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Women's Self-Help Groups in Andhra Pradesh—Participatory Poverty Alleviation in Action

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Executive Summary

The Indian state of Andhra Pradesh, one of India's poorest, has used development self-help groups (SHGs) extensively as a primary tool of poverty alleviation and empowerment. A SHG is a small group of persons who come together with the intention of finding a solution to a common problem such as medical issues, livelihood generation or watershed management, with a degree of self-sufficiency. However, in Andhra Pradesh, the groups largely are the conduit through which *micro credit* is routed to the poor in the belief that it will serve as a catalyst in helping them to pull out of poverty.

National and state government initiatives, as well as NGO efforts, have used SHGs to implement poverty alleviation programs in Andhra Pradesh since 1979. Self-help groups also empower poor women, more than 4.8 million of whom are mobilized into SHGs. Early programs sought to provide self-employment, empower, and incorporate rural poor women into the development process. Homogenous groups of women would choose and collectively undertake an economic activity suited to their skills and resources, supplemented by state matching grants.

Following on successes in earlier programs, which were modified to make them more meaningful, the state has promoted significant increases in SHGs using a social mobilization approach. The state-sponsored *Velugu* program working in over 860 mandals (sub-district geographical unit) in 22 districts, aims to reach 2.9 million of the poorest of rural poor. Both the number and structure of self-help groups in Andhra Pradesh has been scaled up. The state established an independent support organization to implement poverty elimination projects which aim at social mobilization to enhance livelihoods and employment generation opportunities of the poor. Self-managed grassroots institutions have been federated into village level and sub-district level groups. These groups provide an organizational identity to help SHGs realize the benefits of a larger organization without losing the advantages of small organization. Federations of SHGs are fast becoming powerful voices expressing the social and economic needs of the poor.

Capacity building is an important component in the scaling up of Andhra Pradesh's poverty alleviation initiatives. Training includes participatory training methods, SHG formation and strengthening, book keeping and financial management and also helps members and leaders develop linkages with banks and other institutions. The primary aim of the SHG-Bank linkage program is to integrate informal savings and credit groups with mainstream banking by providing them with credit to enhance their fund base. Once an SHG has demonstrated its capacity to sustain and to absorb outside credit, loans are extended to it from the formal banking structure. Using existing financial infrastructure to meet the needs of micro credit initiatives has saved on duplication and transaction costs and has also been instrumental in changing perceptions about the credit worthiness of the poor.

Andhra Pradesh has chosen social mobilization and inclusiveness as methods of addressing poverty alleviation. The process uses social mobilization as an institutional mechanism to help the poor interact with government machinery so that public resources and

services are better accessed. To insure that the ‘poor’ were adequately identified, and thus included, the community itself prepares a list of its poor people. The participatory methodology of identifying the poor has been very effective in creating a transparent and inclusive methodology for community based targeting for programs.

Besides group mobilization, the programs focus on expanding the assets of the poor and creating economic opportunities connected with people’s livelihoods. To reduce, mitigate and manage risk *Velugu* supports the Community Investment Fund which supports investments in sub-projects for the poor and the Comprehensive Insurance Package which seeks to develop a community-based delivery of life and health insurance services. The rice credit line is a unique and pioneering program in India which addresses food security problems of the poor. Another innovation is the value chain analysis of livelihoods. Traded-in and traded-out items, and income and expenditure of the poor are analyzed. This analysis captures the credit system, risk and uncertainties and best practices in each of these livelihoods. Infrastructure gaps, constraints and structural needs are also identified. This process institutionalizes a mechanism that facilitates expression of voice by the poor.

A number of social issues including gender and family, child labor, disability and health related to poverty alleviation need to be addressed in the context of SHGs. SHG formations largely take place around women since women are seen as more credit-worthy than men. But the process of empowerment and poverty alleviation can be more sustainable when all the members of the family are involved. Hence women’s groups are taken as an entry point for the formation of men’s groups, youth groups, children groups, and groups for the physically challenged. Innovative, action research interventions using folk theatre have addressed family issues related to gender division of labor in the house, son preference and relationships between mothers-in-law and daughters-in-law. *Velugu* addresses child labor and high dropout rates through regular campaigns to sensitize parents—especially mothers, youth, other community members and schoolteachers—about the importance of education and its long-term implications for child welfare and poverty reduction. *Velugu* also aims to directly address the problems of the disabled by organising them into mutual support groups. *Velugu* plans a holistic approach to community based primary health care to empower people and communities to take care of their own health and take responsibility for the community’s health.

There is absolutely no doubt that SHGs have lead to an expansion in the economic spaces of members. However the composition of the members reveals that the coverage of the poorest-of- the-poor is low, while the coverage of non-poor is considerable. The financial status of households and savings capacities has improved due to improvement in access to formal credit institutions, since SHGs are linked with banks. Access to credit has enabled women to undertake economic activities, which tend to be an expansion or strengthening of existing traditional activities. A smaller proportion of women have taken up new occupations. The diversification of occupation to nonagricultural activities has enhanced the quality of income of the households by reducing the dependency on risk-based agriculture. Increases in income have been spent on better nutrition for the children and on health care for the family. Kitchen gardens have enhanced the overall nutritional status of children, pregnant and lactating mothers.

Social inclusion and participation in the political process are also impacted by SHGs. Gender poverty measured in terms of gender bias with respect to norms of eating, male preference in distribution of food and access to clothing has not declined significantly. But food security of member households improved after participation in groups. There are improvements in school enrolment, attendance, drainage facilities, toilet facilities and access to electricity and gas. The political process picks up momentum with the SHGs being federated and also establishing links with local self-governing bodies. Further, SHGs have the capacity to voice the needs of the communities. There is tremendous potential in this endeavor if the vision of SHGs is expanded beyond transacting money to include local concerns about the quality of life. Under *Velugu*, as the social mobilization process matures in a village, communities are encouraged to analyze their livelihood situations, which in turn reveal options for the community to act.

There is no doubt of the need for accountability for any program to succeed. The most obvious relationship of accountability and transparency is between the state and the people. Both have to be accountable to each other. This requires a system of communication where intent, need and impact of programs can be conveyed both ways.

In Andhra Pradesh, the linkages between different approaches towards development, poverty reduction and empowerment must be considered. It is not enough to address the economic indicators of poverty. While incomes have to be augmented through livelihood generation interventions, for which credit is an important component, determinants of human poverty in terms of health and education requirements require attention. Likewise, social poverty, which manifests in the presence of corrosive evils like caste taboos, norms of dowry, adherence to vices such as alcohol and drugs have to be woven into empowerment programs. The primary lesson learned from the Andhra experience is that there is value in using self-help groups as a conduit for poverty alleviation initiatives. However one has to understand the limitations of this use and gauge the ways in which these can be surpassed to get more out of such an approach.

- The limitations of micro credit to alleviate poverty or to empower people can be overcome by integrating micro credit with a powerful 'plus' component of social and economic infrastructure.
- Self-help groups' political potential is powerful. Federations form the training ground to make leaders and potential political aspirants. This critical mass has tremendous potential to work for the betterment of the regions they represent.
- The potential of women-only SHGs for women's empowerment depends upon several other supportive measures like education, health, housing and infrastructure.
- Partnerships are fundamental for development. This kind of inclusiveness where institutions and actors both public and private, work in synergy, has considerable potential for poverty alleviation. Market dynamics are not adequate to allocate costs and benefits. It is however difficult to conclusively say what the effect of excluding NGOs will be. In a larger design of partnerships, it may not be advisable to create rifts between actors working towards similar goals

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- The linkage between the national, regional and local environment can be made with political will.
- Unless a sense of ownership is infused into any program, participants will not demand accountability or feel accountable. Involving people at every level of decision making within the program transforms 'beneficiaries' into participants and ultimately everyone benefits.
- A complex mix of methods is needed to solve complicated problems such as poverty. Use of existing structures and the creation of new edifices have to be synchronized. Economic and social issues are equally important if poverty is to be understood.

Implementation Process

This case study focuses on Andhra Pradesh, India, where state initiative has extensively used the 'self-help group' (SHG) as a tool of poverty alleviation and empowerment. A SHG is a small group of persons who come together with the intention of finding a solution to a common problem with a degree of self-sufficiency.¹ Within development initiatives, SHGs can be formed around various issues related to livelihoods and resources. One sees groups around watershed management, forest management, livelihood generation, etc. However, largely, the SHG is the conduit through which *micro credit* is routed to the poor in the belief that it will prove catalytic in helping them to pull out of poverty.² Andhra Pradesh is the fifth largest state in India, with a population of 76 million, of which three fourths live, in the 26,500 rural villages. According to the Survey of the IX Five Year Plan (1997-2002) carried out by the Government of Andhra Pradesh (GOAP), the state is among the poorest in India with many indicators below the national level. Income poverty has been reduced in the second half of the 90s but at a slower rate compared to the rest of the country. On the positive side, Andhra Pradesh has been pursuing economic reforms to step up growth and alleviate poverty. Significant strides have been made in participatory management of land, water and forest resources.

