

0607. Completion Report on DLDP 2nd Phase (Apr 1995)

This document gives a detailed analysis of the Sangha Tax effort – who declared their incomes, who paid up, an analysis of income levels, whether the “richer Coolies” backed off, whether a “peasantification” of the membership took place, etc. It then compares the newer village CSUs with the older ones.

The 2nd part of this Progress Report describes the entrepreneurship agenda of the Coolie Sangha, problems of CCF Overdue, and reflects on the economics of petty enterprises.

1. BACKGROUND

The December 1994 Progress Report on Coolie Sangha Consolidation in Bagepalli taluk described the events and situation which led to the BAGEPALLI COOLIE SANGHA deciding on converting the hitherto procedure of voluntary contributions into a regulated system of compulsory Tax.

“In November 1994 the BCS Meeting officially, unanimously and enthusiastically decided that every Member Coolie family would declare her family income on a prescribed form (verified by the entire CSU) and contribute a fixed percentage of this (to vary from year to year, based on annual BCS decisions) to the Sangha Fund in the form of a compulsory Tax. The paying of this Tax would be synonymous with renewal of membership in the Coolie Sangha for the following year.

“The December 1994 BCS Meeting decided that Sangha Tax for the calendar year 1994 would be fixed at 6% and the last date for paying their dues would be 31 January 1995¹.”

This Completion Report shares what happened in the first quarter of the new year. These past 3 months have been full of ups and downs, alternating between exhilaration and gloom, with a nail biting anxiety as to whether it will all work. We have tried to probe into reasons why the ones who paid their taxes did so and why others chose not to. It is inevitable that such an exercise cannot rely on facts and figures alone. The subjective interpretations of the Field staff and senior BCS functionaries have been called upon to draw applicable conclusions.

The conclusions drawn here are very tentative, however convincingly they have been argued or forcefully they are presented. ADATS’ withdrawal and the “taking over” of their independent people’s organisation by themselves is akin to an organisational crisis within the BCS; a crisis from which only positive progress will be obtained. But crisis is a time when friends and well wishers must be around, offering moral support and strategising on each and every opening to move forward. This special phase of our accompanying them, where roles will often get blurred and reversed will, we suspect, last for the next 2 or 3 years.

This Completion Report also deals with a particular predicament facing the Coolies in the running of the Coolie Credit Funds (CCFs) - the problem of Overdue. We have tried to find the reasons for this problem and conclude that the rather ambitious economic agenda set by the Coolies has not failed in any great measure.

2. SANGHA TAXES

2.1. Those who declared their incomes & those who paid up

On the face of it, a surprisingly large number of Coolies positively responded to the call to contribute a fixed percentage of their annual income as Sangha Tax. In December 1994 the

¹ The last date was subsequently extended and re-extended till the end of March 1995.

BCS Meeting fixed this figure at 6% and decided that only those who declared and paid up would stay on as Members in the Coolie Sangha.

On 31 December 1994, just before the start of this exercise, there were a total of 3,979 Member families in the rolls of the village CSUs. 72% of them, 2,843 families, discussed their annual income in CSU and Mahila Meetings and submitted the filled in forms.

But only 2,225 families (56% of the end 1994 membership) finally paid up their dues. 618 families got second thoughts and chose not to see the process through in spite of having started the exercise.

Membership in Bagepalli taluk as on 31 December 1994	3,979	100%
Members who declared their incomes	2,843	72%
Members who actually paid up their Sangha Tax by 31 March 1995	2,225	56%

2.2. Income levels

2,843 families declared a total income of Rs 12,282,181 which worked out to an average of Rs 4,320 per annum. While many CSUs and Member families went about the exercise in a very honest and transparent manner, we cannot claim that there was no falsehood. It is our subjective assessment that average income was in the range of about Rs 6,000 and that Member families have disclosed only about 66% their real income. We therefore suspect that the understatement factor was around 33%.

2,843 Members declared a total annual income of	Rs 12,282,181
Therefore average income declared	Rs 4,320

21% of those who declared their incomes were at the median figure. 37% of them claimed to have annual incomes of less than average and 42% claimed to have incomes exceeding the mean.

Declared an income of less than Rs 1,000	99	3%
Declared an income of between Rs 1,001 and Rs 2,000	410	14%
Declared an income of between Rs 2,001 and Rs 3,000	573	20%
Declared an income of between Rs 3,001 and Rs 4,000	584	21%
Declared an income of between Rs 4,001 and Rs 5,000	543	19%
Declared an income of between Rs 5,001 and Rs 6,000	248	9%
Declared an income of more than Rs 6,000	386	14%
Total	2,843	100%

These figures approximately coincide with the pattern of land holding, suggesting that:

- the figures are accurate, and
- understating their annual income is a phenomenon which goes across class lines - i.e. everyone tells white lies when it comes to paying taxes.

