13. 4th Evaluation - Economic Stocktaking - Giriappa (May 1999)

CHAPTER ONE: ECONOMICS OF AN ORGANISATION

Introduction

In world development process, trickle down and spill over effects have had limited diffusion in the underdeveloped economies and sectors as well. The emergence of various particularised approaches have led to the adoption of appropriate technology regimes, labour disembodiment strategies and ameliorative measures for upliftment of rural and backward areas. It is in the realm of information, infrastructure and technology areas that specific rural development methodologies have strove to emphasise the need for a holistic strategy towards growth, wherein specific area, sector or programme oriented approaches have become to be adapted to the given situations. This situational determinism in turn, focused on either the macro growth or micro development approaches, which could be made appropriate for the various target sectors, regions and groups.

The process of development as endearing either the individual or the community depends mostly on the nature of infrastructure, information and incentives available in the particular system. In the target-oriented approach to rural transformation, general and specific targeting gain importance in many developing systems. In the general approach, the whole community or the group is targeted for overall reconstruction and development, wherein infrastructural development along with appropriate institution building process assumes importance. Where specific targeting is involved, identification of problem groups like socially disadvantaged and weaker sections of the community is attempted and these are sensitised to develop in association with other segments or independently. The other sections would have already demonstrated the capacity to utilise the opportunities for growth in terms of required incentives and development initiatives. In the traditional systems, social and cultural constraints play a negative role in barring economic growth to the desired level. The confluence of class, caste and semi-feudalism has resulted in many abstractions against an all-round development of the entire community. In a caste-ridden society, the dominant castes and groups exploit the downtrodden and this has been the common feature of semi-feudalistic rural India. As such, the entire village economy has to depend on the goodwill of the feudalists. To break this hegemony, many types of intervention have been attempted.

In the world, more than 70 percent of population are poor, and of the total poor, the dominated groups and the depressed classes account for the bulk. In this, women account for over three-fourths. Moreover, the gap between the rich and the poor has widened during the last 50 years. In such a system, the majority of labour and small farming classes will be subjected to various types of discrimination and inequities. However, in modern societies, rural inertia has been broken down by a type of urban bias wherein, the immediate migration of rural labour force to the urban traditional sector results in growth of slums, the new settlements assuming the shape of informal associations. Once a slum is formed, social inhibitions and inequities disappear overnight and a new social order based on an informal equity with collective participation in the development of the slum is accomplished. Such experiences, when accompanied by a higher level of urbanisation result in changed rural structure.

The international labour movement, which was an answer to the over-dominance of the petty capitalists, became more a political outfit to replace the ruling class and in initiating a socialistic society. Once the labour class is able to convert itself into a pressure group, later to be-

come a power group, it has the objective of capturing political power and then initiating the development process. However, such a process has had many weaknesses like short life and mismanagement. Without a revolutionary approach, several types of social transformation, transitional however, have been experienced in many systems. One such experience has been that of Bagepalli Coolie Sangha (BCS) brought about by Agricultural Development and Training Society (ADATS), which came into existence more than twenty years ago in the north Kolar district of Karnataka.

The Threat Therapy

Bagepalli is a case study of slow transitional transformation into modernism. Here, the labour class which accounts for about one-third of the rural population along with marginal and small farmer groups dominates in size in many villages. The region, which is drought prone and backward, receives less than 750 mm of rainfall per annum. Depending upon intensity and spread of monsoon, crop cultivation can be considered both an asset and a liability based on the surplus or loss levels. The lower class which consists of petty landowners, labourers and artisans belonging to scheduled castes and tribes and other lower castes dominates in size, followed by the middle and upper castes put together in most of the Sangha (the lowest decentralised functional unit of BCS) villages. As a matter of fact, the identification of lower caste villages has been a noteworthy feature in the Coolie Sangha initiation. The functional homogeneity as instanced by one language, similar and low-income levels and being subjected to age-old exploitation and discrimination by semi- feudalism, which was extant, induced the lower caste labourers and farmers in opting for initiation into self-help community groups toward an identity. In Kolar district, the proportion of scheduled caste and tribe population put together is about 20 percent, which is slightly lower than the state average. However in certain taluks like Chikballapur and Chintamani, the proportion has been higher. The population density is lower at 270 per square metre. When all the lower caste labourers, marginal farmers (less than one hectare) and small farmers (one to two ha) are considered, the size would increase to over 60 percent especially in some dry and most backward areas. Initially, the motivational initiative of ADATS and its community workers in helping Sangha formation was beset with stiff opposition form the feudalists who viewed the Coolie Sangha formation as a threat to their own power and stability. In turn, this opposition acted as a threat therapy to the Sangha members to become more united, cutting across age, caste, sex, income and social status barriers. Even where there was little resistance that also gave a fillip to the strengthening of the Sanghas. Focusing women in the limelight by equi-participation meetings, conduct of functional literary classes, singing coolie songs together and encouragement of female labour participation in different activities at par with men- all these induced quick emergence of Coolie Sangha Units (CSUs) in many catchment areas.

The Sangha experience at once reversed Maslowian need hierarchy in that without fulfilling the near basic and basic needs, accomplishment of specific group identification would make it possible to achieve security needs first, to be later conjoined with social status needs and then reversing back to fulfilment of basic material needs. In this, the reinforcement of the functional homogeneity by leapfrogging of the need hierarchy could achieve a new dimension of plural growth approach in the villages. Accomplishing self-esteem through group action, the members can aim at fulfilling material needs at a later stage! In the beginning, the experiment was similar to the labour movement in the erstwhile socialist countries where the working class transforming itself into a political outfit intended to overthrow the landed gentry and ushering into a new political regime. However, the Sangha experience has had mixed socio-political overtones with modest objectives and social forces have played an important role in their formation. When the urge for tribal identity (in the sense of being united) be-

comes a reality, caste becomes no bar, income levels subdued and asset ownership sidelined in the face of functional and situational homogeneity.

Integration and Development

Integration results after interface interaction and interdependence amongst different components of a system and to facilitate it to be integrated with other systems. This process could be viewed from three different dimensions. The first one concerns with functional integration wherein the different elements in the system are integrated functionally in various activities from social, political and economic standpoints. When the activities undertaken by the members are more or less similar and single objective based as in cultivation, integrating them through mutual interdependence over time becomes a possibility. When growth initiatives through targeting are introduced, horizontal linkages between different activities and vertical linkages amongst different groups would be established.

Spatial integration, combining both horizontal and vertical types involves linkages amongst different Sanghas, which is facilitated by undertaking appropriate economic activities according to either absolute or comparative advantage or market integration. In a way, it is equivalent to increasing economies of scale through agglomeration. Once economic agglomeration is achieved, establishment of a conglomerate becomes a possibility. In this, ADATS as the conglomerate will be the apex institution, followed by BCS, the Taluk Coolie Sangha, clusters and CSUs in the hierarchical ladder. The theory of central place of Christaller and location theories of Weber and Losch in spatial economic analysis can be applied to illustrate this economic space characteristic. An activity or a group is located where the balance between raw materials and final consumption is stroked to facilitate minimum transaction cost. The availability of the factors responsible for social collusion enables the final consumption by the Sangha members, of the benefits derived from such formation. Here a Sangha may be equated with a market. The resources for production (which is social cohesion) are participation (CSU and Mahila Meetings) and micro finance, which is available easily and at no cost. Any other credit system may not qualify for this vantage position, in which case cost of travel time and number of trips, security, sanction procedures and repayment schedule may be biased against ordinary Sangha members.

A single CSU will be a small market and clustering different CSUs will increase the area of the market and also spatial integration between them. The size of the market will be a triangle, the three sides showing the localised (Sangha and Mahila Meetings) and ubiquitous (Coolie Credit Fund credit) resources on the two sides, the third side showing the consumption pattern of the credit. As long as the triangles are not superimposing on each other, there may not be any interdependence and hence spatial integration made with CSU and women. The distance (bias in disbursement) between the consumption point (user) and the decision impact of the units will determine the nature of resource allocation, in the shape of reverse discrimination or suitable credit amendment. Where clustering enables interdependency between different CSUs, agglomeration will take place- yielding place to larger economies of scale and scope. Once the triangles are crowded and interlaced, the spatial collusion between them will result into a hexagon, which will indicate the formation of an economic cluster. Further, the positioning of central places of different hierarchies as high, medium and low order places enables enveloping a lower order central place within a medium order and that of a medium order within a higher order central place. Such an arrangement facilitates due delegation of power and authority and effective decentralised decision making within the ambit of a viable economic space. In these circumstances, the lower place goods produced will become part of the middle order place and so on, such that the goods may become interchangeable in the higher orders but not in the lower orders. Further, when a Sangha itself is

transformed into a bigger unit, it can contain many lower order places (in the sense of decentralised divisions performing functions of the just-in-time and on-the-line flexible production system) and in due course, the higher order places could climb up in the hierarchical ladder resulting in effective spatial integration across the units.

When the spatial integration process is complete, temporal integration and networking will take place, wherein the linkage effect involves integration within the Sangha over a period of time (specialisation of functions and efficiency augmentation) and with other sections of the society over time (being alternatively effective). This will demand improvement in the functioning of the Sangha when compared to the original standing and competitive efficacy of the members when compared to the non-Sangha members of the village community. The realisation of this competitive efficiency would then be termed as the objective of Sanghas or any other organisations working in the field of poverty alleviation. When poverty is identified as caste or class or group specific, the integration so achieved has to cut across these barriers. As feminisation of poverty and reverse discrimination have started sequestering in equity in income generation and gender economics inter-temporally, gender equality then becomes both means and end of rural development process. Since a major goal of the Sangha system has been focused on empowering women in taking important decisions and vetoing discriminatory policy, this aspect assumes much importance in understanding the effectiveness of the system in forging ahead a workable strategy in uplifting the downtrodden and the laggards through organisation by enabling them to be major partners of the development process.

In any adoption cycle, the speed with which an innovation or communication is adopted and then becomes adaptable, along with the nature of diffusion, forecasts the potentialities of even-growth interlaced with given socio-political eventualities. In this, the narrow targeting approach adopted by the Sangha, first as a self-help community group and then as an organisation procreates both formal and informal rules which over time attempt to regulate its functioning smoothly and satisfactorily. For this, the potential and the actual expectations of both the members and the organisation have to match with each other or else there will be conflicts and misappropriations of different nature. When this happens, group decisions become ineffective along with similar Mahila Meeting impoverishment. This, along with other internal and external diseconomies may lead to dropping out of the members and Sanghas and even the clusters over a period of time. If these issues are properly comprehended, the weaknesses may be transformed into opportunities through learning-by-doing process.

Economic Stocktaking

The economic stocktaking of the Bagepalli Coolie Sangha (BCS) building programmes centres on the above conceptual framework and considers the following issues. Stocktaking involves consideration of the nature of stock that has been created by the joint efforts of the donors, ADATS and the BCS and how this stock has been maintained in tact. Further, what type of flows this stock has enabled in the region will also be the focus of such an analysis. The stocks include both material and organisational, besides social, political and situational assets. The different programmes as long as they are effective, also constitute permanent assets of the micro organisations. The flows from the stock in the shape of economic benefits, physical asset creation at the household level, employment generation, besides social cohesion, poverty elimination, infrastructural development, reverse discrimination, pressure grouping and emergence of a new power structure in the villages have to be sustained over a period of time in order to give a vent to the three forms of integration. Sustainability here will mean not only social or political sustainability, but also more importantly economic one without which the experience will lack relevance and competitive effectiveness.

Since coolie economics is still in the rudimentary stages of development, a systematic benefit cost analysis may not deliver the desired effects of assessment owing to the weak ploy of pecuniary and commercial tools in the rural economy. In this regard, the Sangha experience has to be treated more as a social transformation at first, of course with an eventual economic change. This will be realisable when the entrepreneurial capabilities are properly identified and developed through pioneering leadership in different activities and functions from the start. This will assume importance no less than that of training of both ADATS and BCS functionaries. Of course, mere targeting to realise a greater number of CSU formation, meetings and achievement of quantifiable results has to give way to one of quality achievement in all these respects.

The Sangha Outfit

BCS establishment was unique in the sense of attempting to organise rural labour into a social outfit in order to achieve political aspirations. When it is possible for a political party to rule a country with a vote share of even less than 30 percent, it should not be a problem for the CSUs with a sizeable membership in the villages to capture majority of seats in the local body elections especially when the so-called 'opposition' is disunited. The very fact that the Sanghas are united facilitates them to take on the disunited vested interests to their tilt and get the support of the neutral population. Provided, the Sangha rebels do not spoil the chances of the new equations in the community. However, the fact that the Sanghas have to confront the existing political regime in its entirety in not being swayed by the intricacies of political jingoism makes the situation rather amenable to perturbations. If the Sanghas are prepared for the eventuality resulting from such political underpinnings, the situation may not endanger the prospects of the gaining strategic benefits for the members and other sections of the society as well. This is facilitated by concerted efforts in educating them with adequate skill development and enabling them to be responsible for the activities of the Sanghas. However, owing to the existing class-caste equations, this aspect may not be accomplished unless simultaneous economic empowerment is achieved. Empowerment here is enabling the members in taking necessary initiative to undo the wrongs done by the existing system.

When compared to initial endowment of the different groups in the village, any change if it results in *status quo* cannot be said to have resulted in empowerment. It is with reference to the opposition that the combined effect of social, political and economic empowerment has to result in a better status for the Sangha members. It may be argued that achievement of economic empowerment may be very difficult when compared to that of social or political empowerment. The working of the Sanghas exemplified in the following sections will amply prove as to the extent of achievement of these aspirations.

The Formation of the Sanghas

From the viewpoint of organisation of a group, it will have different stages of transformation just like a product cycle. Once the Sangha is started, the lower castes that have remained dormant all these days are waken up from their slumber. They get an identity and a footing in the village community, which has been long denied to them. Their dependency on landowners for work, credit and other facilities is greatly diminished and they now try to be interdependent among themselves. The prospects of obtaining social, organisational and economic benefits without depending on others boost up their self-confidence. It is in such a circumstance that the Sanghas were formed over 20 years ago in two extensions of Bagapalli taluk, later extended to many areas. However, the circumstances were different then and the Sanghas had to face severe opposition from the vested groups, resulting in many a struggle and even social ostracisation. It took many years for a firm footing of the Sanghas in the villages and where

the Sangha population was in majority and more united, this problem was encountered with determination and with a political armour.

At present, the initial formation of the Sangha takes duration of three years during which the hitherto dormant group is able to open its eyes and tries to sit up. In the beginning, micro credit is introduced in smaller scale for the members to become acquainted with the nuances of a monetary economy. Earlier the members were dependent on landowners for borrowing at unfavourable terms or dependent upon other sources without comprehending the real significance of such contractual relationships. Different Sanghas had different formation periods depending upon their encountering outside and inside opposition and provision of formation infrastructure by the donors. During this period, the outfit may be well organised with the conduct of functional literacy programmes, Sangha and Mahila Meetings, and initiation to a new world of programmes. The CCF, which is given in small doses in the formation stage, becomes their own capital for them to manage judiciously in realising the Sangha objectives. The Dry Land Development Programme (DLDP) which was initiated in the beginning attempted to provide both social and economic capitals, besides generating a new class of eco-preneurs. The role of ADATS in this was one of sensitisation through its staff and subsidisation schemes.

In the next stage, that of formalisation spanning another three years, the Sangha members are in a position to take up the responsibility in running the group in a decentralised way. The awareness and literacy programmes are over by this time and basic organisational capability is set to be built-in with wider interaction with ADATS. The quantum of micro credit is enhanced along with land, health, and educational assistance to the member families. In this stage, the informal group gets a formal recognition and is able to establish itself as a pressure group in the village community. Apart from the Sangha benefits, the members are enabled to obtain other benefits flowing from institutional programmes hitherto non-accessible to them.