It is within this state of India that the SHG has constituted a primary route towards poverty alleviation and development. Both state and NGO initiative have recognized the value of forming small groups of poor people who have a common desire to generate livelihood options. Further, micro credit is seen as the key to unlock the poverty trap. SHGs are also supposed to empower women. Currently Andhra Pradesh has mobilized and organized 48 lakh poor women in the rural areas into 3.7 lakh groups. These women's groups have built up a corpus fund of Rs 750 crores consisting of their savings, borrowings from banks and revolving funds from government programs. The major poverty alleviation project through which SHGs are promoted is the state-sponsored '*Velugu*'³, working in over 860 *mandals*⁴ in 22 districts, aiming to reach 29 lakhs of the poorest of rural poor.

Upscaling with Innovation

In Andhra Pradesh, the use of SHGs to route and implement poverty alleviation programs has to be seen as an evolution over time of government initiative, national and state, as well as NGO efforts. The evolution goes back to 1979, with the national implementation of the Integrated Rural Development Program (IRDP), that targeted the poorest of the poor, under which as a sub-

¹ Internationally such groups have been formed around medical problems and addictions. Self-help is seen as an inexpensive way of providing vital community services.

² This paper focuses specifically upon SHGs around micro credit.

³ '*Velugu*' means 'light' in Telugu, the language of Andhra Pradesh.

⁴ A '*mandal*' is a sub-district geographical unit unique to Andhra Pradesh which is both a revenue and development planning unit, but smaller in size than a 'block'.

component in 1982-83, the Government of India (GOI) started the Development of Women and Children in Rural Areas program (DWCRA).⁵ The aim of this program was to provide self-employment, empower and incorporate rural poor women into the development process. Under DWCRA, women living in neighborhoods with similar socioeconomic background formed SHGs of 25 members each, to choose and collectively undertake one economic activity suited for their skills and resources. Groups were provided with a maximum matching grant of Rs. 15,000 to be used as a revolving fund to undertake the group's economic activity, which was increased to Rs. 25,000 in 1994-95.⁶ Besides money, DWCRA SHGs received training and their products were also distributed to *Bazaars*, providing them an opportunity to access diverse markets.

In spite of well-formulated designs however, when implemented, programs do not always fit the requirements of the field. Gaps need to be ascertained and modifications made to make them more meaningful. The district of Ananthpur proved exemplary in this context. DWCRA was being criticized for being too rigid in its stipulations, since groups had to have a minimum of 25 persons that wanted to undertake the same activity. This was, first, difficult to find, and second, it was problematic for the village to absorb the production of 25 persons conducting the same activity. Further the guidelines were rigid requiring that the money be used only for the activity that the group conducts. The administration of Anantapur made three modifications in an attempt to salvage the program. The size of the group was reduced, people from other castes and communities were permitted to join the same groups and different economic activities were pursued within the same group. This however, caused a problem in that, the homogeneity of background and economic activity, which had initially formed a cementing factor, was no longer present. Hence an alternate binding force was introduced through thrift and savings in women SHGs. Between the late eighties and early nineties, this program picked up in momentum and was also upscaled to the extent that it covered 30,000 women, which constituted almost one fourth of the poor women in Anantapur.⁷ Over time, DWCRA groups all over the state were strengthened.

Government initiative and sponsorship of SHGs link more recently to what are called the SAPAP SHG groups. In 1996, the South Asia Poverty Alleviation *Program* (SAPAP) a pilot project was conducted in three districts of Andhra Pradesh.⁸ The program has covered 66,000 households, who constitute 34 per cent of the total households of the project area and 64 per cent of the total target group households. Subsequent to the success of SAPAP, the processes in

⁵ This was done with the help of the UNICEF.

⁶ The cost of the revolving fund was paid 20 percent by UNICEF, 40 percent by each state government and 40 percent by the Central Government. Once UNICEF withdrew from the project in 1996-97, the costs were equally shared between the state and the central government.

⁷ The credit for the courage to break rules and for the political will in this endeavor has been attributed to Mr. Tucker who came in as District Collector in 1992 and Mr. Chandramouli, Project Director of DRDA in charge of DWCRA. The commissioner A.K. Goel, and the Rural Development Minister, Ms. Laxmi Devi also offered further support

⁸ SAPAP was assisted by the UNDP. It emerged out of the 1993 Dhaka declaration for Eradication of Poverty which was the result of the need for an action plan to study the regional problem of persistent poverty, felt in 1991, when the SAARC heads of the state met at Colombo and established the independent South Asian Commission on Poverty Alleviation.

Andhra Pradesh have generated a successive upscaling of SHG promotion. The GOAP incorporated the ‘social mobilization approach’ into its major poverty reduction project, *Velugu* comprising in the first phase of the Andhra Pradesh District Poverty Initiatives Project (APDPIP), a 5 year project (2000-2005) being implemented the six poorest districts in the state - Adilabad, Mahbubnagar, Anantapur, Chittoor, Srikakulam and Vizianagaram.⁹ Given its success in the first phase, the government has rolled out the second phase of *Velugu* – Andhra Pradesh Rural Poverty Reduction Project –APRPRP in the remaining 16 districts of the state. The new phase started in 2003 and is designed to last 5 years, reaching approximately 550 disadvantaged *mandals* in the remaining 16 districts of the state.¹⁰

Upscaling through Institution Building

The upscaling of SHGs in Andhra Pradesh has been both in terms of numbers as also in terms of structure. GOAP established an independent support organization by the name of “Society for Elimination of Rural Poverty” (SERP) to implement poverty elimination projects which aim at social mobilization to enhance livelihoods and employment generation opportunities of the poor. This organisation forms a bridge between the government and people and is in the nature of a government NGO (GONGO). It is simultaneously autonomous to oversee *Velugu*, even whilst originating from the government.¹¹

Institutional structural building has taken the shape of forming new edifices. The SAPAP project focused upon the creation of self-managed grassroot level institutions of the poor, namely (CIGs), such as Self Help Groups, Village Organisations (VOs), and *Mandal* Samakhyas (MSs). 5,201 SHGs have further been federated into 380 VOs at the village level. The *Mandal* Mahila Samakhya (MMS), the apex body of VOs at the *mandal* level, plays a crucial, supporting role in sustaining the VOs.¹² Federations provide an organizational identity to SHGs that, while crucial for sustainability, is difficult for small organizations such as the SHGs to develop. Federating helps SHGs realize benefits of a larger organization, without losing the advantages of small

⁹ APDPIP was designed with the active participation of Mr. K Raju who included his learning from Nellore, Kurnool and SAPAP into the project.

¹⁰ The total cost of the project is estimated in US\$ 275.4 millions, of which US\$157 millions are to be spent in the Community Investment Fund only. Of these US\$157 millions 75 percent will be spent on productive activities while the remaining 25 percent will be directed towards social and infrastructure activities. The project is financed by several stakeholders: the World Bank (IDA) is providing a loan for US\$150 millions (54 percent of the total), the communities are investing US\$13,79 millions, the Community Building/MicroFinance Institutions are providing US\$51,47 millions and the GOAP is investing US\$59,93 millions.

¹¹ The Chairperson of SERP is the Chief Minister of Andhra Pradesh and the primary positions including that of Chief Executive Officer are held by senior bureaucrats.

¹² UNDP 2000

organization.¹³ Federations of SHGs are fast becoming powerful voices expressing the social and economic needs of the poor.¹⁴

DPIP continued with the three-tier system similar to that in SAPAP. SHGs, are the basic organization entities. The VO comprises of the SHGs of a village (8 to 10 groups) and their task is to address their common issues. VOs are also in charge of training SHG members in areas such as bookkeeping and management. MMS are the highest federated entity of *Velugu* and gathers the VOs together. It's task is to monitor the VOs, contact the government, VOs and the SHGs in case of a particular need, audit SHGs and also help with micro finance. *Velugu* phase two is expected to cover 548 *mandals*, 2,000,000 families, 187,5000 SHGs, 15,000VOs and 500 MSS. Currently, the project has organized and strengthened about 99,000 self help groups in 316 *Mandals* in the six Districts. It has formed federated organizations of SHGs including 6126 VOs and 201 MSs.

Capacity building is an important component in the upscaling of Andhra Pradesh's poverty alleviation initiatives. RPRP is being implemented in 563 *Mandals* in sixteen districts, covering 25000 habitations. 212 villages in the coastal regions have been taken up for institution building where fishing is the most important livelihood source. Capacity building support has been extended to 77637 SHGs throughout the state. In order to strengthen existing SHGs, the project is promoting the use of animators to provide facilitation support to members and leaders and develop linkages with banks and other institutions. District Resource Teams are to support these animators. 165 District Resource Persons have been selected and trained in participatory training methods, SHG formation and strengthening, book keeping and financial management.¹⁵ The focus in the initial phase has also been on building the capacity of the project staff. The project has conducted training needs assessment for all categories of staff in all districts and conducted many training programs for District Program Managers (DPMs), Community Coordinators and trainers of support organizations in seven districts. 292 of the proposed 460 *Mandal Velugu* Training Centers have been set up.