Comparison between patterns of land holding and income declaration

Pattern of Land Holding of 2,225 Members		Income Declaration of 2,843 families who filled the forms	
6%	Landless	Less than Rs 1,000	3%
21%	0.1 to 1 acre	Between Rs 1,001 and 2,000	14%
19%	1.1 to 2 acres	Between Rs 2,001 and 3,000	20%
17%	2.1 to 3 acres	Between Rs 3,001 and 4,000	21%
9%	3.1 to 4 acres	Between Rs 4,001 and 5,000	19%
15%	4.1 to 5 acres	Between Rs 5,001 and 6,000	9%
13%	5.1 acres and above	Over Rs 6,000	14%

The minor discrepancies are because, for land holding we have taken the 2,225 Coolies families who are currently on the rolls of the village CSUs, but for an analysis of incomes, we have commuted the declared amounts of all 2,843 families who submitted their forms.

2.3. Did the “richer” Coolies back off?

Had all 2,843 families who declared their annual incomes paid up, we should have had a total Sangha Tax collection of Rs 736,931. But, as just mentioned, only 2,225 Member families saw the exercise through. Actual Sangha Tax collections therefore fell to Rs 484,166. This works out to an average of Rs 218 per family.

Working backwards, the average income of those who paid up amounts to Rs 3,633. The fall of Rs 687 in the average annual income (i.e. Rs 4,320 - Rs 3,633) suggests that it is the relatively better off Coolie families who chose not to pay up.

2,843 (100%) Members should have paid a total tax of	Rs 736,931	100%
2,225 (72%) Members have actually paid up	Rs 484,166	66%
Average tax paid	Rs 218	
Therefore average income of those who paid up	Rs 3,633	

But this suggestion is not corroborated when we compare the pattern of landholding of the membership before and after the Sangha Tax procedure trimmed the strengths of the CSUs. The better off Coolies (i.e. those with more land) have not left the CSUs. Drop out has been even and uniform, across each and every economic category.

Has the Membership composition altered?

Pattern of Land Holding of the then Membership of 3,979 Coolie families as on 31 December 1994		Pattern of Land Holding of the present Membership of 2,225 Coolie families as on 31 March 1995	
9%	Landless	6%	
25%	0.1 to 1 acre	21%	
19%	1.1 to 2 acres	19%	
14%	2.1 to 3 acres	17%	
8%	3.1 to 4 acres	9%	
11%	4.1 to 5 acres	15%	
14%	5.1 acres and above	13%	

2.4. Did a “peasantification” of the membership take place?

Since the pattern of land holding has not substantially changed before and after the trimming of membership through the insistence on paying taxes, and at the same time average income has dropped considerably, this can only mean one of 2 things:

- that the more “honest” Member families who declared their actual (higher?) incomes have chosen to leave, or
- that a “peasantification” of the membership has taken place with those with substantially higher non-farming incomes choosing to leave.

It is very unlikely that, in the space of hardly 2-3 months, Coolies deliberately and diabolically decided, *en mass*, to fudge their incomes and that this dispirited the more honest lot. So this leaves the only other possibility - that families with non-agricultural sources of income chose to leave the Coolie Sangha.

Perhaps Coolies with minor employment as shop keepers/assistants, petty contractors, bus drivers, conductors, primary school teachers, clerks, etc. felt that other occupation based forums (like Unions, for example) would serve their interests better. Earlier, such people would

have retained their membership in the Coolie Sangha since it did not pinch their pockets to remain in both. On the contrary, it would have been to their material advantage to retain membership in other occupation based fora for protection at the work place, and also be in the Coolie Sangha in order to get monetary benefits from ADATS. It is probable that when they perceived the drying up of such benefits (as the term “withdrawal” certainly implies) they made their rather opportunistic choices.

But there is, at such short notice, hardly any empirical evidence to support this hypothesis. None of us subjectively feel it to be true. And yet the facts are there, staring us in the face. A subtle variance of the postulate sounds more plausible.

For the past 10 years the Coolie Sangha had, as it were, betted on the winning horse and candidates they supported always won in electoral frays. So much so that the popular myth of an “effective minority” had been deliberately created in the taluk². But in December 1994 the Coolies received a severe drubbing in the polls and their adversaries came to power. So much so that remaining in the Coolie Sangha had definite disadvantages when it came to negotiating with government agencies for various civic and anti-poverty programme benefits, obtaining petty contracts to execute at a nominal profit, etc. A chunk of the membership could have found that their peasant/cultivation interests were secondary to their need for subsidies and contracts from the government. They may have, with heavy hearts that normally characterise those with split loyalties, chosen not to pay up their taxes and thereby disassociate themselves from the vanquished socio-political force.

Given the fact that petty contracts are the greatest source of non-agricultural income in a faltering peasant economy³, it is very probable that a whole lot of well heeled Coolies who had personally advanced in articulate dealings with the State during the past 10 years, chose to leave.

