost of other stakeholder groups.
- **Extra-legal arena:** When either of the parties involved in a conflict takes the law into its own hands or resorts to violence, the conflict is said to have strayed into the extra-legal arena. Conflicts, having entered the extra-legal arena, are likely to end up in the legal arena. An exception would be the case of protracted, armed confrontation between the state and a community, in which the issues could be resolved in the political arena through negotiations between the leaders of the warring parties.

The stakes keep increasing as the conflict moves to higher levels. The rules of the game as well as strategies deployed change as the arena changes. The conflict may move back and forth from one arena to another depending on the pulls and pushes exerted by various actors unless it reaches one where the conditions are conducive for its resolution.

**Table 8.2: Mapping Levels and Arenas**

Level	Arena			
	People’s	Political	Legal	Extra-legal
International				
National				
State				
District				
Taluka/Block				
Inter-village or cluster				
Village				

Pastakia (2008) proposed an ‘actor-arena analysis’ as a modified form of actor-oriented analysis. In this method, we visualize a shift in the focus from SHA to mapping

the trajectory of the conflicts that have escalated to higher levels and in different arenas. The choice of arenas at different levels and the stages of the conflict is of strategic importance. The method is also helpful in identifying new actors and their roles once the conflict moves into higher levels and different arenas. For example, see the mapping (Figure 8.2) of an upstream-downstream conflict between two villages in Surendranagar documented by Ghanshyam Jethwa in Pastakia (2008).

### **Root-cause analysis**

Local conflicts are often a result of wider influences such as demographic shifts, globalization and liberalization, etc., or are rooted in historical causes such as the legacy of the colonial era when customary rights were overtaken by foreign law. Root-causes analysis is conceived as a method for tracing the ‘chain of explanation’, leading to the root cause(s) of the conflict.

To operationalize this method, an effort was made to find out why different stakeholders were behaving as they did. This led to a new definition or understanding of the conflict. This process of inquiry was repeated until the analyst reached one or more root causes, which were either rooted in history or in wider socio-political forces. Hence, successive answers to the question, “Why?” were helpful in uncovering the ‘chain of causes’, leading to one or more root causes.

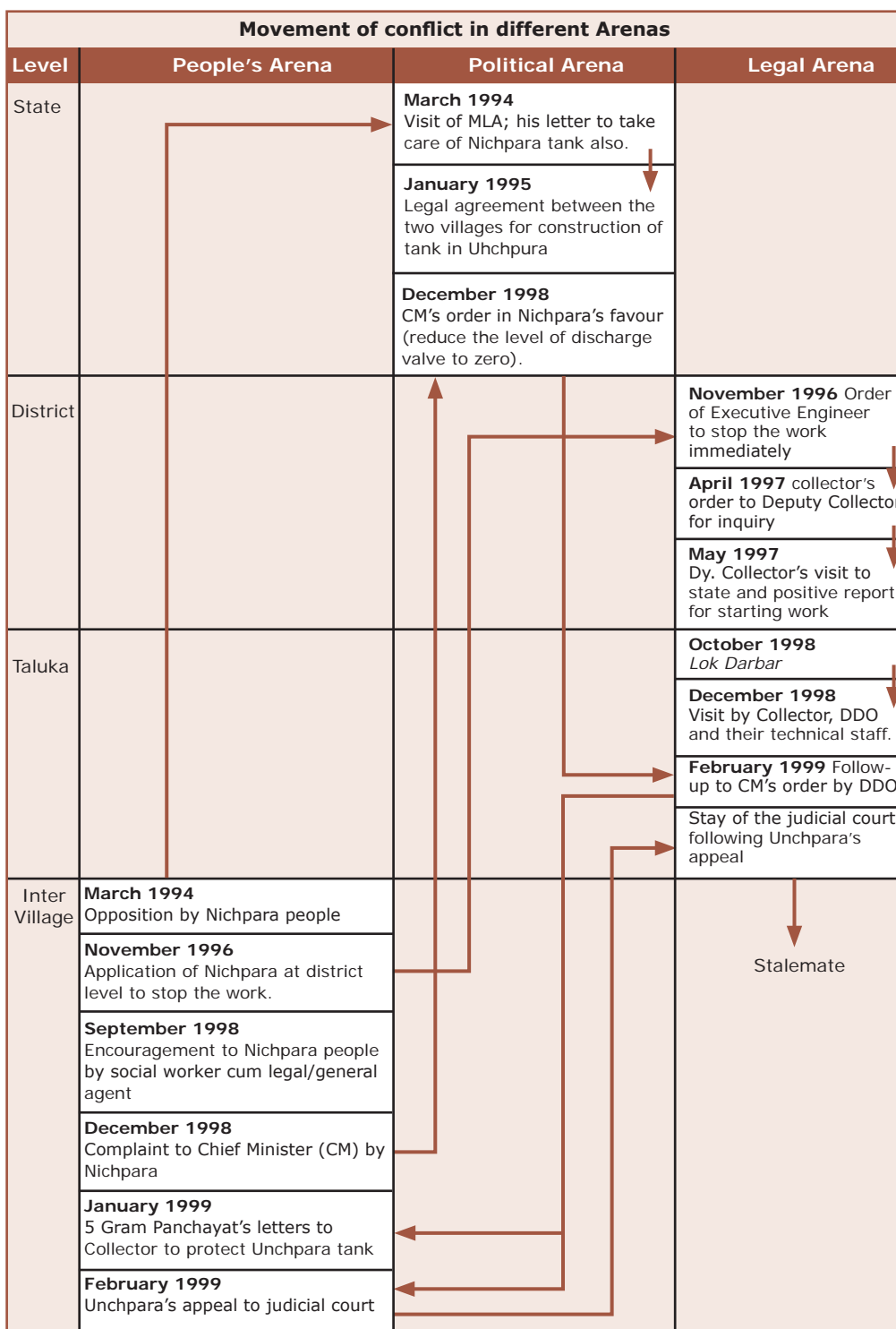
An apparent conflict between the protectors (forest department) of the wild ass and the local farmers, on the outskirts of the Wild Ass Sanctuary in Surendranagar district of Gujarat, could be traced to the nexus between corrupt government officials and the salt industry, which had displaced the wild ass from its natural habitat because of illegal industrial activity in the sanctuary area. A related root cause was the public policy that failed to take into account the interests of dry-land farmers on the outskirts of the sanctuary (see Figure 8.3).

### **Provocation-response analysis**

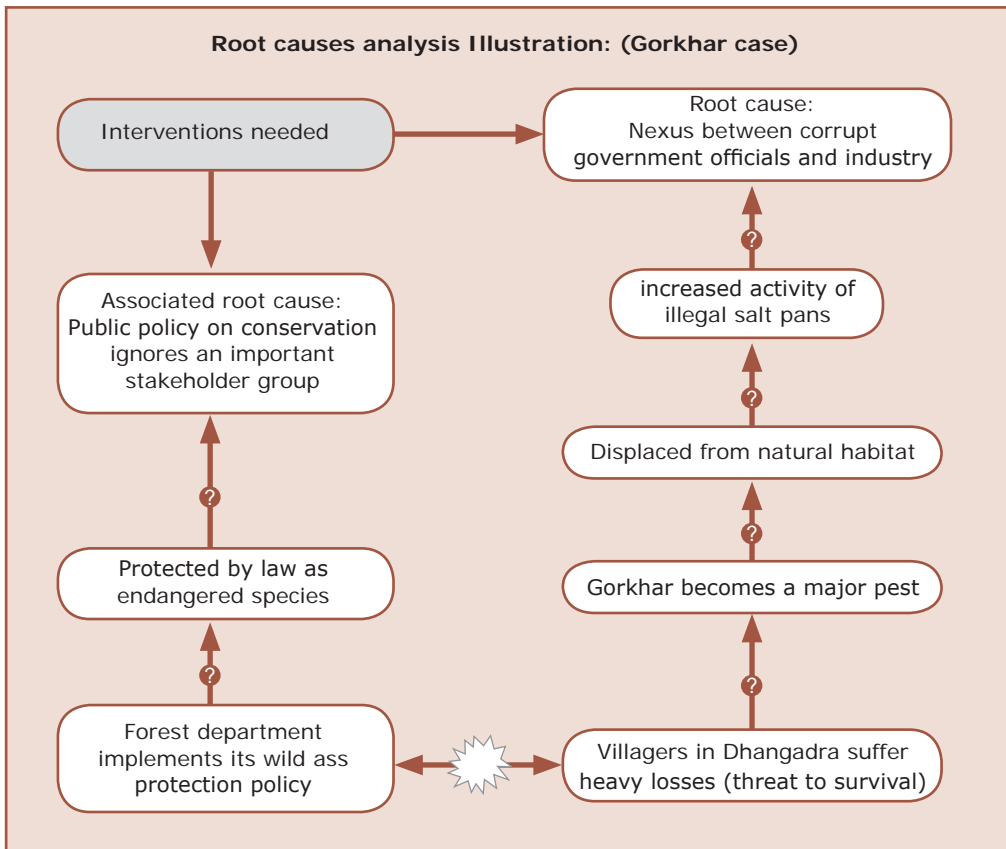
Conflicts often lead to a polarization of forces. Hence, even if there are multiple stakeholders, once polarization takes place, the contest is between two parties or coalitions of stakeholders. In such situations, a provocation on the part of one group evokes a response from the other. A ‘blow-by-blow’ account of the responses and counter responses is usually helpful in mapping the strategies used by the warring sides. It is also useful in mapping the trajectory of the conflict over time and in identifying shifts in coalitions and strategies if any.

