

Not the day-off; The day of envisioning

Being a Gandhian Institution and having 'Moved by Love' of Acharya Vinobha's in the institution's bookshelves, Independence day is seen as not a day-off among the DHANites across the DHAN Collective around the country; rather it is a day to recall and revisit Gandhi's dream of community governance.

The milestone marks the conclusion of colonialization, the commencement of Indian democratic rule. World's biggest constitution as a torch bearer, we, the people of country, put forth our little steps towards the future. Unfortunately, before the British left, it has already been imbibed into the Indian culture, the nature of looking down at ourselves and valuing foreign as the best.

The way the spread of COVID-19 in the country is another example India showing to the world, especially its own citizens. India being the second populous country in the world, and being tagged under 'developing countries' by the so-called 'developed nations' proved through its little numbers of recorded cases despite the large size. Though the claims were made of 'less number of testing', the real reason rests in country's backbone, 'villages'.

As per 2011 census, rural population is more than 60 per cent, which is now contributing 54 per cent among the total number of the recorded cases (in the first half of August). Whereas in April 2020, across the country, there were 415 rural districts which were having less than 10 number of confirmed cases. And by the first half of August, there were only 14 districts which were reporting less than 10 cases. Which quite evidently portrays the relationship between the increase in the recorded cases and the spread of the virus in the villages.

From the Archives of Development Matters, bringing before readers, DHAN Foundation envisioned Community Development...

Mahatma Envisioned Bharat (India)

The idea behind the village industries schemes is that we should look to the villages for the supply of our daily need and that, when we find that some need is not so supplied, we should see whether with a little trouble and organization they cannot be profitably supplied by the villagers. In estimating the profit, we should think of the villager, not of ourselves. It may be that in the initial stage we might have to pay a little more than the ordinary price and get an inferior article in the bargain. Things will improve, if we will interest ourselves in the supplier of our needs and insist on his doing better and take the trouble of helping him to do better.

Harijan, 23-11-1934

I would say that if the village perishes India will perish too. India will be no more India. Her own mission in the world will get lost. The revival of the village is possible only when it is no more exploited. Industrialization on a mass scale will necessarily lead to passive or active exploitation and marketing come. Therefore, we have to concentrate on the village being self-contained, manufacturing mainly for use. Provided this character of the village industry is maintained, there would be no objection to villagers using even the modern machines and tools that they can make and can afford to use. Only they should not be used as a means of exploitation of others.

Harijan, 29-08-1936

Dated 2008; Yet Eternal Relevance

An Enabling Model of Community Development: In Conversation with M.P. Vasimalai

Prof. Trilochan Sastry (TS) & Prof. R. Srinivasan (RS) interviewed Shri M. P. Vasimalai (MPV) during IIMB Management Review in December 2007, which was featured in Development Matters, January 2008 Issue

THE BACKGROUND

TS/RS: Can you give us some of the background on DHAN? Whom does DHAN work for? Do you have any focus areas or address the needs of any special groups?

MPV: DHAN works for the community, mainly the poor community. When we say poor community, it is the bottom of the pyramid, which is the poorest of the poor. We started working in rural areas and then moved to urban poverty and also to the coastal and tribal areas. These are the four different contexts in which we operate. We are secular, and we have a special focus only on class- the economically poor.

DHAN strongly believes in building community institutions. Because many of the poor are unorganised, they don't operate as an effective demand system. When supply systems (eg. the banking system) are organised and the demand system is not working, there is an imperfect market operation. That is why it is important to organise the poor and the marginalised people to create an effective demand system. The first thing is ensuring entitlement. Although the government makes a lot of policies for this segment, there are several problems with the delivery.

For example, in the banking sector, 40 percent is reserved for the priority sector, but in fact the poor comprise only 8-10 percent of the priority sector, with agriculture and other sectors making up the rest. In order to ensure that this 10 percent goes to the right kind of people, we organise self-help Groups (SHGs) of up to 20 members, which serve as retailer to the bulk vendors (the banks), creating an effective demand system to interface with the supply system to make the whole thing work.