Using the Economic Environment

Just as the political environment of the state of Andhra Pradesh was conducive to the upscaling of SHGs, the overall national economic environment has played a pivotal role in the spread of micro credit to the rural poor. The primary aim of the SHG-Bank linkage program in India is to integrate informal savings and credit groups with mainstream banking by providing them with credit to enhance their fund base. Once an SHG has demonstrated its capacity to sustain and to absorb outside credit loans are extended to it from the formal banking structure. The state of Andhra Pradesh is at the forefront of the SHG-Bank Linkage Program with close to 40 percent of the cumulative bank linkages. A total of 281,338 groups have been linked with banks in Andhra Pradesh until March 2003 with loans for Rs. 9,753 millions, equivalent to US\$212 millions

¹³ Nair http://www.coopdevelopmentcenter.coop/Sector/Microfinance_percent20&percent20Finance/federation_percent20Report-finaldraft.doc

¹⁴ This has happened in a large way in the state-sponsored program as also at the level of NGO initiatives.

¹⁵ Support is provided by APMAS, CARE and OUTREACH.

approximately. In terms of bank participation, in the state of Andhra Pradesh, 62 percent of the loans were provided by commercial banks during the period 2002-2003, 36 percent by regional rural banks, and the remaining 2 percent by cooperative banks.¹⁶

It is important to understand how at the national level, the wisdom of using existing financial infrastructure to meet the needs of micro credit initiatives has saved on duplication and transaction costs and has also been instrumental in changing perceptions about the credit worthiness of the poor. Even though by 1994 there were 5000 SHGs linked with banks through the National Bank for Agriculture and Rural Development (NABARD) throughout the country, NABARD was not absolutely convinced that SHGs were the main path to follow in the provision of micro finance to the rural poor. Subsequently, one of the reasons why NABARD was finally convinced to support SHGs, was to avoid the creation of a parallel institution to deal with micro finance. There is already a large existing network of commercial, rural and cooperative banks in India of 160,000 retail outlets permitting 99 percent of the population of in country to have a branch within 5 km of their village.

In 1992, in Andhra Pradesh, NABARD started partnering with SHG promoters (State and NGO) and banks marking the beginnings of the linkage program in the state. *However, the scale was still small.* DWCRA groups were weak as micro credit users and NABARD along with the GOAP, took the initiative of strengthening these groups along their guidelines to incorporate them into the SHGs-linkage program. Over time, DWCRA SHGs improved, yet banks, provided only savings accounts and did not see credit as a possible service to them. Organizing the poor into groups has reduced the transaction costs of a very atomized demand. However, the “perceived” limited and risky market opportunities in the rural areas clouded bankers’ minds and on that front NABARD played a key role, convincing them that the endeavour was profitable.

From the year 2000, DPIP and RPRP have provided NABARD with a big platform for the expansion of the SHGs - Bank linkage. Even so, conceptually, the SHG promoted by NABARD is slightly different to the one promoted by the APDPIP RPRP. This is because, NABARD is a development agency and it emphasizes rural development treating empowerment and the rest of the social issues as a by-product of the scheme. Again, NABARD seeks providing access to credit to all those that live in the rural areas and not necessarily only to the poor. Instead, DPIP and RPRP are poverty alleviation programs that uses micro finance as a tool to pull out of poverty, which is understood in its various dimensions including economic situation, empowerment, risk, and so on.¹⁷

The Philosophy behind Social Mobilisation: Including People

Of all the methods of addressing poverty alleviation, Andhra Pradesh has chosen social mobilisation. DWCRA groups brought in savings and credit to compensate for the loss of homogeneity that took place with the Ananthpur modifications. However, the SAPAP rationale was more explicit. It was based on the premise that in Andhra Pradesh there exists an elite, who

¹⁶ NABARD 2003

¹⁷ Hoe, 2003

has appropriated public resources for their private and sectional gain, which has rendered the state machinery to be unaccountable, adversely affecting the poor. As individuals, the poor pay unacceptable sociopolitical and financial transaction costs for accessing resources from the state. Matters worsen since they are incapable of augmenting their own production capacities and whatever few gains are made, are insecure because of the random risks emanating through ill health, old age, environmental factors, and social and political oppression.¹⁸ SAPAP saw the process of social mobilization as an institutional mechanism to facilitate the poor to interact with government machinery so that public resources and services are better accessed.

Besides mobilizing people through SHGs Andhra Pradesh has used other methods of inclusiveness. One of the most significant contributions of *Velugu* is the use of people's participatory techniques to identify the poor. Attempts at poverty alleviation will fall short if the methods used to identify the 'poor' are inadequate, thereby excluding a considerable number of the vulnerable population. Under *Velugu* it was decided that the community itself should prepare a list of the poor people since they knew best who the poor in their midst's were. This method has met with success and now programs are better directed at target populations. This is in contrast to the usual national method of identifying persons 'Below the Poverty Line' (BPL) where a pre-determined survey is used. This often causes misidentification and lists are not transparent or authentic. The participatory methodology of identifying the poor has been very effective in creating a transparent and inclusive methodology for community based targeting for programs. The findings have been ratified by Gram Panchayats at the village level and many targeted development programs are using the findings to target the poorest households. This method of identification has successively used the principle of inclusion and people's participation to generate information on the basis of which the program is implemented.

Education, Information, and Voice

Often, poverty alleviation programs receive an impetus from an intervention that has been targeted in another direction. Efforts at augmenting education and literacy have always proved strengthening for development. This has been amply illustrated by the experience of Nellore district. During the late 80s the Government of India started a National Literacy Mission that supported district collectors to undertake a literacy campaign.¹⁹ By the time the campaign developed, of the 2.5 million persons that lived in Nellore, 65 percent were illiterate. About 70,000 young volunteers, from different villages of Nellore, received training to be in charge of 10 illiterates thereby reaching a goal of 700,000 illiterates. NGOs, the private sector and political parties, worked simultaneously with the government in spreading the message of the campaign. The methodology used in the campaign made the poor look into their life, understand their situation and question impediments towards poverty alleviation.

¹⁸ UNDP 2000

¹⁹ Mr. K Raju who was then Collector of Nellore visualized a mandate that was broader than making people literate. He wanted to use the literacy campaign as a means for poverty alleviation and empowerment and not as an end in itself. The idea was to make women understand how within a year, they could become literate and how literacy was instrumental to succeed in the fight against poverty.

The linkages between education, information and empowerment became overtly visible in the way awareness through the literacy campaign snowballed into the anti-*arak*²⁰ movement in Andhra Pradesh. Through the literacy campaign, people realized that the consumption of *arak* drained family resources and also led to domestic violence. Hence, women who were already organized around literacy decided to fight the sale of *arak*. Soon the movement spread to other villages and was publicized in the press by both communities and the state. SHGs became the channel to carry forward the voice that literacy and information gave to women. There are always forward and backward linkages between positive social change and positive economic progress. This is evident from the fact that the resources that were saved from being drained through the sale and consumption of *arak* were diverted into savings and investment for livelihood generation. The DWCRA groups were enlarged to include a ‘Save a Rupee a Day’ campaign and new SHGs formed under it were called Podupulakshmi groups. Between 1993 and 1995, 50000 groups were formed within this district itself. After Nellore, Kurnool was the next district to see positive change.²¹ The dynamics unleashed spread through the state and consequently received official government support.²²

Currently too, the emphasis upon information dissemination is heavy in *Velugu*. Training and sensitization programs are an important component of the program. IEC (Information, Education and Communication) is to ensure a continuous dissemination of information across stakeholders. Use is to be made of diverse mediums of communication such as print as well as electronic media, local folk theatre groups and face-to-face interactions, including workshops. The Communication Strategy has two components one being ‘Communication for Behavioral Change’(CBC) and the other, ‘Information & Documentation’(I&D). The former aims to ensure beneficiaries are empowered and motivated to participate in their own development. It also opens channels for dialogue. The latter’s objective is to ensure inter and intra information flows within the project and also between the project and the outside world about objectives, vision, components, finances, processes, final outcomes and impact.²³

Livelihoods, Investment, and Risk

The experience of *Velugu* Phase One, imparted lessons to the second Phase. It was seen that besides group mobilization it is important to focus on livelihoods, by expanding the assets of the poor and creating economic opportunities. Further, the element of risk is critical for the survival of the poor and determines their coping capacities, hence, new ways have to be found to reduce, mitigate and manage risk²⁴. The Community Investment Fund (CIF) is a step taken to incorporate these lessons into the second phase of the program. This component supports investments in sub-

²⁰ A kind of locally brewed alcohol.

²¹ After Nellore, Mr. Raju was transferred to the district of Kurnool, where he promoted the SHG concept.

