

# 2<sup>nd</sup>

Prof. Ranjit Gupta  
Memorial Lecture - 2010



## India Shining vs India Inclusive

A Balance required through Institutional Innovation

Padma Shri Aloysius P Fernandez  
Member Secretary  
MYRADA  
Bangalore



## B-A-LAMP

BASIX Academy for Livelihoods  
and Microfinance Practice

## About Late Professor Ranjit Gupta

Born in 1934, Prof. Ranjit Gupta is one of the very distinguished and eminent social Development thinkers that India produced. He did his Masters in Arts with specialization in Economics from Lucknow University in 1954. He joined as a Research Scholar in the same University and rose to Research Director's position. He was an academician par excellence, scholar in many domains with lasting imprints in the minds of people and transcended gradually into an activist in development sector. He worked with Jay Prakash Narayan in the Association for Voluntary Agencies in Rural Development (AVARD). He was a revered faculty member at the Indian Institute of Management, Ahmedabad (IIM-A). Along with Prof. Ravi Matthai, he conceived and ran the Rural University project in Jawaja, southern Rajasthan, which inspired dozens of IIM-A graduates to work in rural development. He was the Founder Secretary & Research Director of Institute of Social Studies Trust (ISST), New Delhi. Later, in the mid 70s, he worked as a Consultant, Ford Foundation, New Delhi. He was also the Faculty & Chairman of Centre for Management (CMA), IIM-A and was instrumental in the establishment of IIM-A's Prof Ravi J. Matthai Centre for Educational Innovation. He was Hon. Adviser and founder of the TATA DHAN Academy in Madurai that has evolved as a centre of excellence in development education.

He served as a member on many Task Forces/ Working Groups appointed by the Government of India and Planning Commission in 70's like Whole Village Development, National Commission on Agriculture, Command Area Development, Drought Prone Areas Development etc. He had rich and varied experience in Institution Building. He was a member of Governing Body, Indian Institute of Forest Management, Bhopal (1982-94); IGNOU, New Delhi (1986-87-1988-89); Chairman of Governing Body, Pradan, New Delhi (1988-95) and Board of Trustees, Institute of Social Studies Trust, New Delhi (1994-2000). He was the President of Sampark, Bangalore (1996-2002) and Trustee, CDL, Bangalore.

He authored, co-authored and edited several books and monographs, and research papers. He had a keen interest in Development Management / Education Sectors and special corner for NGOs in Development sector. He believed in working with a focus on the disadvantaged groups by enabling development professionals to build people. Though he passed away in October 2008, he leaves behind a worthy legacy through his rich work and the contribution made to the sector.

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**BASIX instituted a Memorial Lecture in memory of Professor Ranjit Gupta. The 1<sup>st</sup> Lecture was delivered by Dr. YSP Thorat, Former Chairman, NABARD, Mumbai on the topic "Revisiting Rural Finance in India".**

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Wednesday, 23<sup>rd</sup> June 2010



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Equity for Equity

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# India Shining vs India Inclusive

## A Balance required through Institutional Innovation

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### 1. Introduction

Why did I choose this topic? Living in Vasant Vihar, New Delhi, in the late seventies, I was within walking distance of the home of the brother of Prof. Ranjit Gupta in the JNU campus. Going by our evening discussions during these visits to his brother's residence, I thought that had he been with us today, Ranjit would have presented before you a similar analysis, though much more professionally.

Presenting this topic in a dialectical mode as the title suggests was much easier in speech form. Writing it reduces the impact of the dialectic; greater writing skills than mine are required to do justice to the comparisons and contrasts. But mine will have to do. In the public mind, these two phrases - India Shining and India Inclusive - tend to be linked to different political parties or coalitions. But a study of the policies and budgets of the party/coalition in power shows that both "India Shining" and "India Inclusive" were promoted by different parties/coalitions in power over the past 15 years. Therefore, the topic does not carry a bias towards or against any party/coalition.

I am grateful to Vijay Mahajan for inviting me to deliver this lecture. Both of us go back several years –Vijay as Co-Founder of PRADAN and I, as the first Chairperson on his invitation. I am proud of this association since PRADAN has produced many leaders at the field, national and international levels. Vijay is one example - his contribution to the development sector in general, and during the last decade to the microfinance sector is outstanding. There are several others, some of whom have opted to remain in the field while others are influencing development policy and planning at national and international levels. May the Gods and Goddesses bless them all!

The warm introduction I received today referred to my experience in various development related institutions. Yes indeed and I learnt from them all. From Caritas-India, I learnt to focus on the poor and the need for an institution to be financially independent in order to implement its agenda. As the saying goes “If your hand is in another man's pocket, you must walk with him”. From the Canadian International Development Agency, I learnt the critical importance of agriculture, of on-farm activities and the link between agriculture and forestry. From my experience in MYRADA over the last 29 years, I learnt the importance of peoples' institutions which need space to grow and set their own mission and agenda to promote their livelihood strategies and initiate changes in the family and society for which they need support through institutional capacity building (ICB), by federating and building linkages.

In between, I spent short stints teaching in the UK which helped me to reflect on my work experience and working with the World Bank which gave me an insight into the workings of international organisations. What has not been mentioned in the introduction is the time I spent with Vinoba Bhave in Paunar. A few of us who were planning to get involved in development learnt the following from this experience:

- i. Not to involve our family in our NGOs;
- ii. To earn enough from other sources to keep our family happy; and
- iii. To control our consumption by ensuring that our take home cash salary from the NGO is not more than double the driver's cash take home.

After 28 years in MYRADA, I can say that I have observed these self imposed rules and can testify that this has been my strength in times of various organisational crises. It was Vinoba Bhave and his Bhoodan movement which gave us a major model of an alternate strategy for land reform which was institutionalized in the Bhoodan Act.

This brief peep into history is mainly directed at the young graduates present here who need to understand that it is difficult to be fully involved in anti-poverty initiatives if one is not willing to share in a little way in the pressures with which the poor have to cope.

## 2. Summary

What this lecture seeks to bring out is that a balance is required between policies and practices which promote growth and those that promote inclusion. This is not new. It is also known that several interventions, both technical and institutional – all largely innovative - are required to bring about this balance. **But what this lecture may add, at least in terms of greater focus, is that a major support intervention is required in terms of new institutions as well as partnership among them in order to forge and maintain this balance. Briefly what is needed are people's institutions at the base and lateral linkages supported by partnerships at higher levels.**

These supporting institutions cannot be imposed by Government; if they are imposed, they will not work; besides Government is not known for innovations especially in the area of institution building and partnership models. They cannot be led by the private sector, which through its Corporate Social Responsibility (CSR) programs, tends to adopt strategies which depend on systems and instruments which were responsible for their success in their core sectors. But if their core sector competition dominates, not partnership where risks are shared and not looked at as weaknesses to be exploited. Besides, the private sector's strategy to cope with powerful sections which obstruct inclusion is either to buy them off or remain outside their sphere of influence – not to change them. On the other hand, the primary objective of peoples' institutions especially if they are of the poor, is to change relations that exclude, oppress or extract capital. Neither can they be forged by NGOs alone, whose ideology often smothers people's initiatives and priorities. Besides they are too small.