In the third stage of consolidation, the efforts of the previous stages are consolidated into a greater organisational strength with increased membership, effective management and group cohesiveness. ADATS as an apex institution is in a position to hand over the organisational machinery to the Sanghas. Consolidation sees the greater role for CCF capital and diversification of activities. Once ADATS prepares to withdraw its staff, the Sanghas become to be manned by their own staff in the independent stage, which is the last in order. During this stage, the members may be in a position to ‘walk’ steadily. No further CCF capital induction may fructify there afterwards. The voluntary contribution (hundi) which was initiated in the formal stage and continued in the next stage undergoes a transformation in the consolidation and independent stages as compulsory contributions (tax). These savings are pooled together as Sangha Funds to be utilised for general welfare of the member families. The tax is considered not as a membership fee but as a property right to obtain social and economic benefits. The members have to declare their annual income and a stipulated portion of it (as decided by the Sanghas) has to be contributed toward future self-financing. When the members obtain CCF loan, no interest is charged on them, but 10 percent of the loan amount is treated as tax and carried over to the Sangha Funds. When DLDP works are undertaken by the Sangha on members’ lands, 20 percent of the standard wages are normally deducted as tax. The Sangha organisational structure consists of president, secretary, treasurer, taluk and cluster secretaries, field workers, extension workers, women trainers, representatives, village level workers, village health workers and field workers.

Adult Literacy Programme

In the formation stage, a teacher functionally educates the Sangha members and their family adults who are illiterates every night for a period of one to three years. Identification of the

alphabets of local written language, simple word construction and use of numerical are taught. Apart form this, ALP has the objective of bringing men and women together and enabling women especially to shed their inferiority complex and to be treated as equals. This is further sustained by equal wages in DLDP works, equal representation in cluster and other meetings, women being made in charge of health and children's programmes in the Sanghas and giving power of veto to Mahila Meetings on important decisions of the CSU Meetings.

The utility of ALPs would be higher especially when diversification of activities in the Sangha takes place. Where the primary dependence is on crop cultivation, traditional activities like sheep rearing only, as in most of the Bagepalli CSUs, the impact of ALP has been rather limited, for the members (notably women) are not able to put in their learning skills into practical uses extensively. However, in the taluks of Chikballapur and Sidlaghatta where dairying, sericulture and other activities are undertaken, the functional literacy experience is put into greater and purposeful uses. In these taluks, many women at least know how to put their signature. The missing part of the programme however, was inadequate skill formation and leadership training in different activities that would have strategically improved the positive capacity building of all the members in different avocations. However, lack of follow-up will result in relapse of many members into illiteracy. Emphasis on population control and household management if made integral part of the programme would have initiated a new homestead system.

CSU and Mahila Meetings

An important feature of the Sangha experience has been the conduct of regular meetings of Sangha members and all female members, one from each member family separately. This empowerment in the decision making process has many undertones in the effective functioning of the CSU. Each meeting has a two-thirds quorum and the quorum decision is binding on all the members, such that no one individual is able to influence the decision making process. The quantum, nature and periodicity of the CCF loan to be provided, preference to be given to the very poor, determination of the absorptive and repaying capacity of the individual members, monitoring proper utilisation of the loan and maintaining the group cohesiveness become some of the important decision functions of the CSU, of course to be ratified by the mahila and Cluster Meetings. Further, the women organ is given the prerogative to decide on the utilisation of the petty credit fund called the *vokak sanchu duddu (*VSD) especially for emergency health and pocket expenses of the family. Induction of new members is another activity of the CSU. In any targeting regime, mere induction of many members and CSUs and clusters would satisfy only the quantitative aspects. When new members are inducted, immediate assistance may not be forthcoming owing to limited funds available for the existing members. It is only after some time when CCF capital is enhanced in tune with increased membership that the facilities to the new members may be extended slowly.

In this, the Sangha acts like a cartel, zealously safeguarding safety and security of the members. If a member for whatever reasons exits from the Sangha, but latter wants to rejoin, severe restrictions are put on re-entry. Once left, the member is to be viewed differently and a probation period declared during which period the member may not be entitled to any benefit. This barrier to re-entry is self-policing in character and any violation is viewed seriously, as in a cartel. The already established members, when they see that there is a threat of re-entry which will erode their prospects of obtaining immediate benefits, would put many restrictions on those who want to re-enter. Non-facilitation of voting power, disentitlement of CCF and other benefits during the probation period of about two to three years, cautious monitoring of the re-entering members and also their families' activities toward the Sangha and starting

with a smaller loan amount in satisfactory cases- all these are intended to strengthen the self-regulation mechanism of the Sanghas.

The various periodical meetings attended by ADATS and BCS staff and the CSU functionaries and representatives reinforce the self-policing mechanism, safeguarding the interests of the established members. 'Safety first' seems to be the objective of the Sanghas in the face of internal and external threats. Once the meetings decide on a particular matter, it is the bounded duty of the members to enforce the decisions, failing which the cartel rules will apply. During all the stages of the Sangha growth, cent percent conduct of the meetings may not occur owing to factors like busy crop seasons, members being away on outside job seeking, festivals in the community, lack of quorum and others. The average percentage of the conduct may work out to around 80 percent (as have been registered) which were healthy signs of the running of the Sanghas. When the percentage falls down and the meetings become irregular, owing to the indifference of the functionaries, that becomes the sign of the intending problems.

DLDP Works

An innovative experiment introduced by ADATS in successfully integrating the members into the Sangha-fold has been the undertaking of various DLDP works, including horticulture programmes. In the beginning, more than 30 percent of the members were landless labourers and once the DLDP works were undertaken in the fields of the members, encroachment of public land lying in the foothills of rocky hillocks enabled many a member to acquire new land. Also, many that did not have titles were able to acquire them because of the Sangha efforts. The regularisation of encroachment was also made possible. A factor which favoured the effectiveness of the DLDP works has been the contiguity of member lands in one area. Most of the members in the beginning did not have land within the village limits; further, their lands lying outside the village were unfit for cultivation. The soil was infertile and porous; the gradient of the land sloppy causing soil erosion and the field contained many boulders and stones. The task of land levelling, pitting, bunding and other works involved great developmental efforts by the groups. The stones were to be removed and the land levelled; besides, soil conservation methods, bunding and check damming works were also to be accomplished. Left to the individual members, such tasks were beyond their means and only with group action could they be undertaken effectively.

Supply of implements, equal wages to both men and women, (this aspect was not encountered in the pre-DLDP stages and in non-Sangha villages), all the members working together and sharing common interests without any hindrance of castes and class have been the salient features of the programme. In the government sponsored water shed development programme (once such was undertaken in Bagapalli taluk), the traditional tanks were to be developed into micro watersheds by integrating crop cultivation, horticulture, animal husbandry, social forestry and other activities. Undertaken with the World Bank assistance, this programme was implemented over a decade but with little success. A major reason in this was lack of public participation and over-governance. The DLD programme in avoiding these mistakes, involved the members themselves to work on individual member lands, approximately five days an acre by a group of fifteen to twenty members. This was to be repeated over three to four years in order to complete most of the aspects of land development. Though in the beginning, the work was subject to many constraints and inept attitudes, the programme later became a boon to realise not only increased yield rates through better soil conservation and technology adoption but also in improving land quality and its sustainability. Once the Sanghas become independent, ADATS will not pay the DLDP wages but will provide for tractor hire charges for transporting silt to the land. Apart from DLDP work, horticultural pro-

gramme involving plantation of fruit trees like tamarind and mango is being undertaken in problem areas. Water tanks are built and a member is provided with a pair of bullocks and a cart to transport water into the field tanks. It would haven been cost effective if locally available granite slabs would have been used to construct the tanks. Further, soil conservation could have been consolidated if local tree species like *jaali* were planted on the perimeter of the individual holdings, which would have transformed the landscape by this time. When funds for undertaking DLDP works get delayed, adjustment is made from CCF, later to be reimbursed. Apart from the above programmes, many others in the sphere of skill training, social security, social integration (intercaste marriages), distress help, etc have been accomplished by the organisations.

CHAPTER TWO: BENEFITS FROM THE EXPERIMENT

The Assets Created

The methodology adopted for the stocktaking process involved collection of data from ADATS records and analysing them with regard to entitlement, utilisation and the impact of CCF capital over years at different levels of organisations like BCS, cluster and CSU. Since ADATS maintains an on-line reporting system, data for a reasonable period of time could not be accessed to; hence the analysis is subject to limitations arising out of lack of intertemporal and time series information. The primary analysis that is based on a field survey will be elucidated in the next chapter.

The establishment of the ADATS and BCS and through them launching of various development programmes has facilitated creation of different types of assets. The Sangha itself is an asset. The physical assets created to date amount to Rs 14 million (excluding depreciation) according to book value. Investment on land and farm would certainly appreciate in value and hence the value of asset at current prices would be very high when compared to the book value. These assets include land and buildings in Bagepalli and the extension taluks including godown and guest houses (61.7 percent); vehicles (14.6 percent); organic farm (5.7 percent); furniture and fittings, equipment and chicken sheds (each around 4 percent); dairy capital, farm assets and computerisation (each about 2 percent) and others.

Table 2.1 highlights the expenditure spent on various developmental activities by ADATS from 1995-96 to 1998-99 for which data were available. Of the total income, 44.1 percent has been spent in development programmes in 1995-96, which increased to 59.9 percent in 1996-97. The share declined to 55.2 percent in 1997-98 and further to 41.7 percent 1998-99, indicating saturation in the receipt of external assistance. Whereas the share of Bagepalli was lower than the average, the taluks of Chintamani, Chikballapur and Sidlaghatta had a higher average. After 1997-98, Gudibanda taluk has also been included for the children's programme.

The expenditure on health programme has been Rs 3.29 mil in 1995-96, showing a decline over the years. Expenditure on women's programme has been marked during 1996-98 (Rs 0.7 mil in two years). On children's programme, the expenditure increased from Rs 1.9 mil in 1995-96 to Rs 2.7 mil in 1998-99. The CCF expenditure which was Rs 3.4 mil in 1995-96, increased to Rs 10.5 mil in the next year, declining to about Rs 9 mil in 1997-98; during 1998-99, it was only Rs 0.3 mil. The expenditure on DLDP increased from Rs 4.9 mil in 1995-96 to over Rs 5 mil in the succeeding years, slightly declining in 1998-99. Overall, developmental expenditure increased from Rs 13.6 million 1995-96 to Rs 20 mil in the following year, to Rs 20.4 mil in 1997-98, but declining to Rs 10.6 mil in 1998-99. For these four years combined, the expenditure has been Rs 64.5 mil, which constitutes about 45 percent of total expenditure by the organisation from beginning to the terminal year.

Table 2.1: Expenditure on Developmental Programmes (in Rs lakhs)

Prog	Year	BPalli	CBPur	CMani	SGhatta	All	Rs/H/H
All	I	34.7	31.5	47.7	21.7	135.6	1,031
	II	41.8	64.3	63.0	30.6	199.7	1,266
	III	36.7	45.6	85.9	35.8	204.6	1,157
	IV	13.2	18.4	54.5	19.9	106.0	691
	Total	126.4	159.8	251.1	108.0	645.3	4,145
Health	I	4.5	10.2	11.5	6.3	32.9	250
	II	3.3	4.6	7.0	3.0	17.9	113
	III	4.8	9.9	12.7	5.3	32.7	185
	IV	0.8	5.4	15.1	4.4	25.7	167
Women	I	0.1	0.1	0.2	-	0.4	0.3
	II	0.7	1.9	0.7	0.6	3.9	25
	III	-	0.4	1.9	0.8	0.1	18
	IV	-	0.8	-	-	0.8	5
Child	I	4.3	6.3	4.8	3.8	19.2	146
	II	4.6	5.9	5.1	4.2	19.2	126
	III	3.2	7.2	7.1	4.8	22.3	126
	IV	1.6	6.8	12.8	5.6	26.8	175
CCF	I	2.9	8.8	17.8	4.9	34.4	262
	II	14.2	41.8	35.7	12.9	104.6	663
	III	6.0	19.8	47.2	15.7	88.7	503
	IV	0.3	1.1	1.3	0.6	3.3	22
DLDP	I	22.5	6.1	13.4	6.7	48.7	370
	II	19.0	10.1	14.5	9.9	53.5	339
	III	22.7	8.3	17.0	9.2	52.2	324
	IV	10.5	4.3	25.3	9.3	49.4	322

I=1995-96; II=1996-97; III=1997-98; IV=1998-99 Lakh=100,000

When per family benefit accruable from the above programmes is computed, the average came to Rs 1,031 in 1995-96, increasing to Rs 1,266 in the succeeding year. The benefit has been Rs 1,157 in 1997-98, declining to Rs 691 in 1998-99. The benefit shown here is not for the participating beneficiaries under the given programme (which will show a higher average), but is averaged for the total number of member families in all the taluks. The benefit from DLDP has been the maximum, followed by CCF, health, and children and women's programmes in the order of importance. A special Women's Fund is undertaken in Chikballapur taluk, while it is Save the Children New Zealand in Gudibanda taluk. In the Bagepalli Old Areas, the development programmes have been undertaken since long, whereas in Julpalya and Mittemari, Chikballapur, Chintamani and Sidlaghatta taluks, these have been undertaken during the current decade.

Table 2.2 summarises yearwise and talukwise CCF availability, CCF balance, Sangha Funds in fixed deposits and expenditure on health and children's education as on March 31. For all the taluks, the availability of CCF increased from Rs 31.9 mil in 1995-96 to Rs 42.8 mil in the next year and to Rs 52.2 mil in 1997-98. There was a slight decline in its quantum during 1998-99 to Rs 51.3 mil, suggesting saturation in its availability. The CCF balance was very high at 60.8 percent in 1995-96 indicating a high percentage of non-utilisation of capital. It

was 60.2 percent in 1996-97, 57.8 percent in 1997-98 and 46.9 percent in 1998-99, suggesting an increasing deposit-credit ratio over the years. The proportion of balance would be slightly lower in the month of September wherein most of the CCF loan would be sanctioned. However, the proportion has not been below 40 percent. The low deposit-credit ratio is typical during all the years in all the taluks.

Bagepalli enjoyed the highest share in CCF allocation (about 60 percent), followed by Chintamani, Chikballapur and Sidlaghatta. Bagepalli includes both Old Areas and Julpalya and Mittemari. The quantum available to Bagepalli Old Areas was considerably higher.

Table 2.2: Taluk-wise CCF Loan and Balance (Rs. in lakhs)

1995-96

Taluk	CCF	Balance	%	FD	%	Health	Child
All	318.85	193.99	60.8	199.80	62.7	20.42	4.25
BPalli	190.23	101.36	53.3	117.29	61.6	4.15	2.14
CBPur	43.41	23.35	53.8	36.76	84.7	7.83	0.66
CMani	56.88	47.93	84.3	28.68	50.4	4.54	0.61
SGhatta	28.34	21.34	79.3	17.04	60.1	3.90	0.83

1996-97

All	427.86	257.54	60.2	144.03	33.7	15.4	19.1
BPalli	207.75	97.09	46.7	76.84	37.0	4.3	3.3
CBPur	85.33	62.78	73.6	27.27	32.0	4.9	6.2
CMani	93.20	70.07	75.2	25.31	27.2	4.3	5.2
SGhatta	41.58	27.60	66.4	14.60	35.1	1.9	4.4

1997-98

All	522.52	302.02	57.8	167.64	32.1	1.3	21.1
BPalli	216.42	74.45	34.4	79.64	36.8	2.0	3.1
CBPur	106.77	77.17	72.3	33.16	31.0	1.7	6.4
CMani	141.72	114.11	80.5	34.90	24.6	4.0	7.0
SGhatta	57.61	36.29	63.0	19.94	34.6	2.7	4.7

1998-99

All	513.28	240.64	46.9	216.40	42.1	-	-
BPalli	200.54	63.74	31.8	99.36	49.5	0.1	0.2
CBPur	109.15	79.11	52.3	47.85	43.8	-	-
CMani	145.59	90.24	62.0	46.90	32.2	-	-
SGhatta	58.00	30.21	52.1	25.91	44.7	-	-

Lakh=100,000

The proportion of CCF balance has been the lowest in Bagepalli- 53, 47, 34 and 32 percent during the four years respectively. In Chikballapur, the proportion which was 54 percent in 1995-96 increased to 74 percent during 1996-98, declining to 52 percent in 1998-99. Chintamani had a high proportion in 1995-96 (84 percent), witnessing a decline it in the next two years; it was 62 percent in 1998-99. Sidlaghatta had a lower proportion- about 60 percent in 1995-96 and 1997-98 when compared to the initial year, stabilising at 52 percent in the terminal year.