The analysis begins with the identification of an initial provocation by one of the two

Figure 8.2: Trajectory of an Inter-village Water Conflict in Gujarat



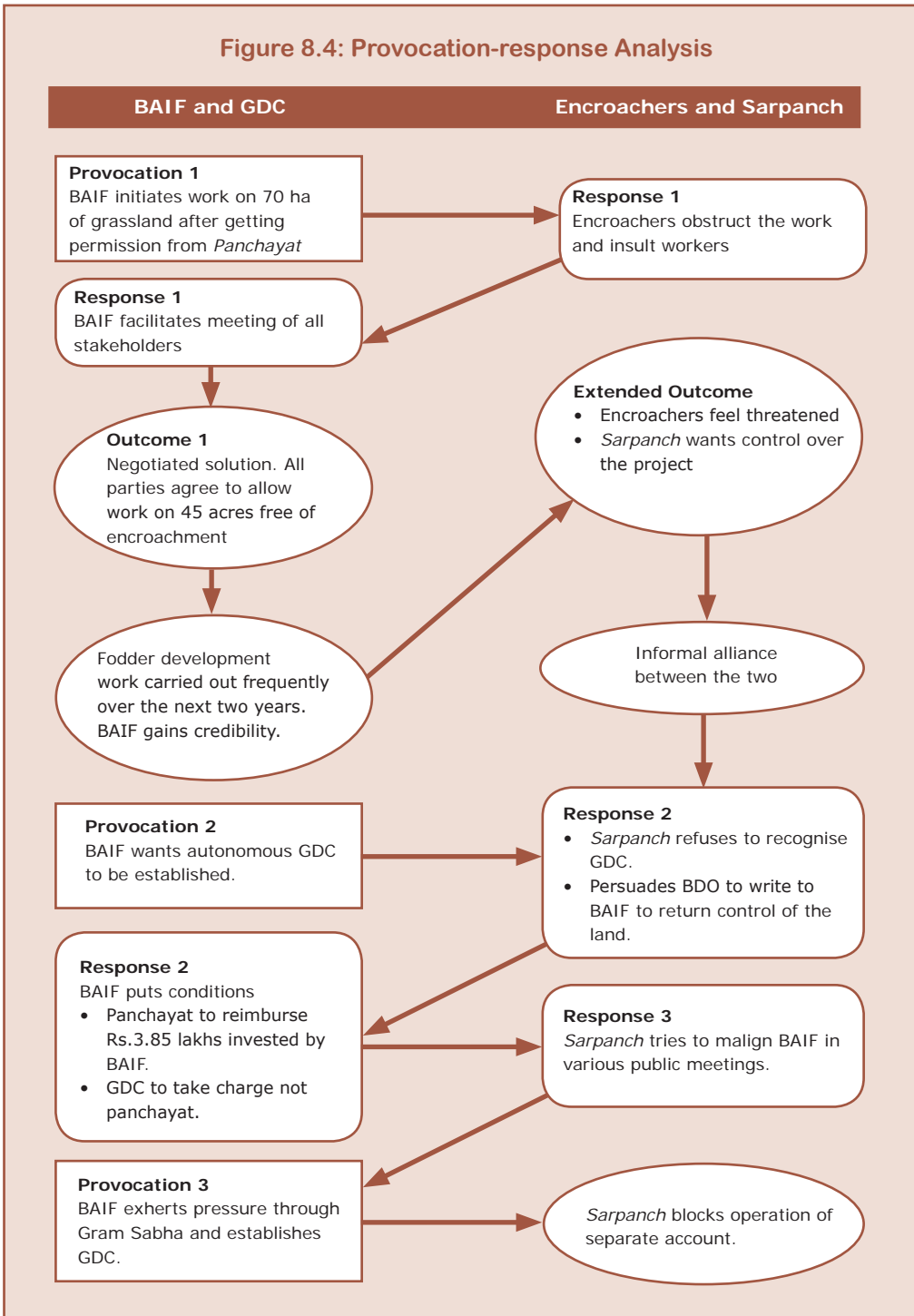
**Figure 8.3: Root-cause Analysis**

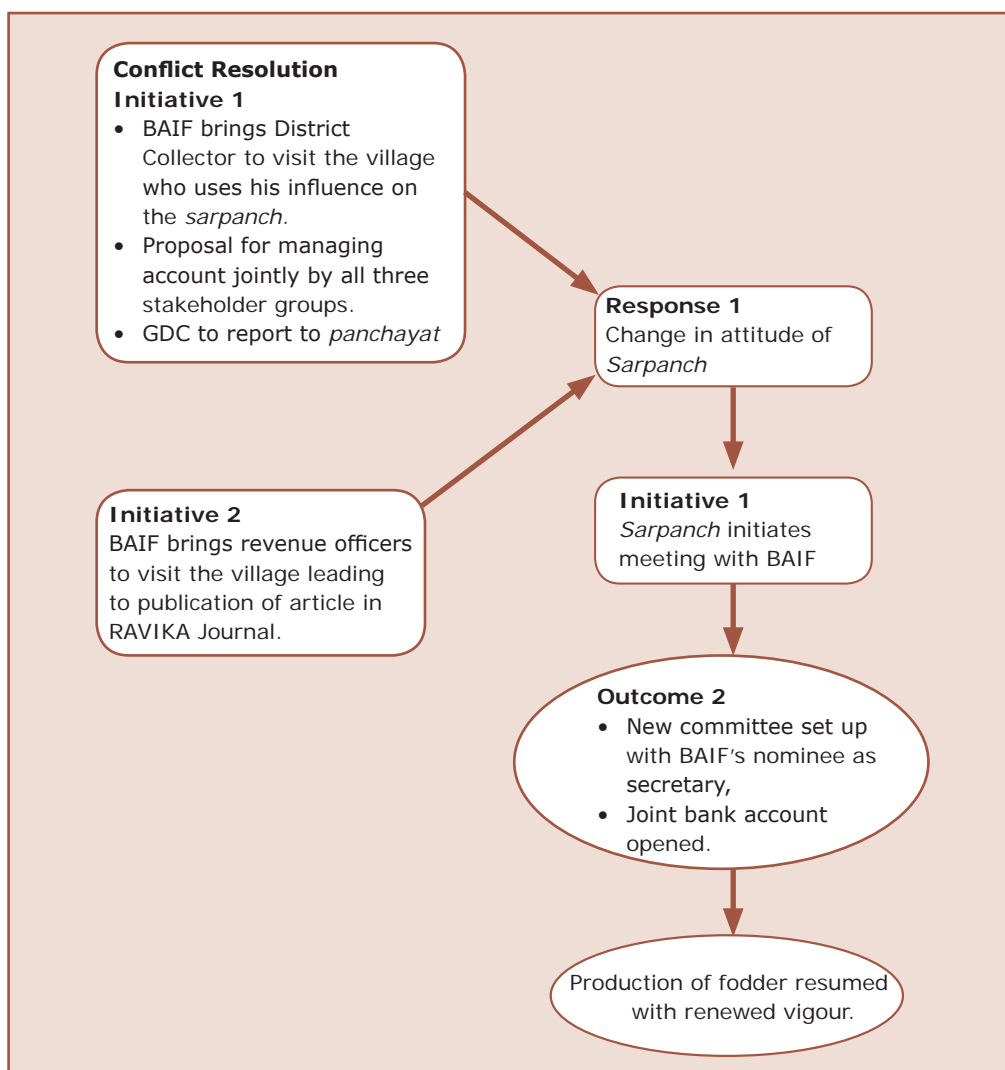


Source: Pastakia (2008) Illustration: (Gorkhar Case)