²² After Mr. Raj, Mr. Sabmasiva Rao, Collector of Nellore, oversaw the SHG movement in Nellore and convinced of its worth, two years later upon being appointed Secretary to the then Chief Minister (CM) convinced the latter of the necessity of state support.

²³ The website of *Velugu* is an example.

²⁴ Project Appraisal Document of RPRP World Bank 2003.

projects and is implemented by the community through SHGs/VOs, etc. As the social mobilization process matures in a village, communities are encouraged to analyse their livelihood situation (both as consumers and as producers/sellers). This analysis throws up options for the community to act wherever they can. Livelihood Enhancement Action Plans (LEAPs), i.e. Village Micro-Plans are developed as sub-projects by the poor. Three types of sub-projects are promoted - Income Generation; Productive physical infrastructure and; Social development. There is a beneficiary contribution for all categories of sub-projects. The CIF share from the *Velugu* project is provided as a loan component to the members through their SHGs. Members and SHGs pay the amount back to the Village Organisation. The VO can utilize the loan repayment for a second installment of finance to the same members or they can finance new members. To augment support the sub-projects, financial support is accessed from banks and private sector and civil society partnerships are also being promoted.

Another innovation in the treatment of problems related to livelihoods is the value chain analysis. LEAP starts with the social and resource maps of the village. An analysis is made of the traded-in and traded-out items, and income and expenditure of the poor. This facilitates an analysis of the value-chain of the critical/significant livelihoods of the poor. With such an analysis, the credit system, risk and uncertainties and best practices in each of these livelihoods are captured. Infrastructure gaps, constraints and structural needs are also identified. In such manner there is an institutionalizing of a mechanism that facilitates expression of voice by the poor.

Provision is also being made to mitigate risk. The Comprehensive Insurance Package (CIP) seeks to develop a community-based delivery of life and health (hospitalization) insurance services. The CIP includes life and health insurance covers for the whole household. The pilot would cover about 15 project *mandals* and it is expected that 50 percent of the poor households per *mandal* could be enrolled for comprehensive insurance coverage. These would comprise about 30,000 households, including about 140,000 adults and children.²⁵ The Comprehensive Basic Health Package (CBHP) is supposed to improve the health status of the poor through community managed preventive, promotive and quality ambulatory care and a scoping study of Weather Based Index Insurance, is to serve as an alternative to traditional crop insurance scheme.

Food security is one of the major problems of the poor. The rice credit line is a unique and pioneering program in India carried out in the pilot phase in select DPIP areas in Andhra Pradesh. The program came into operation with the GOAP issuing a Government Order (GO) in August 2001 providing ten thousand tons of grade A rice to DPIP for piloting the food credit line. As per the GO, the program is for areas declared as drought affected by the state govt. In keeping with the underlying philosophy, the repayment model was left to each district to be decided based on local situation and in consultation with their community. Largely three lending models have come to stay. In the first, rice up to 50 kilos is taken and repaid in a month, in the second, rice up to one hundred kilos is taken and repaid in two months. In the third, the rice money for up to one hundred kilos is repaid in six months or linked to local harvest schedules.

²⁵ There are three models to be tried out – No cash; cash and community managed. See www.Velugu.org

Livelihoods and Land

Poverty and inequity in rural India is centrally linked to land ownership. Approximately 10 percent of rural households in Andhra Pradesh are landless and another 36 percent own less than an acre of land. Only 6 percent of rural households own more than 5 acres of land. Inequity in land ownership reinforces traditional caste and feudal hierarchies and prevents the poor from moving out of the most debilitating poverty.²⁶ Andhra Pradesh has adopted substantial legislation and introduced numerous government schemes aimed at providing land to poor rural households. The overall experience has been characterized by some success. However, there is also a significant degree of failure, much of it due to incomplete or ineffective implementation. The key point here is that existing laws and programs still offer significant scope for positive change. APRPRP makes this emphasis through the active convergence of SERP with the relevant state government departments. Attempts are made to effectively implement existing laws and programs that offer potential for increasing the rural poor's access and rights to land. Further landless households are allowed to purchase land from willing sellers under the project's Community Investment Fund (CIF).

Partnerships: Including NGOs

One branch of evolution of savings groups in Andhra Pradesh can be traced back to the nineteen seventies to the efforts of NGOs. At the time of the IRDP, there were no other agencies in India lending to the poor, hence NGOs had a particularly active role in providing loans and drawing out resources from donors. There was however a limit available resources and hence to the capacity of NGOs to socially mobilize people. Of special significance is the Cooperative Development Foundation (CDF) who at first worked with men in savings and credit agricultural cooperatives. Subsequently CDF tried to include women into the existing cooperatives, but men strongly opposed this move. Hence special thrift and credit groups for women were created which were called Women Thrift Cooperatives (WTCs).²⁷ Later, in the early eighties, the Bhagavatula Charitable Trust in Visakhapatnam district had begun mutual savings and credit groups in rural areas, mostly among women. During the late eighties NGOs like MYRADA (Mysore Resettlement and Development Agency)²⁸ and PRADAN (Professional Agency for Development Action)²⁹ also created and promoted similar SHGs. By 1990 there were a number of organizations in India, which mobilized the poor around groups which had 15 to 20 women members that met once a month to conduct savings and internal credit activities.

²⁶ Recent discussions on enhancing employment opportunities in rural areas center around developing non-farm sector opportunities. While this is a long term solution, it require a lot of effort in terms of skill building, dissemination of market intelligence etc. Immediately, however, land issues need to be addressed.

²⁷ Members save Rs 20 per month and earn a monthly interest of 1 per cent while a monthly interest of 2 per cent is charged on the loan. The loanable funds are generated from member's savings only. Credit is linked to savings. A maximum of three times of savings of a member is provided as credit.

²⁸ MYRADA is a Non Governmental Organisation managing rural development programmes in 3 States of South India and providing on-going support including deputations of staff to programmes in 6 other States

²⁹ PRADAN is a voluntary organization registered under the societies registration act in Delhi. It currently works in selected villages in 26 districts across 7 states through small teams based in the field.

NGOs have had an alternatively waxing and waning relationship with the state, in the context of the formation of SHGs in Andhra Pradesh. With DWCRA, initially, NGO activity was absent since it was a government intervention. With the modifications carried out in Ananthpur, one innovation lay in including NGOs to work with the state. The district government saw the value of NGOs in mobilizing and strengthening groups, and partnered with them, a move that the GOI followed later. SAPAP was also initially implemented through 18 partner voluntary organizations (PVOs) or NGOs. But *Velugu*, has the resources to hire professionals of caliber and does not rely on NGOs.³⁰ Currently in Andhra Pradesh there seem to be parallel efforts of state sponsored and NGO facilitated SHGs, since SERP has fitted the role of being a GONGO (Government NGO) eliminating the need for the government to explicitly partner with NGOs.

Converging of State Effort

A consequence of not using NGOs is that it is possible for the government to better co-ordinate diverse state poverty alleviation efforts across Andhra Pradesh. Care is taken to synchronise Velegu's efforts with other schemes, programs and agencies of the government. Theoretically this allows for optimum utilization of resources and avoids duplication and overlap. SERP aims to proactively converge its work on the one hand with line departments like the Education, Health, Revenue, Disabled etc, and on the other, with the many rural development agencies like the DRDA, SC Corporation, ITDAs etc and also projects like the DPEP. This synergistic linkage between diverse government initiatives is further seen in the way the RPRP program fits in with the stipulated strategy for poverty eradication of the Swarnandhra Pradesh 'Vision 2020' a policy document committed to poverty eradication through economic growth. According to the document, the GOAP commits to spend the additional resources generated through economic growth on social development, improving education, health, promoting rural and urban development, etc.

Partnerships: Including the Private Sector

The project has made rapid progress in exploring partnerships with the private sector to enable SHG groups to get access to new markets. Social Transformation of Economy with Enterprise(STEER) is the one-window contact for partners set up for the DPIP project. The partners for the DPIP have ranged from companies like HLL(Hindustan Levers) to institutions like Indian Institute of Managements and IRMA Banks like ICICI and non-resident Indians. STEER has been extended to APRPRP. Some of the partnerships being explored include paper mills for growing trees, food and drink companies for growing fruit trees, cattle feed companies for growing maize, a large organic food producer for sourcing produce, certification and buy back arrangements, linkage with natural and herbal medicine companies for value addition and

³⁰ According to Mr. Raju, the main reason for the limited role that DPIP has given to NGOs is based on the view that SHGs are people's organizations, and to make them sustainable government and NGOs should have a secondary role to let the people to govern their own institutions.

procurement of non timber forest produce and setting up *e-chaupals* (internet kiosks) for aqua culture.

Social Issues: Gender

Since women are seen as more credit-worthy than men, SHG formations largely take place around women. But it is found that the process of empowerment and poverty alleviation can be more sustainable when all the members of the family are involved. Hence within DPIP, women's groups are taken as an entry point for the formation of men's groups, youth groups, children groups, groups for physically challenged, etc. Community activists are sensitized on social issues and from among them, several Social Activists are identified as gender focal points.³¹ In some districts where the MSs have already emerged, there is a forum created called the Women's Rights Protection Committee, which looks into the injustices and legal issues of the women members.

