

## 0114. Paper on Coolie Credit Funds (Nov 1987)

*Paper prepared by Ram and Mario Esteves for presentation at the Rural Savings & Credit seminar at Dhaka*

*To term the existing credit structure in the villages as usurious and thereby noxious to the interests of the vast majority of small and poor peasants is to make a statement of the obvious, applicable to any part of south east Asia. Bagepalli taluk of Kolar District in Karnataka, South India, is no exception. Where our attempt set up an alternative credit system that Coolies can avail of is different from most other similar efforts of voluntary agencies in India is in fact that rural credit is not seen as the cornerstone for all other economic development, but as an integral part of ADATS' overall socio-political effort assisted by economic inputs to humanise the Coolies of Bagepalli. It is not a problem however appealing that can be tackled in isolation of the position of the rural poor in village society.*

*The Coolie Credit Fund set up in March 1985 to provide interest-free advances to member Coolies for petty productive and consumption purposes is not an alternative only in its content and functioning, in that it has evolved from a grass root planning exercise, is Coolie controlled, etc., but mainly in the fact that it represents a logical part of the total effort to create a class of Coolies from out of a mass of poor people.*

### 1. BACKGROUND AND PHILOSOPHY

#### 1.1. The Coolies' perception of the existing credit structure

The rural poor are caught in a dilemma. Just as the urban poor take natural recourse to the local pawnbroker around the corner when sudden and urgent needs for moneys arise, so too the rural poor view their village middle peasants as obvious persons to go to when they need hand loans to overcome crisis. But there the similarity ends. For while the urban poor have a ready curse for the moneylender and he does nothing to hide his colour or profession, the middle peasant's identity is shrouded in a halo of the Patron whose clients venerate him as a saviour who solves all their problems. This is just as much because there are no other viable alternatives, as because of traditions and societal niches that have come down from the ages.

This causes us many problems when we enter into new villages in the initial Coolie Sangha formation period. Middle peasants threaten to cut the credit lines they normally extend to Coolies, and the latter balk with fear and hesitate to form Coolie Sangha Units in their villages unless we assure them that we will set up the alternative Coolie Credit Fund.

We refuse to give any such assurance since we believe that it would then place us in an awkward position of becoming counter Patrons with a grudge against the existing Patrons, thereby defeating the very concept of both, the Coolie Sangha as well as the Coolie Credit Fund. It is only after one full year of resilience that the hollowness of the middle peasants threat can be exposed and Coolie Sangha formation work seriously continue.

On the other hand, the rural poor though mute due to helplessness, are not blind to the fact that this same ready solution to their credit needs is a major cause for their further pauperisation for their children getting bonded, for their lands getting alienated, and for their wages getting decreased.

The rural poor find an explanation that encompasses both the horns of this dilemma in predestiny, ill luck and bad times. An explanation that, ironically has held valid for their fathers,

grandfathers, and those before them, but yet fails to suggest that there is only one destiny, no luck and uniform times!

## 1.2. ADATS' perception of the existing credit structure

In a region like Bagepalli taluk, the existing credit structure plays a very vital and particular role in trying to preserve and perpetuate a peasant economy as one in transition from feudal to capitalistic farming carried out by the dying middle peasant class. This is a regressive role ordained to futility by larger societal forces that will inevitably transform the economy fully to a capitalist pattern. Yet, it has a ferocity and function that has to be clearly analysed and understood if it is to be countered.

ADATS knows that the peasant economy of semiarid drought prone regions cannot be sustained without the middle peasants extending usurious credit to the Coolies. Agriculture in regions like Bagepalli taluk survives at a subsistence level and only a small handful of rich peasants can be termed to cultivate a surplus economy. The never ending struggle of the middle peasants to maintain a false standard and cling to their past dignity is what accounts for the particular type of severely oppressive relationship that exists between *Ryots* and Coolies in regions like ours. Their casteist brutality and political domination do not result from positions of strength. Rather, they are a result of frustrations, deep insecurity, and an inability to even understand, let alone cope with forces of merchant and finance capital exploitation. As a result, the middle peasant class, in its impotency turns with a violent vengeance against the Coolie class.

