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## **FROM COMPASSION TO COMPETITION**

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### **Summary :**

*In this paper the author argues that on the one hand the benefits of liberalisation have not reached the poor - in fact, the areas in which the poor have a major stake continue to be firmly controlled by the Government. On the other hand, the values underlying socialism which inspired programmes that supported the poor (when implemented honestly and effectively) have been weakened as market forces rapidly take over.*

*Therefore, there continues to be an important role for NGOs. However, this calls for new skills in NGOs that go beyond traditional projects to involvement in **strategic areas**. It also places a responsibility on the NGOs to project and live by the values of compassion, honesty and professionalism.*

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A senior Indian government official recently asked me whether the new economic liberalisation policy has adversely affected poor people. My response startled him. Poor people, I pointed out, have always lived in a privatized economy. They have paid interest rates that reflected the market rate of credit plus extortion, the size of which depends on their degree of vulnerability. They have not been organized, hence competition keeps their wages below the official rates; they work for daily wages often through contractors, hence layoffs have been a way of life. They have coped daily with a situation of scarce resources and limited options for obtaining such essential items as food, transportation, education, shelter and health. Liberalisation only removed any sense of guilt that may have lingered on in the conscience of the country's politicians and administrators. The gap between practice and rhetoric narrowed.

Opinion is gaining ground to remove the word "socialist" from the Constitution. It was added to "secular" and "democratic" to qualify the Republic in the early '70s. True, socialism is no more respectable; any "ism" for that matter, elevated to an ideological position where checks and balances are smothered, where institutional reform and evolution are considered heretical, becomes irrelevant and a burden on the people. Socialism is no exception to this rule. But, at the same time, there is no denying that socialism in the early years institutionalised a degree of compassion in the official system - call it reservation which started in the territory ruled by the Mysore Maharaja but spread throughout the country after independence, or investment in a large number of anti-poverty programmes and public sector enterprises where the profit motive was not the only driving factor.

To industrialists, privatization means increasing freedom to bring in technology, capital and consumer goods, including luxury items, to cater to a relatively small, elite group. It also means a decrease in the government's licensing power and a decline in the monopoly status and privileges of public sector enterprises and major private firms. This opens up space for new business players. But this space has to be paid for. As the door opened for major players to enter, MYRADA realised that the poor have little chance of entering these spaces; it also knows that it has no experience in production and marketing. Hence it decided to approach industry for collaborations. While industry looked after materials supply, design and marketing, MYRADA provided the support required to identify poor women willing to be trained and to work; it provided space and facilities for training and production; it organised women into co-operatives which could take over and manage the economic activity. Till such time as the activity became viable, MYRADA provided support. This collaboration based on comparative advantages of the intervenors has been successful in many ventures; watch straps are assembled, uniforms are collected and laundered and several other ancillary products are now produced by poor women who would not have had opportunities to enter the spaces provided by liberalisation. This is a role that NGOs will increasingly have to play if the poor are to derive at least some of the opportunities resulting out of liberalisation.

To financial institutions, the new economic policy presents the opportunity to raise resources in the open market, to free lending policies to respond to the market both in terms of interest rates, which had been fixed at unreasonably low levels by the government, and to explore previously restricted avenues for investment. While in the past, financial institutions were conscious of their social obligations and felt a twinge of conscience if they were accused of operating only for profit, today they have no such qualms. Profit is now associated with all that is good, and though the obligations to advance loans to priority sectors still exist, the loopholes are growing. Further, the network of bank branches is not growing; several branches are being amalgamated. New financial institutions like the Local Area Banks will compete with the Commercial Banks; they will not respond to the need for credit by the poor. NGOs have a serious

obligation to ensure that the poor have access to credit. The Self Help Group strategy and the change in RBI and NABARD norms allowing Banks to lend directly to SHGs (without asking for the purpose or considering the unit cost) supports this strategy. The change from individual lending which has dominated credit provision so far, to group credit does not come about easily. The ability to assess an institution like the SHG has to be acquired through training and a reorientation in attitudes and work schedules. The NGO has a major role in supporting the formation of self help groups, in training bankers to relate with them and in fostering policies and administrative decisions that support this strategy throughout the country.

To large farmers and those with access to irrigation, privatization has meant higher prices for surplus food (mainly wheat and rice), better quality seeds available from private producers, easier credit and increasing opportunities to invest in high technology, export-oriented products. Conversely, small and marginal dryland farmers whose livelihoods are based on complex, diverse and risk-prone agriculture find that investment required to decrease their vulnerability has declined; so has investment in research in crops that they are accustomed to. The extension system is also not geared to farming systems which these farmers adopt to cope with their situation. NGOs need to work for a reform in agricultural policy governing complex, diverse and risk-prone agriculture, for major investments in the areas of research - both basic and adaptive which is localised and need-based.

