



## Illuminating Lives

**Transforming India Magazine Interview with Mr. T. Vijay Kumar** -by Mr. G.V. Krishnagopal,

The government of Andhra Pradesh established the Society for Elimination of Rural Poverty (SERP) in the year 2000, to improve the lives of the rural poor. It is the single largest rural development programme run by the government. Two poverty reduction projects have been undertaken with an investment of Rs. 2000

crores. SERP's current programmes have benefitted nearly 80 lakh households and the food security programme has benefitted 27 lakh households in Andhra Pradesh.

Mr. T. Vijay Kumar (CEO, SERP) is associated with SERP's initiatives since its inception. In his interview with Mr. G.V. Krishnagopal, (Editor, Transforming India), he has shared his views on the ongoing SERP project, the challenges faced by the poor, the organization, the socio-economic scenario and the achievements of SERP till date.

**Question: The on-going Velugu project is an alternative model of development for the poor. Can you elaborate on what SERP's main contributions have been till date?**

**Answer:** The contribution that SERP has made through Velugu is to demonstrate very strongly that poverty eradication requires building strong institutions of the poor. It is necessary to know how to build these institutions and also understand the fact that these institutions are dynamic and as they evolve with the kind of issues that arise, the kind of hand-holding support they require also changes. The journey started way back in 1995 with the UNDP South Asia Poverty Alleviation Programme pilot. SERP's work can be divided broadly into 3 phases: first, the UNDP SAPAP phase from 1995-2000. The second is the early years of Velugu and Indira Kranti Pratham (IKP) from 2000-05, and then the ongoing third phase, 2005-2011, the result of which we are getting to see. We are also seeing more complex issues being handled with time. The fourth phase may be from 2011 to 2016. Prior to SERP, there were institutions

promoted by Civil Society Organisations (CSOs), but the SERP approach shows the tremendous potential that the poor have. Initially SERP had direct role through its dedicated staff, more like retail role, whereas now the responsibility for supporting the SHGs and the Federation is slowly being taken over by the Federation themselves. I think this is a very important paradigm shift which SERP has brought in. It is something which is professed by everybody, whether NGOs or the Government, everybody says that this has to be done but nobody has done it on this scale.

Significance about SERP's work is the scale. I don't think anywhere else, this kind of scale has been attempted and that is why the whole process has been so unique and the SHG federations which are institutions of the poor, have also become support institutions themselves. I think this is a very significant contribution by SERP and this is now acknowledged as a model for other states to appreciate and replicate.

**Question: One of the significant achievements of SERP is that, unlike many other government projects it has ensured that at least 80-90 paisa of every rupee earmarked for the poor reaches them. How did SERP manage to achieve this?**

**Answer:** I think the uniqueness of our work donerests in the statement - 'we trust the poor' has actually been operationalized. We started by transferring to the SHG federations, the programme funds for institution and capacity building. We also took a different view of the subsidy following which we are able to prevent corruption and leakage of money. Typically in all rural development programmes, subsidies have been provided at the individual level. Such an administrative mechanism for delivering subsidy to individuals makes us understand the concept in which Rs.100 reduces to Rs 15! If you see the purpose of providing the subsidy, it was that the poor need capital in order to invest in an enterprise and are not able to do so. The only lacuna assumed was lack of capital, whereas there are so many other lacunae. When the poor are supported through SHG's and federations, the financial resources that they require should be provided to them in the manner they want. They have defined the financial requirement in their own terms, that is they may require it only for working capital or for consumption needs or to access asset acquisition. There is complete flexibility within the group, to enable their members to access whatever

they want. This was missing in our earlier development programmes because when I was District Collector, we had one rural development programme, which was about giving way to SHGs. After that, we did not bother to see what happens to them or the capital we gave away again. Now the whole paradigm has changed, as we are quite clear that coming out of poverty is an iterative process. Looking at the psychological dimension, the sociological, economic, political – all this is possible only by building strong institutions for the poor. The approach that SERP follows in building strong institutions for the poor has enabled everything else to happen.

**Question: What is the intervention ladder from the consumption side, how does SERP go about providing for production needs of the poor?**

Answer: Today we are quite clear, in SERP even if a landless poor, the worst and most vulnerable class, joins the SHGs today, we can safely say that by the end of 7 years, he/she would have comprehensively come out of poverty. They will have access at least 1 lakh rupees with current prices for consumption purposes. That means, it is a need based process which starts with consumption credit, then with working capital, and then the efforts of the whole village can be enhanced if there is a common approach to marketing and a common approach to purchase of inputs and all this will add more value. Even otherwise if they get credit at the right time, for the purposes that are important to them, they can still move ahead. We have examples to cite from Anantapur and Kurnool, where really there is no collectivization as a strategy for livelihood. But still the poor have come dramatically out of poverty. But wherever we added the dimension of collectivization, it has quickened this process.