2.5. Will there be a resurgence of membership?

The answer to this question is a resounding “Yes”. The Coolie Sangha and forces they supported have been vanquished, not defeated. Come the next elections, all those opportunists who trooped out will troop right back in⁴. But apart from making amply justified caustic remarks, it may be well worth musing on this point a little deeper.

Perhaps the Coolie Sangha started off being nothing more than a beneficiary organisation of ADATS, motivated by the development workers’ desire to deliver goods and services in an efficient and effective manner. But it fairly rapidly grew beyond that and started assuming an ever increasing significance in the lives of Member Coolie families. Much later we dared to term this significance as holistic and all embracing. Perhaps this was the case and perhaps it was not. Rather than endlessly delve on this moot point, we can certainly accept the fact that this was the message being given out and that it did create a myth or perception of being such.

Our first reaction to the filtering of membership was welcome relief that only genuine and authentic small and poor peasants stayed on in the Coolie Sangha. We consoled ourselves that the purification of membership, as it were, was definitely desirable. But then again, is it? Has not the strength of the Coolie Sangha been in the multifarious nature of its membership

² Please read our various and extensive papers on the subject.

³ Please see pages 34 to 37 of *Documents of ADATS Book 3*.

⁴ This has already been proved in the course of writing this Report. In the just conducted Taluk and Zilla Panchayat elections of mid March 1995 the Coolie Sangha and their allies made a sweeping come back, capturing 10 out of 15 Taluk Panchayat and 3 out of 4 Zilla Panchayat seats. A Member Coolie family will soon be elected *Adhyaksh* of the Bagepalli Taluk Panchayat and the taluk’s premier developmental forum will be in Coolie Sangha control.

and its ability to deal with manifold interests? Was it not the “unification across narrow caste and class parochial lines” which led to the “holism” we spoke of?

Under these circumstances, is not dealing with the State apparatus one of the many diverse functions that the Coolie Sangha ought to help its Members fulfil? Apart from the stark and distasteful opportunism displayed by the ones who jumped boat, has not the Coolie Sangha, either through electoral ineffectiveness or political miscalculation, made it impossible for its Members to fulfil a legitimate need of theirs?

With the raising of these questions, we enter into the difficult realm where the sensitivities and sensibilities that mould our gut reactions are pitted against cold reality, even if this means putting aside deep feelings of betrayal and trying to see from the view point of those who displayed an obnoxious and unpardonable expediency.

NGOs and development workers have long thought of even legitimate and indirect involvement in electoral politics as some kind of unpleasant addendum to their work. They have never been comfortable to consider it an essential part and parcel of the empowerment process. Though ADATS has been one of the singular and long standing exception to this general perception, we cannot be totally immune to a general affliction of our sector as a whole. It is quite possible that a sub conscious aversion tempers and shades our efforts in guiding the Coolies in this regard. Are we correct in projecting our subjectivity’s onto the people’s organisation? Under these circumstances, is not a drop in membership perfectly reasonable and predictable?

3. NEWER & OLDER VILLAGES

3.1. Bagepalli CSUS at different stages of development

There are, today, 96 functioning CSUs in Bagepalli taluk. They are not all at the same stage of development. After the introduction of Sangha Tax trimmed membership had resulted in some more villages dropping out, 17 CSUs are in the 1st 3 year Coolie Sangha Formation phase, 8 in the 2nd Formalisation phase and 71 in the 3rd and final Consolidation phase.

The practice of paying a fixed percentage of their annual income as Sangha Tax was adopted by the BCS specifically for the last category of 71 villages from where ADATS withdrew on 31 March 1995.

3.2. Sangha Tax as a self financing measure for the older CSUS

But when we compare the coverage position before and after Sangha Tax trimmed membership, the situation is rather dismaying. There were, in December 1994, a total of 113 village CSUs in Bagepalli taluk. Of them, 88 were in the final Consolidation phase of Coolie Sangha building. Today, after the trimming process, there are only 71 CSUs in this 3rd and final phase. Which means that 17 CSUs chose not to continue into permanence after NGO withdrawal. Most of the drop out in membership is from these villages.

Sangha Tax was a self financing measure to ensure the continuity of the independent people’s organisation after NGO withdrawal. But such a measure could not be adopted piece meal. It had to be applied across the board, in all the village CSUs under the BCS, irrespective of their stage of development.

Membership before and after the introduction of Sangha Tax

Stage of Coolie Sangha building	In December 1994		On 31 March 1995	
1st 3 year Formation phase	20	NA	17	393
2nd 3 year Formalisation phase	5	NA	8	198
3rd 3 year Consolidation phase	88	NA	71	1,634
Total/Average	113	3,979	96	2,225

NA = break-up not immediately available

None of the 25 villages in the 1st and 2nd stages of Coolie Sangha building dropped out (3 of them actually graduated into the 2nd Formalisation phase). But it is very doubtful if they view Sangha Tax as a self financing mechanism. It is far more likely that they consider it a price to pay in order to continue receiving services and benefits from the NGO on the one hand, and socio-political protection from the people's organisation on the other.