The Sangha Funds consisting of voluntary contributions and tax on declared income, DLDP wages and on CCF loans are utilisable for education and health expenses, but a larger proportion has been kept in fixed deposits in commercial banks so as to enable earning of minimum rate of returns. The total quantum of Sangha Funds kept in fixed deposits has been about Rs 20 mil in 1995-96, declining to Rs 14.4 mil in the next year. It increased to Rs 16.8 mil in 1997-98 and to Rs 21.6 mil in 1998-99. Recently it touched a figure of Rs 22 mil. The proportion of fixed deposits to CCF has been 63 percent in 1995-96, declining to about 32 percent in the next two years and increasing to 42 percent recently. The proportion was higher than the average in Chikballapur in 1995-96 and in Bagepalli during 1997-98. The proportion has been the lowest in Chintamani during all the years.

The table also shows expenditure on health and education- that on health, higher during the initial years in all the areas and that on education, which was higher in midyears. But the rate of utilisation as a proportion to total allocation has been low in latter years.

The number of CSUs, which was 681 in 1995-96, increased to 748 in the succeeding year, further to 780 in 1997-98 but declining to 746 in 1998-99 according to Table 2.3. The proportion of Formation CSUs has been 19.5, 26, 12.3 and 8.6 percent during the four years, indicating a decline over the period. The proportion of Formalisation CSUs has been 32.7, 28.3, 43.2 and 18.1 percent, whereas that of the Consolidation CSUs was 14.7, 13.5, 3.6 and 26.9 percent respectively. The proportion of Independent CSUs which was lower at 7.3 percent in 1995-96, increased to 8.3 percent in 1996-97, 21.5 percent in 1997-98 and showed a slight decline to 20.6 percent in 1998-99. The proportion of dropped out CSUs remained at 25.7 percent in 1998-99, being slightly lower in the earlier years. The average number of normal members which was around 19 per CSU in 1995-96 and increased to around 21 in 1997-98. There was a slight decline to 20.6 during the terminal year.

Table 2.3: Number of Form/ Formal/ Consol/ Independent/ Dropped out CSUs

1995-96

Taluk	I	II	III	IV	V	Total	N.M	CM
Bpalli	12	39	14	50	119	234	2,641	6,234
CBPur	1	79	39	-	27	146	2,810	1,954
CMani	119	61	26	-	17	223	6,079	1,904
SGhatta	1	44	21	-	12	78	1,618	1,109
Total	**133**	**223**	**100**	**50**	**175**	**681**	**13,148**	**11,201**

1996-97

Jul/MM	6	26	9	-	23	64	1,011	1,178
BP/ OA	5	8	2	62	94	171	2,299	5,028
BPalli	11	34	11	62	117	235	3,310	6,206
CBPur	7	80	39	-	21	147	3,251	1,697
CMani	124	59	28	-	25	236	6,639	2,186
SGhatta	28	39	23	-	15	105	2,113	1,277
Total	**195**	**212**	**101**	**62**	**178**	**748**	**15,780**	**11,366**

1997-98

Jul/MM	-	29	13	7	15	64	1,079	1,186
BP/ OA	1	11	2	86	71	171	2,358	5,174
Bpalli	1	40	15	93	96	235	3,437	6,360
CBPur	10	82	1	35	27	155	3,150	2,282
CMani	17	175	4	23	25	244	7,224	2,448
SGhatta	30	40	8	17	13	108	2,227	1,317
Total	**96**	**337**	**28**	**168**	**151**	**780**	**17,632**	**12,435**

1998-99

Jul/MM	3	8	11	4	41	67	569	1,808
BP/OA	1	4	9	73	84	171	2,428	5,249
Bpalli	4	12	20	77	125	238	3,979	7,057
CBPur	12	4	78	34	28	156	3,003	2,770
CMani	18	116	61	23	26	244	7,072	3,009
SGhatta	30	3	42	20	13	108	2,275	1,632
Total	**64**	**135**	**201**	**154**	**192**	**746**	**15,347**	**14,468**

I = Formation; II = Formalisation; III = Consolidation; IV = Independent
V = Dropped out; NM = Normal Members; CM = Cancelled Members

Stage wise Distribution

During 1995-97, only Bagepalli Old Areas had independent CSUs, others having their score in latter years. During 1995-96, Chintamani accounted for bulk of the formation CSUs, repeating it in the following year also. Bagepalli had more than 50 percent of the CSUs under dropped out category in 1995-96, the proportion remaining at that level in the succeeding year also. All the taluks had dropped out cases in 1995-96, the proportion being significant in Chikballapur. During 1996-97, the proportion declined in other taluks excepting Bagepalli and in 1997-98, the proportion declined in all the taluks, indicating a number of the dropped out CSUs re-entering into the Sangha fold. However, the proportion of Independent CSUs showed an increase in the extension taluks over the years. Chintamani had the highest proportion of CSUs under the Formalisation stage, followed by Chikballapur and Sidlaghatta. During 1998-99, the incidence of Formation CSUs was significant in Sidlaghatta, followed by Chintamani and Chikballapur. Chintamani topped in the number of Formalisation CSUs and all the extension taluks in the Consolidation stage. In Chikballapur and Chintamani, the number of Independent CSUs did not show any increase in 1998-99 when compared to the previous year. On the other hand, there has been a slight increase in the dropped out Sangha units. The number of dropped out CSUs has increased to 203 in the middle of May 1999.

Membership Pattern

The number of normal members increased from 13,148 in 1995-96 to 15,780 in the next year and to 17,632 in 1997-98. The number however declined to 15,347 in 1998-99 and further to 13,321 in May 1999.Julpalya and Mittemari area has experienced a greater decline in the number of normal members- from over 1,000 to around 560 during the period. Bagepalli Old Areas had more or less maintained the number, Chikballapur showing a modest increase and Sidlaghatta and Chintamani registering a significant increase. During this year, Chintamani had the largest number of normal members at over 7,000, followed by Chikballapur (3,003), Bagepalli Old Areas (2,428), Sidlaghatta (2,275) and Julpalya and Mittemari (569).

The proportion of cancelled members which was 85 percent of normal membership strength in 1995-96, declined to 72 percent in 1996-97, 70 percent in 1997-98 but increased to 94 percent in 1998-99 and further to 124 percent in May 1999. In the latter period, the number of normal members stood at 1,985 as against 5,694 in Bagepalli Old Areas (the ratio being 0.34), while the ratio has been 0.27 in Julpalya and Mittemari and 0.65 in Chikballapur. The ratio has been the highest in Chintamani at 1.82, while in Sidlaghatta, it was close to 1.1 of the normal member strength.

The proportion of coverage of normal members has been 27 percent of total population in the respective villages, increasing to 30 percent in 1996-97 and 31 percent in 1997-98. However, the percentage of coverage declined to 29 percent in 1998-99. The percentage of coverage declined from 36 to 16 in Julpalya and Mittemari and from 32 to 28 percent in Chikballapur during 1995-99. In Chintamani, the increase in coverage has been from 34 to 35 percent; in Sidlaghatta from 36 to 37 percent and in Bagepalli from 11 to 17 percent during the period.

Landholding Groups

Table 2.4 highlights the percentage of members in different landholding groups, wherein the proportion of landless labourers has more or less remained at around 28 percent during the four-year period, the 0.1 to 5 acres groups showing a decline.

Table 2.4: Percentage of Members According to Landholding Size

Group (acres)	1995-96	1996-97	1997-98	1998-99
Landless	27.6	25.1	27.5	27.8
0.1-1.0	27.9	26.0	26.3	26.6
1.1-2.0	16.5	15.8	15.8	15.2
2.1-3.0	8.0	7.5	7.6	7.3
3.1-4.0	3.1	3.1	3.1	3.1
4.1-5.0	3.4	3.1	2.8	2.7
Above 5.1	13.5	19.4	16.9	17.3

There has been a significant increase in the holdings of more than 5 acres of land, the proportion increasing from 13.5 in 1995-96 to 16.9 percent in the following year and to 19.4 percent in 1997-98. During 1998-99, the proportion showed a decline to 17.3 percent, indicating that this type of increase in bigger landholdings may have its own power struggle issues.

Castewise Coverage

Table 2.5 presents the proportion of coverage of lower, middle and upper castes in the CSUs and also their ethnic cover. The coverage of lower castes slightly declined from 62.2 to 61.1 percent during the period, whereas middle castes showed an increase from 18.8 to 20.2 percent, while the upper caste coverage declined from 19 to 18.7 percent. The proportion of ethnic cover remained more or less same in the case of lower castes (36 percent), showing an increase in the middle castes (from 25 to 29 percent) and also in the upper castes (from 16 percent in 1995-96 to 19 percent in 1997-98, declining to 17 percent in 1998-99).

Table 2.5: Coverage of Different Caste Groups (% in CSUs)

Year	Lower Castes	Middle Castes	Upper Castes	All (No)
Percent in CSUs				
1996	62.2	18.8	19.0	13,130
1997	60.8	20.6	19.6	15,633
1998	62.9	17.9	19.2	17,339
1999	61.1	20.2	18.7	17,091
Ethnic cover				(%)
1996	36.0	25.0	16.0	27.0
1997	37.0	30.0	17.0	29.0
1998	40.0	27.0	19.0	31.0
1999	36.0	29.0	17.0	29.0

The CCF over the Years

Table 2.6 presents the CCF availability, balance, cumulative loans till date and the total number of loans disbursed in different years. During 1992-93, the average CCF grants per CSU amounted to Rs 30,957 increasing to Rs 44,160 in 1995-96, Rs 53,931 in 1996-97 and Rs 62,736 in 1997-98. Accounting for interest earned and safety net margins, the average CCF availability per CSU increased from Rs 32,054 to Rs 66,989 during this period. In 1998-99 however, there has been a decline in both CCF grants and availability when compared to the preceding year. The CCF availability in this year has been exactly double as that of 1992-93. The CCF balance stood at 37.3 percent in 1992-93, increasing to about 60 percent upto 1997-98. It was 46.9 percent in 1998-99; during September 1998, the proportion was 38 percent. The balance stood at the same level (i.e. 38 percent) in May 1999.

When compared to CCF capital, the proportion of cumulative loans (rotation rate) has been 1.11 in 1992-93, remaining at that level upto 1997-98. The rotation rate increased to 1.68 in 1998-99. The number of cumulative loans provided by the Sanghas as on March end amounted to 16,586 in 1992-93, increasing to 22,117 in 1995-96; this indicated an increase of about 1,844 per year during this period. In 1996-97, the annual increase was 4,565 and in 1997-98, it was 4,938, in which year, the number stood at 31,620. The year 1998-99 saw the greatest number of loans at 7,850 and in May 1999, the cumulative number stood at 39,714. The numbers of cumulative loans per CSU have been 31.1 in 1992-93, increasing to around 40 upto 1997-98 and to 49.3 in 1998-99.

Works for entire Sangha have been included in the cumulative loan analysis, because of the necessity to transfer CCF funds to those accounts owing to late availability of funds for those works. These include DLDP works, zilla panchayat and other works undertaken by the Sanghas in anticipation of grants from ADATS, government and other agencies; for these reimbursement will take place in future. Strictly speaking, Sangha works constitute infrastructure works and have to be accounted for separately. When money is taken out of CCF and transferred to Sangha works, to that extent, the individual loans are affected in their intensity. When the actual reimbursement takes place as effected by ADATS, government or other sources, the CCF becomes bigger but that does not constitute additional benefits to the members because of the fact that they have been already shown as utilised. This is so, owing to the fact that the infrastructure works, which have to be shown separately, have been merged with CCF, thus showing a very high quantum of cumulative loans.

Similar is the case with horticulture works; though they are intended for the development of the members' lands, they are not strictly loans to them. Also, investment on land sites at Ban-

galore in the name of the members and staff has to be from the Sangha Funds rather than from CCF, for the investment which remains blocked for over three years is not utilisable for either crop or developmental loans. Business investment is thus a speculative investment and hence has to be shown separately from the CCF. When the three-year period of business investment loans was over, book adjustment has been made as though the loans were repaid and another dose of fresh loans taken. Because of this, the 212 accounts with Rs 2.7 mil became 215 by May 1999 involving Rs 5.3 mil. This type of loan analysis does not result in an effective review of stocktaking.

Table 2.6: Consolidated CCF Loan Particulars

Particulars	1992-93	1995-96	1996-97	1997-98	1998-99
No of CSUs	533	681	748	780	800
Grants / CSU (Rs)	30,957	44,160	53,931	62,736	61,182
CCF / CSU (Rs)	32,054	46,087	57,200	66,989	64,159
CCF Balance (%)	37.3	60.8	60.2	57.8	46.9
Cum. Loans (Rs)	35,551	52,018	62,492	75,644	107,713
Rotation (%)	1.11	1.13	1.10	1.13	1.68
No of loans	16,586	22,117	26,682	31,620	39,470
Addition / year (No)	-	1,844	4,565	4,938	7,850
No of loans / CSU	31.1	32.5	35.7	40.5	49.3
Net loans / CSU	31.1	32.1	35.3	40.0	44.8
Ave Borr (Rs)	1,142	1,607	1,752	1,856	2,183
Ave Borr (Net/Rs)	1,142	1,286	1,492	1,604	1,744

When expenditure on Sangha works, horticultural programmes and business investment are excluded from the cumulative loans (which should be the correct procedure), the net loans per CSU will be 32.1 and not 32.5 in 1995-96; 35.3 and not 35.7 in 1996-97; 40 and not 40.5 in 1997-98 and 44.8 and not 49.3 in 1998-99.

Table 2.7 highlights the purposewise loan analysis in different years. The share of crop loans in number has been the maximum at over 50 percent in all the years. It was 56.9 percent in 1995-96, remaining more or less at that level till 1997-98 and declining to 52.3 percent in 1998-99. In terms of loan amount, its share remained at around 32 percent, except in 1997-98, when the share increased to 36 percent. The share of cattle loans has slightly increased from 20.4 percent in 1995-96 to 22.2 percent in 1998-99 in number, whereas the share in loan amount showed a decline from 29.1 to 27.6 percent during the period. Petty trade loans declined in importance- from 8.7 to 7.9 percent in number and from 7.1 to 5.5 percent in amount. In agriculture too, there has been a decline in both numbers and amount over the years. It is in respect of Sangha works that the increased share has been quite significant- around 10 percent upto 1997-98 and over 21 percent in 1998-99. The share of business investment has been over 6 percent.

Table 2.7: Purpose wise Cumulative CCF Loan (%)

Activity	1995-96		1996-97		1997-98		1998-99	
	Amt	No	Amt	No	Amt	No	Amt	No
Crop loan	32.9	56.9	32.2	54.7	36.0	56.5	32.3	52.3
Agriculture	7.7	4.7	7.9	4.7	7.8	4.4	6.0	3.9
Cattle	29.1	20.4	34.6	23.4	32.7	23.2	27.6	22.1
Trade	7.1	8.7	7.5	9.6	6.8	8.7	5.5	7.9
Sangha works	12.9	0.8	9.8	0.6	10.4	1.3	21.3	8.6
Busi. Invest	7.8	0.5	5.9	0.4	4.7	0.4	6.1	0.5
Others	2.5	8.0	2.1	6.6	1.6	5.5	1.2	4.6

In May 1999, when the cumulative loan amount increased to Rs 95 mil, the share of crop loans has declined to 29 percent and that of cattle loan to 24 percent. The share of Sangha works showed an increase to 27 percent and that of business investment to 5 percent. At this rate, Sangha works will soon become the major benefit out of CCF.