In such a socio-cultural milieu it is not enough for the middle peasants to have just lands, seeds, manures, work animals and good rains. In addition to all these obvious inputs, they also need capital to give out loans in the off season so that the labour of the Coolies can be undervalued when these small and poor peasant borrowers work during the crop season in order to repay these loans. This cheap availability of labour can be ensured only by giving out loans to Coolies in times of distress and dictating inhuman terms of repayment. Even a cursory study of middle peasant cultivation economics reveals that if they were to pay the Government prescribed minimum wage, they would not be able to cultivate at all. The usurpation of Coolie lands against loans they cannot repay the *Ryots* is yet another vital requisite for peasant cultivation. Otherwise middle peasants would slip into the ranks of the labouring small and poor peasants. Division of land among brothers and sons reduces their holdings to totally nonviable fragments within the span of even one single generation.

Therefore, though the middle peasants make every effort to project themselves as Patrons and saviours of the small and poor peasants and attribute altruistic motives to themselves when giving out highly exploitative hand loans to the Coolies, the credit structure is not only heavily tilted in their favour, but also vitally necessary for their continued existence as a Class.

The bourgeois state is fully aware of this situation, but it is unable to effectively intervene due to physical and human infrastructure limitations. Only of late has the government made an open admission of this limitation and recognised a role for voluntary agencies in building up a social infrastructure of awareness, confidence and a determination in the rural poor to come out of their severely exploitative and oppressive dependence on feudal forces in the villages.

Yet we are convinced that any serious affront on the existing credit structure in the villages cannot be motivated by mere altruistic concerns of the poor. It should stem from a conscious and responsible choice made to attack a semi-feudal semi-capitalistic rural economy. If not, the effort will be complacent and endanger not only the development workers but also the Coolies at an unguarded moment when we expect laurels and credit for doing laudable work.

Further, the effort to set up an alternative credit structure in the villages will fail, if it is not a part of a concerted attack on semi-feudal semi-capitalist conditions that cause the dehumanisation of Coolies into a mass of poor people.

### 1.3. The contextual position of the CCFs in the Coolie Sangha model

In August 1985, ADATS stated its position with regard to the role of economic projects in Coolie Sangha building. We extract below some pertinent paragraphs from that paper in order to share the philosophical and contextual position of the Coolie Credit Fund project in our larger effort.

“The economic position of people belonging to a class can be altered only if that Class itself can alter its position and relation to the mode of production operating in society. Therefore it is not economic projects, small or large, that alter the material status of the poor, but economic events and achievements that are a result of class struggle and altered production relations in society.

“There are very viable real and valid non-economic objectives that economic projects can pursue. These could be termed as socio-political or spiritual objectives that aim at strengthening the position of a class of poor people so that they can enter into struggle -- struggle which will lead to economic change or development.

“It goes without saying that is not the attainment of physical targets in these realistically planned economic projects that count. It is the manner in which the projects are planned, implemented and intellectually followed through ongoing discussions and evaluations that gives meaning to such projects. This is where the importance of grass root planning and poor people’s participation comes out in full significance.

“This does not mean that lower levels of performance or efficiency can be condoned or that the work can be justified to be shoddy and non-serious. Then the very purpose of having economic projects as a component in adult education and mass organisation efforts will be defeated. On the other hand hard work should ensure certain minimum levels of success in spite of obvious societal forces acting against such ventures.”

On the seeming collaboration with the bourgeois state in its attempt to usher in capitalism in the countryside, this same paper went on to state:

“...economic projects pursuing non-economic objectives do not try to introduce or to further capitalistic development patterns. They aim at educating the poor and making them aware of what capitalism really is. The inputs are used as examples for the poor to learn through actual participation and in this sense, like notebooks in a literacy project, are thus expended. Through the implementation of these projects the poor become aware that as contributors of labour power, they are not a marginalised force, but the solid pillars on which the whole economic system rests.

“For the poor to get this confident identity and feel emotionally comfortable as agricultural labourers or workers, they first have to stop aspiring for other, higher functions in society as direct producers. These economic projects must aim to explain to them that they would very quickly be wiped out by the economy of scales in capitalistic society; that the getting of the one cow or whatever that they aspire for will not be able to compete in terms of viability, with the large dairy farms of the rich; that the quantitative definition of capital is growing every day in order to further the polarisation of capital in the hands of a few. Thus, the poor must realise that their inescapable fate in capitalism is to become propertyless sellers of their wage labour, and that this is a role they must accept with honour and pride. They must not try to find solutions for this by individually or collectively imitating the propertied classes.

“Therefore, these economic projects will have to be based on collective authority, control and management of geopolitical viable groups of the poor, while at the same time giving a role for very realistic individual aspirations and interests of present day society. They cannot, with romantically misguided visions of socialist society, be based on the totally collective logic.