Further and more importantly, many Government initiatives both in the area of safety net programs as well as in the recent focus on rights, require that the delivery systems down to the last mile implements these programs in the spirit in which they are designed and ensures that rights are respected. This is an assumption which is proving to be increasingly invalid given the scenario of corruption, self-interest, gender and child insensitivity, identity politics on the ground and poor governance. Finally, Government programs for the poor are

standardized and even those that appear to respect the great diversity in this country, end up imposing standardization due to the requirements of lowering transaction and software costs through standardisation and by succumbing to political demands for equal distribution. Unless decisions are taken as close to the ground as possible, and the poor through their institutions are empowered to take them, diversity will not be factored into program design and implementation and programs will continue to miss their objective.

The solution which proposes an institutional platform to promote the balance, also suggests that existing institutions both official and private require a great deal of change in terms of attitudes, policies and support systems in order to promote a balance between India Shining and India Inclusive. This is not going to be easy. Politicians consider institutions a threat – their reaction to the PRI especially the Gram Sabha is well known - or they attempt to own them. The bureaucracy left to itself prefers to work in the line department mode where it gets protection from accountability, wields power which it uses and abuses.

Corruption is another form of oppression which those in power can still use freely since protection is assured and legal redress difficult to access. The amendment to the Prevention of Corruption Act throws the entire burden of proof on the investigating agency and the Lok Pal Bill is still to be enacted. Peoples' institutions like SHGs and others are reduced by the bureaucracy to the last link in the delivery chain to implement programs of Government line departments and often of NGOs; they are also looked at as a cheap delivery system. Some NGOs and most politicians want to claim ownership of community based organizations. There is an overriding strategy to “mainstream” emerging institutions which means extending official control over them together with standardization. Talk about respecting alternate institutions instead of mainstreaming them (provided they abide by rules and conventions which make them transparent and accountable), is looked at with suspicion.

All these are hurdles to the emergence of new institutions, especially those



which can create an institutional platform to balance India Shining and India Inclusive. The lecture may be criticized for focusing more on analysis – in true Indian style – than on solutions. But at least I have some credibility to speak about innovative or alternate institutions and their partnerships which Government, Financial Institutions, NGOs and CBOs have forged, having been involved in pioneering the Self Help Affinity Groups (SAG) model since 1983-84, with the active support of NABARD - Shri P.R.Nayak, Dr. P. Kotaiah and others especially those in NABARD and RBI during the years 1987 to 1995. This initiative needed to a major supporting institutional framework comprising thousands of Banks , Cooperatives, NGOs as well as States and Central Government. These SAGs later federated into the Community Managed Resource Centres (CMRCs) which have their own governing boards and charge for all services.

MYRADA was also the first to introduce peoples' institutions as the third partner in watershed management strategy (Government and NGOs being the other two). This Government-NGO-Peoples' Institutions partnership model in management of watersheds started in MYRADA Gulbarga in 1986 and had an influence in drafting national policy, thanks to sustained efforts made by Shri B.N.Yugandar. An NGO can innovate on a scale sufficient to establish that the innovation works; but to upscale it requires champions within the system who understand that these innovations must be accepted and respected by the official system; these were the champions.

### **3. India Shining vs India Inclusive**

It's time to get back to the content of this lecture, Indian shining vs India Inclusive.

**3.1 The need for Growth:** India Shining projects an image of growth and growth is required to create space for inclusion of the excluded and poor. For the excluded to be included in economic growth, there must be openings and the poor need to have the confidence, skills and power to make use of these openings. Therefore, investment from Government, the private sector or in remote areas from NGOs is required to generate growth and create spaces.

The natural alternative to investment in growth is large forest areas, a source from which tribals harvest Non Timber Forest Products which have ready market linkages which are extremely exploitative. New institutions are required which are managed by the tribals which can change these exploitative relations.

Investment in remote areas will have a greater impact if together with growth, local people are be equipped to fight exploitation and mis-governance. I am therefore rather intrigued when I hear the promoters of Microfinance Institutions pronouncing that they are going to start microfinance programs – for which the young graduates who are passing out today have been trained and recruited – to eradicate poverty in remote areas where there is little or no investment and even less governance; but we will come to this later. **Inclusion into the finance sector (even into the microfinance sector) does not lead automatically to inclusion in the growth sector.** I am sure this message has been shared with and imbibed by those graduating today, all of whom will be absorbed into the microfinance programs of BASIX.

**3.2 The Drivers: The lead driver in the India Shining model is the private sector. Consequently, the market plays a major role.** As the market forces increase, their hold over the business model, the latter becomes more exclusive and the credibility of the model in terms of its potential for inclusion diminishes. This can happen not only in the industrial sector, but also in other sectors such as media, which is increasingly being driven by the market.

In a country where poverty and vulnerability exist, the vision and structure that promotes the model of growth cannot be an extreme neo-liberal one; it needs to be structurally inclusive. Fundamentalism is dangerous even in economic theory. Even Karl Marx's solution to the oppression of the market was an industrial society which produced goods in abundance so that there will be no shortage of any goods. The recent small but well organized and high powered protest in the U.S. against Government involvement in cleaning up the impact of the oil spill is an example of neo-liberal fundamentalism. Fortunately, the GOI has finally accepted its responsibility in Bhopal. Policy

changes which provided space and opportunity for the private sector to take the lead in growth were taken gradually in the late 80s under Shri Rajiv Gandhi and emerged more clearly in the early 90s under Shri Narashima Rao when India faced a crisis. These policies have been progressively expanding under various governments to cover various sectors since then.

The dominant features and messages of India Shining are constructed and communicated by the private sector. The major ones are:

- i. The consumer is king;
- ii. Individual self interest is the main motivator; and
- iii. The market is best at allocating resources efficiently.

The expressions of this cocktail of three are found in the glitz of the Indian Premier League (IPL) and the message underlying every advertisement from the King of Good Times. The general assumption that profit is mine and loss has to be borne by society and a call for a completely deregulated market, flow from these dominant features. The media communicates these messages. No questions were asked till the internal goings on of the IPL came to light. India's traditional culture of savings, of being uncomfortable with conspicuous consumption, of putting the family first and respecting relations of affinity (of mutual trust and support – or social capital) which is our traditional strength, are looked down upon as features of the past.

And yet MYRADA's experience shows that wherever the Self Help Affinity Groups are functioning well, it is because they were formed on the basis of affinity (mutual trust and support) among the members of each SAGs who self select themselves. This affinity, where a group has value over the individual, exists before we intervened; it is a strength of the poor on which NGOs and Government can and should build by providing adequate institutional capacity building (ICB not ICT) and not by imposing official standard procedures. These SAGs of the poor have provided space for each family to develop a livelihood strategy comprising 5-8 activities and have proved that they can manage themselves in a transparent and equitable manner and lobby for equity and transparency even in the Gram Panchyats and Gram Sabhas.