First, is the institutional ladder that has been created at the village, mandal and district level, the second is an intervention ladder where we are saying even a consumption loan becomes a productive one, in events where the family has a shock and requires other kinds of support. There is no unilateral defined support. It is through the member herself that the household negotiates or shares their requirement with the SHGs. It is a very unique support system which takes into account the requirement of each household. I don't see this anywhere else where

you have a development process for each individual and that I think is the strength of SERP's approach.

Question: Both theses institutional ladder and intervention ladder requires some capacity enhancement investments, what kind of investment has been done by SERP?

Answer: Our core assumption was that the best teachers were the poor themselves. Whenever we saw within a district or mandal, some villages doing better than the others, they became the teacher. Each village pulls the other up. In some villages, because of charismatic leadership or very good facilitation support by the SERP staff, some groups have been able to achieve outstanding results. They then become the trainees for the others. I would say the main thrust of IKP has been experience training, which has been a unique contribution because many organizations believe that this capacity building requires great professional support and it is not possible to be scaled up otherwise. It certainly requires a lot of such time and effort but very early in the project, we understood that the best teachers are the poor themselves and those who come out of poverty were like PhD holders in poverty eradication! Actually the entire programme meant a lot to the women and they were willing to spare time sometimes up to 10-20 days in a month, to go to villages and participate in hand-holding and capacity building. To me the most important and most sustainable part of the SERP development process has been the systematic induction and deployment of the community resource person. Initially we started with resource persons from UNDP, then people in one mandal helped others in other mandals to build good quality SHGs and federations, and this became a norm in the entire SERP system and today in whichever functional area we work in - whether it is health, nutrition, marketing, food security, gender etc all these initiatives are running mainly because of the community resource person (CRP).

We have 18 kinds of CRP. Each thematic area is now greatly helped by this CRP. This is a major strategy by which we can overcome the shortage of adequate professionals and the handicaps of scale. The women who have come out of poverty are the products of the socialization process, hence their commitments and their dedication to the process are immense and today we have sent our women to Bihar, Uttar Pradesh to replicate these processes. The fact that we are able to work in the most remote tribal areas, the most vulnerable areas like coastal fisher people's areas, is thanks to the CRP staff. The SERP model turns out to be low cost, sustainable and a very effective system. Normally, training institutions have no real stake in the

development process. It is a job just like any other work, whereas in SERP, here we see training as a great investment.

**Question: Food security for the poor, is another very innovative programme with a simple model. How far has the programme grown and are you happy with its results?**

Answer: The Food Security programme grew out of the realization that apart from the way in which the SHGs and Federation have come up by handling their financial issues, we also have to look at their consumption patterns and whether they are translating into better nutrition. The PDS currently meets 1/3<sup>rd</sup> of the family requirement. The remaining 2/3<sup>rd</sup> is the gap where the individuals are having their own coping strategies to access food. The ultra poor could not access this by reducing their consumption. We deliberately took this as a very important gap to be addressed and through the collectivization process, they prepare indents for their food requirements. The indents are consolidated family wise, SHG wise and village organization wise and they purchase in bulk. Today the intervention covers close to 27 lakh households. This has been increasing each year and now the coverage is very large. We are not completely satisfied with the current phase and we are looking at how to ensure that all the SHG members come within the food security system within the next four years. Overall, it is working very well, and personally it has been a very satisfying intervention.

**Question: If you go by simple statistics, AP's population is roughly 8 crores and the bottom 25-30 percent is the target of SERP and that means we are roughly talking of reaching around 3-3.5 crores of the population, which is about 60-70 lakh households. How far have you managed to reach your target and how much more do you have to go?**

Answer: Targeting the bottom 30 per cent is very important. The bottom 30 percent would be rural households, and out of these 1.42 crore households bottom 32 percent members is about 45 lakh. Currently, I would say we have touched about 12 lakh population. Remaining we still need to cover. Our plan is to cover by 2011-12.

Question: I think 12 lakh is a huge number. I don't think any programme has this much scale. So that in itself is a huge achievement. About the market interventions of SERP, which are similarly very significant, what has been the scale achieved and what commodities have been handled?

Answer: In the marketing intervention, we have seen that the poor as producers have been losing out very heavily due to lack of aggregation, lack of knowledge of product quality and lack of any marketing intervention. We address these 3 issues collectively and started this intervention with the forest produce of very poor tribal households. There we have found that our intervention had two kinds of impact. Those who are part of intervention directly, benefited in terms of better prices. These interventions are in the tribal areas of Chittoor, Cuddapah, Bhadrachalam, Srikakulam and Vizianagaram virtually in all the tribal areas. We are actually trying to see how we can scale up this intervention further in the tribal areas. We are present in very remote areas, in fact, in Padera, the women's groups have dealt with coffee and turmeric and straightaway they were able to bring in about 30-50 percent better price realization. We focus in tribal areas because the exploitation in these areas is very high.

