

Livelihood Loans – A Lifeline for Women!

Suvarna, a member of 14-years standing in Anjaney Mahila Sangam in Muttala village says *“Although we have 5 acres of land it is always difficult to get income from the crops as we are completely dependent on rains. My husband and I work in our field and on daily wages in watershed activities. Even then, it is difficult to support the family because we don’t have any other sources of income.”* Like Suvarna, many women in Anantapur District are in a similar situation. Anantapur is a chronically drought-prone district and agriculture is dependent on low and erratic rains. There are many SC/ST/BC/Single woman families who are landless or own small extents of land; usually less than 5 acres. They earn their livelihoods by working on their own farms and/or as daily wage agricultural labourers. They borrow money from exploitative moneylenders at high rates of interest for their agricultural and family needs. Consecutive years of severe drought, lack of other livelihoods and heavy burden of debt pushes them into the vicious cycle of poverty deeper and deeper. To sustain themselves, some of them migrate to nearby cities during non-agricultural season for livelihoods. However, their situation remains the same or even worse when they return to their roots. This is the situation in many of the villages in Anantapur District.

Extending loans for livelihoods through watershed programs is an initiative to improve and uplift the living conditions of such small and marginal farmers. Accion Fraterna (AF) is the Project Implementing Agency (PIA) for two of the watershed programs being implemented in its project area. Integrated Watershed Management Program (IWMP) is an initiative of Govt. of India and Andhra Pradesh. It started in 2009 and AF is implementing in 3 mega watersheds in 12 villages (micro watersheds) in its project area. At the village level IWMP the livelihood activities and funds are managed by Watershed Development Committee (WDC) and Village Organisation (VO). About 9% of IWMP funds are earmarked for setting up a livelihood development fund to be revolved as loans for livelihood activities for poor families living in the watershed area.

Another watershed program was initiated by National Bank for Agriculture and Rural Development (NABARD) in 2010 and is being implemented in 6 villages in AF’s project area. Funds of NABARD watersheds are managed by Village Watershed Development Committee until the watershed works are completed and then the livelihood development funds are turned over to Mutually Aided Cooperative Society (MACS) established in the village. MACS Governing Body manages watershed and livelihood funds and be accountable to the General Body of MACS.

The objectives of both watersheds programs are more or less the same. They are: 1) to improve / revive soil, water and vegetation resources (NRM) in the village; 2) promote Horticulture and Agriculture development; 3) provide employment for labourers during

the program and enhance rural employment opportunities on sustainable basis; and 4) provide credit for poor families to start income-generating activities, so that they are not entirely dependent on agriculture wages and rain-fed agriculture for their living. Priority for loans is given to marginal communities like SC/ST/BC/Single woman headed families.

IWMP livelihood loans are given to women members of Self-Help Groups (SHG) for accountability, ease of recovery and administration. SHGs were popular a decade ago and many women belong to these groups in the villages. As of December 2016, amount of loans given to SHG members in 12 villages is Rs. 92.87 lakhs benefitting 353 families. The funds are managed by WDC, of which VO leaders are also members. Vasantha, a SHG member explains the procedure, *“When a member applies for a loan, SHG, VO and WDC carefully evaluate her situation, credit worthiness and the activity she wants to take up before sanctioning the loan. They (IWMP) hold the entire family responsible for repayment of the loan. They explain the loan terms to the family and ask about the livelihood activity the member chooses, so as to make sure that it suits her family situation.”* The maximum amount given under an IWMP loan is Rs.30,000, but there is an option of combining several types of loans (bank loans, Streenidhi, Watershed, POP funds for SC/ST), if the loan requirement is more than Rs.30,000. Once the loan is sanctioned the member repays the loan in 20 monthly instalments. Every month interest is calculated only on the outstanding loan amount. Loan repayments are remitted to Village Organisation (VO), a federation of Women Self Help Groups at the village level. VO takes care of bookkeeping and remitting the funds to banks. SHG leaders and another member attend monthly VO meetings.