The presence of women does not necessarily mean that gender issues are addressed. APDPIP endorses that poor communities are able to achieve poverty alleviation through self-managed grassroots institutions by harmonizing the concerns of men and women. At various levels of the project there is a mandate to have a gender specialist who will spearhead the gender initiatives appropriate to the project's vision, mission and goals. The state project management unit and the district project management units have full time Gender Coordinators.

There is an attempt to integrate gender concerns with all the components of DPIP. This is done through consultations and workshops with all the DPMUs. For example, gender sensitive CIF guidelines were drafted and it was mandated that every CIF sub-project would address gender equity. CIF proposals have reflected gender sensitivity by addressing both practical gender needs of women like community bathrooms, smokeless stoves, crèches for children of working mothers, health camps and other strategic gender needs like appointment of legal counselor, equal wages, land based activities, etc.

Gender: Family

When attention is paid to the building of institutions, little attention is paid to the family. It is in the recognition of this truth that SERP undertook an innovative, action research intervention, which used folk theatre and opened up the family for questioning. Plays were performed before entire villages on issues related to gender division of labor in the house, son preference and relationships between mothers-in-law and daughters-in-law.³² These were followed by discussions, which were intended to raise questions in the minds of the community so that perceptions about gender discrimination would change. Such an experiment is the first of its kind

³¹ These social activists are identified after taking into consideration their perspectives on human justice, equity and equality

³² These three issues were identified as the common and prominent gender discriminatory issues.

to be attempted.³³ The intervention was named ‘Gender Equity in the Family’ and was conducted within the APDPIP in the district of Mahbubnagar.

Social Issues: Child Labour, Disability

The literacy rate in Andhra Pradesh is 45.11 percent, with the male being 56.24 percent and female 33.71 percent. As per the State Government’s policy, any child out of school is regarded as child labour and the strategy is to get all the children into schools. *Velugu* addresses the twin problems of child labor and high drop out rates of school children, with a focus on 5-14 age group children. Regular campaigns are conducted to sensitise parents, especially mothers, youth, PRIs, other community members and schoolteachers about the importance of education and its long-term implications for child welfare and poverty reduction. Bridge schools run short and long term remedial courses to prepare child laborers and school drop-outs to enter formal education. There are plans for the establishment of 24 residential schools in Phase-I and 64 in Phase-II exclusively to cover an estimated 1,26,000 girl child labor (36,000 in Phase-I and 90,000 in Phase-II).³⁴ Many of the youth groups are used in identifying children out of schools, enrolling them in to the schools, motivating parents, etc.

Velugu also aims to directly address the problems the disabled by organising them into mutual support groups. Plans include promoting of community based rehabilitation programs and innovative livelihood strategies through sub-projects for the disabled groups.

Social Issues: Health

Effective health care includes promotive, preventive, curative and rehabilitative dimensions. It is with this ethos that the health pilot project in *Velugu* plans a holistic approach to community based primary health care to empower people and communities to take care of their own health and take responsibility for the community’s health.³⁵ The three major principles of this pilot are - 1] Equity, wherein the program must reach everyone, including the poorest of the poor. 2] Integration, where curative and preventive medicine will be integrated with other factors that enhance life and health, such as agriculture, education, and a safe water supply. 3] Empowerment, with a specific focus on women. Within mature SHGs, health activists will be identified by the communities to become Community Health Development Workers (CHDWs). These are to become the first contact persons for the delivery of simple health services, for which,

³³ Again here it was the vision, belief in gender equality and support of the then Chief Executive Officer (CEO), Mr Raju and the current CEO, Mr. Vijay Kumar due to whom such an experimental action research attempt could begin, sustain and be successfully completed.

³⁴ This component is being implemented by the A.P. Social Welfare Residential Educational Institutions Society.

³⁵ The Jamkhed Rural Health *Program* initiated by Drs. Raj and Mabelle Arole in 1970, also known as the Comprehensive Rural Health Project (CRHP) has been a great influence on the development of this pilot. At Jamkhed, rural Maharashtra, a unique process in community action has resulted as one of the best primary health projects in the world. This project has evidence of bringing down infant mortality and child mortality down drastically. Jamkhed, is located far away from a city and is typically rural, drought-prone and poverty stricken.

communities do not have to depend on the medical doctors. This will also give them opportunity to impart health awareness and education. The goal is for health to become part of daily routine, rather than something to attend to during an episode of illness. There will be a base hospital (a charity hospital) to become the epicentre, to provide emergency care round the clock. The outreach activities are organised around this epicentre with the help of the CHDWs. A training centre will become a CHE Centre (Continuous Health Education Centre).

Monitoring and Evaluation

Indicators used to monitor and evaluate a program are critical in assessing successes and failures of implementation. These have to be chosen wisely. Within *Velugu* some of the quantitative and qualitative performance indicators identified through the monitoring and evaluation system are- the number of new/strengthened CIGs in marginal communities (desegregated by gender and by tribal groups); Number of groups integrated into Village Organizations (VOs) and Mandal Samnkhyas (MSs); Number of CIGs rated and linked to lending institutions; Volume of formal sector credit obtained by CIGs through linkages to banks; Number of sub-project proposals submitted, funded and implemented (by sector); Inclusiveness of VOs and MSs (number of new groups in marginalized communities); Inclusiveness of organizations of the poor in the Gram Sabhas/Panchayats decision making (level of disclosure on budget, frequency and regularity of meetings, level of participation by the poor); Increased diversity in sources of income of the poor (desegregated by gender); Increase in the productive assets held by the poor (by type); Child labor indicators (school enrollment, attendance, attrition rate of girl students in bridge/regular residential schools); Number of girls successful in moving from bridge to regular schools; Household participation in collective action to improve accountability of public officials, in the delivery of services; Changes in household perception of the quality and quantity of public services and; Changes in asset composition.

Impact Analysis

The impact of SHGs can be seen in two dimensions. The first is in poverty alleviation This impact cannot be captured at one point of time in a conclusive manner. There has to be a sustained upward trend in moving away from poverty for the families of SHG members and the *process* of poverty alleviation should be studied. The second dimension of the impact of SHGs, is the empowerment of the poor and of women in particular. An increase in incomes, livelihoods or assets does not necessarily lead to 'empowerment' in the true sense. Any intervention, such as participation in a SHG and access to micro credit, will shift five spaces in a person's life – economic, physical, socio-cultural, political and mental. Impact will lead to empowerment if the non-mental spaces are instrumental in increasing mental spaces in such a way that action and voice are generated to improve the quality of life. Social inclusion, information and people's participation are significant catalysts that empower people through positive shifts in spaces.

Economic Spaces

There is absolutely no doubt that SHGs have led to an expansion in the economic spaces of members. The poor are eligible to become members in the SHGs of DWCRA and SAPAP models. However the composition of the members according to pre-DWCRA income status of their households, reveals that the coverage of the poorest-of- the-poor is low on the one hand and on the other, the coverage of non-poor is considerable.³⁶ There are several reasons that explain why this happens - the poor being unsure of their capacity to save, hesitate to join the groups; many a time initial mobilisers are biased and may exclude the poorest to participate in a micro credit program; and sometimes, the poor are indifferent to programs such as DWCRA and hence do not join the groups.³⁷ The second problem of exclusion seems to relate to the method by which the poor are targeted, which does not include them in their self-identification. Income levels of households have increased in all categories of SHG members in the SAPAP model. However, the increase was higher among relatively better off among the poor. As high as 47 per cent of sample households were found to be above the poverty line.³⁸ The wealth ranking exercise carried out with 83 SHGs suggests that poverty declined among 69 per cent of the members and the proportion of the very poor reduced from 48 per cent to 18 per cent. The reduction in poverty was less among *dalits* and women headed households compared to non-*dalits* and male-headed households.

The members included in SHGs attempt to use the credit to generate livelihood options. The capacity of the household to pull out of poverty depends upon the sustainability of those options as also on the decline in dependency on exploitative sources of availing credit. The positive factor lies in that dependency on moneylenders among members is declining due to the access to credit from SHGs of the DWCRA program. As high as 61 per cent of members reported that they would have gone to moneylenders had there been no SHGs.³⁹ Further, access to credit has enabled women to undertake economic activities. These fall under three categories, agriculture, animal husbandry, and industry, service and business sectors.⁴⁰ The activities are dominantly production oriented rather than in the nature of services. They are largely continuous activities rather than seasonal. The ownership of DWCRA sponsored activities is equally divided into individual and family ownership. This reveals that the enterprise is actually owned, assisted and managed by other members of the family also, though the financial assistance is provided to the women members of the family. A majority of the women of SHGs however, reported that the assistance provided under DWCRA is not adequate to meet the initial requirements in case of some activities.⁴¹ Here it is important to consider the effect of DWCRA in enabling traditional

³⁶ GoAP 1999, Raju and Ali 1996

³⁷ APMAS 2002

³⁸ Outreach 2001

³⁹ This percentage varies across districts – 90 per cent in East Godavari and 69 per cent in Mahbubnagar (ORGMARG 2000).