“Success or failure of such economic projects must be measured keeping all the above factors in mind. Therefore yardsticks like per capita income, poverty line, etc. used for evaluating the accomplishments of conventional economic projects will have to be abandoned. Instead, educational awareness, organisational strength, monetary gain, the ability of the poor and their accompaniers to deepen their micro-analysis and theorise societal trends, etc. should be the yardstick used to evaluate these projects.”

## 2. ADATS – 1977 TO 1987

ADATS started working in Bagepalli taluk from 14 December 1977. 6 trained Community Workers settled down in huts and rooms in the poorer quarters of as many central villages and initiated adult education and mass organisation work with the poor. Using cultural actions like songs, adult literacy, children’s classes and tackling issues of corruption, wages and land, a close rapport was soon developed between ADATS and the poor in 27 villages.

The ADATS group, comprising of 6 Community Workers and 2 support Staff in the taluk headquarters, met without fail every Saturday in order to review the previous week’s events and develop a class analysis capable of grasping the subtlety of the peculiar and particular situation in the taluk. Regular cadre training, where the Coolie as well as ADATS both learnt, became the pivot around which the entire effort drew its relevance in the first 5 years of our involvement in the taluk.

We evolved a two-organisation strategy where the Coolie Sangha (the mass organisation) was kept distinctly different from ADATS (the voluntary agency). But after 5½ years, in mid 1983, our work in the villages soon became repetitious and came to a dead end from where we did not know how to proceed.

ADATS made a very serious introspection which was guided and assisted by Jan Neggens of NOVIB and Alex Tuscano of PRAXIS in early 1983. Their “Third Opinion” helped us to realise that we had, as a voluntary agency, proceeded just as far as we possibly could in the face of the severe and debilitating poverty that overwhelmed the taluk. For the furtherance of the Coolie Sangha model, it was vital that we helped the Coolies earn at least a few more rupees and also that they developed managerial techniques and functional skills.

It was as a result of this introspection and “Third Opinion” that economic projects were introduced into our work in 1984 in the form of a Dairy Development Project. A year later in 1985, Coolie Credit Funds were started in all 27 villages. In August 1985, with the previously quoted paper entitled “The Philosophy of Economic Projects undertaken by Voluntary Agencies” the impasse was fully broken.

A very important development took place in December 1984. The group concept was abandoned and ADATS evolved into an organisation. This indicated the end of a 7 year search for a strategy and the beginning of the evolution of an implementation technology. It was recognised that management was as important for the work of voluntary agencies and mass organisation as for industry or any other sector of serious activity. Internally evolved management systems were introduced into ADATS, the village level Coolie Sangha Units, the weekly Cluster Meets, and the monthly BCS Meetings. In September 1986, the Coolie Sangha Model was placed in a matrix and a clear Organogram showing the relationship between ADATS and the BAGEPALLI COOLIE SANGHA was drawn up.

1985 saw a unprecedented drought ravage Karnataka State and this created near famine conditions in 1986. Bagepalli taluk experienced a drastic increase in seasonal migration and misery. ADATS implemented a grassroots planned and Coolie Sangha monitored Drought Relief Works project to give employment to 1,043 Coolie families in 27 villages from January to June 1986.

When jointly reviewing this DRW project, the Coolies as well as ADATS felt that making a once off effort was not the best way to tackle drought. The DRW project had contributed tremendously to increasing wages, developing conceptual and managerial skills, and to strengthening and maturing the Coolie Sangha at the village and Cluster levels. It was therefore decided to continue the project in the form of a 3 year Dry Land Development Project to clear and level Coolie lands, conserve water through self filling bounds, plant trees, etc.

In the meantime ADATS expanded its work to 60 more villages in the taluk from September 1985, and yet to another 60 villages in September 1986. 24 of the 27 older village level Coolie Sangha Units had reached a high level of development and we could confidently claim that the Coolies had become a force to be reckoned with in our predominantly *Ryot* dominated economy and politics.

We realised that we had finally evolved an effective and relevant model for Coolie development, but covering just 30 of the taluk's 200 and odd villages did not give us the necessary base and strength to build up the BAGEPALLI COOLIE SANGHA as a realistic mass organisation representing and protecting the interests of their Coolie class.

In March 1986, the Coolie Sangha Model of Development was finally articulated in the paper, "Coolie Sangha – a relevant strategy for the development of the poor".