3.3. Did only the "newer" Members pay in order to grab benefits?

Under these circumstances, it is important to see if only fresh Member families from the newer villages paid their taxes in a transparent bid to seize benefits from ADATS. Going by membership strength in each of these categories, with a fairly uniform spread of around 23 member families per CSU, we find very little evidence of any flocking for membership in the newer villages.

Spread of CSUs compared with spread of Membership

Stage of Coolie Sangha building	Villages		Members		Strength
1st 3 year Formation phase	17	18%	393	18%	23.1
2nd 3 year Formalisation phase	8	8%	198	8%	24.8
3rd 3 year Consolidation phase	71	74%	1,634	74%	23.0
Total/Average	96	100%	2,225	100%	23.2

3.4. Did the Coolies respond to the Sangha Tax in blocks?

A question that immediately comes to mind is whether the Coolies took decisions regarding the Sangha Tax in blocks. The answer is rather mixed.

- 666 Coolie families (30% of the membership) belong to 12 CSUs with relatively large strengths of more than 40 members in each unit. These constitute 12% of the number of functioning CSUs.
- 886 Coolie families (40% of the membership) belong to 31 CSUs with strengths of between 21 and 40 members in each unit. These constitute 32% of the number of functioning CSUs.
- 576 Coolie families (26% of the membership) belong to 36 CSUs which have merely 11 to 20 members in them. But these relatively small CSUs constitute a solid 38% of the functioning number of village units.
- 97 Coolie families in 17 villages now have CSU strengths of less than 10 each. These Coolies appear to be making an adamant political statement to stay within the Coolie Sangha in spite of knowing that their units will be quite ineffective to intervene on their behalf in village socio-politics. They could well turn out to be the creative minorities who force an introspection and revive their CSUs in the coming months.

Membership strength of the present CSUs

Membership strength	Number of CSUs		Number of Members	
Less than 10 members	17	18%	97	4%
11 to 20 members	36	38%	576	26%
21 to 30 members	20	21%	510	23%
31 to 40 members	11	11%	376	17%
41 to 50 members	8	8%	355	16%
More than 51 members	4	4%	311	14%
Total	96	100%	2,225	100%

The trends are that CSU membership is going to continually fluctuate and that this is a healthy sign of day to day activity. Sangha Tax is merely going to be one more factor contributing to this fluctuation.

3.5. Coverage & Strength

Our data bank calculates the present coverage at 16% of the population. This is because the 164 villages of Bagepalli taluk have a total population of 13,724 families and only 2,225 of them are in the Coolie Sangha. The ethnic coverage figures are 21% for scheduled castes/tribes, 15% for middle castes and 9% for forward castes.

Coverage

Member Families	Percent in CSUs	Caste Group	Total Families	Ethnic Cover
1,391	63%	Scheduled Castes/Tribes	6,562	21%
464	21%	Middle Castes	3,119	15%
370	16%	Forward Castes	4,043	9%
2,225	100%		13,724	16%

But recent experiences⁵ show that the CSUs are not as dismal and ineffective as these figures suggest. Member Coolie families can count upon dropped out ex-Members and even sections of the neutral population (i.e. non-Coolie, non-exploiters) when it comes to tackling socio-political issues and struggles.

Moreover, the coverage of the Coolie Sangha in the villages with functioning CSUs (as opposed to the entire 164 villages) is much higher at 25.1%. This is because the total population of these 96 villages is only 8,863 families (as opposed to a grand total of 13,724 families). As a result, in spite of a lower taluk wide coverage, the Coolies have a reasonable village wise presence. This village strength often gets projected at the taluk level to give a perception of power which is greater than reality. This is what contributes to the creation of a myth of effective minority.

4. SPENDING THE MONEYS

A total of Rs 1,604,377 is available for the 96 CSUs to spend in the fiscal year April 1995 to March 1996. Sangha Taxes collected during the past 3 months account for Rs 484,166 of this amount. Rs 433,207 is the interest earned on the village Fixed Deposits. A further amount of Rs 687,004 is Sangha Fund collections made in the period April 1994 to March 1995. Normally this amount would have been converted into village level Fixed Deposits on 31 March 1995. But this was not done this time in order to help the liquidity position of the independent CSUs.

⁵ Please see, among others, the 2nd Progress Report on Coolie Sangha Consolidation dated February 1994.

The 1995-96 Budget for 96 CSUs in Bagepalli taluk

Sangha Tax paid up by 2,225 Members	484,166
Interest earned from the village FDs	433,207
Sangha Fund collections made in 1994 & 1995	687,004
Total	1,604,377

The April 1995 BCS Meeting decided that this entire amount of Rs 1.6 million should be spent by the 96 Mahila Meetings. This could be for referral health, children's education, CSU maintenance, legal aid, aid distress, or whatever else that Coolie women felt necessary. There would be absolutely no male interference and the hitherto practice of Mahila Meeting decisions having to be ratified by the mixed Cluster Meets was officially discontinued.