Talukwise CCF analysis in respect of Sangha works and business investment during 1997-99 shows that whereas cumulative loans increased from Rs 59 mil in 1997-98 to Rs 86.2 mil in 1998-99, the increase has been accounted largely by Sangha works. During the former year, the share of Sangha works has been 10.4 percent, increasing to 21.3 percent in the latter year and that of business investment showed an increase from 4.7 to 6.1 percent; the share of horticulture works declined from one to 0.6 percent. In Bagepalli, the cumulative loans showed an increase from Rs 38.7 mil in 1997-98 to Rs 49.3 mil in 1998-99, the share of Sangha works increasing from 14 to 17.5 percent and that of business investment from 7 to 10.6 percent. Business investment accounts were not encountered in the extension taluks. In Chikballapur, the share of Sangha works in the cumulative CCF increased from 3.5 percent in 1997-98 to 33.6 percent in 1998-99; in Chintamani, the increase has been from 4 to 17.8 percent and in Sidlaghatta, from 3.3 to 26.3 percent. If Sangha works and business investment accounts are kept separate, total CCF accumulation would be only Rs 62.5 mil in May 1999, showing a rotation rate of just 1.22, instead of about 1.85 if all the Sangha works and business investment are included in it. A good credit management would have the capacity to double the capital at least once in 3 to 4 years when a full credit cycle could be complete. All these suggest that the CCF has been under-utilised, maintaining a very high percentage of balance and including non-CCF works into its fold.

CCF Working Analysis

The online CCF working list provides information on talukwise CCF capital, overdue, cumulative loans and average borrowing per member. According to Table 2.8, of the total CCF capital of Rs 51.34 mil, the share of Bagapalli Old Areas has been 29.8 percent in April 1999, followed by Chintamani (28.4 percent), Chikballapur (21.3 percent), Sidlaghatta (11.3 percent) and Julpalya and Mittemari (9.2 percent). Of this, the proportion of good loans has been 26.6 percent, higher in Bagapalli (38.8 percent) and very low in Julpalya and Mittemari (18 percent). The proportion of overdue to CCF capital has been 29.3 percent, higher in Bagapalli and Julpalya (over 40 percent) and less than 25 percent in the extension taluks. Bad loans (0.1 percent) have been witnessed only in Bagapalli. The CCF balance, after deducting good loans, overdue and bad loans, accounted for 44 percent in all the taluks, lower in Bagapalli and Julpalya areas and higher in the extension taluks. It has been lower in Bagapalli (13.6 percent) and higher in Chintamani (66.3 percent).

The case has to be that a higher deposit-credit ratio should benefit a larger number of beneficiaries over the years, but the experience has been one of maintaining a big balance; may be at the year end, the reimbursement effected in the case of Sangha and other infrastructure works and also repayment of CCF loans constituted the increase in CCF balance.

Of the cumulative loans, the share of Bagapalli has been 49.7 percent, followed by Chikballapur and Chintamani (16.8 percent each), Sidlaghatta (9.6 percent) and Julpalya (7.1 percent). In the number of loans, the share of Bagepalli has been the largest, followed by Chintamani, Chikballapur, Sidlaghatta and Julpalya. The average borrowing has been Rs 2,332 per loan, the amount in Chikballapur being Rs 2,913 and in Bagapalli Rs 2,350 and lower in other areas.

Table 2.8: CCF Working List Analysis

Area	CCF (Rs/mil)	Good loans (%)	O/D (%)	Bad loan (%)	Bal (%)	Cum loan (Rs/mil)	No of loans	Rs/Borr
BP/ OA	15.35	38.8	47.2	0.4	13.6	45.88	19,520	2,350
Jul/MM	4.71	18.0	46.4	-	35.6	6.50	3,146	2,067
CBPur	10.92	23.9	21.5	-	54.6	15.53	5,330	2,913
CMani	14.56	20.9	12.8	-	66.3	15.51	7,633	2,031
SGhatta	5.80	21.0	24.1	-	54.9	8.86	3,930	2,254
All	**51.34**	**26.6**	**29.3**	**-**	**44.0**	**92.28**	**39,559**	**2,332**

Of the total overdues, the share of normal members has been 64.7 percent, that of cancelled members being 35.3 percent. This works out to a total overdues of Rs 15 mil and that of the cancelled members as Rs 5.31 mil. Because of cancelled members, about 10.3 percent of CCF capital has been debilitated. The proportion of overdue for normal members has been very high in the extension areas and that among cancelled cases, very high in Bagapalli and Julpalya areas. In Julpalya especially, the cancelled members have an overdue of over Rs 1.2 mil.

From the working list, the distribution of CSUs according to CCF availability (in 6 groups according to different frequencies of capital) shows that, CSUs having a CCF capital of over Rs 200,000 accounted for 15.7 percent and those having a capital between Rs 100,001-200,000 shared 20.3 percent. The proportion of CSUs having Rs 75001-100,000 capital has been 10.8 percent and those having a capital between Rs 50,001-75,000 accounted for 11.4 percent. The Sanghas having a capital between Rs 25,001-50,000 shared 13.6 percent, whereas a majority of CSUs (28.2 percent) had a CCF capital of less than Rs 25,000. It is evident that only about 36 percent of the CSUs are viable in the sense of adequacy, others having gross capital inadequacy. The proportion of CSUs having capital of over Rs 100,000 has been higher in Bagepalli (65.5 percent), followed by Chikballapur (38 percent). In Julpalya and Sidlaghatta areas, the proportion has been about 31 percent, Chintamani having the lowest (18 percent). The proportion of CSUs having CCF capital of less than Rs 25,000 has been higher in Chintamani (32.5 percent) and Sidlaghatta (39.8 percent).

Rotation rate

As regards rotation of CCF capital, the rate averaged 1.8 (including Sangha works and business investments), being higher in Bagepalli (2.99) and lower in others- Sidlaghatta 1.53, Chikballapur 1.42, Julpalya 1.38 and Chintamani 1.06. However, if the 10 percent of CCF capital which has been overdue by cancelled members is deducted from the total, the rotation

rate would be higher by the same proportion, yet showing under-utilisation of the capital especially in the extension taluks.

The consideration of the rotation rate in all the 123 clusters consisting of 738 CSUs shows that about 21.1 percent have a rate of over 2 (Bagepalli accounting for 70 percent cases); about 4.3 percent CSUs have a rate of 1.8 to 2 and 11.1 percent have a rate between 1.5 and 1.8. Those having a rate of one to 1.5 accounted for 25.2 percent and those having a rate of less than one accounted for 38.3 percent. The lower rate syndrome was being noticed especially in the extension areas.

Cluster Loan Analysis

In this section, an attempt is made to analyse the CCF system in respect of 42 clusters to which the sample CSUs belong. The clusters have been classified according to the availability of Sangha Funds invested in fixed deposits (excluding those in the savings accounts). The strength of a cluster and its future economic sustainability will largely depend on the accumulation of the community's own capital through voluntary and involuntary savings. In the initial stages of the Sangha, the quantum of Sangha Funds will be smaller, owing to lower income generation and CCF loans. The clusters having Sangha Funds to the tune of less than Rs 25,000 accounted for a share of 16.7 percent and those having funds between Rs 50,000 to 100,000 shared 14.3 percent. The proportion of clusters having an amount of Rs 0.1 to 0.2 mil Sangha Funds accounted for a larger share of 33.3 percent. The older and independent clusters accounted for Sangha Funds of over Rs 100,000. Those CSUs having funds between Rs 0.2 to 0.3 mil accounted for 16.7 percent and the over Rs 0.3 mil fund-owning clusters accounted for 19 percent according to Table 2.9.

Table 2.9: CCF Analysis in Clusters (Rs in lakhs)

Sangha Fund	No of CSUs	Ave. Member	Stage of the CSUs					CCF	Bal	F D
			FM	FL	Con	Ind	DR			
<0.50	7	36	14	21	-	-	1	1.37	0.92	0.20
0.51-1.00	6	32	3	9	14	2	4	3.71	2.20	0.76
1.01-2.00	14	81	4	3	33	25	16	3.98	1.83	1.54
2.01-3.00	7	55	4	2	8	16	25	6.00	1.67	2.61
>3.01	8	60	1	4	5	37	13	10.87	1.99	4.62
All	**42**	**58**	**30**	**39**	**60**	**80**	**59**	**5.16**	**1.74**	**1.97**

The average quantum of Sangha Funds in the first group has been Rs 20,000 and in the next group, it has been Rs 76,000. It is Rs 154,000 in the third group, Rs 261,000 in the fourth and Rs 463,000 in the last group. The proportion of CSUs having more than Rs 0.1 mil Sangha Funds has been 33.3 percent and those having more than Rs 0.2 mil, 35.7 percent. As revealed by CCF capital adequacy ratio, only this proportion of CSUs could be termed as viable. This suggests that under normal conditions, higher the CCF capital, the Sangha Funds will also be higher.

The average CCF capital in the first group has been Rs 0.14 mil; Rs 0.37 mil in the second; Rs 0.4 mil in the third; Rs 0.6 mil in the fourth and Rs 1.1 mil in the last group. While the CCF balance was higher in the lower Sangha Funds groups, it was about 27 percent in the fourth group and 18 percent in the last group, indicating a close relationship between higher levels of Sangha Funds, CCF capital and its utilisation. Correspondingly, the rotation rate has been 0.99 in the first group, 1.3 in the second, 1.8 in the third, 2.2 in the fourth and 2.9 in the

last group. The quantum of cumulative loans has been Rs 0.11 mil per CSU in the first group, Rs 0.42 mil in the second group, Rs 0.7 mil in the third, Rs 1.3 mil in the fourth and Rs 3.3 mil in the last group. While the share of crop loans has been higher in the latter groups those of cattle and petty trade have been higher in the former groups. The share of Sangha works and other works have been higher in the upper Sangha Funds groups.

CHAPTER THREE: STOCKTAKING IN THE CSUs

The Sample

Apart from collection of data available in ADATS records, member information was collected from 53 sample CSUs in Bagepalli, Chikballapur, Sidlaghatta and Chintamani taluks during the course of the field study. In each CSU, 4 Sangha members (selected at random) with due representation to lower, middle and upper castes, landlessness and female–headed households were interviewed with the help of a structured questionnaire spanning different social, economic and organisational milieu. The member data available with ADATS were of much use in the identification of the samples.

This part of the report concerns mostly with economic aspects. The following table presents the summary of members selected keeping in view variables like landholding size, landless labour, women and representation to all the important castes as grouped under lower, middle and upper in the five stages of the Sangha lifecycle. The particulars obtained refer to 1998-99. The field survey was accomplished during April-May 1999. The analysis is attempted without framing any specific hypotheses; wherever necessary, they appear implicit with consequential validation.

Table: Sample Distribution of Members in 53 CSUs (42 Clusters)

Group	Form	Formal	Con	Ind	Drop	All
Landless	5	4	4	4	1	18
< 2.5 ac	14	13	16	17	11	71
2.6-5.0 ac	11	7	18	31	10	77
>5.1 ac	2	4	10	28	2	46
All	**32**	**28**	**48**	**80**	**24**	**212**

CCF Loan Analysis in the CSUs

An attempt is made to analyse the CCF loan utilisation pattern and other particulars of the sample CSUs in different taluks (Tables 3.1 to 3.3). While the number of formation CSUs (stage I) has been 8 and of formalisation CSUs (stage II) 7, the average number of normal members has been 40 and 36 per CSU in the two stages. In the 12 consolidation CSUs (stage III), the member strength has been lower at 28, whereas in the 20 independent CSUs (stage IV) it was higher at 36. The average number has been higher in the extension taluks with a higher population cover, but not necessarily that of lower castes. The proportion of population coverage has been lower in the stage II (43 percent) when compared to other stages (over 50 percent). The proportion of coverage of lower castes has been higher in stages III and I. The proportion was higher in Bagapalli, Julpalya and Chikballapur CSUs in stage I; in Chikballapur CSUs in stage II; in Chintamani and Chikballapur CSUs in stage III and also in stage IV. The proportion of coverage in stage I have been the highest (78 percent), being lowest in stage II (40 percent). As growth proceeds, the tendency to accommodate more and more upper castes becomes a necessity or the lower castes, once their social identification is established, may not feel the inclination to remain in the Sanghas.

The average CCF capital in stage I CSUs has been Rs 21,000 (average in Julpalya, higher in Chintamani and lower in others); Rs 100,000 in stage II CSUs (higher in Julpalya and Chikballapur and lower in Chintamani); Rs 86,000 in stage III CSUs (higher in Julpalya and Bagepalli, average in Sidlaghatta and lower in others) and Rs 268,000 in stage IV CSUs (higher in Bagapalli and lower in others). The quantum of CCF capital has been the lowest in

Bagapalli stage I CSUs (Rs 18,000) and higher in the same area (Rs 326,000) in stage IV CSUs.

The CCF balance has been 43 percent in stage I CSUs (higher in Bagepalli (100 percent), Sidlaghatta (90 percent), and Chintamani (73 percent) and lower in Chikballapur (8 percent) and Julpalya (nil); 39 percent in stage II CSUs (higher in Julpalya and Chintamani and nil in Bagepalli and Sidlaghatta); 31 percent in stage III CSUs (higher in Chikballapur and Chintamani and lower in others) and 41 percent in stage IV CSUs (higher in Sidlaghatta). The average cumulative loans have been Rs 19,000 in stage I, Rs 147,000 in stage II, Rs 137,000 in stage III and Rs 650,000 in stage IV CSUs. The quantum has been nil in Julpalya and very low in Sidlaghatta (Rs 4,000) in stage I, lower in Chintamani (Rs 43,000) in stage II.

Table 3.1: CCF Analysis in Formation and Formalisation CSUs

Particulars	BPalli		Jul/MM		CBPur		CMani		SGhatta		All	
	I	II	I	II	I	II	I	II	I	II	I	II
No of CSUs	1	-	1	1	1	2	2	4	3	-	8	7
Ave members	28	-	17	33	44	30	52	39	42	-	40	36
Pop cover %	20	-	-	47	69	49	46	39	64	-	54	43
Lower castes %	86	-	100	55	100	75	64	31	71	-	78	47
Land (acres)	112	-	85	178	49	25	66	98	96	-	83	86
CCF (Rs/Lakhs)	0.18	-	-	1.51	0.22	1.71	0.42	0.52	0.15	-	0.21	1.00
CCF balance (%)	100	-	Nil	49	8	18	73	65	90	-	43	39
Fixed deposit (Rs/Lakhs)	0.06	-	0.06	1.11	0.06	0.21	0.13	0.07	0.12	-	0.10	0.26
Cum loans(Rs/Lakhs)	0.18	-	Nil	3.66	0.25	2.44	0.49	0.43	0.04	-	0.19	1.47
No of loans	19	-	Nil	169	15	21	34	21	6	-	15	47
Rs/per loan	928	-	Nil	2165	1667	11619	1440	1492	656	-	790	3146
% of crop loans	-	-	-	72	72	-	34	4	-	-	33	26
% of cattle loans	-	-	-	19	12	13	28	63	66	-	26	24
% of trade loans	-	-	-	-	16	3	5	20	34	-	10	5
% of S. works	100	-	-	7	-	79	33	-	-	-	31	40
% of other works	-	-	-	2	-	5	-	13	-	-	-	5

I = Formation CSUs; II = Formalisation CSUs

It has been lower in the three extension taluks in stage III and also in stage IV CSUs. The rotation rate has been less than one in stage I (in Sidlaghatta only 0.27), 1.47 in stage II (Chintamani 0.83), 1.59 in stage III (lower in Chikballapur and Sidlaghatta) and 2.42 in stage IV (the three extension taluks having a lower rate).

The average number of loans per CSU have been lower in stage I (15), increasing to 47 in stage II, 72 in stage III and to 202 in stage IV CSUs. The numbers have been lower in stage I Sidlaghatta (6), in stage II Chikballapur and Chintamani, in stage III Bagepalli and Chintamani and in the stage IV extension CSUs. Julpalya in stage II and Bagepalli in stage IV had a significant number of beneficiaries.