**The government is the lead driver in the inclusive model of growth. Initiatives for inclusion are both led and (unfortunately) controlled by Government.** The Government tries to counter the messages and priorities of the Private sector mentioned above by promoting the following messages:

- i. The citizen comes first - unfortunately the practice of some of the elected representatives camouflages this message thoroughly; once elected they come first;
- ii. Society is a collective entity and must be inclusive; yet caste identity is a major factor influencing political and economic sectors resulting in mixed messages;
- iii. Equal opportunity; the Constitution abolished untouchability, mentions caste only in specific contexts of scheduled castes and promotes “equality of status and opportunity”.

The State has responsibility to ensure that these messages are dominant drivers in policy and programs and that they have an impact on the growth model; Hence it promotes

- i. Reservations and reservations within reservations;
- ii. Livelihood promotion programs like SGSY and now NRLM;
- iii. Safety net schemes like NREGA which have helped to increase the wages of labour in the private sector and reduced dependence of the poor for essentials; and
- iv. Rights based legislation - both the rights based approach which encompasses both rights issues as well as the anti poverty schemes (entitlements) are to be implemented by the Government departments – a delivery system which has become increasingly self seeking and therefore dysfunctional.

The Right to equal opportunity in Education is aimed at protecting people from the tyranny of the private sector; but it also requires the Government to provide quality education and skills that have a market –but no one wants to go to a Government school if given a choice (see Box below). It is interesting that while the number of Government primary and secondary schools in Karnataka has risen sharply, the number of students enrolled in these schools has decreased. The rights of children are rarely implemented. My Canadian grandson can call the police if his mother slaps him and she would probably be

arrested; if my Indian grandson calls the police in a similar situation, I'm not sure what will happen. The inability to implement rights due to lack of resources (in the case of entitlements) or due to hurdles in the implementation and governance systems will surely discredit the rights approach in the long run. The Right to Education which requires equal opportunity for admission to prestigious schools is already being challenged. Further, apart from the right to information, the rights of children and women and equal opportunity, all other so-called rights (like the right to food) are really entitlements which require resources and investment from Government which so far are totally inadequate.

Briefly if one compares the two drivers – namely the Private sector promoting growth and the Government promoting inclusion, there is ample evidence that the former is more efficient, responsive to demand and therefore more successful, while the latter for all its good intentions is inefficient, its messages are confused, there is no focus on responsibilities. The bureaucracy, for example, has little accountability; its rights are enshrined in Art 311 of the Constitution and it is difficult to sack anyone even when evidence is clear. Responsibilities are spelt out only in Art 39 which was introduced during the Emergency (1976). No institution can function without adequate and appropriate sanctions which can be applied to its members when they break the rules. Finally, corruption has become the biggest hurdle in all schemes and legislation directed at inclusion.

While the Right to Information (RTI) is a great step forward, not many actually have used it. It focuses on information after the event has occurred. The bureaucracy makes every effort to deny information under the RTI Act. Examples of its successful use are few and come usually from the educated and those with access to media and to power.

The RTI Act kicks in after the event; it is not appropriate for those millions who touch the Government every day and have to pay bribes up front to access their rights and essential services. On the other hand, every citizen of this country involved in Government related anti-poverty programs or any department for that matter experiences up-front corruption without which

he/she cannot get any treatment in a Government Hospital. Yet, except for the private media which conducts a few investigations, little is heard of “the right to access services (not only entitlements) without harassment and oppression”. The Lok Ayukta in Karnataka resigned in frustration. Is it any surprise that policies for growth have far more admirers than schemes for inclusion? The only right which all of us have appropriated to ourselves and which works since the cut in the pie is institutionalized, is the right to foster corruption – to give or take.

#### **4. A few Questions for Reflection**

I would like to select two major issues among several others described in this section and would like to ask the graduates present here to ponder on two questions related to these issues.

**4.1 The first is: Are we Citizens first – or just Buyers and Sellers?** There have been market places functioning for centuries—the Indian that is one example - where people exchanged not only goods but also gossip, news and arranged marriages. However, these multi tasking bazaars slowly became dominated by an ideology called the free market which held that the dance of supply and demand is not only the most reliable way of organising exchange of goods and services but also of organising society itself.

The 1960s and 1970s was a time when capital was under threat and needed a new paradigm in which market forces took over society not only at a local level but at a global level. To achieve this:

- i. Production was shifted to low wage countries;
- ii. New markets were explored in areas like water and power hitherto reserved for the state;
- iii. Mountain of consumer debt was created to overcome limitation of the home market suffering from stagnant wages and a small population; and
- iv. New financial instruments were created such as derivatives.

This new strategy was supported by a revolution in information technology and communications and lower transport cost; globalisation was born. In this

process, social, ethical and environmental values were pushed to the margin and discredited—they did not contribute to the bottom line—profit and power. This became the model for the new world order which redefined democracy and liberty through notions such as privatisation, profit maximisation and disdain for the needs of civil society and the environment.

**“What dominated discourse was not the rights to education and information but the rights to own property, to run business, to travel unimpeded and to determine ones own personal life”.** “The pre-eminent freedom” writes John Kampfner- “is financial – the right to earn money and consume it unimpeded. In States like Singapore which is a model for the new world order, freedoms such as the right to free speech, free association and participatory politics become dispensable”. This ideology – where the market took over society-started unravelling with the fall of Lehman Brothers Holdings Inc.

Social activists and innovators are reminding us that money is not the ONLY objective. Computer software designers now adopt an “Open Source” business model which values sharing. Their success overturns the fundamentalist assumption of the free market - that technological innovation is necessarily driven by the desire for high profit and power. Socially Responsible Investing (SRI) supported this approach; today it commands approx \$ 3 trillion globally looking to invest in companies adopting the triple bottom line – profit, and social and environmental values. But these are not deluded idealists; instead they aim to locate the market mechanism in a holistic view of reality....they do not attempt to abolish greed and fear but the balance it with values which we often call traditional but are deeply human.

Jonathan Haidt, a psychology professor at the University of Virginia points out that “one thing that can make a lasting difference to your contentment is to work with others on a larger cause than yourself” or perhaps on a larger cause than making profit – since the other two components of the bottom line take you beyond profit for yourself - to include others and the biosphere. There are others – a few who are not satisfied with the TBL – they want to be entirely altruistic. Brian Mullaney is one example; he was a successful advertising

executive and left the core business sector to Co-found Smile Train which helps thousands of children born with cleft lips; he says “The most selfish thing you can do is to help other people”.

**4.2** The second question relates to the sector in which you graduates will be working. I am not referring to BASIX group here, but to the major group of MFI - NBFCs who give priority to high growth, high profits, high salaries, venture capital, IPOs and valuations. **How comfortable are you with this dominant thrust of NBFCs; can you insulate BASIX from these major currents?**

**The Pyramid:** There are clear signs of the rise of individualism unregulated by a sense of common purpose; this is also evident in the Microfinance sector. You will hear that there is fortune at the bottom of the pyramid. The strategy that emerges from the bottom of the pyramid framework consists of different business models which focus on distribution channels among some other innovative interventions, which those at the bottom of the pyramid can relate to in terms of demand, price, size - which are user friendly. The ultimate products take the shape of small sachets of water, liquor, detergents, shampoos and cooking oil etc but it is the same oil in the large and small sachets, the same shampoo, the same implements.