Coolie women would, however, continue to participate in CSU Meetings and their exclusive fora will continue to exercise a veto right over CCF decisions.

To give credit where it is due, it was Coolie men who came up with this proposal. A handful of Coolie women actually opposed the suggestion but were quickly outvoted. We honestly feel that this was not done with the intent of increasing the burden on women. It was clear that ADATS' gender strategy of working with women and men had worked better with men. The BCS Secretary, herself a woman, immediately suggested that review, reflection and training should be intensified in the coming months.

5. COOLIE CREDIT FUNDS (CCFs) (Completion Report on the DLDP 2nd Phase Project No: Ida-014-90-002 M/91)

5.1. The entrepreneurship agenda

3 years back, immediately after an impressive socio-political showing, the BAGEPALLI COOLIE SANGHA decided to place politics in the back seat, economics in front, and adopted a slogan to "Become Rich in 3 Years!". They set themselves a target that each and every Member family should receive an assured monthly income of Rs 500. This target was later revised to Rs 1,000 per month. Changes in the Indian economy were analysed, entrepreneurship was defined, and a list of non palpable measures (the imponderable steps) needed to create the socio-political and cultural milieu which would promote petty entrepreneurship in Member Coolie families was drawn up⁶.

The decentralised credit structure that ADATS had helped build up in each and every CSU, the Coolie Credit Funds, were adopted to be the instruments through which they would realise their very fantastic and ambitious target. The apex taluk level body declared that "the CCFs are the CSUs; and the CSUs are the CCFs".

5.2. Status of the CCFS as on 31 March 1995

164 village CCFs in Bagepalli taluk (not just in the 96 functioning CSUs) have a total capital of Rs 16,939,954 with them. Only 10% of this CCF capital is as good loans with the borrowers.

A quick look at the figures reveals that Overdue is the major problem of the moment. 27% of the capital is overdue with borrowers having failed to repay their loans on time.

As a result of the alarming Overdue figure, 63% of the capital is unutilised as bank balances. ADATS and the Coolies are both too wary to release further loans till we get a grip on the predicament.

⁶ Please see our Progress Reports on the DLDP 2nd Phase dated September 1992 and September 1993.

A total of 14,315 loans amounting to Rs 17,211,070 have been given out in the past 10 years. The average borrowing has been Rs 1,202 and the repayment rate (calculated against total borrowing and not the total CCF capital) stands at an all time low of 73%

Status of the CCFs as on 31 March 1995

Total CCF Capital with 164 CSUs	Rs 16,939,954	100%
Total of Good Loans	1,742,457	10%
Total Overdue	4,553,873	27%
Bad Debts	62,975	0%
Bank Balances	10,580,648	63%
Cumulative Loans given out to date	Rs 17,211,070	
Number of Loans	14,315	
Average borrowing	Rs 1,202	
Repayment Rate	73%	

5.3. CCF Utilisation

Member Coolie families have borrowed for a total of 30 different purposes which, broadly categorised, fall under 5 headings. The maximum borrowing, in terms of amounts borrowed as well as number of loans is for crop loans. Animal husbandry follows and then other agricultural purposes, trade, entrepreneurship and consumption.

CCF Utilisation Pattern

Purpose	Amount Borrowed	Number of Loans		
Crop loans	7,917,093	46%	8,875	62%
Animal Husbandry	6,195,985	36%	2,577	18%
Agriculture	1,376,885	8%	573	4%
Trade & Entrepreneurship	1,032,665	6%	859	6%
Consumption & others	688,442	4%	1,431	10%
Total	17,211,070	100%	14,315	100%

Far more significant than purpose analysis is the fact that there has hardly been any misutilisation of CCF loans. Cases of borrowers deliberately squandering or selling away assets are few and far between. There are appreciable family assets built up through the CCFs even in dropped out villages and with cancelled members.

This observation is fully substantiated by various field studies we have carried out from time to time. Even the Coolies' own income declaration forms show an average family income of Rs 4,320 (which we believe is understated by about 33%).

The sole exception to this has been crop loans. Though we have not had a blanket across-the-taluk drought these past years, scanty and erratic rains have hit different pockets of the taluk very badly. Many a Coolie borrower has hardly been able to get back the sown seed, let alone repay her CCF loan.

5.4. The Overdue Position

As just stated, Rs 4,553,873 (27% of the total CCF Capital) is Overdue. 44% of this amount (12% of the total CCF capital) is very seriously Overdue with borrowers having failed to repay for more than 1 year. Another 22% (6% of the CCF capital) could easily slip into this serious category. 34% of the Overdue appears to be merely because borrowers have slightly miscalculated in planning their repayment schedules.