The average borrowing per loan has been Rs 790 in stage I (higher in Chikballapur and Chintamani), Rs 3,146 in stage II (higher in Chikballapur at Rs 11,619), Rs 1,898 in stage III (higher in Bagepalli) and Rs 3,230 in stage IV CSUs (higher in Chikballapur).

Table 3.2: CCF Analysis in Sample Consolidation CSUs

Particulars	BPalli	Jul/HM	CBPur	CMani	SGhatta	All
No of CSUs	1	2	3	2	4	12
Ave members	21	23	30	25	34	28
Pop cover %	67	58	25	73	72	58
Lower castes %	52	58	77	100	42	64
Land (acres)	124	84	61	49	115	86
CCF (Rs/Lakhs)	0.91	1.21	0.72	0.65	0.87	0.86
CCF balance (%)	6.1	12.7	45.0	46.0	28.0	31.0
Fixed dep (Rs/Lakhs)	0.16	0.52	0.32	0.25	0.31	0.36
Cum loans (Rs/Lakhs)	2.09	1.89	1.12	1.04	1.27	1.37
No of loans	51	97	59	62	80	72
Rs/per loans	4,098	1,948	1,911	1,654	1,581	1,898
% of crop loans	82	44	8	23	33	34
% of cattle loans	-	53	63	45	31	42
% of trade loans	-	2	10	3	9	6
% of S. works	-	-	16	17	18	13
% of others	18	1	3	2	9	5

Table 3.3: CCF Analysis in Sample Independent CSUs

Particulars	BPalli	CBPur	CMani	SGhatta	All
No of CSUs	12	3	3	2	20
Ave members	36	39	48	23	36
Pop cover %	55	78	58	30	55
Lower castes %	38	46	63	6	40
Land (acres)	136	117	154	84	130
CCF (Rs/Lakhs)	3.26	1.81	2.22	1.16	2.68
CCF balance (%)	22.8	52.0	86.7	60.0	40.7
Fixed dep (Rs/Lakhs)	0.82	0.69	0.85	0.65	0.74
Cum loans (Rs/Lakhs)	8.46	3.31	4.60	2.42	6.50
No of loans	264	89	148	85	202
Rs/per loans	3,205	3,719	3,101	2,825	3,230
% of crop loans	38	16	23	33	35
% of cattle loans	18	24	30	49	21
% of trade loans	2	4	8	1	2
% of S. works	16	45	34	14	20
% of others	26	11	5	3	22

The share of crop loans has been very high in Chikballapur stage I, Julpalya stage II, Bagepalli both in stages III and IV. The share of cattle loans has been higher in Julpalya stage II CSUs, Chikballapur stage III CSUs, and Sidlaghatta I and IV CSUs. Petty trade loan was somewhat significant only in stage I (especially in Chikballapur and Sidlaghatta). The share of Sangha works has been substantial in all the stages (33 percent in stage I Chintamani, 79 percent in stage II Chikballapur, around 16-18 percent in stage III extension taluks and 45 percent in stage IV Chikballapur). The high share of Sangha works (having a low member share) automatically boosts up per beneficiary borrowing. In stage I CSUs, no other loans

save Sangha works were undertaken in Bagepalli. The share of petty trade loan has been 5 percent each in stage II and III CSUs and 22 percent in stage IV CSUs, where business investment (included in petty trade) in Bagepalli increased its share.

From the above, it is evident that consolidation CSUs have had a lower importance than the formalisation ones in CCF intensity, may be owing to the reason that completion of infrastructure and Sangha works in the latter has been given a higher preference in order to convince the members about the advantages of further continuation or this was typical of the care to be bestowed upon the CSUs in the crucial period of formalisation. The bulk of loans have been for crop raising, purchase of crossbred cows, sheep and pigs (to a lesser extent) and petty trade (constituting traditional activities). This is indicative of lack of entrepreneurial capacity building in undertaking profitable ventures in the region in different stages of the Sangha organisation.

To start with, the number of normal members was more than 30 but as the CSU underwent transformation, the member strength finally settled at around 25. From an optimal viewpoint, that number may be better augmented at a level involving less complexities and conflicts amongst the different groups. In the beginning stages, the CSUs may be very risk averse and may maintain bulk of CCF in bank balances. This may be either due to less absorptive capacity of the members or low repaying capacity coupled with lack of viable alternate activities.

The mutual exchange of CCF among the members (to effect a bigger loan in the succeeding year) has been to increase the scale of operation, as the current scale may be inadequate. Investment in crossbred cows and buffaloes has been less rewarding, owing to poor stock and inadequate health care. In the case of sheep also, a high proportion of death took place during hot season due to non-precautionary and non-preventive health measures. Through sheep rearing could be a profitable venture over a decade, in particular years, it has its own problems. When there was a crop failure, as has been experienced during the past two years, it was not uncommon to find members selling away sheep to repay CCF loans, the repayment of which was accorded priority over other borrowings. Selling surplus produce like groundnut even at distress prices to repay the CCF loan has also been encountered. A case where a farmer got a pig loan to raise crops, in spite of the Sangha's objection in taking that loan owing to crop failure in the preceding year has been encountered. But the member not only made a profit out of the pig loan but also repaid the crop loan!

During the reference period, late rains affected crop sowing whereas excess rains destroyed the crops at the time of harvesting. In 1997-98 too, the rainfall has been scanty, resulting in crop failure. Whereas, bountiful rains (over 1,000 mm) during 1996-97 resulted in a very good crop yield in all the areas. When referenced to a very good year, even moderate performance in other years becomes belittled. Because of frequent crop failures and due to absence of crop insurance, many members have started to fall back on other sources of income wherever possible. Some of the activities have been contracting or sub-contacting of stone quarrying, mushroom and vegetable cultivation, sericulture, dairy, tailoring, contract agriculture labour, etc. Though IRDP loans were taken, overdue was still existing even after many years. Maintenance of cows instead of bullocks for draught and also milch purposes was encountered in many cases. Some even hired out the cows for ploughing. Many members were able to acquire cultivable land through Sangha efforts after the launching of DLDP works. In about 8 percent cases, applications for regularisation of titles have been made. In a CSU, the infighting between the VHW and the representative resulted in groupism and many members dropped out of the CSU.

CHAPTER FOUR: MEMBER ANALYSIS IN THE SANGHAS

Member Analysis in Sample Formation CSUs

The total number of sample member families surveyed in stage I CSUs have been 32, the proportion of women members being 28 percent and that of lower castes 75 percent. The member families have been grouped into four: landless labourers; those having less than 2.5 acres of cultivable land (1 hectare); those having 2.6 to 5 acres (2 ha) and those having more than 5.1 acres (above 2 ha).According to Table 4.1, the proportion of landless group has been 15.6 percent and that of second group 43.8 percent, while the third group accounted for 34.3 percent and the last group for 6.3 percent respectively. In the landless group, 80 percent have been women. The family size has been 4.9, 48 percent being workers. The family size has been larger in the second and last groups and that of workers in the first and third groups. All the landless women and 21 percent in the second and 10 percent in the third group were illiterates, while the proportion among men was 26 percent. The average age of a member has been 37 years, higher in the second and last groups.

Major Assets Owned

The average landholding has been 2 acres in the second, 3.9 acres in the third and 7 acres in the last group. The proportion of irrigation has been 6, 8 and 12 percent respectively in these landholding groups. The average cattle owned per family has been 0.8 in the first, one in the second, 1.2 in the third and 3.5 in the last group. The number of sheep and goats owned has been 1.7 in the second and 1.1 in the third group. The households owning houses (either stone built or mud thatched, constructed through self finance or outside assistance including government and Sanghas) have been 60 percent in the first, 78.6 percent in the second, 90 percent in the third and 100 percent in the last group. About 40 percent in the first, 43 percent in the second, 55 percent in the third and 50 percent in the last group have assets through petty trade. In most of the cases, these assets have been possible only because of the Sanghas.

Table 4.1: Member Analysis in Formation CSUs

Particulars	Landless	<2.5 acres	2.6-5.0 acres	>5.1 acres	All
Number	5	14	11	2	32
Women members	4	3	2	-	9
% of lower castes	60.0	71.1	81.8	100.0	75.0
Land holding (acres)	-	2.0	3.9	7.0	2.7
Total income (Rs)	5,450	5,940	6,535	10,210	6,294
% of crop income	-	27.2	43.3	55.8	32.3
% of labour income	56.9	40.0	12.7	6.4	28.8
% other income	43.1	32.8	44.0	37.8	38.9
Decl. Income (Rs)	3,560	2,580	3,870	5,700	3,371
% actual income	153	230	169	179	186
Tax rate paid (%)	5.7	8.5	8.5	8.7	8.0
No of crop loans	-	1	-	-	-
No of devt loans	-	1	-	-	-
CCF loan (Rs)	-	2,800	-	-	-
Outstanding (%)	-	20.5	-	-	-
Indebted (Rs/h.h)	350	1,120	660	-	772

Assistance Obtained

Health assistance is available through VSD or from the decentralised health budget or directly from ADATS in distress cases. About 62.5 percent of the households have obtained educational assistance, most of them viewing the ceiling on assistance to only two children as rather constraining in their effort to see their children educated. Though in the absence of this assistance, they would still go in for educating their children (females included), the urge for this need has become more intensive because of the facilities it bestows on them. The landholding groups seem to utilise the benefit to a large extent when compared to the landless group.

The members become representatives on rotation basis and some of them are either teachers or Village Level Workers. Membership in gram panchayats is also quite common; some are members or directors in the dairy societies or mahila mandals. All these provide to the members an opportunity to participate in various social and political arenas. About 15.6 percent of the members thus have been functionaries and are able to interact with developmental agencies in that capacity.

The DLDP works are not started in the formation CSUs, and CCF also is not being pumped in large dosages. In the sample, only the second group has been endowed with CCF loans to the extent of two per family, the average loan amount being Rs 2,800. Of this, about 20.5 percent has been overdue.

The households have been indebted, the average amount being Rs 772, higher in the second group. Apart from CCF, about 28 percent of the members have obtained other benefits in the past, chiefly from zilla panchayat schemes like Integrated Rural Development programme, janata housing and free sites.

Family Income Generation

The net gains derivable from the above benefits are translated in terms of additional income generation. The average family income during the reference year has been Rs 6,294 for all; it has been Rs 10,210 in the last group, Rs 6,535 in the third, Rs 5,940 in the second and Rs 5,450 in the first group, indicating a positive relationship between landholding and income generation.

The members are expected to declare their income to the Sangha so as to enable it to levy a certain proportion of tax, which entitles the members to be stakeholders in them. The individual income is assessed based on the landholding, crops grown and sold and the extent of labour income earned by the family members. The tax goes into the Sangha Funds and as such constitutes a stake for further claims on the benefits. Once the members declare their income, the CSU (the quorum) makes the final decision as to the true nature of income based on the common yardsticks and levies the tax. Individual members do not have any discretion in deciding on the quantum of tax to be paid, but in many cases, it has been observed that the tax levied by the Sanghas has not been strictly adhered to, owing to reasons such as poor crop, ill-health and others. All the Sanghas during the reference year had a common rate of 10 percent. The average declared family income has been Rs 3,371 for all; it has been Rs 5,700 in the last group, Rs 3,870 in the third, Rs 3,560 in the first and Rs 2,580 in the second group. This shows that the members are not that particular in assessing their income correctly and paying the tax. Their approximation and that of the Sangha's may not tally with the observed income. Thus, the actual income has been 186 percent of declared income for all; 153 percent in the first, 230 percent in the second, 169 percent in the third and 179 percent in the fourth group. No systematic procedure seems to have been evolved for estimating the individual incomes; may be it is too early for the members to become pecuniary minded in the existing

semi-subsistence system and they are yet to become commercial. The average tax paid on the declared income has been about 8 percent, lower in the first group and higher in others.

The observed family income is constituted by crop income (in the case of the landholding groups), labour income (for all members- wages earned in and out of village, DLDP wages wherever applicable, etc) and other income (accounted for by remittances, services and income generated by assets created through different programmes including CCF). The proportion of crop income in the family income has been 27.2 percent in the second group, 43.3 percent in the third and 55.8 percent in the fourth group, indicating income increasing with size of landholding. The share of labour income showed a decline with size; it has been 56.9 percent in the first, 40 percent in the second, 12.7 percent in the third and 6.4 percent in the last group. This shows that with increasing landholding area, the dependency on labour income for sustenance declined. The share of other income has been the maximum at 38.9 percent, higher in the first and third groups. This included sale of cattle, sheep and goats and pigs; remittances by family members working outside; dairy income; income from petty trade and income generated from other assets; income earned by hiring out draught animals and by sale of irrigation water; income by leasing in and out of land and income from artisanal activities.

Comment

In about 90 percent of the cases, income generation in 1998 has been higher when compared to the preceding year. In the CSUs, the son freeing his father from bondage, female members working outside as helpers, mutual exchange of CCF between members so as to increase the quantum of assistance and the willingness to wait for that, a person working in the city and being a member in a Sangha because of his past connections, and few members being gram panchayat members have been encountered.

About 28 percent of the members have obtained government housing facilities and the Sanghas have helped the members in this regard.

Member Analysis in Formalisation CSUs

About 32 percent of the members in this stage have been women, the proportion of lower castes being 64 percent. The average family size has been 5.6, (higher in the last group), the proportion of workers being 41 percent. Most of the women members are illiterates, the proportion among men being 33.3 percent. The average age of a member has been 41 years, higher in the first and last groups.

Major Assets Owned

According to Table 4.2, the average landholding size has been 1.8 acres in the second, 3.2 acres in the third and 7 acres in the last group respectively. The proportion of irrigation has been 9 percent in the second, 17 percent in the third and 30 percent in the last group; however the tanks and even bore wells had severe water problem.

The numbers of cattle per household have been 0.5 in the first, one in the second, 1.7 in the third and 1.5 in the last group, showing a tendency to increase with size. The numbers of sheep (including pigs) have been 1.6 2 and 5 respectively in the landholding groups. Save one in the first group (who lived in a hired house), all the members owned houses. About 53 percent members have petty trade activities to supplement their income, the proportion being higher in all the groups except the second. Sericulture, quarrying, poultry sales, dairy and tailoring have been some of the supplementary activities. About 62 percent of the members have obtained educational assistance, the proportion being higher in the land-owning groups.

Assistance Provided

Two women members in the second group have been sanctioned assistance under Women's Fund under 60: 40 subsidy programme and the average assistance worked out to Rs 13,925, being expended on sheep and crossbred cow. While there have been some death cases in sheep and low yield in cows, insurance cover has been provided enabling the beneficiaries to recoup the loan in case of asset perish. One women member in the same group has been given a free loan of Rs 2,000. About 5 percent of CCF are earmarked for the very poor and free loans (bitti) are sanctioned to them to meet long- lasting or emergency needs. Assistance has also been provided under disabled and sponsorship programmes. About 39 percent of the members have obtained assistance from programmes take IRDP and housing, the proportion of beneficiaries in second and third groups being marked. About 21 percent of the members (especially in the first and second groups) were functionaries either in the Sanghas or elsewhere).

Table 4.2: Member Analysis in Formalisation CSUs

Particulars	Landless	<2.5 acres	2.6-5.0 acres	>5.1 acres	All
Number	4	13	7	4	28
Women members	2	7	2	-	9
% of lower castes	50.0	76.9	42.8	75.0	64.3
Land holding (acres)	-	1.8	3.2	7.0	2.6
Total income (Rs)	3,480	7,137	6,970	10,850	7,006
% of crop income	-	25.8	44.5	58.2	36.2
% of labour income	51.7	19.1	13.8	6.3	16.1
% other income	48.3	55.1	41.7	35.5	47.7
Declared Income (Rs)	2,510	2,800	3,750	5,875	3,436
% actual income	138	254	186	184	203
Tax rate paid (%)	8.0	8.0	7.0	9.0	8.0
No of crop loans	-	0.7	0.8	1.0	0.6
No of develop loans	0.8	0.4	0.3	1.0	0.6
CCF loan (Rs)	1,000	1,615	1,800	4,800	2,000
Outstanding (%)	33.3	21.0	27.0	45.0	32.0
Indebted (Rs/h.h)	1,200	1,680	3,703	-	1,900

The number of CCF loans taken has been 0.8 in the first; one each in crop and development loans in the fourth group and less than that in the second and third groups. The average CCF loan amount taken has been Rs 1,000 in the first, Rs 1,615 in the second, Rs 1,800 in the third and Rs 4,800 in the fourth group respectively. The overdue percentage has been 36, higher in the first and last groups. The average amount of indebtedness has been Rs 1,900, higher in the third group.