To Government, privatisation has provided the rationale for cutting back on capital expenditures. This trend started even in the eighties when decisions reducing subsidies and expenditure on infrastructure (which appear to be major features of liberalisation) already became operative. Even in agriculture which is the mainstay of the majority, government investment has declined in real terms. From 18 percent of total gross domestic capital formation in 1980-81, it has declined to 11 percent in 1991-92. Investment in dryland farming in which the majority of the poor are involved has had an even steeper decline.

It is not too far from the truth to say that the Indian State has abdicated the role it played during the first 30 years of Independence as the prime mover of economic growth as well as the principal dispenser of social justice.

Liberalisation is hailed by industrialists for unraveling red tape and cutting down the number of permissions and licenses required to set up any project. Yet, this freedom has not reached the poor. For example, the rights over non-timber forest produce which are a major source of livelihood for the poor are still held firmly by Government and leased out to contractors who often hold a monopoly. As a result the poor earn a small fraction of the market price of these products. What is the use of having the right to collect produce, if they cannot sell individually? Stocking and selling bamboo products is illegal even for artisans who depend on bamboo for their living. Tendu leaves

growing on private lands in Madhya Pradesh must be sold to Government agencies. Tribals can collect broom sticks in Orissa but cannot bind them into a broom or sell the brooms in the market. A farmer in Uttar Pradesh cannot set up a brick kiln, or a cold storage, or even cut a tree standing on his own field without getting permission from several petty officials. A study by IIM, Ahmedabad quoted by Dr.N.C.Saxena shows that charcoal makers in Gujarat need 4 permissions: one to cut *prosopis juliflora* (Bellary Jalli), two to transport the wood, a third one to set up a kiln and a fourth to transport charcoal. Yet, this is the major cooking fuel of the poor in several rural and urban areas.

Voluntary organisations have a major role and responsibility to lobby the Government and to organise people to remove these restrictions so that liberalisation has meaning for the poor as well.

Travelling through small towns, there is ample evidence to indicate that they are today the centres of growth. Growth has brought with it problems related to congestion, management of industrial waste, drainage, water and sanitation. One of the reasons for this boom is that the entrepreneurs in these towns do not bother to get all these permissions required to use (or abuse) natural resources; they are protected by local politicians who are close at hand and easily approachable; they can move ahead much faster than those who have to deal with the bureaucracy in large cities. Voluntary organisations need to focus on these centres of growth; to change the attitudes of leaders, to help set up local level institutions and to raise public awareness about the need to manage natural resources.

When essential resources are scarce, the situation of the poor and the powerless is even more difficult. I was recently sitting in at a meeting of a women's self help group in our Dharmapuri Project (MYRADA has helped to promote 3,000 such groups of which two thirds are women's groups). I had sat in a meeting of this same group 3 years ago. The difference was remarkable and stirring. Three years ago the women were quiet and had to be prompted; now they were aware of their rights and responsibilities, they had fought and won several issues in the village and had a common group fund of Rs 2.3 lakhs built up with the savings, interest on loans and direct loans from the Banks; inspired by this example, two other groups had sprung up. The point however is that this group wanted to invest in small scale enterprises all of which required power (electricity) - and this was a scarce commodity. There was no way they could move beyond on-farm and small trading investments; they had the common fund from which they could borrow, but power was a major constraint; the bribes they would have to pay to secure a connection were too large for them and disproportionate to the total investment. A day later I was asked to meet a Committee of Parliamentarians who had come to study the anti poverty programmes. I pointed out that there was a causal relationship between power and poverty; it was not only Tata and Birla who needed power, our poor also needed access to power quickly and easily just as they needed access to and control of credit in order to progress. Liberalisation has resulted in a surge

in demand for power both for production and consumption - both in the rural and urban areas; the poor in both these areas are consequently finding it even more difficult to have access to this critical resource.

Liberalisation has even affected national and other donor institutions which provide funds including grants for development. They insist on viability, that every investment must sustain itself. Where does this leave the investment required for capacity building of each individual and for the development of institutions of the poor who need not only forward and backward linkages but sideways linkages as well to acquire the confidence and "power" required to take off and link up with the mainstream? The recent discovery by Multilateral/Bilateral institutions of the importance of micro-credit as a critical component in development strategy is being undermined by the narrow focus on "credit disbursement and recovery"; it fails to understand that management of credit by self help groups in many rural areas was primarily an instrument that helped group members to set priorities, to develop mechanisms required for sustainable institutions and to build up a sense of ownership confidence and "power" to change relations that had kept them "oppressed" all these years.