That's how we ensure entitlement. Next, we build a viable working relationship between the demand and the supply systems, because it's not a one-time transaction – they have to work in tandem. The third stage, which is what we are actively working on now, is to make the demand system set the agenda for the supply system; where the villagers can go to the bank and say: these are the kind of things we want you to allocate for us. To reach that stage, we need to have a very effective demand system.

TS/RS: Why do they need these community organisations behind them? Can't they go to the banks as individuals?

MPV: Basically, the technologies of supply driven institutions are not class-neutral. Bankers have no incentive to reach out to the small people; to cut their transaction costs, they rely on campus banking rather than outreach banking. The number of people with bank accounts in this country is relatively small, and access to banks and other institutions is largely restricted to the advantaged classes, entrepreneurs and so on. In such a situation there is a need to organise the demand system. And a time will come when these people who are now accessing the bank in a group will graduate to opening bank accounts and become full-fledged customers.

THE APPROACH

TS/RS: How do you build these community organisations?

MPV: The term 'community organisations' is a generic one; there is a whole range of functional groups. These functional groups operate on specific themes, such as water resources, health, education, information and communication technology (ICT), or microfinance. They really practice democracy; they sit together and take decisions, they don't depend on anyone else. However, it is not sufficient to have one functional group in operation. It's always better to have a set of functional groups, so that sharing and co-learning takes place. We call these cluster-development associations. Such associations also change the equations that exist between the panchayat and individual SHGs. The panchayat really looks at an SHG differently when it is a part of a whole range of nested functional groups, and the kinds of interactions that take place are more meaningful. Several clusters in turn form a federation.

TS/RS: What would be the size of a cluster or a federation in terms of members?

MPV: we aim for practical functionality – that is, the members should be within walking distance of each other. This usually means about four or five villages together, or sometimes, in the case of bigger villages, it could be just one. A cluster usually consists of 8-10 groups; not more than 10-15 groups. So the total number of members could be up to 250. Of course, the federation meetings are attended by only the leaders of these groups, because a federation runs into thousands of members. The maximum number is in Thirupati, which has 9,000 members. The smallest federation has around 2,000 members.

TS/RS: The government also forms village education and health committees, and so on. How is your approach different from that of the government?

MPV: The difference is in the processes. The government follows a blueprint. But they do not have processes to find out who really needs help, and what kind of help they need. Whereas we are talking about a kind of bottom-up process, where a lot more interaction takes place. Our people first go and spend time in the area in order to understand the lives of the poor, as well as find out who is really poor and who is not. We also train our people on how to interact and deal with the community. For example, when you go to the village, people will immediately bring you a chair and put you on a pedestal, but you should get out of that kind of stereotyping, and be comfortable enough to sit with the villagers on the floor. It takes three to six months for the first group to form. Once the first groups have been formed, and some kind of working processes are in place, people see the advantages and change begins to happen. Exposure is an excellent way of learning – people go there and see, they reflect on what is really relevant, and adapt the model to their own context and conditions. We call this an *extensionable*, as opposed to a *replicable*, model. We believe in characterising the context rather than in replicable models. Even the savings rate varies across different contexts. Such a process offers the people a lot of choices to come together as a group, as well as exit options.

TS/RS : What does DHAN Seek to achieve by promoting such organisations?

MPV: DHAN's main objective is to reduce and eradicate poverty. The second objective is fostering grassroots democracy. Grassroots democracy is not just rhetoric or an intellectual exercise. You need to have a space; you need to have a context and a theme. For instance, we have two main themes: the Kalanjiam Community Banking Programme, and the Vayalagam Tankfed Agriculture Development Programme. And once you provide this space, the people potential is really unleashed; and the way they respond is phenomenal.

TS/RS: You seem to avoid multi themed groups. Why is this, and how are the themes selected? Who selects them?

MPV: Some of the themes are really overarching themes, like microfinance. The theme itself provides the space for the poor to address their needs themselves; it gives them flexibility. For instance, if you give them money they can address education or health issues. We don't always fully understand the local situation, so the family or the community is the best judge of what it needs. What we do is to provide enablers and leave the choice to them. For instance, in many remote areas, drinking water is the greatest problem. Sometimes people have to walk miles to get water. Then their first choice is to start with a drinking water pond. Unlike some other MFIs, we don't specify what the money is for, or the duration. We leave it open and they take care of their needs by forming functional groups. These functional groups may include primary producer groups, producer companies and so on.