1 to 6 Months Late	1,569,273	34%
7 to 12 Months Late	975,366	22%
Over 1 Year Late	2,009,234	44%
Total Overdue	4,553,873	100%

The CCF Overdue problem exists almost equally in the functioning 96 CSUs and as well as in the dropped out 68 villages of Bagepalli taluk. But the figures suggest that the seriously Overdue amounts (of over 1 year late) are largely in the 68 dropped out villages.

Overdue in the functioning 96 CSUs	2,317,808	51%
Overdue in the dropped out 68 villages	2,236,065	49%
Total Overdue in 164 villages	4,553,873	100%

Of the huge Overdue of Rs 2,317,808 with borrowers in the 96 functioning CSUs, the bulk is with borrowers from the 71 older villages. This is to be expected since the newer villages are still busy building up their credibility and credit worthiness to borrow larger amounts for longer duration. Experience tells us that this is when borrowers miscalculate the returns from their ventures, throwing their repayment schedules into disarray.

CCF Overdue of those who paid up their Sangha Tax

Stage of Coolie Sangha building	CSUs	Strength	Amount OD	Average
1st 3 year Formation phase	17	393	nil	
2nd 3 year Formalisation phase	8	198	15,250	77
3rd 3 year Consolidation phase	71	1,634	2,302,558	1,409
Total/Average	96	2,225	2,317,808	1,042

5.5. Why this Overdue?

In a word, the problem of CCF Overdue is due to fiscal indiscipline. We honestly confess that, in many a moment of utter frustration and helplessness, we have tended to thus slander Coolie intentions and question their basic capacities.

At the same time, we realised that such a summarisation was not only opinionated and judgmental, but also a gross and utterly inapplicable simplification of a far more complex twist to the Coolie mind and context. Cursory abstractions of that sort did not serve even the narrow managerial (but perfectly legitimate) concern of ours to bring the staggering Overdue of Rs 4.5 million under control. Furthermore, we also knew that a shallow and intolerant position would not prevent the problem from recurring.

We were faced with a paradoxical situation of a large Overdue on the one hand, and good utilisation and retention of assets on the other; a heavy and seemingly deliberate default on the one hand, and unflinching socio-political loyalty to the Coolie Sangha on the other. We therefore spent the past months in trying to calmly discuss and reflect with the Coolies on how they themselves perceived the problem.

5.5.1. A STUNNED DISBELIEF THAT WE SHOULD ASK THEM TO REPAY THEIR LOANS

In spite of ample pedagogic inputs, quite a few borrowers do not perceive the taking and repaying of loans as a PROCESS through which economic improvement will slowly seep into their lives. Instead they tend to view the CCF as a kind of once off strategy aimed at chasing a PRODUCT - a dramatic increase of their assets.

Consequently, these Coolie families do not consider CCF Overdue to be as serious a problem as we make it out to be. They perceive the entire effort as one aimed at improving the material status of Member Coolie families and claim that this objective has been amply achieved.

There is some kind of a stunned disbelief that we should now ask them to repay the loans, at the expense of liquidating some of these hard earned assets!

This is definitely the case for a sizeable chunk of the 1,634 defaulters in the 71 functioning CSUs which are now in the post intervention phase of Coolie Sangha building. They see absolutely no contradiction between their desire to stay on in the Coolie Sangha (translated through the declaration of incomes and paying of taxes, for example) and the heavy Overdue of Rs 2.3 million they carry as defaulters.

5.5.2. BUT THE CCFs MUST CONTINUE

The incongruity of it is that these same people insist that the CCFs must continue. None of them agree to our occasional caustic suggestion that it would perhaps be better to wind up the CCFs and put the moneys to other, better uses.

“Once the Overdue is cleared we will borrow again for crop loans and to build more assets. Till then let us put a temporary freeze on lending in our CSU.” This is their standard response whenever we query as to the future of the activity.

They are quick to point out that these alternate and decentralised village level credit structures are vital to offset the evils of *Nagu* (a bag of seeds borrowed from a rich *Ryots* on condition that 1½ bags is returned at the end of the cropping season), *Vaddi* (cash loans which carry an interest rate of 10% per month), *Bhogyam* (mortgaging a part of one’s land in order to cultivate the remaining portion) and *Jeetham* (placing one’s child as a bonded labourer in order to raise capital).

Ichchi Theesikonne Lyavadi (a debilitating and all embracing dependence that the poor develop on *Ryots* through the taking and repaying of unsecured small and medium term loans), they claim, just does not exist in the older villages. If the CCFs were to be abandoned, this would recur and the CSUs would become perfunctory.

5.5.3. THE ECONOMICS OF PETTY ENTREPRENEURSHIP

The economics of petty enterprises like the rearing of livestock, petty trade, or even dry land farming is, at best, dicey. Through very hard work and an iron will, they manage to create some assets for the family. But they do not generate profits as understood in the conventional sense of the term.