Loans taken under Development of Women and Children in Rural Areas scheme (DWCRA) prior to IWMP were not being repaid regularly and SHG meetings were not functioning properly. Madhulatha, animator in Muttala, explains *“Earlier our SHGs were not functioning well. Our groups have been revived in the last 3 years after the extensive groundwork done by AF and SERP staff. It took us 5 to 6 months to recover the old loans. AF staff told us about livelihood activities we can take up under IWMP and they took us on an exposure visit to show us how others are improving their livelihoods under IWMP. After this many inactive members came forward to renew their membership by repaying past loan amounts. In our village alone, as many as 150 inactive SHG women members have come back into the fold and 4 -5 new SHGs also have been formed. Later an orientation was given on managing the credit for various livelihood activities and fresh loans were sanctioned. Now many women have taken loans to start income-generating activities.”*

This thrust from IWMP encouraged many women to take loans for various income-generating activities such as goat/sheep rearing, dairy, drilling bore wells, etc. Suvarna, who didn't have any supplemental income earlier, took a loan of Rs.30,000 and purchased

2 buffaloes. Now she sells 10 litres of milk every day to a local dairy and earns Rs.6,000 per month, out of which she pays Rs.1,700 as the monthly instalment towards loan repayment and also spends some amount on fodder. Rest she is saving for her children's education.

While most women opted for agricultural supplemental activities such as dairy or goat/sheep rearing, a few women have chosen to become entrepreneurs. Manjula got the idea of selling sarees when she attended meetings outside her village and saw others doing it. *"I borrowed Rs.30,000 from IWMP livelihoods funds and another Rs.30,000 from the bank. My husband and I went to Proddutur town and bought sarees at wholesale prices and I sold them here in the village. There is good profit in this business and I am planning to add bed sheets, etc. Some customers pay in instalments as they cannot afford to pay the entire amount in a lump sum."* She brings out another interesting dimension of barter system when she says *"Sometimes women work in our fields in exchange for part or full payment of a saree."* She repays Rs.1,800 and Rs.2,000 in monthly instalments towards IWMP and bank loans, respectively.

The principle of loan sanctioning is similar in NABARD watersheds also, except here the funds are managed and sanctioned by the MACS committee. Committee members are villagers elected by the Gram Sabha as their representatives. MACS consists of both women and men as committee members. As of December 2016, the total cumulative loan amount is Rs. 1,78,74,000 benefitting 1,355 families. After the watershed works have been completed in a village, MACS is formed and the livelihood funds are turned over to MACS for management. All villagers in the watershed village have a right to apply for a loan as the fund belongs to the entire village. The MACS committee carefully evaluates the application before sanctioning the loan. There is more involvement and participation by committee members in deciding the beneficiaries and preference is given to SC/ST/BC women. Loans are paid off in 10 instalments. All transactions are carried out through bank for transparency and accountability. Lakshmi Devi took a NABARD loan of Rs. 20,000 and a bank loan of Rs. 30,000 and purchased 15 sheep. Within 4 months she sold them for a profit of Rs.30,000. She plans to take another loan for the same activity once the current loan is paid off. This, she says, would not have been possible from agricultural income alone. Venkateshwarulu in Yerragunta took a loan and put some of his own money to buy a tractor and now he gives it on rent during the season, earning additional income.

Both livelihood programs lend loans at nominal interest rates of 0.25% (IWMP) and 1% (MACS) per month. The ease of borrowing at nominal interest rates and paying in monthly instalments has reduced the dependence on exploitative moneylenders. The dependence on money lenders gives them a power to dominate the farmers economically socially and politically. Sujatha explains, *"If we borrow from a moneylender we have to*

pay the entire amount in one lump sum; he will not agree to payments in instalments. It's difficult for us to accumulate the entire principal plus interest amount because by the time we accumulate some amount, the previous amount would have been spent; so we would end up paying only the interest amount for a long time. Now we are mindful about having to pay monthly instalments, so we save enough money for that." Paying in monthly instalments has taught the women the discipline of savings and budgeting cash flow for various needs. Loan recoveries in many villages are 100%, while in others they are 60% to 65%. Peer pressure within the groups is one reason and fear of not getting government benefits if they default is another reason for timely repayments. On an average loan recoveries are about 75% to 80% in the project area.