sides. A provocation in the NRM context may be defined as an act that violates or threatens to violate or alter the property rights, user rights or access to a particular resource currently being enjoyed by a stakeholder or group of stakeholders. To carry out the analysis, a page is divided into two columns and the responses and counter-responses are mapped with the help of arrows, moving from one column to the other. Occasionally, when critical decisions are taken by third parties or when negotiations are facilitated, some outcomes will take place. These are included in the flow chart and responses of the two sides to the outcomes are also indicated. Sometimes, there could be more than one initial provocation. Hence, it is useful to number the provocations, responses and outcomes for easy identification. The numbering is done separately for each column. This method was developed during the course of a capacity building initiative for NGOs in western India, supported by the Aga Khan Foundation (India), in 2000-01. Its main advantage seems to be the sharpness with which it brings out the strategies and interests of the polarized groups.

Figure 8.4 provides an illustration of a conflict, documented and analyzed by Nadoda and Vader of BAIF.





The conflict took place in a village in Rajasthan when BAIF initiated a project to develop 70 ha of common grasslands of the village panchayat. The conflict got polarized with BAIF and the Grassland Development Committee (GDC) on the one side and the grassland encroachers and the sarpanch on the other.

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## End-notes

1. Abstracted from ***Locked Horns: Conflicts and their Resolution in Community Based Natural Resource Management***. Chapter 1, Part I. Edited by Astad Pastakia (2008).

2. A micro-watershed is taken as the unit of analysis because it is the smallest ecological unit for planning purposes.

3. Four adivasis lost their lives in a police firing on 2 April, 2001, in Mehndi Khera village.

## 9. Participatory Tools for Gender Analysis

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This note summarizes a description of four participatory tools for gender analysis from the programme handbook, Training Workshop for Trainers in Women, Gender and Development, June 9–12, 1996, Royal Tropical Institute, The Netherlands. These are:

1. The Harvard Analytical Framework
2. Moser's Gender Planning Framework
3. Women's Empowerment Framework
4. Social Relations Framework

### The Harvard Analytical Framework

The Harvard Analytical Framework<sup>1</sup> is also called the Gender Roles Framework or Gender Analysis Framework. Developed by the Harvard Institute for International Development, in collaboration with the WID office of USAID, and based on the Women In Development (WID) efficiency approach, it is one of the earliest gender analysis and planning frameworks.

#### Aims of the Harvard Framework

- To demonstrate that there is an economic rationale for investing in women as well as men.
- To assist planners in designing more efficient projects and improve overall productivity.
- To emphasize the importance of better information as the basis for meeting the efficiency/equity goal.
- To map the work of men and women in the community and highlight the key differences.

#### Features

The Framework comprises a matrix for collecting data at the micro (community and household) level. It has four interrelated components.

- The activity profile, which answers the question, "Who does what?", including gender, age, time spent and location of the activity.
- The access and control profile, which identifies the resources used to carry out the work identified in the activity profile, access to and control over the use of these resources by women and men.



- The analysis of influencing factors, which charts factors that influence gender differences in the above two profiles.
- The project cycle analysis, which examines a project or intervention in the light of gender-disaggregated information.

The framework also has a series of checklists, comprising key questions that may arise at each stage of the project cycle: identification, design, implementation and evaluation.

### Uses of the Framework

- Best suited for project planning, rather than programme or policy planning.
- As a gender-neutral entry point when raising gender issues with constituents resistant to considering gender relations and power dynamics.
- For baseline data collection.
- In conjunction with Moser's framework, to draw in the idea of strategic gender needs.

### Strengths of the Harvard Framework

- It is practical and hands-on.
- Once the data have been collected, it gives a clear picture of who does what, when and with what resources. It makes women's role and work visible.
- It distinguishes between access to and control over resources.
- It can be easily adapted to a variety of settings and situations.
- It is relatively non-threatening, because it relies on 'facts' only.

### Potential limitations

- It is based on the WID (efficiency) rationale, which aims at increasing project/programme efficiency. It does not delineate power relations or decision-making processes. Therefore, the Framework offers little guidance on how to change existing gender inequalities. It tends to result in gender-neutral or gender-specific interventions, rather than those that can transform existing gender relations.
- It tends to oversimplify, based on a somewhat superficial, tick-the-boxes approach to data collection, ignoring complexities in the community; may result in lost opportunities for change.

- It is basically a top-down planning tool, excluding women's and men's own analyses of their situation.
- It ignores other underlying inequalities, such as class, race and ethnicity, encouraging an erroneous view of men and women as homogeneous categories.
- It emphasizes the separation of activities and resources, based on sex or age, ignoring connections and co-operative relations across these categories. This can result in projects that may misbehave or cannot tackle women's strategic gender needs.
- The profiles yield a somewhat static view of the community, without reference to changes over time in gender relations.

## Moser's Gender Planning Framework

The Framework, developed by Caroline Moser (1993), links the examination of women's roles to the larger development planning process. The approach introduces the idea of women's triple roles of *production*, *reproduction* and *community management*, and the implication that these roles have for women's participation in the development process.

### Aims of the Framework

The Framework focuses on strategic gender needs and concentrates on gender inequalities and how to address these at the programme and the policy levels.

### Features

Moser categorizes the main policy approaches to women and development as follows.

Policy approaches to low-income Third World women have shifted over the past decade, mirroring shifts in macro-economic development policies. Five different policy approaches can be identified, each categorized in terms of the roles of women on which it focuses, and the practical and strategic needs it meets.

- *Welfare*: It is the earliest approach, 1950–70. Its purpose is to bring women into development as better mothers. Women are seen as passive beneficiaries of development. It recognizes the reproductive role of women and seeks to meet **practical gender needs (PGNs)** in that role through top-down handouts of food aid, measures against malnutrition and family planning. It is non-challenging and, therefore, still widely popular.

- *Equity*: The original WID approach, used in the 1976–85 UN women’s decade. Its purpose is to gain equity for women, who are seen as active participants in development. It recognizes the triple role and seeks to meet **strategic gender needs (SGNs)** through direct state intervention, giving political and economic autonomy, and reducing inequality with men. It challenges women’s subordinate position. It is criticized as western feminism, is considered threatening, and is unpopular with governments.
- *Anti-poverty*: The second WID approach, a toned-down version of equity, adopted from the 1970s onwards. Its purpose is to ensure that poor women increase their productivity. Women’s poverty is seen as a problem of underdevelopment, not of subordination. It recognizes the productive role of women, and seeks to meet their PGN to earn an income, particularly in small-scale, income-generating projects. It is most popular with NGOs.
- *Efficiency*: The third, and now predominant, WID approach has been adopted particularly since the 1980s debt crisis. Its purpose is to ensure that development is more efficient and effective through women’s economic contribution, with participation often equated with equity. It seeks to meet PGNs while relying on all three roles and an elastic concept of women’s time. Women are seen entirely in terms of their capacity to compensate for declining social services by extending their working day. It is a very popular approach.
- *Empowerment*: This is the most recent approach, articulated by Third World women. Its purpose is to empower women through greater self-reliance. Women’s subordination is experienced not only because of male oppression but also because of colonial and neo-colonial oppression. It recognizes the triple role, and seeks to meet SGNs indirectly through the bottom-up mobilization of PGNs. It is potentially challenging although its avoidance of western feminism makes it unpopular, except with Third World women’s NGOs.

## Uses of the Framework

- For planning at all levels from policies to projects.
- In conjunction with the Harvard Framework.

## Strengths of Moser’s Framework

- Moves beyond technical elements of planning, recognizing its political elements and assuming conflict of interests in the planning process. Recognizes the transformative potential of gender planning.