The products that are designed in the bottom of the pyramid strategy are not alternate systems. Technology and re-packaging have allowed the excluded to be included in the same system using the same shampoos. The program is driven by the same interests that constructed the pyramid in the first place – profit and growth. The pyramid itself is constructed by forces that extract capital from the base.

The dominant approach to microfinance is very much apart of the bottom of the pyramid framework. Of the original innovators in this sector, many gave priority to poverty mitigation, but they were soon overtaken by the mantra of quick growth to meet the huge potential. But the lesson I learnt over the last 40 years is that poverty mitigation is not “quick” - it is slow. Besides, it requires interventions in several inter-related sectors, not just provision of finance. The quick growth model leaves the poor behind. Quick growth requires large



finance upfront which the MFI-NBFCs could not easily access. Enter the private equity capitalist seeking new pastures since the old ones were drying up after 2003.

Many of the new MFI-NBFC promoters did not realise –or did not want to see – that private equity capital demands quick growth, high profits and a very profitable exit. They were forced to conform to this structural demand and are now pushed by venture capital into IPOs where valuations appear – at this point of time – to be inflated. For example, investors who were preferentially allotted shares in one NBFC at a price in Jan 2010 of Rs.300 found the share price quadrupling in a few months without any major change in fundamentals – there is surely a speculative bubble in this scrip. Where the system is allowed to maximise profit, valuations taken precedence over values.

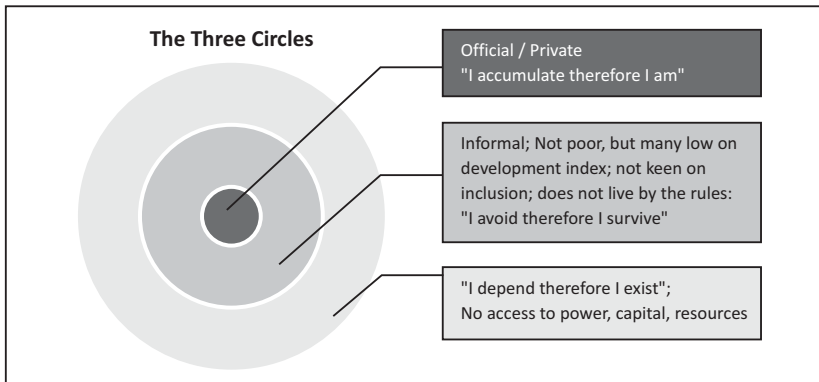
Even more threatening is the degree of abstraction from the bottom of the pyramid in the name of providing credit to the poor. Let us quote from a paper dated March 2010 titled “Commercialisation of Microfinance in India; A Discussion on the Emperor's Apparel” by Prof.Sriram : “The remuneration of the Managing Director of an MFI-NBFC in 2007-08 was Rs.2.29 crore (including sweat equity of Rs.88 lakh, valued at a national price of Rs.34.67 per share but again a nil payment). In 2008-09, it shot up to Rs.8.08 crore (including sweat equity of Rs.2.69 crore), by far not only the highest remuneration in the microfinance sector, but way above the remuneration obtained by the CEO of the largest private sector bank – ICICI Bank.

The remuneration paid to the Managing Director was around 7% of the total personnel cost of this NBFC in 2007-08 and shot up to 15% of the personnel cost of the company in 2008-09. Similarly, in a related NBFC, the Managing Director obtained a salary of Rs.34 lakhs in 2006-07, which was proposed to be hiked to around Rs.60 lakhs in 2007-08 and in 2008-09 was actually paid a salary of Rs.1.58 crore (including incentives) and allotted a sweat equity of Rs.1.94 crore taking the total remuneration to above Rs.3.5 crore. In addition, a family member, a whole time director in the company was paid a remuneration of Rs. 24 lakhs” (names of the NBFCs have been left out).

I am placing these thoughts before you, young graduates as you are going to be absorbed into the Microfinance world. Will you be able to uphold some of the values which balance inclusion with growth? It is going to be difficult, since the Microfinance world – apart from very few financial institutions among which BASIX holds a major place – has opted to be driven by the market forces; high growth, high profits, high salaries, private equity capital and finally IPOs to facilitate its exit are the drivers.

I am sure your formation in the BASIX Academy for Livelihoods and Microfinance will help you to question some of these developments in a sector which professes to eradicate poverty.

**5. An Alternate Model - The Three Circles: Let me propose an alternate model** alongside the pyramid which will lay the basis for the next section of this lecture which deals with institutional innovations which I think have a role in striking a balance between programs and policies that promote India Shining vs India Inclusive. This model may also provide some insight into why some of the best intentions and programs to promote India Inclusive fail to achieve their purpose. This model helps to bring out the relations of power which undermine many of the good intentions to include the excluded behind poverty mitigating programs. Our plans and schemes do not take into account the major role played by power – relations of power embedded in our socio-economic-political body that are oppressive and exclusive.



MYRADA's analysis of the Socio-Economic-Political structure conducted in

the 80s indicated that our country's policies and administrative network have produced an inner core which controls the levers of power and the doors to enter it. There is a circle surrounding the core, which we call the "grey circle" largely because it is fuzzy; this grey circle is created by the core sector because of the barriers it places in the way of those trying to enter the core, like red tape (which restricts access to power centres, entitlements, information, education of choice) and corruption. The grey sector lives by its own rules; it does its best to avoid payment of taxes and for the use of public resources. But, on the other hand, it is efficient, recycles waste, produces "duplicate" goods, and provides employment to millions- and there is evidence that it has coped quite well with recessions.

There is another circle – the outer circle, which comprises those left behind; these are the poor and excluded. MYRADA is involved primarily with this sector. MYRADA's experience shows that a large number of the poor are excluded from the benefits of poverty mitigation schemes and from the dynamics of growth that operate in the grey and core circles because of:

- Power relations which condition/restrict their access to resources required for growth and the services provided by the delivery system; they leave the poor vulnerable to market forces and corruption. These power relations, to a large extent, capture the major share of the benefits of growth and neutralize most of the programs intended by a concerned corner of Government to mitigate poverty;
- Inappropriate designs and standardization of anti-poverty programs and schemes which do not take into account the diversity of this country and the increasing penetration of market forces all together promoting exclusion of the poor - perhaps unintentionally in some cases;
- Poor implementation due to the all pervading self interest of the delivery system - or corruption which actively promotes exclusion;
- Inability of the Government to realize that the poor have survived and therefore must be managing a livelihood strategy which we know comprises many small activities. Government programs need to build on these small activities and not dislocate them because of provision of large assets (2-5 milch animals) under various schemes which provide asset units which may be viable but are not manageable because the poor lack

access to resources required to sustain these large assets (milch cows for example); these resources include grazing grounds (which are in the control of the powerful), water (in short supply) and veterinary care ( in the case of milch animals) which only the powerful can access;

- A cocktail of risk and uncertainties which keep the poor in the outer circle dependent on the inner two circles; as a result they are in no position to take major risks to change oppressive relations which prevent them from accessing resources and entitlements in time and at a cost intended by the Government. For example, in the early 80s, MYRADA discovered that the poor families in the Cooperative Societies had to borrow from the President and Secretary (large farmers) of the Society at interest rates above 50% when the latter accessed credit at 6%. The poor could not fight for their rights since they depend on erratic rainfall and are constantly food insecure; they depend for work and credit on the powerful who were also large farmers and employed labour. They need to acquire intangible assets first, like confidence and skills to lobby, a degree of self-reliance, the strength of cohesive numbers and the sustainability of their organisations; and
- The poor are vulnerable and require to build their intangible assets in order to access and manage tangible ones. The Self Help Affinity Groups that emerged provided the poor with the space to develop these skills and confidence which we call empowerment.