⁴⁰ YFA 1996, Kanchanya 1998, Raju and Ali 1996, ICM 1996, Jayalakshmi 1997, Narayanaswamy and Jagannathan 1999

⁴¹ Raju and Ali 1996

artisan occupations to sustain. Large proportions of women, from artisan families become members of the groups to further strengthen and expand their ongoing economic activities. These women are found to continue with their earlier (pre-DWCRA) occupations. As a matter of fact, DWCRA groups that have been formed with a common interest in expanding/ strengthening their *existing* traditional activities have been significantly successful.⁴² In contrast a smaller proportion of them have taken up new occupations.⁴³ Women are not able to manage these activities because of the lack of previous experience. Moreover, overcrowding in some of the activities like vegetable vending and fruit vending has forced some to close down their activity⁴⁴. Thus, most of the activities facilitated through DWCRA groups has helped to utilise existing skills of women. On the other hand, attempts of the Government to impart new skills and upgrade existing skills have not reached many areas of the state. As a result, many of the women groups are not able to derive the benefits from the government facilitated DWCRA ‘bazaars’ as marketing outlets. On the other hand, it has been reported that some of the unemployed and wage employed have become self-employed. The diversification of occupation to nonagricultural activities has enhanced the quality of income of the households since the dependency on risk-based agriculture has reduced. Increases in income have been spent on better nutrition for the children and on health care for the family, kitchen gardens have enhanced the overall nutritional status of children, pregnant and lactating mothers.⁴⁵

In the SAPAP and DPIP groups too, the most important change in the lives of the rural poor was found in the fact that dependency on moneylenders has declined.⁴⁶ The financial status of households and savings capacities have improved due to improvement in access to formal credit institutions, since SHGs are linked with banks. Negotiations of SHGs to obtain loans from bank, the initiatives of MMSs to obtain loans from the government and apex lending bodies for onlending to SHGs have together contributed towards enhancing the financial status of households. However, it is also found that the very-poor, who joined groups have not been able to access as much in number and quantum of loans as the poor, or as moderately better-off farmers.⁴⁷ Further, the credit accessed was reported to be inadequate.⁴⁸ In terms of assets, it was found that households now possessed more livestock rather than land. Yet, there is also a very thin scaling up of extent of land owned after participation in groups.⁴⁹ Another positive finding is that land which was mortgaged or pledged is being redeemed.⁵⁰ In the Ananthpur district there has been an increase in the possession of consumer durables with households.⁵¹ There is also

⁴² BASIX 1999

⁴³ Raju and Ali 1996

⁴⁴ Raju and Ali 1996, Kanchanya 1998, ICM 1996, Jayalakshmi 1997, Narayanaswamy and Jagannathan 1999

⁴⁵ YFA 1996, Kanchanya 1998

⁴⁶ Outreach 2001, Ranjani et al 2002, and Mahendra Dev et al 2002

⁴⁷ Ranjani et al 2002

⁴⁸ Outreach 2001

⁴⁹ Outreach 2001, Ranjani et al 2002 and Mahendra Dev et al 2002

⁵⁰ Ranjani et al 2000

⁵¹ Mahendra Dev et al 2002

evidence that the purchase of equipment and setting up of shops is dominant among households.⁵² Occupational diversification has taken place among the members. This is evident from the increase in the number of sources of livelihoods of women members and their husbands and larger proportion of member households shifting from agriculture to service and trade. The providing of training in tailoring, embroidery, knitting and word processing has strengthened the skill base of members in a limited way and has helped women to diversify their occupations to some extent. Dependency on migration as a livelihood strategy has also declined. Credit has enabled the poor to make more effective use of skills they *already* possessed. This is contrast to the fact that the demand for credit is not induced by the development of new skills.

The success of micro credit depends to a large extent upon the competence of the SHG to function as a money transaction entity. Just as the government has to be accountable to the people who vote it into power, so also SHGs as units have to be accountable to their members and to the larger financial structure that sustains them. This is achieved through a system of rating that tests SHGs for their financial health. There are several such rating devises in Andhra Pradesh. During 2003 APMAS, an apex NGO, developed a study to assess the quality of the Bank-Linked SHGs in 8 districts covering 40 *mandals* and 400 SHGs. The study considered the size of the groups, proportion of socioeconomic characteristics of the members, savings behavior, revolving funds, etc. and assigned grades to the groups. The preliminary results of the study showed that in an A, B, C grading system, 66 percent of the groups got an A grade, , 26 percent got a B grade, and the remaining 8 percent got a C grade. Grading by the government of Andhra Pradesh of DWCRA groups according to their functioning, found that 18, 63, and 19 per cent of the groups are found to be A,B and C categories respectively, a grading that has been confirmed by Andhra Pradesh Mahila Abivrudhi Samithi.⁵³

Physical Spaces

Due to the necessity of participation in group activities there has been a mandatory expansion in the physical spaces of women. Women need to attend meetings at the SHG, mandal and federation levels. There are reports from the field about allegations of infidelity made by husbands about wives who are now mobile. However, there is evidence to indicate that women have better control over their bodies in terms of choices about reproductive behaviour. As a state, Andhra Pradesh has also achieved a reduction in the growth rate of population from 2.42 during 1981 to 1991 to 1.39 per cent during 1991 to 2001.⁵⁴ This decline in decadal growth rate of population has been attributed to the phenomenal growth of SHGs in the state.⁵⁵ It has been found that DWCRA members have adopted family planning. There has also been an increasing awareness about health related issues. Most of the pregnant women, similarly, had tetanus coverage. The effect is also seen on decisions related to children and a majority of the children of

⁵² Ranjani et al 2002

⁵³ APMAS 2000

⁵⁴ Economic Survey 2001

⁵⁵ James 2002

the beneficiaries attend school. However, geographical and social distance has also taken its toll. Groups in the interior villages and scheduled tribes have not been benefited to the extent of the exterior villages and as much as other caste beneficiary households.⁵⁶

Socio-Cultural Spaces

Empowerment can be reached through social inclusion. SHGs can be paradoxically both inclusive and also exclusive. In the necessity for homogeneity of groups and in the targeting of the poor there is horizontal inclusion at various levels. However, vertically there can be demarcations if groups get formed along caste and religion lines. DWCRA groups are formed on the basis of income, caste and neighbourhood and these groups are more homogeneous.⁵⁷ In the SAPAP groups, the poor from scheduled castes, scheduled tribes, backward castes and other castes are included and women constitute 90 per cent of the total participants. Caste-homogeneous as well as heterogeneous groups of women are formed. Men groups were also formed, but they are less in number.

It seems as if there have been positive effects of SHGs upon socio-cultural spaces. This is not surprising since models like the SAPAP type is focused on discriminated groups. Also DWCRA groups include all castes of women.⁵⁸ However, due to variations in the caste composition of the poor across districts, the composition of coverage varies across districts.⁵⁹ However, backward castes, scheduled castes, and scheduled tribes together constitute a significant proportion of the beneficiaries covered. Further the participation of widows, who constitute the poorest of the poor, is 9 per cent.⁶⁰

Gender poverty measured in terms of gender bias with respect to norms of eating, male preference in distribution of food and access to clothing has not declined significantly. Interestingly, to begin with, gender poverty is lower among the *dalits* compared to other communities despite relatively higher levels of overall poverty among the *dalits*.⁶¹ Food security of member households has improved after participation in groups. The practice of cutting down consumption as a coping strategy in the event of food shortage has reduced. Acute malnutrition among children, infant and child mortality/premature adult deaths have declined. Children's school enrolment and regularity in school attendance has improved. Drainage facilities, toilet facilities and access to pucca houses, electricity and gas have improved. Further, when SHGs address issues such as the establishing of 'Ammavadis' (baby care centres), it has improved opportunities to generate livelihoods and also simultaneously made a positive impact upon the

⁵⁶ YFA 1996, Kanchanya 1998

⁵⁷ ORGMARG 2000

⁵⁸ ORGMARG 2000

⁵⁹ ORGMARG 2000, Raju and Ali 1996, ICM 1996, Jayalakshmi 1997, Narayanaswamy and Jagannathan 1999, YFA 1996, Kanchanya 1998, Mahendra Dev and Rao 2002

⁶⁰ ORGMARG 2000, Raju and Ali 1996

⁶¹ Ranjani et al 2002

education of girl children. This is so because it facilitates poor women with young children, to work, without pulling their elder daughters out of school.

Political Spaces

The most important dimension to remember is that while SHGs are formed around an economic issue of micro credit and savings, the formation of groups is a political process. This process picks up momentum with the SHGs being federated and also establishing links with local self-governing bodies. The SHGs of DWCRA are federated into Mahila Banks. The SHGs of SAPAP are federated into Village Organisations (VOs) and in turn the VOs are federated into Mahila Samakkhyas. The DWCRA model includes linkages of SHGs/mahila banks with the line departments (LDs) of the government, the formal financial institutions and corporate sector. The SAPAP and DPIP model links SHGs and MSs with the state including (line departments, local governance bodies), civil society and the market.