- Conceptualizes planning as aiming to challenge unequal gender relations and support women's empowerment.
- Makes all work visible and valuable to planners through the concept of triple roles.
- Distinguishes between types of gender needs: those that relate to women's daily lives but maintain existing gender relations (PGN), and those that potentially transform existing gender subordination (SGN).
- Categorizes policy approaches.

### Potential limitations

- The idea of gender roles obscures the notion of gender relationships and can give the false impression of natural order and equality.
- The Framework does not mention other forms of inequality, such as class, race or ethnicity.
- The Framework is static and does not examine change over time as a variable.
- The policy approaches should not be seen as mutually exclusive; these may often overlap with each other in practice.

## Women's Empowerment Framework

The Women's Empowerment Framework was developed by Sara Hlupekile Longwe, a gender expert from Lusaka, Zambia. Her model is explicitly political, arguing that women's poverty is the consequence of oppression and exploitation (rather than lack of productivity) and that to reduce poverty, women must be empowered.

### Aims of the Framework

- To achieve women's empowerment by enabling women to achieve equal control over the factors of production and participate equally in the development process.

### Features

Longwe argues that poverty arises not from lack of productivity but from oppression and exploitation. She conceptualizes five progressive levels of equality, arranged in hierarchical order, with each higher level denoting a higher level of empowerment. These are the bases to assess the extent of women's empowerment in any area of social or economic life. The levels of equality are:

Control	Using the participation of women in the decision-making process, to achieve balance of control between men and women over the factors of production, without one in a position of dominance.
Participation	Pertains to women's equal participation in the decision-making process, policy-making, planning and administration. In development projects, it includes involvement in needs assessment, project design, implementation and evaluation.
Conscientization	Pertains to an understanding of the difference between sex roles and gender roles and the belief that gender relations and the gender division of labour should be fair and agreeable to both sides, and not based on the domination of one over the other.
Access	Pertains to women's access to factors of production—land, labour, credit, training, marketing facilities and all publicly available services and benefits—on an equal basis with men. Equality of access is obtained by securing equality of opportunity through legal reform, to remove discriminatory provisions.
Welfare	Pertains to a level of material welfare of women, relative to men, with respect to food supply, income and medical care, without reference to whether women are themselves the active creators and producers of their material needs.

The Women's Empowerment Framework identifies three levels of recognition of women's issues in project design.

Negative level	In which project objectives are silent about women's issues. Experience suggests that women are likely to be left worse off by such a project.
Neutral level	In which the project objectives recognize women's issues but its concern remains neutral or conservative, merely ensuring that women are not left worse off than before.
Positive level	In which project objectives are positively concerned with women's issues and with improving the position of women relative to men.

The Framework can be used to produce profiles as given here.

Levels of recognition Levels of equality	Negative	Neutral	Positive
Control			
Participation			
Conscientization			
Access			
Welfare			

## Uses of the Framework

- Particularly useful for groups committed to promoting equality and empowerment through their work.

## Strengths of the Framework

- It develops the notion of PGNs and SGNs into a progressive hierarchy.
- It shows that empowerment is an essential element of development and enables assessment of interventions along this criterion.
- It has a strong political perspective.
- It aims at changing attitudes.

## Potential limitations

- The assumption of levels of equality as strictly hierarchical is questionable.
- The Framework is static and takes no account of how situations change over time.
- It examines gender relations from the point of view of equality alone; it excludes the interrelationship between rights and responsibilities.
- It ignores other forms of inequality.

## Social Relations Framework

The Social Relations Framework originated with academics led by Naila Kabeer at the Institute of Development Studies at Sussex, UK in 1994. It is outlined in her book, *Reversed Realities: Gender Hierarchies in Development*.

## Aims of the Framework

- To analyze existing gender inequalities in the distribution of resources, responsibilities and power.
- To analyze relationships between people, their relationship to resources and activities, and how they are re-worked through institutions.
- To emphasize human well-being as the final goal of development.

## Features

- The Framework is based on the idea that the aim of development is human well-being, which comprises survival, security and autonomy. Production is seen as oriented not only to the market but also to human well-being, including the reproduction of human labour, subsistence activities and care for the environment.
- Poverty is seen to arise out of unequal social relations, which result in unequal distribution of resources, claims and responsibilities. Gender

relations are one such type of social relations. Social relations are not fixed or immutable. They can and do change through factors such as macro changes or human agency. Social relations include the resources people have. The poor, especially poor women, are often excluded from access and ownership of resources, and depend upon relationships of patronage or dependency for resources. Development can support the poor by building solidarity, reciprocity and autonomy in access to resources.

- Institutions ensure the production, reinforcement and reproduction of social relations, and, thereby, social difference and inequality. Gender inequality is reproduced not only in the household but also through a range of institutions, including the international community, the state and the market. Institutions are defined as distinct frameworks of rules for doing things and organizations as the specific structural forms that institutions take.
- Gender analysis, therefore, entails looking at how institutions create and reproduce inequalities. There are four key institutional sites: the state, the market, the community and the family/kinship.

Institutional Location	Organizational/Structural Form
State	Legal, military, administrative organizations
Market	Firms, financial corporations, farming enterprises, multinationals
Community	Village tribunals, voluntary associations, informal networks, patron-client relationships, NGOs
Family/Kinship	Household, extended families, lineage groupings

Five dimensions of institutional social relationships are especially relevant for gender analysis.

- Rules, or how things get done. Do they enable or constrain? Rules may be written or unwritten, formal or informal.
- Activities, or who does what, who gets what, and who can claim what. Activities may be productive, regulative or distributive.
- Resources, or what is used and what is produced, including human (labour, education), material (food, assets, capital), or intangible resources (goodwill, information, networks).
- People, or who is in, who is out and who does what. Institutions are selective in the way they include or exclude people, assign them resources and responsibilities, and position them in the hierarchy.
- Power, or who decides, and whose interests are served.

Institutional analysis reveals how gender and other forms of inequality are produced and reproduced.

Naila Kabeer classifies development policies as being either *gender-blind* or *gender-aware*.

Gender-aware policies may be of three types.

Gender-neutral	<ul style="list-style-type: none"> <li>• In the light of gender differences, target delivery to men and women's PGN.</li> <li>• Work within existing gender division of resources and responsibilities.</li> </ul>
Gender-specific	<ul style="list-style-type: none"> <li>• In the light of gender differences, respond to the practical needs of men or women specifically.</li> <li>• Work within the existing gender division of resources and responsibilities.</li> </ul>
Gender-redistributive	<ul style="list-style-type: none"> <li>• Intend to transform existing gender relations to create a more balanced relationship.</li> <li>• May target both men and women, or one specifically.</li> <li>• Work on PGNs in a transformative way.</li> <li>• Work on SGN.</li> </ul>

Finally, the Social Relations Framework analyzes immediate, underlying and structural causes of specific gender issues and their effects, as given in the following table.

Analysis of Causes and Effects	
Long-term effects	
Intermediate effects	
Immediate effects	
The core problem	
Immediate causes at the level of <ul style="list-style-type: none"> <li>• household</li> <li>• community</li> <li>• market</li> <li>• state</li> </ul>	
Intermediate causes at level of <ul style="list-style-type: none"> <li>• Household</li> <li>• Community</li> <li>• Market</li> <li>• State</li> </ul>	
Structural causes at level of <ul style="list-style-type: none"> <li>• Household</li> <li>• Community</li> <li>• Market</li> <li>• State</li> </ul>	



## Uses of the Framework

- Can be used from project-to-policy level planning, even on an international basis.

## Strengths of the Framework

- It sees poverty as not just material deprivation but also social marginalization.
- It conceptualizes gender as central to development thinking, not an add-on.
- It links micro to macro factors.
- It highlights interactions between various forms of inequality: gender, class and race.
- It centres analysis around institutions; highlights the political aspects of institutions.
- It is dynamic; tries to uncover processes of impoverishment and empowerment.
- It may be used for different levels of analysis.

## Potential limitations

- It examines all cross-cutting inequalities; therefore, gender can get subsumed under other analytical categories.
- It can appear complicated, detailed and demanding.