Today, these 24 older villages are at the final Coolie Sangha consolidation stage with a total Staff withdrawal already completed and elected CSU Representatives, Cluster Secretaries and BCS Secretary handling not just ADATS programmes, projects and activities, but also managing all other Coolie Sangha functions by themselves. 60 villages are in the Coolie Sangha formalisation stage preparing for the withdrawal of Community Workers in another 10 months, and another 60 villages are in the initial Coolie Sangha formation stage.

### 3. THE COOLIE CREDIT FUND (CCF) PROJECT

#### 3.1. Introduction

The CCF was conceived by the Coolies themselves in a grassroots planning exercise. It indicated a final breakaway the Coolies wishes to make from the oppressive clutches of middle peasant operated credit structures in the villages, where interest rates ranged from 350% per annum to bondage, performing the most inhuman tasks, for generations.

Institutional finance was no solution because the purpose for the loans varied from petty, unproductive socio-cultural purposes to working capital in order to cultivate the odd patches of dry land that Coolies possessed without proper title. Another reason for the incapacity of institutional finance to meet Coolie requirements was the time factor. Very often, the needs for moneys were urgent and had to be met in days, if not in hours. Once again middle peasants were able to fit the boots of this requirement by being always advisable and not needing documentary proof of repayment capacity. Rural banking, however laudable in its efforts to reach the poor, was just not in a position to offer any serious threat to rural usury.

Apart from these very obvious and noble needs for CCFs, it was the Coolies' faith in that ADATS recognised as an outstanding achievement. That the Coolies felt, given an opportunity, they could build up alternative credit structures to counter the noxious results of the existing one in their villages; that they were not reacting to an offer made by ADATS to provide

a new prototype, but land conceived the idea and planned its various details by themselves; that, in a word the subjective conditions for the setting up of these CCFs were ready and ripe in early 1985 after 7 years of our work.

The Coolies did not approach us asking ADATS to replace the middle peasants and in their place we give out hand loans under more benevolent terms. Instead, they approached ADATS for assistance to set up their own credit structure, controlled and managed by them collectively.

We did not see the CCF as just another project undertaken by ADATS but as the highest stage the Coolies had then reacted in the development of their consciousness, political maturity and mass organisation.

### 3.2. The No-Loss Plan

In December 1984 a group of Coolies were relating their woes at the hands of the middle peasantry. They were bitterly complaining that for a bag of seeds they borrowed they had to return two; that they had already sold their December harvests in September and October, when they needed the moneys very badly, ironically, to manure the fields and ensure better yields ! What, they were lamenting was the use of eagerly awaiting the crops? It was in the course of this discussion that a Coolie youth, renowned in these villages for the songs he composed and taught, coined the verse:

*“As much as you take, that much you return,  
When you can, then you return!”*

A series of discussions started and lasted till the end of February 1985 when ADATS reacted with the setting up of the first CCFs. The Fund, they discussed should be the very opposite of the credit rate charged and the profiteers should be the borrowers and not the lenders

They devised a small and simple format that only stated the purpose for which the interest free loan was required and when the borrower felt that she or he could return it. It had to be attested by two-third of the strength of the Coolie Sangha Unit and this, the Coolies thought, was more than enough. The paper need not be legally binding and there need not be any further security.

What greater security could there be than two-third of the concerned Coolie Sangha Unit members making sure that the amounts were properly utilised and returned? The village Coolies knew better than anyone else whether the need of the borrower was genuine, her or his true intentions, their capacity to utilise and repay, etc. No amount of documentary attestations could be greater than this collective Coolie Sangha Unit knowledge.

They also knew that 100 percent utilisation meant 75 percent repayment; that it was only when the borrowers did not utilise the borrowed amounts for the stated purposes that they found it impossible to return their loans. The Coolie Sangha Units felt that they were in a position to ensure this total utilisation of the moneys that they lent out without interest.

In a logical development of this collectivism, they also said that neither ADATS nor the CCF should suffer losses. If a borrower could not return the loan for genuine reasons, or if all the Coolies could not get her or him to repay in spite of their best efforts, then that particular Coolie's membership in the Coolie Sangha Unit would be suspended till she or he apologised, explained, and returned the money. The remaining members of the Coolie Sangha Unit would equally bear the loss and together repay on her or his behalf. Thus there would be no danger of the CCF shrinking away due to bad debts.

### 3.3. The Project

CCFs were started in 23 village level Coolie Sangha Units in late February/early March 1985 to enable the Coolies to give interest-free loans for petty productive and consumption purposes to themselves. It was later expanded to cover 4 more villages embracing 1,043 Member Coolie families in 27 villages.