## **6. Towards a Long-term Solution**

This leads us to the final part where suggestions based on MYRADA's experience in building innovative institutions based on a partnership of Government, Financial Institutions, NGOs, and CBOs helped to promote both growth and inclusion.

**6.1 Innovative Support Systems in Partnership in all Sectors:** MYRADA's experience indicates that in order to strike a balance between Indian Shining vs India Inclusive, a partnership of innovative support institutions are required in all sectors not only in those dealing directly and only with poverty mitigating programs.

Innovative institutions are required for example, in all sectors related to service delivery. As far as the delivery system in general is concerned there is need to promote alternate delivery systems (with the support of champions in the Government and private sector who have a triple bottom line vision) and in partnership with NGOs, PRIs, Wards in cities and towns and CBOs; these alternate institutions can take the shape of Public-Private-Peoples Partnerships. People will get involved through their institutions which are both representative and membership based. Their objective among others, is to control corruption which promotes exclusion, and ensure that quality services and adequate resources are accessed by people in time without having to pay a bribe. Citizens have a right to quality services- not just services. And quality is best achieved by competition.

As far as corruption is concerned however, the institutional strategy needs to be complemented by a top down strategy in which institutions like the Lok Ayukta are firmly in place as well as supporting legislation like the Lok Pal Bill which is still to be enacted. This legislation can play a critical role all over the country provided Governments are supportive - which at present they are not. This will require government to do "God's work" (the inscription on our Vidhana Soudha says "Government's work is God's work") and not get involved in doing Caesar's work ranging from owning and managing a wide portfolio of businesses from mines to aircrafts; unfortunately governance does not enhance personal income, Caesar's work does.

The existing delivery system controlled by Government in all areas related to provision of services like health and education is being overtaken by the private sector which is responding to demand. This in fact has become the alternate institutional model in the education and health sector. But, this cannot be allowed to happen in education and health - both are critical to the individual's and nation's prosperity; they have already become high cost and cartelised. Similarly, in the agricultural sector, Government's policy a few years ago was leaning heavily towards handing over retail marketing of agricultural and horticultural produce to the private sector. **The tyranny of the private sector is well known. India Shining, if given free hand, will suffocate India Inclusive.** Government needs to compete, but cannot do so

with its own institutions especially in health, education and agriculture. Unless it promotes alternate institutional support models in which peoples' institutions, both representative and participative, have a role to play like the Gram Sabhas and Panchayats, Producer Companies, Cooperatives and agricultural marketing institutions like SAFAL; these need to be actively promoted all over the country. This would not only improve the efficiency of Government managed services but also establish Government's credibility to govern the private sector to ensure that it does not succumb totally to market forces.

Let us take two examples – one in the education Sector where the State is unable to cope with the demand and with the quality required for employability and the other related to health, especially in the context of the National Rural Health Mission.

## **6.2 Education and Inclusion**

Government's intentions may be good, but when they do not respond to demand they end up being a waste of money and do not achieve the objective of including the poor in the growth process.

Lets start with a story from my experience: From 1985 to 2000, MYRADA mobilised over Rs.50 crore from private and government sources for primary education. We followed the Government book and provided toilets for girls and boys, adequate water supply, a compound wall, trees, roof water collection systems; constructed 1700 class rooms, provided scholarships and teaching material, upgraded teachers skills. But, we added two more interventions which were not in the official book: we hired over 3000 teachers since we found that the official teachers did not come to school or came late or only one came every day and handled the whole school –they took turns. We also conducted intensive classes in maths and English before exams. The result? Over 30,000 children were equipped with skills to proceed for higher education and to get jobs. We withdrew from this area some years ago.

I visited some of the schools over a year ago. I found the children happy, water

was available, the trees had grown beautifully, toilets were used. However, the extra classes in Maths and English and the tuitions had been discontinued when MYRADA withdrew. All looked well. Then I spoke to the children and found that they were really poor – fathers had died or absconded, most belonged to landless families. I asked, “where are the children with whose families we had worked for over 10 years” – mainly to promote the family's livelihood strategies. Reply: “They are in private schools”.

I saw a yellow bus passing by and requested a lift. I entered the private school; greetings over I asked. “Have you any water?” Reply: “The children bring drinking water in bottles (large plastic ones )”; “do teachers come in time?” “Yes they do”. “Do you have toilets for boys and girls?” “No Sir...there are large open spaces.” Then I asked: “In the Government schools (which we had supported) you have water, toilets, compound wall - why not go there?” “Sir because here they teach English, Computers and Maths and the teachers come in time and teach”. The people in this remote area knew that for their children to make it in life they needed English, Computers and Maths and regular teaching.

The Government continued with the local medium, no English and with teachers who did not come to school or if they did hardly did any teaching –they came by the last bus in the morning and left by the first in the afternoon.

**Conclusion:** Our official policy is to integrate children into an educational system which does not work and which does not prepare children for life.

Yet, we criticise private schools as elitist and high cost. In Bengaluru City, the Government spends Rs 17,000 a year on each child; while many private schools charge much less and provide better education. James Tooley reviewing in the Times of India (Jan 23,2010) a study by Pratham says: “My team looked at rural private schools a couple of years ago, in rural Mahbubnagar, one of the poorest districts in rural Andhra Pradesh. We found a roughly similar proportion of children enrolled in private schools in that district as Pratham found for the (rural) state – we found 26.0 %, it

found 29.2%. But we also looked at fees; these were for class IV, about Rs. 100 per month in the recognised private schools, and Rs. 70 per month in the unrecognised. That's up to Rs. 1,200 per year. Incredibly little. Even looking at the costs in the classroom alone, we found salaries in government schools are about seven times higher than private un-recognised schools, and about three and a half times higher than the private recognised schools. In other words, the revolution revealed by Pratham taking place in rural India today features private schools serving a significant minority of children, outperforming government schools, at a fraction of the cost. Now surely that's something we should be celebrating?"