Family Income Generation

The average income generated has been Rs 7,006, higher in the fourth (Rs 10,850) and lower in the first group (Rs 3,480). The share of crop income has been nil, 25.8, 44.5 and 58.2 percent; those of labour income 51.7, 19.1, 13.8 and 6.3 percent and other income 48.3, 55.1, 41.8 and 35.5 percent respectively in the four groups.

The observed income has been 203 percent of the declared income of Rs 3,436, the percentage being 138, 254, 186 and 184 respectively in the four groups. The average tax paid on the declared income has been 8 percent, higher at 9 percent in the fourth group.

Comment

Normally, Sangha Tax is levied only from the consolidation stage onwards. But in the recently formed CSUs, the Sanghas decided on the tax from the beginning itself to mop up resources. In a few CSUs, especially in the formation stage, voluntary contributions are collected, but even here the quantum of savings increased to over Rs 10 per month. In a CSU, it was deliberated whether the tax has to be collected once or twice a year and the Sangha has settled down to a monthly collection. In another CSU, the motto has been "whatever you get, save as much as possible". And so, many CSUs opt for collection of tax from the very beginning.

About 17 percent of the members did not take any CCF loan and some have reserved future loans for marriages, education, etc. Taking the loan to redeem land from the landlord and to free bonded labourers in the family have been reported. The development loan cycle has been 3 years in most of the CSUs. Refusing CCF loan to drunkards (owing to fear of misutilisation and on the recommendation of Mahila Meetings) has been a common feature, wherever encountered. Women taking up arms against the existence of arrack shops occurred in a CSU. Some members joined the Sanghas after seeing the benefits of DLDP works. Where no DLDP work was initiated, the wage differential between men and women labourers persisted.

In two CSUs, some progressive members substituted chemical fertilisers by vermicompost, the application of which gave more benefits than the use of synthetic chemicals. Farmers' hiring out tractors has become a common feature in many CSUs. In two CSUs, members who have obtained quarry loans were seen employing labourers and doing business in stone slabs. They preferred single contract to a joint one to avoid squabbles arising out of inequitable endowment of quarry resources amongst the members. Taking big loans for more profitable ventures was witnessed in a few cases.

In one case, the building contractor has cheated a member in house construction by taking the government grant by promising to construct the house, but later had demanded extra money for its completion. In sheep death cases, no insurance has been taken. In the case of IRDP loans, no preference was shown for full repayment. In a few CSUs, the children are being sent to private and even convent schools in nearby town. In one CSU, the problem of allegiance to the Sangha on the one hand and to a scheduled caste organisation on the other, has landed the members into a quandary. The general observation has been that CCF loan quantum has not been adequate and in cases of asset perishes, it was not quite productive and useful.

Member Analysis in Consolidation CSUs

The consolidation member sample has been 48, the proportion of women being 31 percent, higher in the first and second groups. The lower caste coverage has been 58.3 percent, higher in the lower groups as usual. The average family size has been 5.3, higher in the last group and the proportion of workers was 51 percent, higher in the last group. About 60 percent of women members and 33.3 percent of men members were illiterates. The average age of a member has been 38 years, higher in the third group.

Major Assets Created

The average landholding per family in the three landed groups has been 1.1, 3.8 and 8.2 acres; in this, the proportion of irrigation has been 5, 25 and 30 percent respectively. The cattle population was higher in the upper groups, while in sheep population, not much difference was discernible. Except few members in the first and second groups who lived in hired houses, others had owned stone built or mud thatched houses.

Assistance Obtained

According to Table 4.3, about 72 percent of the families have obtained educational assistance, the proportion being higher in the second and last groups. About 30 percent of the members had obtained IRDP and other government assistance in the past, the second and the last groups having a higher share in it. One family in the first and another in the third group have been given health assistance by ADATS. Minor health assistance has been made available through VSD in many cases.

Two members in the first and three in the third group have been sanctioned assistance from Women's Fund, the average quantum being Rs 15,336 expended on crossbred cows, sheep and a house.

Family Income Generation

The average family income has been Rs 5,758 per sample; it has been Rs 3,780 in the first, increasing to Rs 4,360 in the second; Rs 6,760 in the third and Rs 6,990 in the last group. The income has been higher than the declared income by 151, 152, 203 and 182 percent respectively in the groups. The share of crop income increased upto 69.5 percent in the last group; that of labour income upto 63.5 percent in the first group and that of other income upto 53 percent in the second group. The proportion of tax on declared income has been 9 percent in almost all the cases.

Table 4.3: Member Analysis in Consolidation CSUs

Particulars	Landless	<2.5 acres	2.6-5.0 acres	>5.1 acres	All
Number	4	16	18	10	48
Women members	3	6	4	2	15
% of lower castes	75.0	62.5	55.5	50.0	58.3
Land holding (acres)	-	1.1	3.8	8.2	3.5
Total income (Rs)	3,780	4,360	6,760	6,990	5,758
% of crop income	-	32.0	36.2	69.5	41.6
% of labour income	63.5	42.0	10.8	4.6	20.0
% other income	36.5	26.0	53.0	25.9	38.4
Decl Income (Rs)	2,500	2,875	3,333	3,850	3,218
% actual income	151	152	203	182	179
Tax rate paid (%)	8.0	9.0	9.0	9.0	9.0
No of crop loans	-	1.6	1.9	1.8	1.6
No of devt loans	1.0	0.6	1.0	1.0	0.9
CCF loan (Rs)	3,200	2,870	2,915	4,310	3,215
Outstanding (%)	55.0	30.0	38.0	38.0	38.0
Indebted (Rs/h.h)	2,480	3,750	2,150	2,450	2,775

The average numbers of CCF loan taken have been one development each in the first, third and the last groups and 1.6, 1.9 and 1.8 crop loans in the land owning groups respectively. The average CCF loan amount has been higher in the last group (at Rs 4,310); medium in the first group (Rs 3,200) and lower in the second and third groups (less than Rs 3,000). The overdue outstanding was 38 percent, higher in the first group. The average indebtedness per family has been Rs 2,775, higher in the second group.

Comment

In about 10 percent of the households, members have ceased to go for coolie work, owing to the diversified activities they have on the CCF entitlement. An equal proportion was not particular in getting CCF loans. Many wanted to be in the Sanghas just for unity sake. The 'safety first' objective seems to be predominant in such instances. However, the quantum of CCF loan has been inadequate, and there was the necessity to supplement it with other sources of borrowing. In the case of IRDP, the tendency to repay the loan was one of indifference. In certain CSUs, the field workers have been alleged an upper hand in deciding the fate of the Sanghas and in collusion with the functionaries, even causing division amongst the members and the fall of the Sanghas. Some of the youth bother their parents for money without seeking any job and do not take any interest in the affairs of the Sanghas. When CCF loan is not repaid, all other benefits including DLDP, education and health facilitation are stopped. Such is the importance given to overdue that the rotation of the capital is just blocked even at the instance of genuine cases. This in turn leads to disinterest in some of the members with decline in the Sangha culture. New members are particular to get the benefits in order to sustain in the Sanghas. In some of the cases, the gram panchayat functionaries and the elected assembly representatives extended support to many Sangha causes as in getting infrastructure works for the Sangha habitats and also government schemes sanctioned to the members. Weaning away them from Sanghas occurred if the latter insisted on rules in repayment of loans without due consideration of individual problem cases. When the Sangha is big, it becomes more complex to manage the affairs and the onetime equals feel they are more than equals and the thin ambivalence between growth and equity is turned pseudo. There have been instances of irregular meetings, undue influence of upper castes wherever they were in majority, lack of solidarity among the members in taking political decisions, few members refusing to repay the CCF loan and others repeating that, the entire Sangha remaining overdue, CCF loan being treated as charity and disbelief in the Sangha – all these acted as impediments in the realisation of Sangha objectives.

Yet, there have been cases of battle for life- augmenting water resources even for sale, getting bank loan for rigging bore wells (risking payment of huge electricity bills), accomplishing many infrastructure works through the Sanghas, freeing family members from bondage, activating silk reeling, applying vermicompost instead of fertilisers, seeking ADATS' assistance in severe health cases and the emphasis on the tribal-like identity of oneness

Member Analysis in Independent CSUs

The total independent member sample has been 80, the proportion of women being 36 percent (higher in the first group) and that of lower castes was 60 percent (higher in the first two groups). The family size (5.1) was higher in the last group, the average working population being 50 percent. About 30 percent of male members and 60 percent of women members were illiterates, the average age being 44 years.

Table 4.4: Member Analysis in Independent CSUs

Particulars	Landless	<2.5 acres	2.6-5.0 acres	>5.1 acres	All
Number	4	17	31	28	80
Women members	4	8	7	10	29
% of lower castes	75.0	76.4	45.2	64.3	60.0
Land holding (acres)	-	1.8	3.7	7.1	4.3
Total income (Rs)	6,010	5,875	6,765	8,720	7,224
% of crop income	-	31.0	38.9	54.5	42.5
% of labour income	47.4	37.3	17.0	10.2	18.9
% other income	52.6	31.7	44.1	35.3	38.6
Decl Income (Rs)	2,200	3,800	3,580	5,380	4,190
% actual income	273	155	189	162	172
Tax rate paid (%)	9.0	10.0	10.0	9.0	9.0
No of crop loans	-	2.4	2.5	2.8	2.3
No of devt loans	-	2.0	1.5	1.5	1.7
CCF loan (Rs)	-	1,650	1,950	2,260	1,890
Outstanding (%)	-	26.3	28.0	32.0	28.0
Indebted (Rs/h.h)	3,000	480	610	680	726

Major Assets Created

The average landholding size has been 1.8 acres in the second, 3.7 acres in the third and 7.1 acres in the fourth group, giving a sample average of 4.3 acres. About 9, 21 and 20 percent of the land got some sort of irrigation in the above three groups. The cattle stock has been 1.8, higher in the landholding groups; so also in the case of goats and sheep, averaging 2.8 per household. The proportion of members owning houses has been 84 percent, lower in the first group.

Assistance Obtained

According to Table 4.4, about 57.5 percent have educational assistance appropriated and 20 percent have been functionaries in the Sanghas or elsewhere. One member in the second group has obtained health assistance from ADATS and one member in the first and two in the third group have obtained free loan facilities. One member each in the second, third and fourth groups have been given assistance from Women's Fund averaging Rs 17,500 for the purchase of sheep and crossbred cows. About 30 percent have obtained assistance from other programmes like housing, IRDP, etc.

Family Income Generation

The average income has been Rs 7,224 per family, the first group having a higher income (Rs 6,010) than the second (Rs 5,875). In the third group, it averaged Rs 6,765, increasing to Rs 8,720 in the last group. These were 273, 155, 189 and 162 percent higher than the respective declared income levels for the year, indicating gross underreporting especially in the first group. The share of crop income increased upto 54.5 percent in the last group, labour income share being higher in the first group (47.4 percent). The share of other income has been 52.6 percent in the first group, followed by the third (44.1 percent). The tax paid on the declared income averaged 9 percent, the second and third groups having paid the maximum of 10 percent.

Whereas the first group has not taken any CCF loan, per family crop loans have been more than two in the other groups; the numbers of development loans were two in the second and less than that in the third and fourth groups. The average CCF loan has been Rs 1,650 in the second, Rs 1,950 in the third and Rs 2,260 in the last group, indicating low entitlements. The overdue proportion has been about 28 percent and the average indebtedness was Rs 726, higher in the first group.

Comment

The maximum family income declared by over 90 percent of the members was higher in 1996-97 and in 30 percent cases, there has been an over 3 times decline in income in the succeeding years. In about 15 percent cases, the income during 1998-99 has been higher than in the previous year by over 50 percent, whereas in 10 percent cases, it was lower. Members reporting low and even distress crop incomes during the last two years was a common feature observed throughout. Further, the decline in income in latter years has been very high in Bagepalli and Chintamani when compared to Chikballapur and Sidlaghatta where the rainfall failure was not that intensive and owing to the reason that these taluks have a diversified activity base enabling them to be less dependent on land.

The problems with the members in independent CSUs have been confounded in many ways that in the absence of growth of effective leadership amongst them, they had to depend on the functionaries for major decisions. This, over the years made them rather inactive and in such cases, the fate of the Sanghas depended on the whims and fancies of the functionaries. However, emerging qualities of risk taking and entrepreneurship is evident in many a case. There have been instances where a small loan was taken, profits made on that and further loan of a bigger amount demanded even by women.

There have been risk aversion cases, where taking bigger loans was shunned and in such cases, loans were taken according to the repaying capacity. Where village squabbles had resulted in asset perish, further confounded by crop failure, emigration of some members in search of wage labour elsewhere, the conditions have turned out to be pathetic; they have been not able to repay the CCF loan on the one hand and not in a position to enjoy other benefits which go with repayment.

Table 4.5: Member Analysis in All Sample CSUs

Particulars	Landless	<2.5 acres	2.6-5.0 acres	>5.1 acres	All
Number	17	60	67	44	188
Women members	13	24	15	12	62
% of lower castes	64.7	71.7	53.7	63.6	62.8
Land holding (acres)	-	1.7	3.4	7.3	3.6
Total income (Rs)	4,725	5,760	6,748	8,589	6,681
% of crop income	-	28.9	39.5	53.8	38.4
% of labour income	54.4	34.0	14.3	9.1	20.7
% other income	45.6	37.1	46.2	37.1	40.9
Decl Income (Rs)	2,745	3,050	3,580	5,090	3,695
% actual income	172	189	188	168	181
Tax rate paid (%)	7.8	8.9	8.8	9.0	8.8
No of crop loans	-	1.5	1.8	2.3	1.7
No of devt loans	0.4	1.1	1.0	1.3	1.1
CCF loan (Rs)	988	2,236	1,971	2,855	2,174
Outstanding (%)	33.3	24.8	31.0	35.2	30.0
Indebted (Rs/h.h)	1,675	1,761	1,350	990	1,426

Installation of joint bore wells, making big IRDP loans and not repaying it, ADATS paying the lawyer fees in the land disputes cases, some CSUs not giving any development loans for more than 5 years, land being sold for treatment purpose, VSD being misutilised, raising maize crop and effecting direct sales of popcorn going as far as Kerala, water sales, too much rain spoiling the crops at harvest time, instances of sheep death, doing coolie work to repay CCF loan, poor women being assisted through sponsorship and safety netting have been encountered in the course of the field survey. In the problem areas, social cohesion built with so many sacrifices and efforts turned out to be fragile, anytime shakeable owing to lack of a strong economic foundation.

Analysis of the Entire Sample Units

Table 4.5 summarises the member analysis for the entire sample of 188 members. The proportion of landless members has been 9 percent, those of the landholding groups being 32, 36 and 23 percent respectively. The share of the lower castes has been 65, 72, 54 and 64 in the respective groups, the overall coverage being 63 percent. The average family income has been Rs 6,681, showing an increasing tendency with landholding size. The observed income has been 181 percent of the declared income, the variation being from 168 percent in the fourth group to 189 percent in the second group. The share of crop income increased from 29 percent in the second to 40 percent in the third, peaking at 54 percent in the fourth. The share of labour income increased from 9 percent in the fourth to 14 percent in the third, 34 percent in the second and 46 percent in the landless group. The share of other income has been higher in the first and third groups (around 46 percent) and lower in the second and fourth groups (around 37 percent). Overall, other income sources contributed to family income a large share, followed by crop and then labour income. Of course, a larger portion of other income could be treated as labour income (or salary). The average tax paid has been 8.8 percent, lower in the landless group and higher in the land-owning groups.