In the plain areas, our intervention started more as a minimum support price intervention. That means the government benefit of assured price for the farmers was not reaching them because the purchase center is far away from the villages. In this intervention, we trained the women in quality control and in logistics, and this has been very successful in Telengana districts, where we did this with maize. Three years ago, we also undertook paddy procurement with MSP prices. By and large these two commodities, Maize and Paddy are very important commodities. It may appear that paddy is not a commodity to the poor, but in AP the probability is high. Virtually all the poor have some land where they cultivate paddy and sell it if there is any surplus. This is a very remarkable intervention and in no other state, have the farmers been able to get remunerative prices at their door step. At many places the farmers have requested these women just to set up the board. If the IKP board is there, the traders will offer more than the MSP. The deterrent effect and through this the influence on the market has been significant. But using the expertise of the women in marketing, we are now trying to combine the marketing functions and

food security. Instead of poor consumers buying from the open market, the experiment that we are going to conduct in the pilot project this year is in about 100 centers probably 600 villages. The food security requirement in terms of paddy rice, red gram dal, tamarind and chillies will be met by the producers in these 100 procurement centers. Apart from the MSP now, this is going to be a very important marketing and food security intervention. I am hoping that this intervention works out well.

Question: Out of 45 lakh households, I think you will surely agree that at least 50 percent of them are labour, who don't have assets or resources. In most of the cases they lack sufficient skills and assets. What are SERP's targeted interventions for the labour?

Answer: This bottom layer, where the wage labour is the important source of income is the one which is the most important group for us. In this group what we find is that, if they get enough support for day to day survival and there is food security, then the family has at least essential provisions to start with. Our development effort is then towards stabilization of their wage income and enabling them to diversify. The food security credit really touches these people. It is a very important intervention for them because at the beginning of the month, they have one month rice stock at home. While they attempt to negotiate better wages from farmers and even if for one or two days, they don't get wages, they should not starve. The most important category which is touched by the food security intervention is the wage labour. Apart from this, we have the NREGS which gives them an employment guarantee. It has been a very important development initiative and the implementation of NREGS has been helped by the institutions of the poor that are already present in AP.

Question: On one side, this programme is taking care of credit needs and on the other side of it is taking care of productive investments in terms of food security, marketing intervention, employment generation programme or skill up-gradation. The third is the social security, can you comment on the significance of this component of the program?

Answer: The State government has a Social Security System, where old age people get Rs. 200 a month in terms of pension. About 70 lakh poor are receiving this



pension. But our work done through SHGs, their federations and the Zila Samakhya is reflected in the insurance. . We have life insurance cover for 80 lakh people, which is the largest coverage in the world and what is unique about this life insurance cover is the settlement process. The settlement process is managed by the federation themselves.

The Zilla Samakhya in each district runs a call center. The number of the call center is known to all policy holders and if any death occurs, the intimation comes to the call center, which is run by a Bima Mitra. This is an SHG member who is trained on insurance claim settlement and there are 5,000 such women and slowly this number will go up to 10,000. There is approximately 1 per mandal. It is her job to go to the village where the death has occurred and while going there she takes about Rs. 5,000 and gives it to the family as funeral expenses. This is done within 3 days. We are now trying to put a service standard of 24 hrs and the claim settlement should happen within 30 days. Our claim settlement is unique. The management of the insurance scheme by the Zilla Samakhya is a very extraordinary process and something worth replication anywhere. We have seen many cases where young widows, whose life would have taken a turn for the worse if the support system was not available; this can be borne from their testimonies.

Question: While we talk about taking care of productive needs, consumption needs and the risk needs, mostly we are talking about economic needs. Would you say that SERP's main objective is to undertake economic development or is it also aiming at social and political development?

Answer: All of the above mentioned are present, hence we can't quantify the other parts as less or more. One of the most important things, I would say that the poor now have a voice. The fact that the issues relating to the poor have found a proper place on the development agenda. Let us take any political party in AP, they acknowledge the institutional strength of the poor and they are competing with each other in terms of what benefits each one will provide to the poor. Placing poverty eradication very strongly on the agenda of the political parties is a very important contribution. Apart from this, the acceptance by all the political parties

and also by the bureaucracy regarding an alternative way of reaching out to the poor that can be through the institutions of the poor and all the land departments especially who have accepted this. This is also a very important contribution which goes beyond the economic benefits that we are talking about. The change in policy impacts the whole system – within the government, commercial banks or insurance companies, they all have to change their business processes. This is really a great contribution – take for example, the health department has changed guidelines, the women and child welfare department has changed its guidelines. There is no development programme in the rural areas, which does not take into account SHGs and their federations today.