Statistics regarding the growth of private schools shows that their number exceeds that of Government schools in Maharashtra; in AP and TN the private schools are still less in number but catching up fast. In Karnataka the private schools are about 50% only. The growth of private schools in UP and Haryana is also significant. In Haryana 41% of the children and 36% in UP are in private schools; MP also presents a similar picture. These States had a late start due to politics which closed down all private schools in the past. In UP today a shrine has been established to the goddess of English. The story goes that when a dalit child is born, someone whispers ABCD in one ear and 1234 in another. But this is rather late. Any further need to explain why IT Companies in Bengaluru are drawing staff from AP, TN and North East (where private schools dominate)? Every single politician I know from rural areas sends his/her child to a private school while mouthing ideology to the contrary.

What does this tell us? That Government owned institutions providing education are not responding to demand; the right to education means that people have a right to get the education they demand and that is quality education which provides marketable skills and livelihoods. What is the use of a right if people cannot get what they want and have to accept what the Government offers? This really boils down to Government's right to give what it wants to. The situation is similar in the Industrial Technical Institutes (ITIs) where skills provided are outdated and have no market and where the quality of training is poor.



The alternative institutions that have emerged to which the excluded can get admission are the private schools. There is ample evidence that all the excluded cannot get admission into these private schools because of the distance involved and the cost to the family. Government policy needs to:

- i. Encourage the growth of private schools which will introduce competition and bring down costs; making private schools admit those who can pay without any screening as the present legislation requires, is to reduce all schools to a common denominator ;
- ii. Provide the excluded and poor with financial support so that they can select the school of their choice be it Government or private; if Government regulates that private schools should admit a percentage of the poor, then Government should also provide financial support to bring these students up to the level required and to keep them there; private tuition for the poor needs to be supported by Government; and
- iii. Ensure that it provides over-all governance which is transparent and seen to be so in order that market forces do not take over these sectors – this is of course rather difficult to achieve given the state of governance in several states as recent experiences have shown.

### **6.3 Health and Inclusion**

Though the present Government has raised the target for public expenditure on health from below 1% to 2-3% of the budget and floated the National Rural Health Mission in 2006-07, the impact on the ground has still to be seen. Even with this increase, there is little evidence that the Government system can cope with even the basic/primary health care needs of those in the informal/grey sector much less of the poor. The quality of service in the public health care system in rural areas is poor and declining.

A policy note by Ismail Radwan sponsored by the Department of International Development U.K. and the World Bank (2005), indicated that 74% of the poor, especially women, are accessing private health care services (Ayurvedic, Unani, Siddha, Homeopathy and Allopathy). The reasons? The practitioners in these sectors are close by, available 24/7, spend time with the patient. Data in the policy note referred to shows that maternal and infant mortality is lower in the private health sector than in the public. The poor have to pay for health

service not only in the private sector but also in the public sector. Hence, their choice is obvious. The problem with the private sector is that it is not regulated; hence practitioners range from quacks to qualified persons, quality varies and there is no upgrading of medical technology information through continuous medical education. This is a matter of governance in which the Gram Sabhas and Panchayats can play a major role provided they introduce adequate systems and procedures for self governance backed up by adequate staff.

One opinion holds that the only answer is for NGOs to set up their own primary health care institutions in rural areas. Several institutions mainly those linked to religions have done so. This can be done on a limited scale only. However, the National Rural health Mission (NRHM) has now provided a framework within which alternate institutions can play a role in health services.

One of the objectives of the NRHM is to build the capacity of institutions managing and delivering health care like the Village Health and Sanitation Committees (VHSC) which are really an alternate system to the main line institutions of the Health department. NGOs can play a role here. They can provide institutional capacity building to the VHSCs, they can mobilise funds for specific purposes, which are given priority by the people/GP; they can make the membership of the VHSCs more inclusive by including SAG/CMRC members; they can support the ASHAs (Accredited Social Health Activists) through the CBOs like the CMRCs/SAGs and upgrade their skills periodically. They can intervene through the CBOs and VHSCs to improve governance and service delivery of the Sub Centre Health Advisory Committees at Gram Panchayat level, the Arogya Raksha Samithies at PHC level and in the District Health Mission. Since the strategy is to involve peoples' institutions, we hope that the NRHM will adopt a management model in which Government, NGOs, PRIs and Peoples' Institutions share the powers, finances, responsibilities and risks as partners in governance.

## **7. Innovative Institutions to support Poverty Mitigation Measures**

The rest of this lecture will deal only with innovative institutional partnerships

that emerged in MYRADA's experience which played a role in poverty mitigation. The focus here is on institutions of poor people at the base below the Gram Panchayat; these institutions and their federations are required to provide the poor with the space to select and promote their livelihood strategies and to change oppressive power relations at home and in society.

**MYRADA's experience since the early 80s shows that as far as mitigating poverty is concerned, there is need to promote alternate institutions managed by the poor, to convince Government and NGOs to respect these institutions and to promote institutional partnerships which support these groups of the poor to achieve their objective.**

A major example is the SAGs, which emerged in 1984-85 where the members of a group who self select themselves, set the agenda especially in establishing their livelihood strategies which comprise several small activities which increase in size as they grow in confidence and skills; the process of decision taking in these institutions generates empowerment (confidence and skills) to change oppressive relations in the family and society. Giving space and power to these peoples' institutions at the base, to decide on their livelihood strategies which comprise several small activities, has resulted in far greater impact than schemes providing standardized and large livelihood units like SGSY. These grass root institutions, if functioning well, are in the best position to respond to diversity, cope with risk, lobby for entitlements and access to services and resources and adjust to changing situations. But, the SHG movement (there are 6.2 million) would not have spread and succeeded without the institutional support provided by NABARD, Banks, Cooperatives, NGOs, State Governments and Central Government.

**We need to return to the three circles to describe the framework that generates oppressive power relations:** MYRADA's experience indicates that the poor in the outer circle need their own institutions and federations to enable them to break into the grey and core circles. Examples of these groups which emerged in MYRADA are:

- Self Help Affinity Groups (SAGs) which focus on generating equity and empowerment;

- Watershed Management Groups (Area and User groups) which focus on management of natural resources in an equitable and sustainable manner;
- Soukhya Groups (sex workers) which focus on health, safe sex, without oppression and harassment and later by their own choice, on alternate livelihoods; and
- Small and marginal dryland farmers' producers and marketing groups which are largely informal membership groups in the first stage; some of them developed into Producer companies and Government sponsored intermediate marketing institutions like SAFAL (a unit of Mother Dairy Foods located in Whitefield where vegetables and fruits are auctioned) which are required to support the producer groups.

In the non farm sector, similar groups have emerged engaged in manufacturing which have registered mainly as Companies.

MYRADA's experience also indicates that these groups require investment in their Institutional Capacity Building (ICB) if they are to stand on their own feet. MYRADA has produced a training manual for ICB comprising 24 modules which can be adapted to different groups and situations. This ICB training helps the group members to interact with each another, to decide on the problems and solutions, on their livelihood strategies, on finance management and on other issues which concern their lives and livelihoods. The dynamics of this interaction generates confidence, skills to negotiate and resolve conflict and in time, to build confidence to change relations at home and in society at their own pace. These are intangible assets. This ICB must be provided to build intangible assets, before they are offered training in livelihood skills which add value to traditional occupations or skills for new activities both on and off farm.