## End-note

1. The Harvard Framework is originally outlined in Overholt, Anderson, Cloud and Austin, *Gender Roles in Development Projects: A Casebook, 1984, Connecticut: Kumarian Press.*

Source: Adapted from *Training Workshop for Trainers in Women, Gender and Development, June 9-21, 1996, Programme Handbook, Royal Tropical Institute, The Netherlands.*

## 10. Appreciative Inquiry and Community Development

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### The Appreciative Approach: From Problems to Strengths

*Be the change you want to see in the world. ~ M. K. Gandhi*

Most development projects are designed and delivered using a combination of participatory techniques, including participatory rural appraisal, participatory learning and action, and various workshop methods, to uncover local problems, resource constraints, deficiencies and unmet basic needs. These approaches encourage participation, emphasize the importance of local knowledge and address real problems but they often fail to sustain community participation after the implementing organization withdraws.

Usually, development agencies use these approaches to search for and identify community problems. They generate volumes of data that provide great detail on the origins and consequences of local needs and resource constraints. Interventions to address the problems are then developed, usually by consulting with the local community. But at the end of such an approach, the local people, not surprisingly, often view their community as a place full of problems and needs, most of which require the help of outsiders to overcome. By creating and reinforcing this identity through ongoing exercises during the project cycle, these approaches could have a disempowering effect that contributes to the development workers, rather than the community members themselves, being viewed as the agents of change in the community. This viewpoint establishes and entrenches a sense of dependency in the community that the agency must then work to overcome.

Appreciative inquiry turns the problem-solving approach on its head. It focuses on a community's achievements rather than its problems, and seeks to go beyond participation to foster inspiration at the grass-roots level. It was developed in the early 1990s by David Cooperrider at Case Western Reserve University, primarily to help corporations sharpen their competitive advantage.

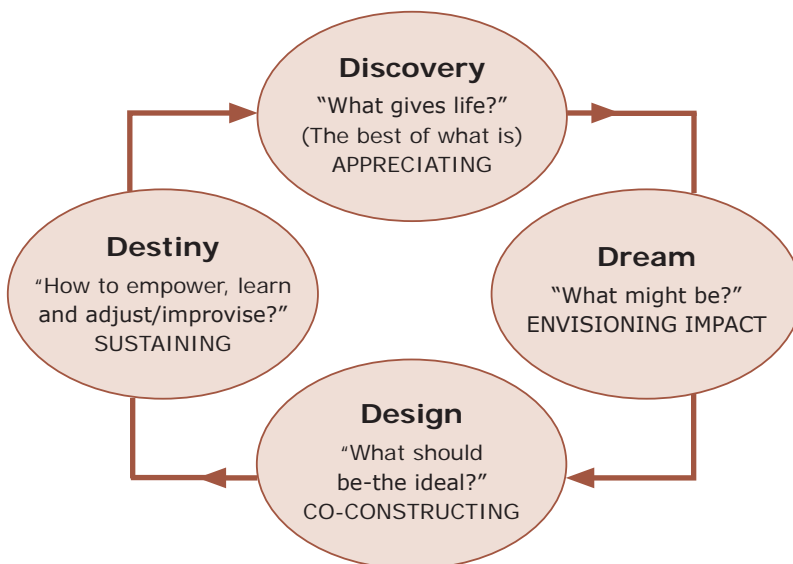
The appreciative inquiry approach involves collaborative inquiry, based on interviews and affirmative questioning, to collect and celebrate the good news stories of a community—those stories that enhance cultural identity, spirit and vision. Appreciative inquiry is a way of seeing, which is selectively attentive to—and affirming of—the best and highest qualities in a system, a situation or another human being. It involves an

appreciation for the mystery of being and a reverence for life. Local people can use their understanding of ‘the best of what is’, to construct a vision of what their community might be if they identify their strengths, and then improve or intensify these. They achieve this goal by creating provocative propositions that challenge them to move ahead by understanding and building on their current achievements. Provocative propositions are realistic dreams: they empower a community to reach for something better, but base that empowerment on an understanding of what gives them life now.

## The Appreciative Cycle

Four steps, shown in Figure 1, complete the appreciative cycle.

Figure 1: The Appreciative Cycle



The core task in the **discovery phase** is to appreciate the best of ‘what is’ by focusing on peak moments of community excellence—when people experienced the community in its most alive and effective state. Participants then seek to understand the unique conditions that made the high points possible such as leadership, relationships, technologies, values, capacity building or external relationships. They deliberately choose not to analyze deficits but rather systematically seek to isolate and learn from even the smallest victories. In the discovery phase, people share stories of exceptional accomplishments, discuss the core, life-giving conditions of their community and deliberate upon those aspects of their history that they most value and want to enhance in the future.

In the ***dream phase***, people challenge the status quo by envisioning more valued and vital futures. This phase is both practical, in that it is grounded in the community's history, and generative, in that it seeks to expand the community's potential. Appreciative inquiry is different from other planning methods because its images of the future emerge from grounded examples of the positive past. They are compelling possibilities precisely because they are based on extraordinary moments from a community's history. Participants use positive stories in the same way an artist uses paints to create a portrait of the community's potential. They think great thoughts and create great possibilities for their community; they then turn those thoughts into provocative propositions for themselves.

In the ***design phase***, participants create a strategy to carry out their provocative propositions. They do so by building a social architecture for their community that might, for example, re-define approaches to leadership, governance, participation or capacity building. As they compose strategies to achieve their provocative propositions, local people incorporate the qualities of community life that they want to protect and the relationships that they want to achieve.

The final phase involves the delivery of new images of the future and is sustained by nurturing a collective sense of ***destiny***. It is a time of continuous learning, adjustment and improvisation, in the service of shared community ideals. The momentum and potential for innovation is high by this stage of the process. Because they share positive images of the future, everyone in a community re-aligns their work and co-creates the future.

Appreciative inquiry is a continual cycle. The destiny phase leads naturally to new discoveries of community strengths, beginning the process anew.

## Key Principles of Appreciative Inquiry

Practitioners of appreciative inquiry believe this approach is true to human nature because it integrates different ways of knowing. Appreciative inquiry allows room for emotional responses as well as intellectual analyses, for imagination as well as rational thought. A successful athlete intuitively uses the appreciative approach when he visualizes breaking a record in his mind, to help him break the record in reality. A successful leader intuitively uses it when she paints a picture of the community's potential, to inspire people to achieve it. The following principles help explain the power behind the appreciative approach.

The ***constructionist principle*** postulates that social knowledge and community destiny are interwoven. To be effective as development practitioners, we must be

adept in the art of understanding, reading and analyzing communities as living, human constructions. The questions that we ask set the stage for discovering stories from which a new future can be conceived and constructed.

The ***principle of simultaneity*** recognizes that inquiry and change are not separate moments, but occur together. Inquiry is intervention. The seeds of change—the things people think and talk about, the things people discover and learn, the things that inform dialogue and inspire images of the future—are implicit in the first questions we ask. The questions we ask set the stage for what we find, and what we discover becomes the stories out of which the future is conceived and constructed.

The ***poetic principle*** states that human organizations, including communities, are an open book. A community's story is constantly being co-authored. Its past, present and future are an endless source of learning, inspiration and interpretation. We can study virtually any topic on human experience in any community. We can choose to inquire into the nature of alienation or of joy. We can choose to study moments of creativity and innovation, or choose to focus on moments of stress and failure. Appreciative inquiry chooses to focus on the positive aspects of communities.

The ***anticipatory principle*** postulates that current behaviour is guided by images of the future. People project a horizon of expectations ahead of themselves that brings the future powerfully into the present as a mobilizing agent. Communities exist because the people, who govern and maintain them, share a vision of what the organization is, how it will function and what it is likely to become.

The ***positive principle*** states that momentum for change requires positive thinking and social bonding—qualities such as hope, inspiration and joy in creating with one another. If development practitioners use positive questions to guide community development, they will achieve longer lasting and more effective changes. In many important respects, people and communities move in the direction of their questions. Thousands of interviews about empowerment will lead a community to a much more positive direction than thousands of interviews about poor participation in projects.

This information on appreciative inquiry is based on work by David Cooperrider and Diana Whitney. It comes from, among other sources, their workbook, *Appreciative Inquiry: A Constructive Approach to Organization Development and Social Change*, Taos, New Mexico: Corporation for Positive Change, n.d.