However, such groups can't operate in isolation for a long time. They have to be integrated in the totality of a framework. In these inclusive groups or gram sabhas, where different classes and interest groups have to work together, the dynamics are completely different. That's where governance, the village government steps in.

India has such a wealth of experience – go to any village and you can learn so much about relationships and governance, about managing different diversified groups, caste groups and working in harmony. I have not seen any intellectual or academic endeavours to understand these processes in depth. There is a rich mine here for researchers to explore.

TS/RS: Why, in your opinion, is this focus on community organisations not there to the extent one would hope for in the development sector as a whole?

MPV: The basic framework, with which we operate, the mindset, is very important. There has to be a regard for human dignity, we have to see that we are dealing with equals. I think the problem is that outsiders often think they know everything, and want to play a provider role. When you think you are going to give something, there is usually a gap between your perception and the reality of what those people actually need. But really it is very simple, very obvious. Take urban poverty. First you need to spend some money to organise the unorganised people. Once you organise them, allow them to flower, so many things come out on their own. But that kind of openness is rare because people think it will go out of their hands, or it will not be done the way they want or they don't understand what is happening.... a whole range of things.

TS/RS: What is the relationship between the community organisations and DHAN staff, particularly the staff who are in the field? How do they relate to community?

MPV: The DHAN Staff basically play a promotional role. They are not going to be there permanently, they are external. The governance aspect is taken care of by a decision making general body, and the executives (or community associates) who play a functional role. They also employ people, whom we support for the first three to four years with a honorarium. After that they are paid by the community itself. After five years, they even pay a professional salary.

We aim at promoting people's institutions that will ultimately be self- managed and self-reliant. This is something not really understood well by the development community-everybody would like to put their own tag. But it is not a government's group or DHAN's group, it is a people's group. So the community needs to have its own identify. We try to bring a kind of branding or identity for the community, like Kalanjiam or Vayalagam. Kalanjiam is the name we have given to the cluster or federation of microfinance groups; each groups prefixes it with a name of its choice, like Kalamman Kalanjiam or Mariammam Kalajiam. They relate with that and it has become a movement. The shared framework gives them a common identity.

TS/RS: You are working with more than 600,000 families; can you give us some examples of the kind of impact you have been able to create?

MPV: The concrete impact, in economic terms, can be seen in the rate at which people come out of poverty. In urban areas, they are out of poverty within three to five years; they have assets about twenty times what they started with. In rural areas, the effect is similar, but in the remote rural areas it takes a little longer. The opportunities are fewer, it takes a little more effort, but it is definitely doable within about 8-10 years. However, in the tribal areas, which are still in primary economies, they need 10 – 15 years. Here in DHAN Foundation, we believe a conservation approach pays, because there are a lot of leakages among the poor. We can achieve a lot if we start plugging these leakages.

Coming to the leadership aspect, thousands of leaders are coming up from the 6,81,000 rural households we work with. Initially there is a certain naiveté in the way they relate with the outside world, but they are refreshingly direct, eager to take voluntary responsibility and selfless in their work. And that also poses a challenge – keeping pace with them, sustaining our meaningfulness and relevance over a period of time. Over time, these leaders do make a change in themselves, the way they work, the way they demonstrate their commitment to the people, the value frameworks they develop and the way they take decisions. Often they get elected to the Panchayats and so on.

Another effect of the programme is that it serves as a mass adult education programme also. In these areas, for instance, communal and inter-caste clashes have reduced drastically. Around 40 – 60 percent of our members are scheduled caste the others are the poorest from other communities. In one village I visited in 1992, for a cluster meeting of about eight groups, it happened to be the turn of a low caste group to host the meeting. Another group, from a different caste, refused to eat there; the host group was very upset and we had to pacify them. But five years later, when I went back to the same village, it had become a non-issue. Today, when we have a cluster meeting of mahasaba meeting of 4,000 or 5,000, all castes sit together. That's something we didn't really set out to do – it was an incidental benefit. It taught us that when you attack a particular issue, you want to change the whole world overnight, but people take time to mull over things and embrace change.