- 10 sheep, valued at about Rs 6,000 will lamb in 12 to 15 months and increase the stock size to 15 or 16. By the end of 2 years the value would increase to about Rs 9,000. By that time, 2 CCF instalments totalling to Rs 4,000 would have to be paid. This can be achieved only by selling 3-4 ram lambs at the end of the 1st year and another 3-4 at the end of the 2nd year. The stock size would have been depleted to about 8 animals, but 66% of the loan will be cleared by that time. By the end of the 3rd year, the stock size would have increased to 12-14, but 4 more would have to be sold to repay the 3rd and final instalment. The stock at hand would, after fully clearing the loan would be 8-10 sheep valued at about Rs 6,000.

But, in the meantime there would have been absolutely no profit to defray even a small part of the daily expenses of the borrower or to compensate her for loss of wages. If 3 years’ wages⁷ were to be calculated even at a bare minimum of Rs 10 per day, the venture would be a net loss. In all these years of working with small and poor peasants, we have not come across a single enterprise which compensates the entrepreneur on a weekly or monthly basis and at the same time permits repayment of the capital in a phased manner.

⁷ Most animal husbandry related activities require round the year attention without any let whatsoever.

What these ventures actually do is give an opportunity to convert the unutilised labour in a Coolie household into assets through mind boggling patience and an almost super human resilience. The very slightest hiccup in the venture (infertile cattle, unusually high mortality, an unexpected expense in the household, default by the insurance company, and a horde of other unforeseen problems) throws every careful calculation into disarray.

Landed borrowers fare a bit better than their landless counterparts due to the formers' ability to overcome some of these problems through crop incomes. This, in spite of the fact that dry land farming is riddled with the same precarious economics which characterises all other Coolie ventures. If all the inputs like seed (kept back from last year's harvest), fertilisers (their own back yard manures) and labour (unpaid family toil) are even conservatively calculated, then cropping is also a net loss even in the so-called good years when the rains do not fail. How subsistence agriculture still continues to be practised is a mystery which defies all logical explanation.

5.5.4. NOTHING GIVEN FREE

With the sole and notable exception of DLDP wages paid in order to work upon and improve their dry lands, the ADATS model has never given anything at all free to the Coolies⁸. Every conceivable benefit is routed through the CCFs and there is no separate "housing project" or "dairy project" or any such thing. This is in stark contrast to the more popular development models, including those followed by many large NGOs and the state and central governments, where there is a heavy element of subsidy. Credit is only one of the many components of their poverty eradication plan.

In part this was due to lack of sufficient resources to undertake massive dole out programmes. But more so, it seemed to be a natural position adopted by development workers who started their involvement through attempts at restructuring village society and redistributing wealth and opportunities on a more just and equitable basis, but then discovering invisible barriers that they just could not cross. We therefore used the political potential which we had unleashed to instil a rough and tumble frontier kind of determination wherein an economic base was to be attained through tough effort alone. To a large extent this got projected onto the Coolies and most of them did not seriously look forward to gratis.

5.5.5. POLITICS COMES FIRST

A small section of the Coolies refuse to view economic strengthening as an instrument for their political empowerment. For them, matters stand the other way around. We now realise that the decision to place politics in the back seat was not totally unanimous. It was carried forward by an overwhelming majority in the BCS, influenced by the personality of ADATS. It is almost as if, in socio-political liberation, these Coolies feel they have a sure thing at hand. They apprehend that the setting of new priorities to chase an entirely different target of economic emancipation will somehow compromise their hard earned freedom from various forms of oppression.

- Jelipigaripalli CSU (of the 15 month wage strike fame) had a staggering Overdue of Rs 75,050. As a result, the 1 year DLDP maintenance works could not be implemented on 551 acres of dry land belonging to 93 families. As the summer months progressed, getting labour became a serious problem and the threat of seasonal migration loomed large.

They managed to find work with the social forestry department where each family was able to earn about Rs 70 per day, digging trenches on contract. After

⁸ We cannot place aid distress, legal aid and the decentralised health and children's budgets on the same plane because these serve more to sustain the struggle than to improve the material condition of Coolie families.

about 15 days of thus working, a local leader happened to pass that way and comment that they were now enjoying the fruit of their adversary's (the sitting MLA) generosity. The Coolies immediately laid down their tools and returned home to starve. In spite of the department officials' coaxing and cajoling that the works were being taken up by the government and not by any particular political party, the Jelipigaripalli Coolies refuse to return!

- Shivapura Cluster is going through a bad patch for the past year and a half. Hardly any ADATS benefits have reached them for the last 18 months. But this did not stop them from declaring their (paltry) incomes, paying taxes, and putting up an impressive showing in the Taluk and Zilla Panchayat elections held in mid March. The victorious Coolie from Shivapura is now going to be sworn in as *Adhyaksh* of the Bagepalli Taluk Panchayat in the first week of May 1995.

About 7 of the 96 functioning CSUs fall under this category and they account for less than 10% of the CCF Overdue. Weekly CSU and Mahila Meetings are quite regularly held in these villages and they are active participants at the taluk forum also.