*Source: International Institute for Sustainable Development. (2000). Abridged from 'Appreciative Inquiry and Community Development', <http://www.iisd.org/ai/default.htm> (accessed in November 2010).*

# 11. About the Contributors

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## Contributing Institutions

### Kutch Mahila Vikas Sangathan

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Started in 1989, the Kutch Mahila Vikas Sangathan (KMVS) is an organization of about 5,000 rural women of Kutch district, Gujarat, with its head office in Bhuj. Its activities are spread over five of the nine talukas (blocks) in the district, namely, Bhuj, Nakhatrana, Mundra, Abdasa and Lakhpat. Based on the expressed needs of women, KMVS implements programmes and activities related to health, education, legal awareness and support, savings and credit, control over handicrafts production and marketing, and natural resource conservation. Whereas KMVS works with several caste groups, such as the ahirs, darbars, kolis, rabaris and harijans, and mixed religious groups, its overall objective is the empowerment of women and restoring the degraded natural environment in Kutch.

### Krishi Avam Paristhiti Vikas Sansthan (KRAPAVIS)

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KRAPAVIS works with a clear mission: the betterment of ecological, agricultural and livestock practices, with a view to ensuring sustainable livelihoods for rural pastoral communities in Rajasthan. KRAPAVIS is a registered organization under the Rajasthan Societies Registration Act 1958. For the last 17 years, KRAPAVIS has been working to revive Rajasthan's Orans (sacred village forests), both physically and conceptually. It has so far succeeded in conserving biodiversity and protecting rural livelihoods in over 100 villages. This has been achieved through bio-diversity reconstruction, stakeholder/community engagement and institution building. KRAPAVIS has empowered local

communities in order to expand their administrative and managerial abilities. The organization has a long experience of protecting trees, conserving water, raising saplings in nurseries and planting these in Orans and other community conserved areas.

### **Aga Khan Rural Support Programme (India)**

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The Aga Khan Rural Support Programme (India) founded in 1983 by His Highness the Aga Khan, the spiritual leader of the Shia Ismaili community, is a non-denominational, non-government development organisation. AKRSP (India) works as a catalyst for the betterment of rural communities by providing direct support to local communities to promote activities and develop models for sustainable natural resource use and development of human resources. AKRSP (India) is active in tribal districts of Bharuch – Narmada – Surat- Tapi, coastal salinity-affected Junagadh and the drought-prone Surendranagar districts of Gujarat. It has also initiated work in Khandwa, Khargone and Burhanpur of Madhya Pradesh and Samastipur and Muzaffarpur districts of Bihar.

AKRSP (India) has set up two training centres in the rural areas of Gujarat, which train more than 3500 villagers and government staff annually. It also partners with other NGOs and research agencies to influence policies and programmes of the Government and market players to improve the quality of life of the rural poor. It is a member of many state and national committees on natural resource management.

### **Mysore Resettlement and Development Agency (MYRADA)**

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Myrada, an NGO, manages rural development programmes in three states of South India and provides ongoing support including deputations of staff to programmes in six other states. It also promotes the Self-help Affinity Group (SAG) strategy in Cambodia,

Myanmar and Bangladesh. Myrada's mission statement is 'Building poor people's institutions'. This arose from the belief that the poor have a right to craft their own institutions. Myrada is now working directly with 75,000 families and approximately 8,50,000 people.

### **Behavioural Science Centre**

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Since its inception in 1977, under the aegis of St. Xavier's Non-Formal Education Society, BSC has had a dual commitment to active involvement in the field/rural areas and to training and research in development issues. Initially, an undertaking of several educators from St. Xavier's College, Ahmedabad, BSC today is an autonomous, secular development organization.

The Centre harbours a basic commitment to the integration of field experience and theoretical reflection, contributing at a wider level to a better understanding of the issues of development. To carry out its mission, the Centre has attempted to combine two important aspects of development strategy: active involvement at the grassroots level by helping the economically and socially deprived to organize themselves; and a serious attempt to conceptualize that involvement through reflection, research and training.

### **Mulukanoor Cooperative Rural Bank and Marketing Society Ltd.**

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The Mulukanoor Cooperative Rural Bank and Marketing Society Ltd. was registered in 1956 as a co-operative with 375 farmers from 14 villages, with a total share capital of Rs 2,300. The society was the brainchild of late Sri A.K. Vishwanatha Reddy, who hailed from this area and who inculcated its cooperative spirit. Today, MCRB&MSL is highly respected and serves a population of 48,137 members from 7,901 agricultural



families and 11,031 non-agricultural families.

The Society's services can be broadly categorized into financial, marketing, input, consumer, welfare services and community initiatives. In addition, the Society provides a large number of services that are true to its charter of being a co-operative for farmers and extend over activities such as providing assistance in soil testing, pest attack, introduction of new agricultural practices, initiatives in animal husbandry and crop seminars through trained staff and a veterinary agriculture division. Overall, all the services and activities of the society are aimed at making each and every member of the society happy, prosperous and progressive.

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Based in Ahmedabad, Pastakia works as a freelance consultant and academic in the fields of rural livelihood augmentation and natural resource management. His career spans a decade of grassroots experience followed by two decades of developmental academics. Pastakia who has done his Fellow Programme in Management from the Indian Institute of Management, Ahmedabad (IIMA), has a basic education in agricultural sciences. Prior to this, he has edited two books: *Locked Horns: Conflicts and their Resolution in Community Based Natural Resource Management* (2008) and *Farmer-led Participatory Research: Cases from Western India* (2002) with two others; both published by Books for Change, Bangalore. His research interests include innovations and entrepreneurship for sustainable development, ecopreneurship, common property resource management, sustainability of people's institutions and participatory natural resource management. He has published over a dozen papers in the international and national journals. His paper "Grassroots ecopreneurs: Change agents for a sustainable society" in the *Journal of Organisational Change Management* (1989) received the Outstanding Paper of the Year Award from MCB University Press, London.

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Sachin Oza, is the Executive Director of Development Support Centre and has a Masters degree in Social Work. He has been with the voluntary sector for 20 years and has wide experience in the capacity building of functionaries of NGOs as well as government departments. He is a member of several policy making bodies at the state and national levels like the Expert Group for Formulation of the National policy on Voluntary Sector 2007, Expert Group for formulation of the Integrated Watershed Management Programme Guidelines 2008 and Expert Group for Implementation of MGNREGA on a Watershed Platform 2010. His main contribution has been in the area of promoting people's participation in natural resource management and institution development. He is also a consultant for World Bank and GTZ for projects related to NRM.

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Virendra Vaghani has done his Bachelor of Technology with specialization in Agricultural Engineering and is presently the Technical Expert in Watershed Management at Development Support Centre. He has eight years experience in the field of rural livelihoods and natural resource management and is involved in providing technical training to various stakeholders. He is responsible for curriculum development for various stakeholders. He also looks after project planning, coordination implementation and monitoring of DSC's initiatives in rainfed areas. He was part of the team for evaluation of various watershed development projects in Gujarat and Madhya Pradesh and involved in various assignments related to natural resource management.