#### What is the role of Voluntary Organisations in this scenario?

To begin with, it is essential but not enough to make people aware of the causes of their poverty; they need to be supported to develop the institutions which are appropriate to their needs, skills and resource to be built and managed. People need to be supported to foster alternate institutions which must be respected by the official system on their own terms and conditions. This is a mainstreaming approach and strategy, but one in which the mainstream adjusts to the alternate system and not vice versa. To demand that alternate institutions fall in line with the mainstream institutions and operate on the latter's terms and culture is to introduce competition in the equation and the poor are not adequately prepared for competition as yet. Compassion requires that the mainstream respects these alternate systems and builds on their strengths; it is a compassion that fosters self help, not a compassion that regards the poor as beneficiaries and increases dependency.

#### For Voluntary Organisations to make an impact in the future they need to preserve and strengthen the following features:

- They need to be clearly distinguished from consultants. The latter intervene on the basis of BIDS; this reduces their space to induce or motivate change and to transfer of power to people on the basis of genuine participation. To base one's intervention on a bid, makes one into an additional link in the delivery chain that starts with the Government (or Donor). Building institutions of the poor becomes difficult if not impossible. Voluntary Agencies intervene because they are motivated by a cause - fostering appropriate institutions of the poor as a basis for their empowerment, getting involved with issues related to the environment,

to sustainable livelihoods, women, children - these are a few.; they have a clear Mission and a strategy to achieve this Mission. Voluntary Agencies also do not take off because Government has offered schemes to this sector. They are not contractors or turn key operators. This is why MYRADA hesitates to implement certain Government schemes offered to it when experience has proved that these schemes need far more flexibility for people to participate effectively and to take ownership of them.

- They must have a core staff that is committed. MYRADA considers staff committed who have opportunities to earn higher incomes but continue to work in MYRADA. This element of voluntariness is an essential feature of a Voluntary Organisation; it distinguishes it from organisation driven entirely by the "profit" motive which liberalisation has sanctified. Commitment for MYRADA means giving to others, as well as *giving up* something.
- Staff need to be committed to a cause; they need to get excited about their involvement and angry if they find that people's efforts towards achieving their objectives are obstructed. MYRADA's *raison d'etre* is not the availability of projects. To start a Voluntary Organisation because funds are available (as has happened extensively after the Government opened up programmes to NGO participation) does not constitute the basis for a healthy voluntary culture.
- Staff need to be committed to the Organisation's independence. Political influence and favour must not be sought after or entertained; neither should threats from any source be condoned.
- Voluntary Organizations need to maintain a profile which gives them space between their own institution and the powers-that-be, both political and administrative. To be aligned with any party (or even to be seen to be aligned) reduces this space.
- Voluntary Organisations cannot be involved with party politics. This is their *Lakshman Rekha*. Staff who opt to stand for elections must leave the organisation. On its part, MYRADA encourages members of its self help groups to be actively involved in politics and to decide whether they would like to stand for elections to local bodies. Many SHGs have decided to field candidates; over 1000 members have been elected to office in the panchayat structure.
- Voluntary Organisations need to be committed to withdrawing from programmes and areas. This can happen only if they prepare the people from the first day of intervention to form their own institutions which are appropriate to the resources to be managed.

- Competition resulting from the urge to expand must give way to withdrawal and networking with other NGOs and with people's institutions; it is this strategy which Voluntary Institutions need to adopt in order to strengthen their impact and to make it sustainable.
- Commitment to a "not for profit" culture; this should come out clearly in all interactions with people and official institutions.
- Commitment to intervening not only at policy level but also in the field. In fact, MYRADA's experience in all the areas where it has had an impact on policy has proved that it is only because MYRADA was able to implement innovative (and alternate) strategies successfully over a considerable period, that officials and others involved with policy were willing to initiate changes in policy. Without a successful field operation, the case of a Voluntary Organisation is not sufficiently credible for supportive officials to quote as examples that have the potential for replication.
- A Voluntary Organisation needs to be willing and able to cope with confidence whenever it is harassed by vested interests against the poor; a voluntary organisation must have nothing to hide and no hidden agenda.
- A Voluntary Organisation needs to keep a low profile particularly if it is operational. This means that exposure to the Press needs to be controlled and must definitely not be sought after. Efforts to seek publicity have often resulted in the Press highlighting points which have nothing to do with issues related to the poor. The recent press coverage of events organised by a donor is a case in point.

Compassion has been a major feature of what is popularly described as "the Indian way of life". Commitment to institutionalise it in policy and to implement decisions that foster it in society needs to gain momentum once again. Voluntary agencies have a major role to play in projecting the need for compassion and providing an example of what it means through their involvement in society at various levels. If they succeed, the obstacles in the path to progress, particularly of the poor, will be significantly reduced.

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