5.5.6. DELIBERATE CHEATING

A handful of defaulters, numbering less than 50 individuals, are deliberate cheats. Most of them are upper and middle caste people who joined the Coolie Sangha by virtue of their educational qualifications and standing in village society. Many worked as ADATS paid Village Level Workers and some even wedged themselves into influential positions within the BCS, getting themselves elected as Cluster Secretaries.

In spite of all their forceful utterances and displays of loyalty to the organisation, they used the Coolie Sangha to build up a personal favour and credibility which they soon exploited to the hilt. They borrowed relatively huge amounts from their CCFs and quickly bid the Coolie Sangha goodbye, often openly joining ranks with our adversaries. A staggering amount of nearly Rs 400,000 is Overdue with these borrowers.

5.5.7. THE LESS-THAN-1-MONTH OVERDUE

34% of the Overdue (amounting to Rs 1.5 million) which is less-than-1-month old, is only because the borrowers had not properly calculated their repayment schedules. In the rush to "Become Rich in 3 Years!", Members were encouraged to take more than 1 loan. A borrower with an outstanding loan for sheep rearing, for example, was persuaded to borrow some more to plant her crops. The jumble of many and large moneys for different purposes became breathtakingly difficult for some to manage.

5.5.8. FAILED ENTERPRISES

Finally we come to CCF Overdue caused by failed enterprises. In many villages a handful of borrowers have failed in their ventures. Their cattle died, wells dried, pump sets robbed, businesses went under loss, and in some cases the borrowers themselves were badly hit by illness and death in their families. Though most of them had insured their livestock, the insurance company is dragging their settlements. Such Overdue amounts to around Rs 500,000. The overwhelming majority of such borrowers are still in the Coolie Sangha, clinging to the hope that their CSUs will find some way out for them.

Another kind of failed enterprise, as earlier mentioned in this Completion Report, is when the rains fail and borrowers are unable to repay their crop loans.

5.6. In conclusion

These past months have taught us that we cannot club all the Overdue into a single category and classify everyone as defaulters. Deliberate defaulters are very different from those facing

genuine problems; those who have placed their trust and faith in the entrepreneurship agenda are very different from the sceptics. We cannot allow the problem of Overdue to drown out the success stories which are spectacular and remarkable.

Giving additional time through repayment holidays and spreading out repayment dates is not really the solution to the problem of poor viability. Though this is exactly what the Coolies do, albeit unofficially, the BCS is loathe to make it official. Perhaps this is because of an intuitive feeling that unless these exercises at first time entrepreneurship are tightly monitored, they will tend to stray into oblivion.

Perhaps our strategy of banking on credit alone is harsh and excessive. Or perhaps this is not the way that poverty eradication works or economic development takes place. It could even be that the attempt is still at mid stage and it is too early to appraise it. But it certainly cannot be judged with the same yardsticks used to measure the so-called economic reconstruction programmes undertaken at even the international level.

The loyalty of a few to the political ideology of the Coolie Sangha may be touching, but it is nevertheless foolish and unsustainable. An interesting characteristic of those who seem to have placed politics first is that it is entire villages who have together taken the decision to not bother too much about continuing their CCFs. As a result, the element of social control and checks and balances have completely broken down. Many from these CSUs are beginning to realise that a breakdown in fiscal discipline inevitably leads to other forms of indiscipline as well, and that their Coolie Sanghas are slowly slithering into a state of anarchy....

The BCS Meeting of February 1995 approved the launching of court cases against 25 deliberate defaulters. Once court decrees are obtained against them, all the Members will have to collectively initiate recovery actions. This will send a clear message against cheating and opportunism.

We don't feel the need to delve too deeply into the problem of less-than-1-month Overdue since entrepreneurial experience will sort it out. But a portion of this figure is definitely on the way to gradually becoming seriously Overdue.

CCF bank balances in the 164 CCFs of Bagepalli taluk have earned a total interest of Rs 1,281,891. The CSUs have decided to use this bank interest to write off a portion of the non-deliberate defaults under a newly created "Safety Net" head of account. This will give some of those who failed in their enterprises, due to no fault of theirs, a fresh chance. Quite some time back the CSUs decided that the only relief to be given to those whose crops failed would be time - borrowers will be given an additional 2 years to repay their crop loan Overdue. This strategy seems to be working.

In spite of the staggering Overdue figure, we do not believe that the economic agenda of the Coolie Sangha has been seriously jeopardised. Each CSU is going to tackle the problem in its own way.

The CCFs are still valid vehicles to usher in a new adjustment to the structural adjustment being undertaken at the national level. But it is possible that the Coolies have been over ambitious in placing a rigid time frame for their target. Or perhaps they meant "Become Rich in 3 Years!" to be a slogan which would have validity for a long time to come, depending on when individual Member families chose to adopt the 9 steps to become rich⁹.

⁹ Please see the September 1993 Progress Report on this project.