# Index

---

4-A Framework 118  
73rd Amendment of the Indian Constitution 64  
A unique traditional institution 47  
Access to information 42, 118, 11,121  
Accounting systems 170,171  
Achieving External Accountability 122  
Achieving Internal Accountability122  
Administrative consensus 114  
Administrative systems 170,171  
Aggregated institutions at the cluster/area level 49  
Aggregating produce 44  
Aggregation of primary producers 71  
Agricultural equipment library 41  
AKRSP(I) 8,14,15,40,41,46,48,128,129,156,161,162,166,169,179,180,182  
Alternative dispute resolution mechanisms 164  
Alternative model of conflict management 167  
Amartya Sen 118  
Amul model of dairy cooperatives 80  
Amul pattern of cooperatives 81  
Andhra Pradesh Mahila Abhivruddhi Society (APMAS) 172  
Anil Gupta 4, 50,142  
Anil Shah 136,169  
*antodaya* approach 130  
Apex institution 57, 61, 70  
Application developer 103,105,107,109  
Appreciative Inquiry 142, 345-348  
Approaches/models to social capital building 80  
Appropriation rules 51, 53,179  
ARAVALI 297  
Arbitration/ Adjudication 164,165  
Area-level institutions 41, 44, 46  
Arun Aggarwal 55  
*Arvari Sansad* 39, 41,134  
Autocratic leadership style 151  
Autonomous stage 135,136,143,146  
Avoiding start-up failures 95  
Awareness building 19,144,153  
Balance of power 74,185,189  
Barry Underwood 161  
*Beej Khatni Tyohar* 30  
Bio-industrial watersheds 193  
Bonded labour 116

Boundary rules 51, 52, 58,179

Broad Approaches for Social Capital Building 8

**BSC Case 241-256**

- Behavioural Science Centre (BSC) 241
- Bhal* 241,242,244,248,249,254,
- Conflict management 249
- Daheda Federation 248
- Ganda bawal* 245,249
- Income from charcoal 246
- learned helplessness 241,242
- Participatory technology development 248
- Pedagogy Adopted by BSC 243
- Resisting Untouchability 253
- Vankar Community 242,243,252

Building blocks of social capital 14, 60,192

Building strategic alliances 83

Business centrality 92, 94, 95

Capacity building through hand-holding 60

Caste, class and communal bias 140

*Chabutara* 38

**Change of Guard, AKRSP (I) Case 222-233**

- AKRSP(I), as the PIA 226
- Bride price 223
- Gender-based, latent, internal conflict 229
- HYGBM of the Watershed Association 226,231
- Mahila Manch, Sagbara 233
- Mahila Vikas Mandal 224
- Manifestation of Latent Conflict 230
- Vasava 222,223
- Watershed Development Committee 223,233

Charismatic leadership 17,89,146,152,153,154

Chhaganbhai Patel 89

Choice of institution 144

Choosing an appropriate sub-sector 93, 94

Circle of accountability 93

Collective egg-collection expeditions 54

Collective Enterprise Institution 72, 73,86,92,93,96,97,98,179,

Commercial functions 68, 72, 73, 74, 80

Communes of China 87

Communities of informal learners-educators117

Complex Institutions 20,134,137,175

Conciliation 65,164

Conflict resolution mechanisms 165

Conflict resolution rules 56

Conflicts as indicators of policy lacunae 169  
 Connectivity service provider 103,107,273  
 Conscientization 117,130,131,147  
 Content providers 103,104,106,107,273  
 Contingent self-commitment 56  
 Cooperative Model 46,113  
 CPR institutions 11,29,30,37,39,40,41,47,50,51,54  
 Crafted institutions 3,4,7,11,12,16,20,23,134,135,192,274  
 Creating common vision 145  
 Creating durable partnerships 101,103  
 Creating human capital at the village level 101  
 Creating knowledge workers 102  
 Creating learning opportunities 146  
 Creating Suitable Systems and Procedures 149,170  
 Credibility Alliance 172  
 Criteria and Indicators of Sustainability 182  
 Cross-subsidy in fee structure 111  
 Culturally embedded norms, beliefs and institutions 29  
 Dealing with external conflicts 166  
 Deepa Narayan 118  
 Design of Federations 67  
 Design Parameters for Governance System 96  
 Design principles for CPR institutions 50, 51  
 Design-Delivery matrix 147  
 Development Alternatives (DA) 295  
 Development Support Centre (DSC) 298  
 Developmental functions 15, 23,73,74,83  
 DFID framework 2  
 Different Stages of the Institution 21,135  
*Dilasa* 35, 36,40,43,47  
 Diplomatic biases 140  
 Distinction between a private and public Trust 85  
 Domain consensus 114  
 Drishtee 109,110,111  
 Dry season biases 139  
 Dryland Development Board 13  
 DSC's Performance Indicators for CBO's 181  
 Durability of Partnerships 114  
 eco-system of mutually dependent PIs 47,49  
 Ecosystem of Village Institutions 6  
 Effective sanctions 60  
 e-government services 109,112  
 Elinor Ostrom 4,50  
 Empowerment of the gram sabha 66

Empowerment of Women 90,160  
Empowerment process 115,121,123,159,160  
Entry-point activities 145  
Evaluating Desirability of Redundancy 184  
Exclusive institutions of the poor 7,8,130  
Exclusive Institutions of the Poor/Marginalized 8  
Executive committee 44,72,73,74,76,78,91  
Exposure visits and field days 144  
Extent of Structuring 68  
Facilitating linkages 67  
Facilitating women's empowerment 67  
Factional fight 165,164  
Fernandez (1994) 17,63  
Financial systems 170,171  
Formative stage 28,135,142  
Fostering egalitarian values 11,16  
Four-tier Linear Federation structure 68  
Framework for Institutional Sustainability 185  
Free riders 56  
Fugitive resources 52  
Fundamental rights of all citizens 123  
Future of PIs 193  
Gambhira cooperative 89  
*Ganesh Pooja* 30  
*Gaushala* 6, 31, 38  
Gender balance 9,115,143,149,158,161,181  
Gender specialist 162  
GONGOs 14  
Governance rules 51, 52, 54  
Governance structure 48,72,73,75,76,78,91,92,95,145,146,186,187  
Government-promoted federations 70  
Gram Kosh 180,276  
Grameen bank model 59,303  
Grant-based model 111,112,113  
Green book 17,26,63  
Green SIM Card 113  
Group leadership 17,143,146,152,153,154,155,187  
Growth stage 20,135,142,145  
Gujarat Cooperative Milk Marketing Federation 82  
Gujarat Panchayat Act of 1993 66  
Hand-holding 10, 60, 144,147,171,172  
*Havado* 38  
Homogenous groups 3, 60,132  
Horizontal risks 142

Household Responsibility System 87

Human and Institutional Development Forum 298

Human rights 123

ICT revolution 193

Ideological consensus 114

IFFCO Kisan Sanchar Limited 113

Inclusion and participation 118,119

Inclusive/Umbrella Institutions of Governance 8

Incubation model 80,82,83,97

Indian Society for Applied Behavioural Science (ISABS) 298

Influencing collective behaviour 55

Institutional arrangements in the tasar silk value chain 83

Institutional health and institutional strength 185,186

Institutional Maturity Index 180

Institutional strength 136,182,185,186,189

Inter-locking of institutions 29,49,63

Internal boundaries 53,54

Irula Snake-catchers' Industrial Cooperative Society 44

ISO 9000 system 172

J.M. Heredero 19,26,133

Jamshetji Tata National Virtual Academy for Rural Prosperity 102

JANVIKAS 132,294

Jawaja Experiment in Educational Innovation 18

Joint Liability Group 59,303

Joint stakes model 80, 81,82,83,98,99

*Kallar* system 30

KAWARD 14

Key facilitation tasks 143

*khap panchayats* 16

Kibbutz of Israel 87

**KMVS Case 202-212**

- Creating male support 209
- Drinking water campaign 207
- Eco-workers Training Programme 206
- Empowerment of Women through NRM 205
- Environment Fair 209
- JVEC 202,203,204,205,206,207,208,209
- Mahila mandals* 202,204,207,208,209,211
- Safai Vidyalaya* 207
- Small technologies 204,205,206,207
- taluka samitis* 202,207,208,210,211
- Taluka sangathan 202,208,210,211
- Watershed development 206,207,208,209,211

Knowledge value chains 7,8,23,101,103,105,108,113,114,193,277

## **KRAPAVIS Case 213 –221**

- Dev-banis* 213,214
- Dhok* 214
- ethno-silvicultural species 218
- Googal tree* 214
- Kala Khair*214
- KRAPAVIS 213,217,218,219,220
- Oran forum 219
- Sadhu* 213,216
- three-pillar model 218
- Kurien Vergese 80
- Lack of voice 116
- Laissez-faire leadership style 150
- Lal Bahadur Shastri 81
- Launching of the collective enterprise 142
- Leadership development 70,136,143,149,150,151
- Leadership training 144,146,147
- Learned helplessness 116,322
- Learning situation 158
- Legal personality 8,22,72,75,189,192
- Limitations of a charismatic leadership154
- Literacy bias 140
- Livelihood Augmentation Matrix 191
- Local organizational capacity 119,120
- Magical consciousness115, 116
- Mahila Sangh* 128
- Maneka Gandhi 30, 33, 36
- Margaret McKean 4, 50
- Market surveys 144
- MASUTA producers' company 80, 83, 97
- McKinsey 7 S 24, 26
- Mediation 68,164,166,168
- Member allegiance 91,93,95,98,142,186,188
- Member centrality 91,92,94,95,186
- Member-controlled federations 70
- Membership rules 53,62,63,142,145
- micro-planning13,278
- Model of collective farming 89
- Monitoring CIGs178
- Monitoring quality of training 147
- Monitoring SHGs 176
- Monitoring UGs178, 179
- Monitoring VDCs 179
- Moser's Gender Planning Framework 158,336,338



