

Note for Record
February 27-March 5, 2011

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Subject: **Andhra Pradesh Revisited and meetings at Delhi**

In 1995 I had visited village Loddipalli in Orvakal Mandal of district Kurnool. The women of the Self Help Groups (SHGs) had nothing but a tale of woe to tell us. Not one poor family was out of the clutches of bonded labour. I wondered how long will it take South Asia Poverty Alleviation Programme (SAPAP) to make a difference to the lives of these poorest of the poor (PoP).

In 2011 the 273 PoP organized in 32 SHGs linked to their Village Organisation (VO) and Mandal Mahila Samakhya (MMS) had accessed loans for both productive and social sector interventions, resulting in many of them now owning assets like land, agricultural machinery, vehicles for transport, livestock etc. But the most impressive gain was when their children, who were in bonded labour, proudly came forward pursuing professional and social sciences degrees and one of them doing Ph.D. When we asked his mother what more he wants to do. She wants him to go abroad to acquire more knowledge. The parents of these well educated children are still not shy of doing what they had done all their life, wage labour but they do not want their children to be deprived of a good education.

The Society for Elimination of Rural Poverty (SERP), successor to SAPAP, as of January 2011 achieved the following:

- Organised households (women)	10.97 million
- No. of SHG	0.97 million
- Bank linkage (Rs. million)	324,580
- State Subsidy on Interest (Rs. million)	10,980
- Community Investment Fund (Rs. million)	9,390
- Revolving Fund (Rs. million)	4,170
- Land Grant Beneficiaries (PoP)	385,281
- Extent of land given (acres)	471,807
- Community Managed Sustainable Agriculture (CSMA) acre	6,705,000

- CMSA Beneficiaries (million)	21.28
- Dairy Beneficiaries (million)	0.15
- Collective Marketing (Rs. million)	4,090
- Collective Marketing Beneficiaries (million)	0.12
- Jobs generated (million)	0.25
- Persons with Disability Helped	0.27
- Community Based Insurance (million)	9.1
- Old Age Social Security (enrolled – million)	4.8
- Pension given (Rs. million)	2,800
- Scholarships to SHG children (Rs. million)	0.6
- Pensioners benefited (million)	6.5
- Amount (Rs. million)	15,660

In 1995 I had written to UNDP Resident Representative in India, Mr. Von Sponeck that the government support I see in Andhra Pradesh to SAPAP, I have no doubt that in due course of time Andhra would become an example of scaling up poverty reduction which other States would like to emulate. That is what exactly has happened. The commitment and continuous support given to SAPAP by the State government and after phasing out of SAPAP, the World Bank support enlisted by the State to SERP with dedicated Chief Executive Officers (CEOs) of SERP namely, K. Raju, Vijay Kumar and now Rajsekhar, provided continuity and long term commitment to the cause of social mobilization, being espoused by SERP. Above all it was the political commitment unwavering by the change in governments at the highest level. Whether it was Chandrababu Naidu, or Rajsekhar Reddy or now Kiran Kumar Reddy, they gave full support and every new Chief Minister did more than the previous one to take SERP forward.

In the field we interacted with the Kurnool Zilla Samakhya, visited CMSA field operations talking to the farmers and seeing their fields. I saw a woman weeding and asked her how much did she get paid. Rs. 100 was the response. In 1995 when I had asked the same question, the response was Rs. 5. CMSA has indeed tremendous potential in ushering in a pesticide and chemical manure free environment without any loss in income. In fact it was resulting in increased income on a plot no more than half an acre. CMSA has indeed changed not only the agricultural practices but the mind set of PoP farmers.

At Thandarapadu, the presentations by SHG committees on Coordination, Bank Linkage and Insurance, CMSA and Marketing, Jobs, CIF, Gender, Health and Nutrition, Primary Education

and interaction with them, brought out the truth of the conviction of the tremendous potential in people. It was visible in each one of the SHG leaders.

The one most impressive initiative we saw was the nutrition programme for pregnant and lactating mothers. At these centres, run by SERP, women identified by SHGs/VO receive balanced diet thrice a day for eighteen months. The contribution of women of Rs.10 per day is generated by providing them income generating activities at the Centre. This initiative is making a huge impact on maternal health and child care and is having great impact on infant and maternal mortality rate. With a small seed capital from SERP, these centres are financially self sustaining.

At Dharmevaram, where we reached late in the evening, but more than 200 women patiently kept waiting for us, the problem of Poorest of Poor (PoP) surfaced. It seems in 2006-07, when the State government made housing grant conditional on SHG membership, everyone rushed to become a member of SHG. In one Mandal, the membership jumped from 4,500 to 9,000. Being weak the PoP got sidelined. SERP realizing the need for a special focus on PoP took us to Orvakal Social Mobilisation Experimentation and Learning Centre (SMELC) where Vijayabharti reigns supreme. She has dedicated herself to making Orvakal Mandal the power house of social mobilization in the country. We met a group of activists turned Community Resource Persons (CRPs) who belong to SHG groups of PoP and are being trained how to bring the PoPs at par with the rest. I am sure this strategy would pay rich dividends. The decision by the Orvakal Mandal Samakhya to use CIF only for PoP, as others have and would be linked to Banks is a laudable measure and evidence of the better off SHGs deciding to give priority to PoPs.