The numbers of crop loans taken have been 1.7, increasing with size and this seemed to be the case in respect of development loans too. The average CCF loan amount taken by a mem-

ber has been Rs 2,174. It was Rs 988 in the landless group, Rs 1,971 in the 2.6-5.0 acres group, Rs 2,236 in the less than 2.5 acres group and Rs 2,855 in the above 5.1 acres group, indicating significant variation in the different groups. This however did not include assistance from Women's Fund, free loan and others. The CCF loan outstanding has been 30 percent, slightly higher in the last group. While all the groups reported indebtedness, the liability has been higher in the first and second groups than the rest. This has much to do with the recent crop failures.

Though the economic conditions of landless women have been pathetic, between women and men and between the different castes, there was not appreciable difference in CCF assistance, owing to inclusion of business investment and women's fund in the case of lower castes and women. However, the quantum of assistance was in proportion to the land asset (especially crop loans) and to this extent, the difference also was proportional. Because of poor crops and asset perish, hardly about 12 percent of the members had above the official poverty line income, indicating the problematic in poverty reduction. Whereas many members have been benefited by housing and IRD programmes in the past, which has been substantial, the assistance taken in the current year has been small and many did not evince any interest in them, partly because of the intricacies involved in obtaining, utilisation and repayment of the those loans.

The Dropped out CSUs and Members

Apart from the 188 normal members included in the sample, 24 members in the dropped out CSUs have also been surveyed, including in two independent CSUs, which were almost nearing that stage. These two in Bagepalli were independent on paper with thin member strength. The normal member strength has been only 11 per CSU.

Table 4.6: CCF in Dropped out CSUs

Particulars	Bagepalli OA	CBPur	CMani	SGhatta	All
No of CSUs	1	1	1	1	4
Ave members : normal	0	0	0	0	0
: cancelled	24	21	41	37	30
CCF (Rs/Lakhs)	0.02	0.46	1.41	0.78	0.57
CCF balance (%)	86.8	3.0	1.0	65.0	24.0
Fixed dep (Rs/Lakhs)	0.39	0.16	0.31	0.08	0.24
Cum loans(Rs/Lakhs)	1.53	0.96	2.87	0.44	1.45
No of loans	113	37	32	13	48
Rs/per loan	1,353	2,594	8,948	3,384	3,020
% of crop loans	34	4	14	69	22
% of cattle loans	52	23	7	-	21
% of trade loans	-	-	1	-	-
% of S. works	-	44	77	14	46
% of others	16	29	1	17	11

Each CSU had 45 cancelled members and for all practical purposes these could be considered as dropped out because of inactivity. After being dropped out for sometime, one CSU has been regenerated just for existence; there was no CCF, DLDP or other benefits being extended to the members. Since only few members have been able to pay the Sangha Tax, the Sanghas with all their squabbles have been able to achieve some progress in the past. The coverage of lower castes has been 100 percent, the population coverage being 23 percent.

With and average CCF capital of Rs 308,000 and Sangha Funds worth Rs 104,000, the CSUs have been able to rotate the capital by more than three times in the past. The average numbers of loans were 233, the amount per loan being Rs 4,765. Sangha works, horticultural works, and business investment have been the major expenditure items in the cumulative loan account.

Of the eight members in these CSUs, there were no landless and the family income has been Rs 4,771 for the rest of the groups, being more than two times of the declared income. This was excluding labour income. The tax paid has been only 3 percent of the declared income. The numbers of crop and development loans taken have been 3 and 4 respectively with an overdue of over 85 percent. Underproductivity of horticulture works, lack of monitoring, union split and lack of guidance have been observed.

Table 4.7: Member Analysis in Dropped out CSUs

Particulars		Landless	<2.5 acres	2.6-5.0 acres	>5.1 acres	All
Number	I-D	-	3	3	2	8
	D	1	8	7	-	16
Area (acres)	I-D	-	2.0	3.3	6.0	3.6
	D	-	1.5	3.8	-	2.4
Total income (Rs)	I-D	-	4,759	4,216	5,650	4,771
	D	3,600	3,710	6,045	-	4,875
Decl Income (Rs)	I-D	-	1,500	1,500	2,500	1,750
	D	600	1,950	1,850	-	1,922
% actual income	I-D	-	317	281	226	273
	D	600	190	326	-	253
Tax rate paid %	I-D	-	2.5	0.0	100	3.5
	D	10.0	4.0	5.0	-	5.0
CCF Dues (Rs)	I-D	-	4,000	6,000	4,000	4,000
	D	3,000	1,000	2,000	-	2,000

I-D = Independent / Dropped out; D = Dropped out

The dropped out CSU sample has been 4, one each in Bagepalli, Chikballapur, Chintamani and Sidlaghatta (Table 4.6), with no active members and 30 cancelled members. The average CCF capital has been Rs 57,000 with a rotation of over 2.5 times. The average Sangha Funds have been Rs 24,000. The amount per loan has been Rs 3,020, the number of loans being 48. The share of Sangha works has been 46 percent, followed by crop, cattle and other loans. Especially in Chikballapur and Chintamani, the share of Sangha works has been quite substantial.

Among the sample members (Table 4.7), the lone landless labourer had an income of Rs 3,600 which was 6 times of the declared income, the tax rate being 10 percent. In the second group consisting of 8 members, the average income has been Rs 3,710, being about two times of the declared income and the tax rate was 4 percent. In the third group (7 members), the average income has been Rs 6,045, being more than three times of the declared income and there the tax rate paid was 5 percent.

The average CCF loans taken have been one crop loan in all the groups and 4 development loans in the second group, the average in the third being just one. The loan outstanding has been very high, except in the second group.

The indifference of the functionaries in effectively running the Sanghas, some of the representatives never repaying huge CCF loans, irregular meetings, not undertaking of DLDP works, some members being thrust with very big loans beyond their repaying capacity, poor

crossbred cow productivity (lack of effective fertilisation), the high handiness of the upper castes and the inability of the lower castes in containing that and several other features have been encountered in the samples. Also, productive works like desilting of well and canal works through DLDP and risk aversity in taking big loans have been encountered. In the dropped out samples, the maximum income was reported in 1996-97 and in the following years, it was almost half of that.

The fact that over the years the number of cancelled members has increased and now stands at more than the normal member strength shows the typical case of declining sustainability. But for the expanding number, the dropout feature would have been severe, as has been the case in Julpalya and Mittemari and old Bagepalli areas.

CHAPTER FIVE: A CRITIQUE ON STOCKTAKING

Localism Vs Globalism

This decade has been witnessing a greater degree of globalisation of the world economy than in any other time in the past. This has been possible because of liberalisation of communication and diffusion of trade, capital and technology. Globalisation has resulted in the necessity for the local and national economies to be integrated with the world economy through impregnating with corporate and competitive culture. But the overselling of the concept of globalism has resulted in a type of balkanisation and emergence of a strong tendency for identification of one's own culture as opposed to the global one, which is branded nothing but a type of Americanism.

This type of tribalisation of local culture has been witnessed in the case of organisations also; these have to be competitive if they want survival in the global scenario at he same time maintaining their identity. Critical stocktaking of the existing conduct of these toward a suitable stockpiling would lead toward an emerging transformation worthy of emulation. The present study on the BCS building programme highlights the following issues in order to sustain the already accomplished tasks.

The Organisation

The Sangha as an organisation has to be a catalyst, transforming the interacting forces, at the same time maintaining its salient features for which it had been established. Its structure, consisting of different functionaries and tasks has to consider at the foremost development of the human capital, which has been lacking in the present scenario. From the analysis, the optimal number of member strength per CSU has been around 25 and this number may be kept as standard. These 25 members can be grouped into five functional groups to specialise in specific functions like agriculture including crop cultivation; animal husbandry; micro industries including fuel and energy; women, education and health and Sangha infrastructure. Once these groups are formed in the Sanghas, necessary training to the members in the respective fields has to be provided by utilising the Sangha Funds. The management aspects of responsibility and accountability have to be embodied and a Monitoring Cell can be created to supervise the activities of the different departments of the Sangha. As a pilot experiment, few efficient Sanghas may be selected for this purpose and the skill development process started forthwith.

As the organisation is at once a social, political and an economic outfit, these objectives have to be framed in such a way as to achieve simultaneous results. This is possible only when effective awareness and aspiration levels are inbuilt into the system. Moreover, as the Sangha grows, the ambivalence between growth and equity has to be maintained to the maximum extent possible, though it may appear that as growth takes place, it will lead to a certain quantum of inequity, which may not be dispensable. Rules, both formal and informal assume institutional roles and in that become binding on the members in effectively accomplishing the tasks set forth for them; this requires their standardisation with local flexibility. The organisations could have full liberty in deciding on the management of the CCF capital and Sangha Funds. Of course, size will be a problem and it is suggested that for effective functioning of the Sanghas, they have to be integrated into economic clusters. A certain proportion of CCF (say 10 percent) and the entire Sangha Funds (excluding the expenses on decentralised health, education, etc) could be clubbed in all the Sanghas of a Cluster to form Cluster Funds. To start with, this experiment may be carried in about 10 very successful clusters. This spatial integration facilitates the pooling of resources and undertaking of increased scale operations,

even at the risk of uncertainty. There will be casualties in the beginning but that need not be construed as a scarecrow, for all depends on the quality of management.

The new capital for cluster activities would be in the region of over Rs 500,000 which is fair enough to be invested in traditional activities on a larger scale like group dairy, Sangha contract of quarrying, larger sericulture farm, groundnut seedfarm, later to be supplemented with modern activities like shopping complex, petrol bunks, veterinary clinic and plying transport vehicles. There is no substitute for effecting a competitive structure over the years. All these suggest role transformation for the organisation and given the type of incentives and information that could be appropriated by the Sanghas in their new role, this could be accomplished smoothly. Otherwise, catching up with the peer groups in the society may be a difficult process. In the sample clusters, about 35 percent can have cluster funds of over Rs 200,000. In 16 percent cases, the average works out to Rs 321,000 and in another 19 percent, it averages Rs 570,000. It has been observed that larger this new capital, the higher would be the rotation rate of CCF (over 2.5). In these clusters, the existing major loan item has been crop loans (60 percent in number and 35 percent in amount), followed by others. Which suggests that it may be profitable to divert attention toward other viable enterprises. In Bagepalli, the quantum of new capital may cross over rupees one million.

Crop Cultivation

The major crops cultivated in the region have been ragi (finger millet), groundnut, paddy, pulses and maize. The proportion of irrigated area is very small and undependable owing to poor rainfall and very low water table in the region. In the tanks, paddy cultivation is undertaken when water is available; during the last two years, very few people (tankheaders) were able to raise the crops that too with lower yields. The farmers normally apply 50 kgs of complex fertilisers (N17: P17: K17) and 50 kgs of urea per acre in the case of paddy and 50 kgs of complex or diammonium phosphate in the case of ragi or groundnut crop. At times of good rainfall, the dosage of fertilisers is increased by 50 to 100 percent depending on the availability of credit. Farmyard manure (5 to 10 cartloads or 2 to 4 tractor loads) are applied in almost all the cases, while the proportion of farmers applying chemical fertilisers has been over 85 percent. In a few cases, vermicompost (produced by farms with ADATS' encouragement) has been applied substituting fertilisers. Good harvest produces at least 500 kgs of groundnut or 750 kgs of ragi or 1250 kgs of rice per acre, but during the reference year, the yield rate has been lower by more than half and in many cases it was quarter of that yield. Ploughing is being accomplished by bullocks or cows or tractor as the case may be; the preference has been for custom tractor servicing if the resources would permit for that. Surplus for market in paddy was reported only in about 15 percent of the cases and that of ragi in less than 6 percent. Most of the farmers produce their own requirement of seeds. In groundnut, seed purchase has been reported in more than 25 percent cases and in the rest, after keeping seeds for sowing, sales are effected. Normally, the farmers wait for good price to strike at but at times of distress or when the need arises to repay CCF loan, sales are effected at pre-peak prices to the extent of loan repayment quantum or distress. Landless members and many farmers had to buy cereals for household consumption from outside owing to poor crops.

Labour Absorption

Apart from crop cultivation, labour availability at the household level is being allocated to household works, fuel gathering, water fetching (in some areas, distanced), service, business and working for DLDP works or on others' lands. Instances of mutual exchange of labour among the members and supply of contract labour for outside works have been encountered. Agricultural labouring is full in the monsoon season, thin during the winter season (depending on irrigated area in the cluster) and moderate in the summer season (owing to DLDP

works or because of summer paddy). Near the quarries, at least six months work is possible and in a few villages more than 30 percent of the workers depend on this activity. Fuel selling for the quarries provides employment to many a woman in these villages.

DLDP works have raised the ruling wage rate and in DLDP villages, there is no discrimination; this applies to non-Sangha areas as well. Currently, the market wage rate has been more than double that of the DLDP wages. When DLDP work is available, members naturally prefer that and do not seek outside employment. Not only do they get wages (the working hours being six per day), but their land quality also gets augmented. If they work outside (if available), they will have to expend at least 25 percent extra labour. Landlords preferred non-Sangha workers or outside Sangha members, owing to the demanding or militant?) quality of the inside members. Anyway, most of the members in normal years depend on their own land, reducing outside work to a large extent. The situation of outside wage seeking in the dropped out CSU has been like any other normal village. No sample members have had any benefit from the erstwhile Jawahar Rozgar Yojana (centrally sponsored village employment works) in recent times. Before DLDP works, the quality of land has been very poor and members used to realise only half of what they produce now. When DLDP work was executed on a farmer's land over a three or four-year period, the quality of land improved to the level comparable with traditional village lands.

Other Activities

The other activities undertaken by the members could be through government or Sangha or other types of assistance or without any assistance. Activities like animal husbandry, petty trade, tailoring, sericulture and quarrying are more in the nature of traditional occupations and undertaking of entrepreneurial activities has been very rare, except in a few cases of hiring out mike sets, dish antenna, etc. While pig raising has been a profitable venture with no death or disease cases, the non-satisfactory rate (owing to death or disease of the animals) in sheep has been more than 30 percent; it has been about 50 percent in crossbred cows. Setting up a shop in the same village was considered as less enterprising owing to credit sales; instead, setting the shops in other villages was preferred. Dairy has been a promising enterprise especially in Chikballapur and Sidlaghatta taluks and many members showed great interest in owning dairy cattle and participating in dairy society activities. Maintaining milch cattle has been the major employment generating enterprise in the region.

Income Generation

When cumulative benefits obtained from the Sangha are considered, each member has been able to create many assets including housing, cattle, consumer durables and equipments, besides land. Taking an average of three CCF loans and an investment of Rs 5,000, additional income generation would be at least 10 to 15 percent higher in the peak of assistance (as has been in 1997-98), when compounded over the years. A significant contribution has been by DLDP works, which have increased the land value by more than three times in the recent past. The additional income generation through these works would be quite substantial, averaging upto 50 percent of total crop income and a substantial portion of labour income. Through IRDP, the compounding effect was visible only in the case of less than half the members, but its share in income subsidy has not been intensive as that of CCF. Though very few cases of rising above poverty line have been encountered, many farmers would be in position to realise self-sustainment during normal rainfall years and when the benefits from the Sanghas could be effectively put into use, as in few enterprising cases.

Income generation during 1997-99 has been lower when compared to 1996-97 in not only the land-owning households, but also in others. Dependence on land and lack of effective al-

ternatives has resulted in economic deterioration in many cases, such that not only CCF loans were overdue, also the members were not able to pay Sangha contributions. They could have sold out the assets and paid the tax, but such a gesture was not encountered; the farmers felt it irrational if they ventured so!

Benefits from major assets like organic farm, godown, training halls (used for coaching classes) and guesthouses have been very low; perhaps when the cluster programmes are introduced, these assets may be able to have a turnaround.