In DWCRA groups, there was poor development and growth of leadership among members. While the selection of leaders is democratic in 87 per cent of the groups, leadership rotation was absent in 94 per cent of the SHGs.⁶² Where leadership was imposed, it was due to the lack of initiative among the members to become leaders. As a result groups become over dependent on the leader. The leader manages all activities regarding accounts, loans and attendance. As a consequence, the member's involvement in mobilizing savings is only 4 per cent.⁶³ In the absence of the group leader, meetings are not held up to six months or more.⁶⁴ It is also found that eighty-four per cent of leaders and 93 per cent of members are not part of any other institutions including local bodies. Such a phenomenon has been referred to as the "island-within-a-lake" where a large following of passive members are apathetic as against a small sub-group of leaders.⁶⁵

The close relationship between political spaces and access to information is seen in Andhra Pradesh. However if this access get localised among select members of groups on account of their position as leaders, then there emerge new heirarchies and exclusions. Since community coordinators, community volunteers and paraprofessionals were trained under SAPAP and DPIP, members of SHGs have access to specialised information. However it has been found that since there is no periodical rotation of leadership the increased dependence on the existing leader may create the possibility for exploitation. As in DWCRA groups other members are found to be passive and there is again the "island-within-a-lake" phenomenon.

⁶² APMAS 2002, ORGMARG 2000

⁶³ ORGMARG 2000

⁶⁴ APMAS 2002

⁶⁵ Oka 2002

Mental Spaces

The linkages between shifts in different spaces is evident when one sees how an initiating change in economic spaces due to micro credit has triggered off changes in other spaces and led to positive changes in mental spaces. Findings from the field show that the very processes of group formation and participation in groups are empowering for women. Case studies from Velegu have shown how women from marginalized sections are far from being passive victims of poverty and oppression and instead actively try to change their situation. It is evident that there has been an expansion in mental space, which causes them to take action.⁶⁶ These women not only negotiate their relations with their husbands and members of their families, but also challenged relations with upper castes in their village.

The improvements in the access to productive assets, improved livelihoods and control over all aspects of life of women have contributed to the decline of disparities.⁶⁷ Women members' husbands feel that their wives are more independent. The women of SHGs have improved their control over their lives. More specifically, women have improved access and/or control over their labour/family labour, resources, freedom to move and interact, leadership positions, reproduction, and body. However, there are variations in the different dimensions of improvement. Highest achievements are made with respect to mobility, breaking of gender division of productive labour, access to their own savings, access to friendship outside their family and access to leadership positions in gram panchayats; moderate achievements are made with respect to reproductive rights and body rights (freedom from violence); and lower achievements are made with respect to extent of access of women to husband's labour (productive and reproductive), rights of women to land and house, their ability to control male alcohol consumption and their ability to influence the setting of wages. Women have intervened collectively in several institutions, viz, family, community, markets (labour, commodity and financial), and state including local self-government institutions. Within the family, higher collective achievement has been with respect to girl child education followed by release of bonded labour. At the community level, women groups at various levels are changing attitudes on girl child education and caste-based discrimination. The interventions in labour and commodity markets have to be strengthened, though the interventions in financial market are impressive. Linkages with government departments are stronger with those departments that deal with women's reproductive tasks or women managed productive activities and weaker with those activities which are controlled by men. However, it is felt that women's SHGs have to begin to play their role in making gram panchayats function more transparently.⁶⁸

Through their work with SHGs *Velugu* has succeeded in some measure in altering the economic spaces, physical geographical spaces and public political spaces of women. There is

⁶⁶ See, *Voices of Women, Velugu*, n.d., Society of Elimination of Rural Poverty, Hyderabad, which captures the experiences of twenty five poor women from the district of Kurnool, who in their participation in SHGs have succeeded in challenging, engaging and negotiating with economic, social and political constraints that oppress their lives.

⁶⁷ Ranjani et al 2002

⁶⁸ Mahendra Dev et al 2002

also some success in the alteration of socio-cultural space in the focused treatment of the problems of marginalised groups. However, there is no direct focus upon addressing the *private* political space as is vested within families and households. . Conversations with the activists in the field brought to light how in some areas, the hostility within the household because of the importance that women got in the public space through membership in the SHGs in some areas tensions had increased. The intervention ‘Gender Equity in the Family’ was well received with communities being open to discussing householding practices and issues of justice.

Driving Factors

Commitment and Political Economy for Change

The steady upscaling of the SHG route of poverty alleviation is illustrative of the commitment of the GOAP towards maintaining a sequence of change guided by lessons learned from past experience. It is to the credit of the governments in power and to the implementing actors to, on the one hand maintain consistency in logic and on the other, generate a process marked with imaginative adaptations to change. What is remarkable is the extent of upscaling that has taken place in a relatively short period of time. This has been possible due to state initiative and sponsorship. NGO effort is localized and does not have the machinery available to government bodies.

Accountability

Accountability is a two way street. There is no doubt of the fact that the state, implementing agencies and service providers have to be accountable to the people. Including people into development processes ensures this, since it makes provision for a system of checks and balances and opens channels of communication. However, while this is true, as soon as peoples’ participation is made the route for development, people also have to be accountable. The flip side of accountability is responsibility. It is only when people are also seen as accountable towards their own lives and towards the development of their regions it becomes their responsibility to participate in decision making. Needs have to be voiced and vigilance has to be maintained which rises above people succumbing to short-lived sops. Andhra Pradesh seems to be walking this fine line of balance between making accountability work both from top to down as also from down upwards. The state has opened avenues of people’s participation through the use of PIP methods and ground staff who have their roots within the communities they work with. Further, SHGs have the capacity to voice the needs of the communities. There is tremendous potential in this endeavor if the vision of SHGs is expanded beyond transacting money to include local concerns about the quality of life. Under *Velugu*, as the social mobilization process matures in a village, communities are encouraged to analyse their livelihood situations, which in turn reveals options for the community to act. This thread can be traced back to the literacy campaign where people gained the capacity to look into their own life situation took a stand against *arak*.

While there is no doubt of the need for accountability for any program to succeed, it is difficult to zero in on any fixed list of measures that will ensure accountability. The most obvious relationship of accountability and transparency is between the state and the people. Both have to be accountable to each other. This requires a system of communication where intent, need and impact of programs can be conveyed both ways. The chain of personnel, drawn from local communities, diverse methods of community participation and SHGs themselves, has the margin to allow for such accountability to exist. However breaks in communication can take place if there is inadequate training and orientation at each level. The training programs under *Velugu* are of utmost importance, and much depends on their efficacy to impart the right orientation.

There is also the 'third branch' within which accountability is most paramount. These are persons who implement programs, such as administrative personnel, bureaucrats, etc. This branch connects the state with the people and it has one relation with the state and another with the people. Service delivery mechanisms and programs often fail when this branch is weak. When questions of accountability arise, it automatically draws attention to what is at stake for the actor who has to be accountable. The state within a democracy has its seat(s) to protect. People have their and their children's lives to protect. The issues at stake for the third branch have to be minutely identified in order to develop a system of motivating factors, which can make this segment transparent and accountable. Within Andhra Pradesh one has witnessed exemplary vision and courage of the third branch which took programs forward. This has to be intensified through a system of checks, balances and incentives since, if the vision of prosperity remains alive with this segment, it will sustain even if political regimes change.

Social Capital

It is important to account for the social capital that is generated in these processes of social mobilization when SHGs are formed. The chances that groups will be formed along caste and religion lines are strong since these are the groups that are already in place and are those people identify themselves with. Here the issue can also be interpreted as one of identities. SHGs should be able to construct new identities for their members as economically active, aware persons who have been convinced and are motivated to pull out of poverty with the use of micro credit. In as much as existing identities of caste and religion are reinforced, existing pockets of social capital, which is socially divisive, will not be questioned. The social capital, which SHGs should generate, should be democratic in nature and inclusive in content.

Social Inclusion

The other concern is whether micro credit interventions reach the very poor and are these communities bypassed in favour of the poor. There is an inbuilt mandate, which excludes the no-so-poor from interventions in the newer and later models of micro credit. Yet it has been found and argued that credit does not reach the very poor since these have low absorption capacities and the transaction costs of reaching them is too high. Often it is thought that necessarily the very poor will also be those from the very backward castes, such as the *dalits*. In Andhra Pradesh, state

effort has gone into including the hitherto excluded social groups such as the *Dalit*. However, Focusing on only *Dalit* groups, in the initial stages of the DPIP has led to an excluding inclusion. Such was the experience in the district of Mahbubnagar. The concentration upon the problems of the *Dalits* caused a feeling of being left out on the part of the other backward castes who are also socially discriminated against but are a little higher in the social hierarchy than the *Dalits*.⁶⁹ Learning from this experience, RPRP seems to be attempting a synthesis of social and economic inclusion since groups are now formed taking into both kinds of discrimination.