ICB helps them to grow into institutions which provide them with the space to set their own agenda and strategy to take the first steps to lift themselves out of poverty through a livelihood strategy in which the whole family is involved. These institutions support the whole family in a holistic manner; they help to reduce risk and uncertainty, enhance security and the confidence to lobby for

their rights and entitlements and for change in oppressive power relations. Several impact studies have shown that these people's institutions are the most appropriate to address issues related to gender, equitable distribution of resources between men and women, boys and girls, as well as issues related to oppression and harassment in the home and outside.

### **7.1 Examples of Innovative Institutional Partnerships supporting Poverty Mitigating Programs**

Participatory/ membership peoples' institutions are at the base promoting empowerment and livelihood strategies.

#### **a. SHG Movement and the Partnerships that promoted and support it:**

These groups based on affinity and homogeneity (economic) emerged in 1984-85 in MYRADA when the large co-operative societies broke down and the poor decided to form small groups. NABARD took the lead in promoting the SHG movement. It started with a grant to MYRADA in 1987 of Rs.1 million to train groups that had emerged. NABARD conducted several studies and finally with the support of RBI allowed Banks to i) lend to unregistered groups provided they functioned like a registered one; ii) give one loan to each group, allowing the group to decide on lending to individuals, and iii) lend without physical security.

Thereafter, NABARD launched the SHG-Bank Linkage program in 1992 and allocated funds to train Bankers, NGOs and SHGs throughout the country. As a result, all the Commercial and Regional Rural Banks (RRB) are involved in lending to SHGs; the Cooperative Societies have also entered the picture and so have NGOs and State and Central Governments. NABARD spearheaded the change in administrative practices that were causing hurdles to the spread of the SHG movement. As a result of this innovative concept and the partnership of institutions that supported it, there are today over 6 million SHGs in the country. APMAS from Hyderabad has brought out a study on "An Evaluation of Self Help Affinity groups promoted by MYRADA" which gives further details.

#### **b. Natural Resource Management - Partnership Models**

**Model 1:** Sujala was a World Bank/ Government of Karnataka Project

implemented in five districts in Karnataka.; 77 sub-watersheds covering 4.27 lakh Hectares were treated. The total project cost was of the order of Rs.600 crores. This was shared by the World Bank, the State Government and local communities in the ratio of 80%, 10% and 10%, respectively.

Sujala was a multi-stakeholder project, with different kinds of partnership at all levels. The Watershed Department at both state and district levels, was in charge of overall project implementation. The NGOs were in charge of community mobilization and formation of SHGs and Watershed Committees with the objective of making them the third partner. Apart from these, there were many other private and quasi-government organisations involved in the project.

MYRADA's association with Sujala project started when the project was being formulated and the World Bank was having preliminary discussions with the State Government. MYRADA was invited to share its experience of working in watersheds involving the local community and thus guide the project in formulating the social mobilisation strategy. MYRADA helped the project in determining the institutional framework. MYRADA's role in the project was at three levels:

1. **Partner NGO (PNGO)** at the State level;
2. **Lead NGO (LNGO)** at district level, in two out of the five districts;
3. **Field NGO (FNGO)** at sub-watershed level, in 6 sub - watersheds – in two Districts.

As PNGO, MYRADA worked as an advisor to the Department of Watersheds, Government of Karnataka on various aspects related to project implementation. Besides this, it also supported in setting up systems for monitoring the project and developing strategy for capacity building at all levels in the project.

As LNGO, MYRADA was in charge of training, facilitating and supervising the FNGOs.

As FNGO, MYRADA was responsible for implementing the project at sub-

watershed level (in 6 sub-watersheds) in partnership with Community Based Organisations.

The following community based institutions were formed in Sujala:

- Area Groups (AG) - All the farmers owning land within a micro catchment of 100-150 Ha were members of this group.
- Self Help Groups (SHGs) - These were promoted at village level to ensure equity. Members were from non-farming community and from small and marginal farmers and landless families. Apart from financial assistance, the project also provided entrepreneurship and skill development training to SHG members especially the landless and marginal farmers.
- Executive Committees (ECs) were representative bodies at the level of micro-watersheds (500 to 700 Ha). There were around 14 to 18 members in the EC depending on the number of micro-catchments. The members were drawn from AGs and SHGs. They were registered under Societies Act, 1961. The ECs were responsible for getting the micro-plans prepared at individual farmer level through AGs. They were also responsible for overall implementation at the micro-watershed level. At the grass root level, funds for the watershed program were given to the ECs.

**Impact:** Corruption was reduced drastically, watershed activities on the ground were implemented and sustained because they were proposed by the farmers and their associations – they had greater ownership of the program; several changes and innovations from the field were incorporated in annual plans.

**Model 2:** *North Eastern Region Community Resource Management Project for Upland Areas* - This was a joint initiative of GOI, IFAD, North Eastern Council and Ministry of Development of the North Eastern Region (DONER), NGOs and CBOs. The major difference from Sujala in the institutional framework was that a Special Service Vehicle (SSV) was set up to manage the project. This was a registered Society with the Secretary, North Eastern Council holding the position of Chairperson but the members were drawn from NGOs, Prominent Public figures and representatives of CBOs. Similar Registered Societies were

established in each of the Districts chaired by the Deputy Commissioners, NGOs and members from the public and CBOs. This is now recognized as one of the best projects in the IFAD portfolio in terms of impact and sustainability.

**c. Producer Companies:** The need for aggregation of agricultural and horticultural produce, grading, storage and marketing on scale requires that appropriate institutions are in place which also are able to provide inputs. The question is who should own these institutions. The government in the recent past was leaning heavily towards the Private Sector playing a major role in these areas on the grounds that the farmer presently gets only a fraction of the ultimate price paid by the consumer. The assumption that if the private sector controls these links in the value chain, the farmer will get a much higher price is highly doubtful. The private sector is known to cartelise, to depress prices and to give several excuses in order to opt out of a buying agreement; this makes the farmer more vulnerable than at present. The APMC is also not the answer as it is completely manipulated by the middlemen.

The Government needs to intervene in this area by establishing collection, grading, storage and marketing institutions similar to SAFAL which is located in Whitefield outside Bengaluru. SAFAL is a Unit of Mother Dairy Foods processing Ltd. and a brain child of National Dairy Development Board (NDDB). It is a large complex in Whitefield on the outskirts of Bangalore; it deals in fruits and vegetables with ample cold storage and two state of the art auctioning halls – one for fruits and the other for vegetables; it organizes daily collection of produce at various points in the rural areas. The impact of SAFAL is clear. Farmers have realized the importance of quality since SAFAL gives a much better price for quality products whereas at the APMC the entire lot is sold in bulk at one price. As a result, they visit their fields daily to ensure that there is no pest attack. The collection centres provide daily data on prices at the APMC, Mandi, Local market and SAFAL. The farmer is free to select where he wants to take his produce.