Another shock at Andhra has been the debacle of Micro Finance Institutions (MFIs) who in some cases did not hesitate to give loan to the same client, who already had taken loans from six other MFIs. The loan was given at an interest rate of 33% unlike SHG loans at 3%. Since MFIs did not go through SHGs, and dealt with individuals with a couple of sureties, it was easy money which proved a great attraction but it was only at the time of repayments that both clients and MFIs got the rude shock that the client had no capacity to repay and the MFI could only recover by resorting to extreme measures. This caused an uproar and the State government had to intervene and MFIs business was most adversely affected. As Prof. Yunus put it, the MFIs came to grief because of their greed.

The SHGs, of course, could not remain immune to the fallout of this phenomenon but over time they have recovered and are back on rails. Obviously, there seems to be a much greater demand

for capital than what SHGs could access through Bank Linkage. SERP will have to study this situation and find a solution. They have taken SHGs to a level where their absorptive capacity of capital is unsatiated. I am sure a package can be developed in consultation with SHG, Banks and SERP to meet this challenge.

The visit to Andhra Pradesh was as always most exhilarating. When Rajsekhar was stepping in the shoes of Raju and Vijay Kumar, I had some apprehensions but these disappeared in thin air. His dedication, dynamism and leadership was second to none.

I think the biggest tribute was paid by Prof. Rehman Sobhan, an ex-Chairman of Grameen Bank who observed after the field visit that the variety of activities being undertaken in Andhra are most impressive and he would suggest to Yunus and Abed in Bangladesh to visit SERP.

The hospitality extended by the State Government in hosting a dinner by the Minister and the interest taken by the Secretary R. Subramanyam, IAS in the programme was overwhelming. The Chief Minister Mr. K.K. Reddy, despite his busy schedule, found time to see me. Rajsekhar's hospitality at home and during the field visit and the love and affection everyone showered on me wherever I went including of the Collector Naik of Kurnool and Soni Bala the Project Director, greatly touched me. I was delighted to see Murali, Jagnande and Vijayabharti of SAPAP days.

In Delhi, Vijay Kumar who as Joint Secretary, Ministry of Rural Development, has especially been brought to implement the National Rural Livelihood Mission (NRLM) with an allocation in current budget of Rs. 4000 crores plus another fund of Rs. 500 crore to support capacity building of the support organizations, across fourteen states. The objective of NRLM is to organize 70 million rural women households. Poverty in the States of Jharkhand, Bihar, Chatisgarh and Orissa are estimated to be above 50%. NRLM plans to take 10% of the Blocks in each State for demonstration purposes. NRLM has all the components of the SERP including implementation mechanism through an independent and autonomous support organisation, in each State. Vijay Kumar's core headquarters team, whom I met briefly seemed a dedicated and committed group of professionals.

I had a most interesting and enjoyable interaction with the Secretary, Ministry of Rural Development Mr. Sinha. We had a very meaningful discussion and he seemed fully committed to NRLM strategy based on the Andhra approach. I felt most grateful when he suggested to Vijay to make me adviser to NRLM.

My meeting with Additional Secretary Dr. Mayaram concentrated on the project Provision of Urban Amenities to Rural Areas. This is envisaged as a public private partnership project. A potable water supply scheme serving 30,000 to 40,000 population will be constructed and handed over to corporate sector for maintenance for ten years. Thereafter, it is being assumed that the community will take over running of the scheme. Dr. Shah accepted my suggestion that the community should be taken into confidence before the commencement of the project, to make sure the community is capable and willing to run the scheme after ten years.

Raju invited me to dinner but Dr. Neera Burra insisted on both of us having dinner with her. She was the Programme Officer of UNDP for SAPAP We reminiscenced about SAPAP and spent a very pleasant evening with most delicious food.

The next day Vijay Kumar had called Project Director of NRLM from the States of Tamil Nadu, Bihar, Maharashtra and Uttar Pradesh besides the Ministry officials and Ms Prema of UNDP, to have an interaction with me.

We discussed the principles of development on which NRLM was based. Each State is going to have a SERP type organisation to implement NRLM. Collaboration with NGOs was also discussed. I emphasized the ultimate goal of NRLM to foster a hierarchy of institutions of the people for sustainability and NRLM should welcome those NGOs which share this vision. I cautioned them that in Andhra, we wasted one year in trying to do social mobilization through NGOs and ultimately had to give up that methodology in favour of setting up SERP. I am glad that SERP type support organisations will be in place under NRLM from the initiation of the programme.

Commissioner Rural Development Shamsheer Singh of UP invited me to Lucknow but the team from Bihar led by Kamlesh insisted on my visiting them immediately. I promised to do so on my next visit.

Vijay and Usha invited me to a South Indian restaurant in the Ashoka and overwhelmed me with their hospitality. The trip to India is like an elixir to me and reinforces my conviction in the tremendous potential of the people.