Courage for Flexibility

It can be seen that in the development of the DWCRA *program* in Andhra Pradesh the government has been simultaneously active in initiating change as also been at the receiving end of people's quest for accountability. The mandate of *Velugu* is impressive. People's participation tailored to local and specific needs is central to each component, as against a ready-made model where one size fits all. This embodies flexibility as also courage on the part of the state to deal with unpredictable outcomes. Further, when the doors are opened to accountability, flexibility is automatically required. Andhra Pradesh seems to currently reiterate this ethos through *Velugu*.

Institutional Innovation

The success of the use of SHGs in Andhra Pradesh can be traced very fundamentally to the larger macro environment where at the national level, the Government of India took the initiative in harnessing existing banking structures through the NABARD and linking them with SHGs. A key in the success of the program has been the commitment of NABARD administration with this program. Beginning with its top management they have had the vision that SHGs were a good scheme for rural development.⁷⁰ This illustrates how by creating new synergies, linkages and relationships between institutions they can be strengthened. The creation of new institutions is also significant in the formation of SHGs, VOs and federations in Andhra Pradesh. SERP has proved to be a bridge between NGO and state. The structure of this organisation is interesting and can be studied. The institutionalising of state effort through GONGOs may well be the model that other regions want to experiment with.

Andhra Pradesh has managed to forge several links at different levels between and across institutional actors. The institutionalising of people's groups through SHGs, VOs, or MMSs is an attempt to construct a structure that can stand up against existing monoliths like the state, the private sector, the banking sector, etc. Organising the poor lends them voice and the capacity to deal with institutions they otherwise are intimidated by. It is important to realise that while theoretically these links may seem one-to-one, in reality the size and socio-political strengths of the players are not matched. Hence there will always be the danger of the more powerful using

⁶⁹ Author's field observation.

⁷⁰ Particularly Mr. Kotaiah's, (former Executive Chairman of NABARD) commitment has been essential for the achievement of the current state of the movement.

the less powerful for their own ends. Self-interest, which is the prime motivating factor of market behaviour and also of the give-and-take within democracy, is a double-edged sword. It is here that accountability has to be sharp so that gains flow both ways between institutional actors. For example, concern has been expressed about the use of SHGs to sell the products of multinational corporations that too with state consent.⁷¹ In a situation where the corporate sector and the state gains, the benefits to SHGs should also be visible, for there to be a win-win situation.

Learning and Experimentation

In Andhra Pradesh, one noteworthy observation relates to the linkages between different approaches towards development, poverty reduction and empowerment. It is not merely enough to address the economic indicators of poverty. While incomes have to be augmented through livelihood generation interventions, for which credit is an important component, attention also has to be paid to the determinants of human poverty in terms of health and education requirements. Likewise, social poverty, which manifests in the presence of corrosive evils like caste taboos, norms of dowry, adherence to vices such as alcohol and drugs, have to be woven into empowerment programs. Learning and experimentation has been carried out at several times, for example with respect to the rice credit line, emulating the Jamked community health model, and the “Gender Equity in the Family” project. While credit has to be given to courage for experimentation, it is necessary for successful experiments to be deepened and also expanded.

External Catalysts

When one talks of interventions involving the government, NGOS and the poor, the first significant external catalyst that facilitated positive change in the case of Andhra Pradesh, is the funding agency. These have been the World Bank UNICEF, UNDP, CARE, UNDP, IFAD, etc. (IFAD has been working with the tribal poor in Andhra Pradesh in the formation of SHGs for forest mangement.) It is evident that the SHG route to development and empowerment is seen as worthwhile to invest large amounts of money and efforts into. The timely assistance offered to programs has given the impetus to extend and deepen interventions.

The second external catalyst can be identified in the context of the initiative that government officials have taken which are *outside* their job requirements of implementing projects. The capacity to have a vision, to place it before the government and find ways to

⁷¹ Project Shakti ("strength") connects self-help groups with business opportunities. Hindustan Lever offers the groups the chance to become very local, small-scale sellers of the company's products. The groups, typically 15-20 people, buy a small stock of items such as *Lifebuoy* soap, *Wheel* detergent or *Clinic* shampoo, which are then sold direct to consumers in their homes. Working in conjunction with the local district authorities, Project Shakti was piloted in 2002 in 50 villages in the state of Andhra Pradesh. http://www.unilever.com/environmentsociety/community/economicdevelopment/Creating_rural_entrepreneurs_in_India.asp Also see, Sharma Sudhirendar, 2002, 'Is micro-credit a macro trap?', Financial Daily, THE HINDU, Wednesday, Sep 25.

translate thought into action are 'external' to the given understanding of the role of the administrative services. These have proved critical in the progression of Andhra Pradesh towards pro-poor strategies.

The third external catalyst can be seen in the contribution of organizations from the private and NGO sector. These have proved significant to the upscaling of SHGs. The opening of markets to SHGs by the private sector, training and capacity building inputs by organizations make for significant external catalysts. Equally important is the role that experts, evaluators and consultants have played in assessing the situation on the ground from a perspective different from that of the practitioners. This outside input has proved fruitful in the introduction of ideas that are innovative and experimental in nature.

Lessons Learned

The primary lesson learned from the Andhra experience is that there is value in using SHGs as a conduit for poverty alleviation initiatives. However one has to understand the limitations of this use and gauge the ways in which these can be surpassed to get more out of such an approach. The need for small homogenous groups to be formed is simultaneously the strength and the weakness of SHGs. It is critical to choose wisely the common denominator that brings people together in a group. When this common feature is poverty, the identification of the poor as also the understanding of poverty is the most important exercise. Andhra Pradesh's foray into PIP methods has to be further studied to ascertain their success in such understanding and identification.

Second, when micro credit is the pivot around which organisation takes place, its ability to alleviate poverty/empower is limited. In Andhra Pradesh however, these limitations have been overcome by integrating micro credit with a powerful 'plus' component of social and economic infrastructure. The danger here lies in that while it seems almost Utopian on paper, during implementation, community institutions like SHGs may not be equipped to take on such complex tasks. Again the issue zeroes in on the necessity of adequate capacity building. While dissemination of information, training, sensitization and awareness building are addressed, education, health and the care economy have to receive a more focussed thrust statewide.

Third, SHGs should not be seen only in their capacity to route micro credit. Their political potential is powerful. SHGs and federations form the training ground to make leaders and potential political aspirants. This critical mass has tremendous potential to work for the betterment of the regions they represent. Andhra Pradesh has unleashed an extensive wave of mobilization and sharp attention has to be paid to the danger of other vested interests co-opting such a critical mass.

Fourth, the potential of women-only SHGs for women's empowerment depends upon several other supportive measures like education, health, housing and infrastructure. While all five spaces may expand positively, there is a limit to the capacity for credit based SHGs to empower women. Further since gender related discrimination requires interventions that will not

alienate men and forming only women groups may well do just that unless other methods of awareness building are used.

Fifth, partnerships are fundamental for development. This kind of inclusiveness where institutions and actors both public and private, work in synergy, has considerable potential for poverty alleviation. It can bear positive results if care is taken to protect the interests of all the participants. Market dynamics are not adequate to allocate costs and benefits. It is however difficult to conclusively say what the effect of excluding NGOs will be. In a larger design of partnerships, it may not be advisable to create rifts between actors working towards similar goals.

Sixth, the Andhra experience has shown how the linkage between the national, regional and local environment can be made with political will. The political economy within which the upscaling has taken place is a democracy. In any democracy there is a trade-off between the state acting in the interest of the people so as to maintain their own position and protecting their vested interest at the cost of the people. It cannot be taken amiss that the state is seeing SHGs as a method of gaining popularity, if the outcomes reflect the alleviation of poverty that is intended. In the pursuit of numbers, care has to be taken that the subtleties involved in empowerment processes are not lost. Monitoring and evaluation should be conducted with indicators that are able to capture the complex matrix of socio-cultural, economic and political variables that influence empowerment.

Seventh, the Andhra experience has brought to the fore the close nexus between accountability and people's participation. Unless a sense of ownership is infused into any program, participants will not demand accountability or feel accountable. Involving people at every level of decision making within the program transforms 'beneficiaries' into participants and ultimately everyone benefits. Such channels of communication can be opened by the political state as has been done in Andhra Pradesh. When a government is not fearful of transparency is instils confidence and involvement on the part of those who are governed.

Finally, Andhra Pradesh has shown that, to approach a complicated problem such as poverty, a complex mix of methods is required. At one level, use has to be made of existing structures and at the same time new edifices have to be created. What is important however, is that these two should somewhere be able to synchronize. Again, economic and social issues are equally important if poverty has to be understood. Discriminations at diverse levels criss-cross and often annihilate the positive results of a strategy. The attempt to understand the problem often half wins the battle.