The answer lies in several institutional marketing options made available to the farmer. The local institution which would help with aggregation and



grading and where the farmer is available to identify the best price would be the Producer Company owned and managed by the producers or smaller informal groups.

**d. Partnerships in which the Private Sector is included:** Most partnerships with the private sector in development programs are with the Society which these private companies set up to implement their CSR. Most of these societies do not bring into the equation the core competencies of the private sector like recognition for performance, measures to improve efficiency and impact, sanctions for performance which is not up to the mark. As a result, the impact of these interventions is limited.

The only example in MYRADA where the private sector is directly involved (not via a Society) is the Titan and Tanishq project where MYRADA set up a company of people selected by the SHGs. The agreement is between Titan/Tanishq and this company. This institutional model has ensured efficiency, quality and production on time – all features of a private sector enterprise. As a result it is over 12 years old. Several case studies of this experience are available; the latest is one of the case studies published in “Experiences of Livelihood promotion – Learning from the Field - Cases of MYRADA in Action” by The Livelihoods School (TLS).

**Building institutions of the poor is yet to be recognised as a critical part of the strategy to eradicate poverty since the role played by “power relations” in keeping people poor and vulnerable, which institutions of the poor can mitigate or neutralise has hardly been factored into development strategy by most donors and interveners. Building institutions requires time and constant mentoring in the initial period; the process is also vulnerable to political pressures.**

**Government programs have little place for promoting peoples' institutions unless they are included in the design, and even when they are, there is a constant battle to ensure their independent functioning; they are usually co-opted by Government to implement its program. The priority of donors and government has been largely on delivery of goods and services;**

**people's institutions are considered the last link in the delivery chain. There are exceptions like programs supported by NABARD and by some Bilateral and Multi lateral agencies which provide this space for people's institutions to emerge and grow.**

**MYRADA's experience of the role played by people's institutions in partnerships in mitigating poverty provides enough evidence that this is the strategy that needs to be promoted, so that India Inclusive can co-exist and thrive with India Shining.**

I apologise for the length of this presentation. I look upwards for Prof. Ranjit Gupta's support for the thoughts I have presented here. May his spirit be with all of us to help us to stay the course.

***Jai Hind!***

## About the Speaker



Padmashree Aloysius P. Fernandez is the former Executive Director (1982-2009) and currently, the Member Secretary of MYRADA, one of India's foremost development NGOs. He is also Chairman of the Board of Sanghamitra Financial Services, a wholesale financial institution serving self-help groups. He is also Chairman of NABARD Financial Services Limited (NABFINS). He was earlier a Director of the Corporation Bank and Member of the Syndicate of the Bangalore University. He was the Chairman of the founding Board of PRADAN from 1983 to 1988 and was succeeded in that role by the late Professor Ranjit Gupta.

Al (as he is affectionately called) Fernandez was ordained as a priest and received his master's degree in philosophy from the University of Louvain, Belgium, from where he also obtained a Diploma in Sociology and Research Methodology. He later pursued Development Studies at the University of Oxford, UK and received a diploma for it.

Al Fernandez worked as the Deputy Director and Head of Caritas International's relief effort for East Pakistani refugees in 1971, the year of the birth of Bangladesh. After several years of working in relief and development agencies, he left priesthood and got married to Deepika. In 1977, he joined the Canadian International Development Agency in New Delhi as an Advisor. In 1982, at the invitation of MYRADA's founder Late Capt Bill Davinson, Al Fernandez joined MYRADA as its Executive Director and moved to Bangalore. MYRADA had accomplished quite successfully, its original mission as the "Mysore Resettlement and Development Agency" for Tibetan refugees and in a visionary act, its founder decided to give it a new leadership and evolve a new mission. Under Al's leadership, MYRADA began working with rural poor communities, initially in Karnataka, and later in several states. MYRADA became a leader in evolving new approaches for development, in response to various challenges seen at the ground level. It was one of the pioneers in field of participatory integrated development of watersheds (PIDOW), and began a project with that name in Gulbarga district in 1983 with assistance from the SDC.

MYRADA is most well known for its work on developing the concept of SHGs since 1986 and then convincing NABARD of its value as an alternative way of accessing credit by the poor. Starting with a pilot project in MYRADA in 1988, the SHG-Bank Linkage Program today reaches over 6.2 million SHGs in the country with a membership of 90 million women, making it the largest micro credit and women's empowerment program in the world. Al Fernandez, however, has been critical of the watering down of several of the original principles of SHGs and therefore coined the alternative term Self Help Affinity Groups to refer to those groups which meet the original standards. MYRADA went on to build hundreds of SHG Federations and also Sanghamitra Financial Services, a section 25 company, designed to be a wholesale financial institution accessible to SHGs, and several producer companies. Today, MYRADA is a support institution for community organizations, not-for-profit companies and societies. It works with over 1.5 million rural poor in several states in India and supports programs abroad on a long-term basis.

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AI has been a member of various national and state government committees and has designed micro-credit programs for IFAD in 9 Indian states. He has been an advisor to microcredit programs in Kampuchea, Indonesia and Myanmar. He has undertaken extensive consultancy work for the World Bank, DFID, CIDA and IFAD on a wide range of programs with a focus on natural resource management, rural development and micro-credit.

AI Fernandez writes extensively and has published numerous papers on the topics of microcredit, natural resource management and rural management systems. His papers are well-known for their wit as well as their logic, and practical development insights. In recognition of his outstanding contribution to rural community development, Aloysius Fernandez was awarded the Padmashree in 2000. Caritas India also conferred its Jubilee 2000 Award on him.

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## About B-A-LAMP

BASIX Academy for Livelihoods and Microfinance Practice (B-A-LAMP) was established with an objective of identifying potential youth, build their capacities and deploy them in the rural/ semi urban areas. B-A-LAMP offers a win-win situation for institutions like BASIX and host of many organizations in the industry offering financial services to the poor, their enterprises and job seekers from rural/ semi urban areas.

**Mission:** *The mission of B-A-LAMP is to identify potential individuals, including from rural, poor and socially disadvantaged communities, build their competencies (Knowledge, Skill and Attitude) and deploy them as required by the livelihood sector from time to time.*

**Triploma Program:** In its pursuit of excellence, B-A-LAMP launched its first flagship program Viz., Triploma in Microfinance and Livelihood promotion for preparing individuals to take on Field Executive/ equivalent positions in Banks, MFIs, Insurance Companies, Agricultural Input Companies, Development Projects executed by Government and NGOs. **Hands-on-Training** in the field for substantial period along with classroom training is the uniqueness of the program.

**Short Term Programs:** The Academy offers Executive Training Programs (ETPs), Study Tours, Exposure Visits on various issues in Microfinance, Livelihood Promotion, Urban Microfinance etc. B-A-LAMP offered customized ETPs to the professionals of NABARD, GTZ (China), Development Credit Bank (DCB), Mumbai, and MFIs from Cambodia, Ethiopia, Nepal, etc. For the "Certificate Course on Business Correspondent", the Academy obtained Accreditation from the Institute of Banking & Finance (IIBF), Mumbai as one of the Service Providers.



# B-A-LAMP

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