Multi-stakeholder institution 7, 13, 59,132,142

**Mulukanoor Cooperative Case 257-270**

Contributing capital 262

High stakes of the members 262

Mulukanoor Cooperative Rural Bank 257,262,264,266,268

Paddy Processing 260

Seed multiplication and marketing services 260

Mutual acceptance 114

Mutual monitoring 48, 56,57,58,60, 72, 86, 92,179

**Myrada Case 234-240**

Mysore Resettlement and Development Agency (Myrada) 234

Role of CMRCs 240

SAGs in Chitradurga district 234

Self-help Affinity Strategy 234

Mysore Resettlement and Development Agency (MYRADA) 295

Negotiation 154,162,164,168

Neutral Fact-finding 164

Numerical literacy 58

Nurturing Member Allegiance and Loyalty 93,95

*Nyay Samiti* (Justice Committee) 166

On-site training and demonstration 144

On-time repayment of loans 176

Operating system 72,73,74,75,91,92,93,94,137,14,146,18,187,189

Optimum group size 60

Outsider Biases 138

*Panch* 6,33,57

Panchayatwa 128

Panjrapol 31,38

*Parab* 31,38

Partial Redundancy 184

Participative leadership style 151

Participatory tools and methods 140

*Pata* system of cultivation 30

Pathways for aggregating institutions 67

Patronage cohesiveness 91,96,280

Paulo Freire 26,117,131

Pay-to-use 108,112

Pedagogy of the Oppressed 117,131

Performance of MFIs 176,177

Person bias 139

Pestonjee Edulji 81

Polson 81

Posey 33,36

Positive discrimination for the poor 7,104,132,145

Power struggle between leaders 156  
Practical gender needs 159,280  
Praxis—Institute for Participatory Practices 294  
Preparatory stage 135,137,144  
Pressure groups 123  
Primary producers cooperative 73  
Process of Empowerment 15,126,130,131  
Producer control 75,76,79  
Prof. Ravi Matthai 18  
Professional bias 140  
Programme management systems 170,172  
Project bias 139  
Promoter control 70  
Promoter organizations 70  
Pro-poor value chains 7,86,97,193  
Provision rules 51,53,58,179  
Putting the Last First 138  
Quasi-voluntary 55  
Rangasutra Crafts India Pvt. Ltd 82  
Rapport building 133,144,145  
Reciprocity arrangements in the use of natural resources 29  
Reciprocity between migrant shepherds and farmers 38  
Reducing the drudgery of women 46  
Redundancy of leadership 155  
Registration procedures and costs 75  
Reorienting/ Strengthening Existing Institutions 8  
Resource allocation rules 50,51,52,53  
Reviving Traditional Institutions 8, 47  
Right to Information (RTI) Act 125  
Rights-based interventions 4  
Rights-based organizations 5,193  
Rotational labour practices 38  
Rotational leadership 58,60  
Rotational rules 54  
Sacred groves 30,38  
Sacred Trees 30,36,37  
SaDhan Microfinance Resource Centre 75  
Sajjata Sangh 64  
Sami reindeer herders 52,54  
sectoral institutions 47,48  
Segmentary, polycentric and integrated network (SPIN) 5  
Self-help movement 9,14,191  
Self-organizing institutions 4, 27,50,72,92,192,281  
Self-reliance 15, 18,182,191

Semi-feudal setting 117  
Sequential steps of facilitation 136,138  
SERP 14,68  
Service interface provider 103,282  
Seva Mandir 14,48,160,179  
Sharecropping 38  
Shared Values 12,23,24,25  
SHG model 59,303  
Shri Pandurang Shastri Athavale 43  
Shri Tribhuvandas Patel 81  
*Siddi Adivasi* 128  
Siddi Women's Federation 128  
Simple institutions 20,134,135,137,175  
Situational analysis 138,144  
Size of federations 69  
Social-entrepreneur model 80, 83,108  
Socio-psychological Consequences of Poverty 116  
Sources of deprivation 116  
Spatial biases 138  
Specialized PIs 72,85,193  
Stakeholder analysis 140,141,325,326,327  
Strategic gender needs 158,159,283  
Sub-sector analysis 144  
Sumita Ghosh 80,82,97  
Supremacy of the gram sabha 66  
SURE 40,47  
Sustainability of PIs 21,175,181,192  
Swadhyay movement 43  
Symbolism of sustainability 182  
Tactful handling of leaders 150,155  
TARAhaat 109,110,111  
Tata-Dhan Academy 297  
Tax benefits 77  
Technology provider 103,105,107  
The 'Milk' Man of India 81  
The 7 S Frameworks 24,25,26  
The Deprivation Trap 116,117  
The Harvard Framework for Gender Analysis 158  
The Livelihood School 22,193,296  
The Rural University 18  
The Social Relations Framework 158,342,344  
The Women's Empowerment Framework 158,340,341  
Total Negative Redundancy 184  
Total Positive Redundancy 184

Traditional Institutions for NRM 27,29,30  
Traditional vs Modern Institutions 27  
Tragedy of the commons 56  
Training camps 144  
Training in conflict analysis 166  
Training Institutions for Facilitators 192  
Transactional leadership style 151  
Transformational leadership style 152  
Transparency and accountability 9, 12, 17,28,60,62,125  
Tree Grower's Cooperatives 90  
Tribal Rehabilitation Project at Vansda 47  
Turnaround of a 'Difficult' Sarpanch 157  
Tushar Shah 4, 72, 86,142  
Typologies of leadership 150  
Typology of Conflicts 162,163  
Universal Declaration of Human Rights 123  
Unnati 17,64,132,133  
URMUL 124,125  
Usufruct rights 54,62  
Vankar community 117  
Vertical risks 142,145  
Vicious cycle of poverty 116  
Vision building 142,145,147,149  
WASMO 10, 14  
Watershed Support Services and Activities Network (WASSAN) 295  
*Wavli* 47  
Wealth ranking 140,317,318  
Welfare functions 68, 72, 73,74,80,83  
Women-Managed Farm Equipment Library 41

## A Strategy Handbook for the Practitioner



In India, close to 400 million poor reside in rural areas, most of them in rainfed areas. Scientific research has revealed a vast untapped potential in rainfed agriculture where crop yields are lower than their potential by two to five folds. A large number of innovative projects and ideas have been tried to address this issue, although documentation has been uneven and fragmented. Drawing upon such experiences, the present handbook points towards new vistas and untapped opportunities in meeting the challenge of enhancing food security with limited water resources and improving the carrying capacities of rainfed areas to match the rapidly increasing population in these regions and elsewhere.

The handbook is presented in four volumes under a common framework. Each volume presents a selection of best practices, articulation of basic principles, and description of strategies that are known to work on the ground.

**Volume I** describes natural resource based strategies such as watershed development, community forestry, lift irrigation, animal husbandry, wasteland development etc.

**Volume II** deals with market-led interventions, such as addressing market imperfections, creating market opportunities, and building pro-poor value chains.

**Volume III** focuses on ICT enabled strategies such as plot specific farm advisories, market intelligence services, inclusive finance, and opportunities like rural BPO in the emerging ICT led service sector.

**Volume IV** dwells upon the difficult task of building the capacity of rural communities to implement livelihood projects and maintain productive assets. Social capital building is a crosscutting theme for all developmental interventions because it helps empower the people to take charge of their own developmental trajectories.



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### About DSC

Established in 1994, Development Support Centre provides knowledge based support to community based organizations, non-government organizations and government functionaries. DSC helps in capacity building of key functionaries in rural development, performs hand holding operations in the field, takes initiatives for policy changes, and carries out field studies and research projects related to issues in policy and practice. It directly implements key projects in more than 200 villages in rainfed and irrigated areas across two states i.e. Gujarat and Madhya Pradesh.

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