Question: In one way SERP has done something which is unimaginable. But also are we simultaneously increasing the risk in the intervention as institutions of the poor in taking up so many problems?

Answer: SERP's basic co-operative structure is the SHG. The most important co-operative in this whole network that has been created is the SHG and I would say virtually 95 percent of the financial transaction takes place among the SHGs members or between the SHG and the banks or between the SHGs and some other entity. The SHG therefore has a pre-eminent role.

This has never been there in any co-operative; in a large co-operative, few people take decisions, so the SHG federation model comes close to an ideal democracy as much as possible. Federation is also not a federation of individuals but a federation of SHGs. The SHG leaders are able to reflect the interests of the group and report back to the group every week again to ensure that there is greater bonding in the group. We have weekly meetings as a norm. The meeting's norms, the design of the programme, the structure of the institution is such that there is a heavy transaction cost. These are in itself, some design features which have eliminated capture of the institution by the elite. Also our norms are such that the ultra poor should be the majority in the office at the village organization level, mandal level, zilla samakhya level. These are some checks but as always, there are threats and we have to continuously monitor what is weakening these institutions. It is the responsibility of

the institutions and SERP to be on guard so that they don't collapse. But we are very sure that this is not going to happen because the principles here have been different and there has been a constant focus on adhering to norms.

**Question: What are the other challenges in institutional development?**

Answer: The challenges essentially are that we undergo a lot of stress during the elections and this is one place where there will be pulls and pressures. It will take us another 7 or 8 years to be able to say we have enabled all poor households out of poverty. We don't see lot of emphasis on education. The newer SHG members or the younger SHG member see education as the ultimate way out of the poverty. Guiding them in pursuing education is a challenge to us. We also see health as a very important challenge, because the health indicators in AP are very poor. If we don't improve this then again they can fall into poverty due to health shocks. All the other things have been taken over by the community agencies. It is a continuous devolution of responsibilities which are handled very well by them, looking at new challenges and then seeing how they can act as the main institutions. Once they internalize this than they move on in taking up more responsibilities.

**Question: Within the economic intervention, I think you have talked about these institutions being dynamic. Obviously the economic structure are now completely integrated, we have a kind of influence across and unless they constantly adapt to the market needs it's very difficult to manage the flow. How do you think the institutions get such dynamism?**

Answer: What we are seeing now is that there is slowly a need for a livelihood group, around the core livelihood of the poor - wage labour, agriculture, and livestock. The SHGs, Village organization, Zilla Samakhya are the mother organizations. For example, we now see the emergence of sustainable agriculture initiatives which is a large scale initiative for farmers or tenants or whose livelihood is centred around agriculture to come together. Nurturing these livelihood-based organizations is our next mission.

Question: Significant growth has been in the agriculture and dairy sectors. Do you see both these groups as emerging and what is the time frame you are looking at?

Answer: I would say the next 1 or 2 years we will also track the farmer's organization because that's been a very difficult concept and the only example of farmers' co-operative which I have seen has been very disastrous. The others definitely can't be replicated like the Mulukanoor model. It will work now if we have a credit structure which will be independent of this and if there is a dedicated group which will worry about the value chain risks. It will work in our case as we have the mother institution - SHGs in place. Similarly for dairying we have the village milk collection centers, village mandal level milk pooling unit committees. But these are our results in next 2-3 years. We are working out as to what can be an equivalent to SHGs in this livelihood-based organizations.

Question: Is there any message you would like to give to the new project that is being replicated on the model of SERP, in Bihar and in other states?

Answer: Basically I will advice the State to keep the design simple and to let it evolve. Over designing projects will not work and in this regard, they can learn a lot from us. They should see our experience and what should be done and what shouldn't be done. It all boils down to project personnel implementing the program and their belief on the capabilities of the poor.

Question: SERP is a quasi - Government kind of body and SHGs and Federation are part of civil society. These two counter balance each other. I mean for the development to happen, both are required. They have to counter balance each other's own problems. How far can a government or a quasi-government body go in developing a truly empowered institution of the poor?

Answer: It can go very far. The frame work used in the constitution has to be taken as the guiding process. We are true to the constitution and everyone in the country is accountable to that. Definitely it goes against the rent seeking behavior, and that's good. What we have seen is SERP's ability to influence programme practices to keep a check on the rent seeking behavior. Developing an institution of this strength won't happen in one day. One should be conscious about what kind of obstacles can be

overcome when the SHGs are at the first level. When the SHGs become very strong, the obstacles may themselves vanish. As long as they are true to the spirit of the constitution, we have seen in many cases where the obstacles have disappeared on their own. It is a difficult task, but once we are very clear and guided by the principles of constitution and the fundamental belief in the power of the people, then all doubts will dissolve.