Overdue Position

A significant factor in low rotation rate and poor utilisation of CCF loans has been the treatment of loans outstanding. Crop loans have to be repaid in a year and development loans by three years, failing which overdue will occur and no further loan will be disbursed, owing to the blockage effect. When many members are overdue, the CSU stops not only CCF, but also other works until all the overdue and tax are collected. There have been instances where the Sanghas coerced those delaying repayment, but when the number was big, very little could be done to ameliorate the situation. During crop failure years, it has not been possible for most of the farmers to repay the CCF loan in time and they required a longer gestation period. The Sanghas have a satisfactory repayment rate at over 85 percent; elsewhere, the rate has been very poor and the overdue proportion of more than three years has been above 33.3 percent. The proportion of over one-year overdue has been 12 percent in the Sanghas and it would be very low for above three years. Hence, the rigidity shown on the repayment schedule and viewing overdue as a blockage for further loans has to be dispensed forthwith, for the problem is not that serious as projected. Financial indiscipline arises only when repayment is withheld deliberately; whereas the type of problem encountered in the Sanghas is due to lack of overall effective information and initiation to management principles; in many instances it was beyond their control.

In this, the Sangha rules have to be modified to relax the overdue conditionalities in times of poor crop production or genuine cases, the identification of which shall be the function of the monitoring cell. Further, as the CCF balance has been very high, reducing the balance and increasing the quantum of loans would be a right direction of action on the part of the Sanghas. The CCF loans growth f low when loan and getting Rs 6,000 or less. Moreover, the projected CCF capital per member in different stages of Sangha growth has not been able to be realised over the years. Where the members can supplement the loan, this may be justifiable, but in other cases, higher quantum is required. The following illustration presents the nature of inadequacy of CCF loans, taking into account CCF balance in the yearend and members' demand during 1998-99.

1.	Total CCF capital	Rs 513,27,463
2.	CCF balance	Rs 240,41,049 (46.8 %)
3.	Total number of loans in the year	7,850
4.	Total loan amount in the year	Rs 271,68,080 (52.9 % of CCF)
5.	Loan per borrowing	Rs 3,461
6.	Net loans excl SW, BI & Hort	4,758
7.	Net loan addition -do-	Rs 124,64,385 (24.3 % of CCF)
8.	Loan per net borrowing	Rs 2,620
9.	Crop loan share	58 % @ Rs 2,394 per borrowing
10.	Other loan share	42 % @ Rs 2,934 per borrowing
11.	Current loan per member	0. 28
12.	Loan required per member	0.50 (8,814)
13.	New crop loan requirement	Rs 276,05,448 (@ Rs 1,500 x 3.6 acres)
14.	New other loan requirement	Rs 277,64,100 (@ Rs 6,500)
15.	Total loan demand	Rs 553,69,548
16.	CCF available @ 20 % balance	Rs 410,61,970
17.	Additional CCF required	Rs 143,07,578

It is evident that inclusion of expenditure on Sangha works, business investment and horticulture programme has diminished the intensity of CCF and hence these have to be separated from CCF analysis. When the demand for crop loan at Rs 1,500 per acre is estimated for an average area of 3.6 acres, crop loan demand would be Rs 27.6 mil and that of other loan (at Rs 7,500 per loan) would be Rs 27.8 mil. The estimates of these norms have been obtained from the field observation. The total demand will fall short of CCF capital (at 20 percent of its balance) by over one third. The additional Rs 15 mil capital required would be further increased if the balance becomes larger and non-individual disbursements are included.

Entrepreneurship Development

In any economic enterprise, development of entrepreneurship qualities assumes much importance especially in the transformation of traditional agriculture. The present development process, given the asymmetry in information and incentives will be weak and hence efforts have to be made to inculcate innovative qualities in the members over a period of time to enable them to be 'destructibly competitive' in different fields. Not that the availability of opportunities will decide the intensity of such development; it is rather the other way round-stabilisation of skill endowment will create new ones.

The existing micro finance is interest-free and the behaviour of members to interest-oriented outside loans has been lackadaisical, as has been shown in the case of repayment of IRDP loans. Efforts of course may be made to mobilise an equal portion of bank loan to supplement the CCF loan, but in the absence of entrepreneurship development, management of such

loans will lead to many problems, owing to less effective utilisation of the loans. Also, the objective of capturing local body elections and representation in primary banks and societies will lead to a situation where the members have to deal with interest-oriented loans. Hence, caution is required to speed up the political process in the absence of economic and technological embodiments. However, the Sanghas have been able to reduce local level corruption in execution of many developmental works and in sanction of government loans. Once the interest economy is slowly developed within the Sanghas and the enterprising qualities improved, the members then will be in a position to react to the changed situation more pragmatically. A regenerated adult education programme with inputs of skill development and provision of vocational training facilities to the youth will be a right direction in this regard. Through functional integration, the Sangha may be socially sustainable even after the independent stage and through spatial manipulations, it could be politically sustainable also in the short period. But to be sustainable in the long run, improvement in economic efficiency will be required in a large scale.

When the cluster fund activities are undertaken, entrepreneurship endowment will have much relevance. If the members could start joint or co-operative (in the Sangha sense) ventures in the clusters with profit motivation, that will indicate a mature stage of development. From the sample, it has been possible to come across at least 10 to 15 percent of the members as receptive for immediate skill development and in another 50 percent, with some lapse of time, this could be achieved.

Policy toward Dropped Out members and CSUs

The dropout phenomenon occurs owing to too many expectations on the part of the members, rigid loan repayment schedules, undue emphasis on loans outstanding and internal and external organisational squabbles. When a member becomes better off when compared to her original position and if self-sustainment could be achieved soon, it is better for the member to dropout. But when the member is not able to pay the tax or repay the loan due to genuine reasons, cancellation in such cases will be counterproductive. Further, when a CSU drops out when no member is able to pay the tax, this results in disintegration, as has been experienced by many Sanghas. In such cases, some flexibility is required: either the functional members make up for the cancellation liability or that, liability will have to be made good by Sangha funds. Such an approach will strengthen the self-policing and regulation procedure of the Sangha in maintaining a steady flow of capital and also consider genuine cases for mutual assistance. Where the dropout is deliberate with injury to the cohesion of the Sangha, strict rules have to be framed so as to transfer all the CCF and Sangha Funds of the dropped out units to other successfully functioning CSUs within a year of the said dropout. Such a policy will make the members to think twice before dropping out (as there will be no chance of restarting the CSU and losing the toils of many years). It has been a moving spectacle to see the members in the dropped out CSUs lamenting on their fallen social standing and neglect by the village. In the successful cases, the Sanghas have a pivotal standing in the villages and they are even feared and listened to. Effective leadership endowment and division of responsibilities would check the deteriorating process, thus resulting in a better cohesion as in a cartel. Threat therapy, which enabled the members to form Sanghas for social identification, has to be used in a different form to enable them to be economically cohesive.

When the tax system was introduced in 1994, it was thought of weaning away members from the Sangha fold – the well-to-do withdrawing consequent on the realisation that future economics will not be favourable to them and the poor withdrawing consequent on their inability to share the increased burden and so on. The issue on the other hand, was not exactly because of tax, but perhaps the way and the speed in which it was imposed. Any diffusion of a com-

munication or rule requires trial and error method and if the tax system and the fixation of its rate would have been slow and in stages, the dropout process could have been checked to a large extent. Though taxation is within the ambit of the individual Sanghas, there seemed to be uniformity throughout the Sanghas across different categories of members. A 10 percent tax would be regressive to the very poor and in such instances, a flexible policy is called for. As the estimated rate has not been realised in any year, the Sanghas can have the discretion in deciding on flexible rates based on individual performances. Coercion in tax collection may not be a viable method in such a 'barefoot capitalistic' society. Further, proper information feedback on various programmes in the region to benefit all the participants and in improving their positive capacity building process would bring forth a pragmatic process of participatory management.

Conclusion

If the need hierarchy were to be in operation, fulfilment of basic needs will establish individuality with the resulting rational decisions. Safety needs would pave way for the team spirit to grow and fulfilment of affection needs then could sequester in groupism; in the next higher state, the achievement of esteem or ego needs procreates a distinct status for the members. In the final hierarchical level, self-actualisation results in the desire to develop and compete with the society at large. At the organisational level, the need hierarchy would transcend from the top so that member material needs are fulfilled downstream. If fulfilment of material needs is considered as a poverty alleviation measure, the Sangha experiment has much to offer for simulation.

On the whole, it remains to be seen as to the nature of asset build-up process in the future and how the institution building process would be. This could throw light on CCF transformation to be effected in member majority or minority CSUs, with restricted or supplementary activities. All these have to be deliberated with reference to various equity, efficiency, technology and policy effects as emanating from the interplay of social, political, cultural and economic integration processes. The objectives of self-sustainment, capacity building, viable financial management and effective intervention have to be judiciously prioritised. For, if the Sanghas could show successful performance, intervention (a dependency syndrome) will be having limited options; it is only in the case of shallow and underproductive growth that a state of ever-dependency by the CSUs on ADATS will be required.

The policy of get-richer-quickly, though being an ambitious one, has to be equi-poised with the development of appropriate infrastructure, both social (mainly education and health) and economic (effective credit, alternative employment opportunities and innovations) without which the programmes will lack in efficacy. The choice, once fixed may result in unexpected happenings and it is through a process of trial and error that the standardisation of impact has to be infused into the system. A major step in infrastructure development concerns with the growth of institutions that would play a pioneering role in harnessing suitable technology and information to build up a strong base for launching various programmes. These institutions have to be developed from the clusters themselves with outside liaison and support. Self-dependency would mean converting the dependency syndrome from one of material needs subsidisation to that of obtaining technical co-operation over a period of time such that complacency leads to a system of resilience.

From Stocktaking to Stockpiling

The following illustration summarises various policy initiatives involved in both short and long-term action plans that may be adopted toward achievement of deep sustainability of the Sanghas within the framework of the existing organisational hierarchy- ADATS at the apex

level and BCS units beneath it, signifying different central places honeycombed into a hexagon.

Action Plan Illustration

Policy Issue	*Short Term Action*	*Long Term Action*
A. Organisational	Hierarchy of units	Special action teams
Adaptive rules	Liaison with outside	
Hierarchy of demands	Growth leadership	
Aspiration targeting	Institution building	
Goal achievement	Innovativeness	
B. Skill Development	Motivation	Contractual relationship
Incentives	Entitlement	
Leadership training	Empowerment	
ED programme	Linkages in growth	
Equity effect	Efficiency augmentation	
Reverse discrimination	Pluralism	
C. Infrastructure	Sangha works	Village works
Healthcare system	Social esteem	
Educational standards	Political aspirations	
D. Technology	Agriculture	Demonstration
Animal husbandry	Extension	
Other activities	Diffusion techniques	
Concurrent evaluation	Adaptation	
Cost effectiveness	Benefit Cost Analysis	
E. Information	Principal-agent nexus	Growth points
Just selection	Hinterland development	
Effective communication	Optimal economic space	

Whereas the action plan in the short run will take upto three years for accomplishment of the tasks (commensurate with each stage of Sangha cycle), that of long run will consume three to nine years (commensurate with completion of the three stages). In the five broad areas of development- organisation, skill, infrastructure, technology and information, there may be overlapping between short and long run policies to be adopted. Both could be undertaken side by side or the cumulative effect of three short run policy instruments could lead to the achievement of long term goals.

The organisational policy revolves around establishing functional demarcation between different levels of Sangha units, framing rules which are adaptable to demanding local environments, establishing various goals based on the rules in different levels, identifying achievable aspiration levels and finally actual realisation of the expectations in the short run. In the long run, promotion of member teams to implement, supervise and monitor the above policy instruments; establishing effective liaison with different developmental agencies for integrating the Sangha policies with the outside world; assuming organisational leadership in resolving conflicts within and outside the Sangha fold; incorporation of the achievements into the development approach and pioneering innovativeness in the growth process- all these have to

be scrupulously adopted. Once the consolidation stage is nearing completion, restructuring of the Sanghas toward realising the self-sufficiency objective has to be implanted.

Skill development measures in the short run include besides others, motivation to induce the members to strive along the Sangha path; endowment of necessary incentives toward leadership and entrepreneurship development and adoption of appropriate policies toward gender equality. Long run policy aims at establishing contractual relationship between members and different levels of organisation, reinforcing the incentives programme toward viable entitlement, empowerment through continual leadership training, productivity augmentation through forward and backward linkages within and outside the Sangha system and establishing a pluralistic growth process so as to sustain both local aspirations and higher level standardisations.

Infrastructure occupies a crucial position in any development process and organisational effectiveness and skill development are its important ingredients besides other social and economic components. The importance of social capital is being established as the prime mover in economic growth and development of basic health and educational standards would certainly lead to realisation of social esteem and thereby toward effective participation in local politics, to be reinforced by further skill development. The accomplishment of Sangha infrastructural works has to lead toward development of the whole village infrastructure. The coordinated effort should lead to roads, more roads and better roads, followed by transportation and storage facilities.

Technological development involves appropriate choice of locally suitable techniques and assessing them as to their sustainability in the given situations. As such, it is beset with many problems and constraints. Because of this, technology is relegated to the background in many a development programme and over time, undue emphasis on material subsidy (without augmentation effect) results in their limited impact, as has been evidenced by many developing systems. This does not mean atonce that modern sophisticated techniques have to be adopted; though an initiative has to be made in this regard. Adaptable technological requirements of the members and their capacity to assimilate improved methods have to be assessed and incorporated in the augmentation process. The cluster experiment with its decentralised and specialised production teams and the Monitoring Cell could achieve this type of transformation effectively.

In crop cultivation, land and soil development and fusion of traditional methods and suitable water harvesting and distribution methods have to be demonstrated Quality seed application has to be made possible by small-scale seed farms. Use of fertilisers has to efficient, with encouragement of organic materials. In animal husbandry, extension services have to be strengthened toward educating the farmers in going in for effective healthcare and converting dairy and sheep rearing into remunerative ventures. Adoption of relevant diffusion techniques and attention toward different aspects of input procurement, marketing and distribution will become both short and long-term objectives of the respective teams. Once these tasks are achieved, concurrent evaluation has to be done so as to avoid shortcomings and absorb development measures into the system. Over time, introduction of cost effective strategies and evaluation through benefit cost analysis will favour standardisation of the techniques and the adoption process. All these are possible given appropriate infrastructure and skill development as basic initiatives, to be supplemented by other variants.

With participatory management involvement in the above approach, information will assume a crucial role in enabling the organisations and the members in avoiding adverse selection and from facing moral hazards. This is established by effective communication that will undo negative capacities like rent seeking (when it happens due to communication asymmetry between the functionaries and members), adverse selection (as has been witnessed in selection

of crossbred cows, sheep and crop varieties including sowing time and application of fertilisers) and free riding (as it happens in the case of the potential defaulters). The organisations have to monitor the effectiveness of information about CCF, developmental works and the like such that yearwise and periodical self-assessment is made meaningful. Once growth points and hierarchical central places catering to the respective markets emerge, this will facilitate development of the hinterland and in ushering in an optimal economic space toward agglomeration of CSUs and conglomeration of BCS. However, this process will take a longer duration of time and will depend on the progress of the initial policy instruments.

No doubt, both ADATS and BCS could be already adopting many of the above tools in transforming the Sangha economy; what this illustration shows is that if systematic and prudential measures are adhered to, the effectiveness of the programmes will be enhanced to the level of a viable alternative. *All said and done, it may be sustained Sangha solidarity that will become the greatest asset ever to pave way for further social, political and economic reconstruction in the region.* It could be argued that poverty reduction could be a noteworthy and an immediate objective rather than opting for growth as such. But, unless growth takes place, poverty reduction may be time consuming. However, growth should have its own social and equity manifestations. Once too much importance is given to economic objectives, in contraction of the social goals, excess growth of individualism and profiteering will undermine the benefits derivable from group solidarity. When a Sangha member emerges as a Sangha enterprise, that would usher in a new development epoch in the region.

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