Many women in these villages have availed the loan facility and benefited from diversified income-generating activities such as starting petty shops, selling vegetables, basket making, buying an auto, stone cutting, selling clothes, etc. Now they are more focused on income-generation and asset creation rather than using the funds for family consumption. An important benefit is that they earn income throughout the year instead of depending on seasonal agricultural income.

The impact of loans for livelihoods can be seen in 3 areas; 1) improvement in living conditions (economic sphere), as manifested in personal hygiene, clean upkeep of home, better equipped homes, TVs etc adding more self-respect and social status 2) skill development and women's place in the family and in society (behavioural sphere), as manifested in consultative decision making at home, increased women participation in the CBOs and community affairs 3) participation and development of leadership skills in women (social sphere) as manifested in mobilizing Govt. programs, Bank credit, representation in Panchayathi Raj Constitutions, Self-assertion, Self-confidence and feeling of empowerment.

Many families are spending additional income from livelihoods on education of children. Education of children is now given the highest priority in rural Indian families as they see no big hope or future in agriculture. Varalakshmi explains the reason behind this, *"An educated person is respected, considered as knowledgeable, and the social status goes up in the society. We don't want our children to work as farmers / labourers like us. This is a hard life. We want our children to have a job, live in the cities and lead a better life than us."* Many young men in the project area are studying engineering or basic degrees in other cities. While only some girls are pursuing higher education courses like nursing or teaching, many girls are studying at least until Intermediate (12th grade). Parents are often sending their children to English medium schools. Studying in English medium schools is more expensive but perceived to have better employment opportunities than studying in vernacular medium and parents are willing to bear the extra cost.

Their standard of living also has improved. They are spending their additional income on – investing in gold ornaments, buying household furniture (sofa, TV), repairing and making houses more comfortable, etc. They are buying smart phones, which are again considered as a status symbol. Awareness about sanitation has increased; they are building toilets within their premises (as opposed to open defecation in the fields earlier). Some people are saving / spending money on weddings of their children, while others are repaying loans taken from moneylenders earlier. Many people are investing additional income to expand their enterprises. Almost all of them plan to take loans again, once the current loans are paid off.

While the improvement in living conditions is tangible and measurable, many changes are taking place particularly in the personality of women. They have become more confident and independent. For example, Manjula could not travel alone to buy sarees for her business earlier; her husband used to accompany her. Now, although illiterate, Manjula is travelling on her own without anybody's help. She has learned the skills of bargaining and negotiating with suppliers. Now she is an entrepreneur and footfall to her house has increased. Nallamma from Papampalli village has become a role model for other women by becoming a woman auto owner – cum - operator. Sridevi from Battuvanipalli started a petty shop first and expanded to selling fresh vegetables recently. Everybody in the village knows her now. All these women were agricultural labourers once who did not know about the outside world and who belonged to the disadvantaged groups. There is a vast improvement in their skills after they have taken up livelihood activities. Now their voices are heard and decisions are respected in the family as they are contributing to family finances. Like them, many women in the project area have taken up dairy, goat/sheep rearing, non-farm enterprises, etc. to earn additional income. This demonstrates families' occupational diversity and upward social mobility, enhanced human dignity and social status.

Another development can be seen in increased women's participation in Community Based Organisations (CBO). Varalakshmi is a VO leader and member of WDC from Bandameedipalli. She says, *“Earlier our husbands used to accompany us to the meeting and used to do all the talking. But not anymore! Now we come to meetings on our own and participate 100%. We want information on all government schemes; we are not afraid of speaking with any government officials about our demands. We are not afraid of speaking with men members of WDC and rejecting their views if we don't agree with them. Once there was a theft in our house. I pursued it with police until the thief was caught, which I would not have dreamed of before becoming a VO leader.”*

CBOs help build social capital in these villages. Their groups are stronger and more cohesive. Livelihood loans have certainly helped people with income throughout the year, improved their socio-economic status and expanded their horizons. From being

agricultural daily wage labourers they have come a long way to being entrepreneurs, leaders and change makers!