ADATS agreed to grant upto Rs 500 per Member Coolie for each CCF, over a period of 3 years. By February 1988, the total ADATS grants to these 27 CCFs should reach Rs 521,500. Later, on evaluating the economic impact of the project, and as a result of another "Third Opinion" in September 1986, CCF targets were increased to Rs 1,000 per Member Coolie or a total of Rs 1,043,000.

The membership strength in the 27 individual Coolie Sangha Units varied from 16 to 76. But yet, irrespective of the target, each CCF was started with a uniform starter grant of Rs 1,000 from ADATS. When the Coolies gave this initial grant out to deserving borrowers and there was the proper utilisation and prompt repayment, ADATS matched the amounts repaid with further grants to their respective CCFs. Through this system of matching grants for every proper return made, the CCFs were to be gradually built up to their respective targets.

All the members of a Coolie Sangha Unit meet together for a special CCF Meeting. Individual Member Coolies represent their requirements which are thoroughly discussed by all present. If a majority agree, then the interest free loans are sanctioned.

Each borrower then fills an individual CCF Form stating the specific purpose, the amount taken, and the agreed repayment date. It is not necessary that all the borrowers return on the same day and others are not allowed to impose an early date of repayment on a borrower.

The moneys are then given out in the presence of the entire Coolie Sangha Unit whose members all attest as witnesses on the back of the CCF Form.

The next CCF Meeting is convened on the due date when the borrower/s have to return the amount/s taken without interest. ADATS makes a matching grant equal to the amount/s returned, and this increased capital is once again similarly given out to individual Coolie borrowers.

ADATS has agreed to build up the individual CCFs in the 27 Coolie Sangha Units to targets of membership strength x Rs 500 each over a period of 3 years by February 1988 through this system of starter and matching grants.

If however, a Coolie borrower does not repay on the date she or he had agreed to when taking the interest-free loan, or if a CCF loan is not utilised for the stated purpose, then ADATS does not make a matching grant that time.

In the case of wilful default, all the other Member Coolies have to suspend the defaulter's membership and contribute the defaulted amount themselves. In this way, neither ADATS nor the CCFs suffer loss.

The only cases of loss through default, therefore is when an entire Coolie Sangha Unit decides to close down either because they refuse to exercise a social control on themselves or because of other extraneous social or political reasons. As on today, this has happened in 3 villages and the total loss has been Rs 18,425 or 7% of the total capital granted to the 27 CCFs.

### 3.4. Grassroots planning

In the non-crop season, the Coolies decided the CCFs would be used for giving small hand loans. At first the Coolies insisted that these hand loans should be given only for productive

purposes and not for consumption. Then, a very illustrative incident took place, which made them drastically change their definitions and policies.

In the Shankavarampalli CCF, a Vadde (stone cutter) got up and asked for Rs 100 to feed his family which was in drier streets because they had just got their son married. The CSU refused, saying that loans would be given for productive purposes only. The Vadde retorted by saying,

- “I have a lamb. I can sell it YESTERDAY and take Rs 100 from the CCF today for buying the lamb. By rearing it for 6 months, I will make a value of Rs 200 and get a profit of Rs 100... “Shall I sell my lamb YESTERDAY and take a ‘productive’ loan of Rs 100 today? Or will you give me a ‘consumption’ loan of Rs 100 to tide over my family problems?”

The CSU members capitulated under his crushing logic and gave him a “consumption” loan of Rs 100.

It was after this incident that the CSUs decided that consumption loans were as important as productive loans. That it was not for lack of productive efforts that they were impoverished but due to the oppressive credit structures. And the criterion shifted from productive vs. consumption to repayment capacity.

If the prospective borrowers could show how they could return the loans in the time they themselves said they would, the loan could be given. Gone were the assumptions that the Coolies who took an advance for trading in leather hides could return since she could make a profit. Now she had to prove that it was profitable to trade in hides. The Coolies started making some very sound, down to earth viability studies. Similarly, no Coolie could get away with a lame “I have some money coming – I’ll repay.” They had to show from where the money was due, for what, etc. and then all the CSU members would assess if it was possible for them to return the loan they had asked for.

A very important offshoot of this was that it dispelled the impression prevailing in a majority of the Coolies that the CSU discussions were only for ADATS related matters. Now everybody had to lay everything about their finances bare, and the CCF meetings would often tangent to other discussions.

The structure that ADATS had helped the Coolies to develop was one that facilitated information quickly travelling from one CSU to another. The rich, particular and often peculiar experience of one CSU could be shared by the other CSUs since these experiences were narrated and discussed in the weekly Cluster Meets and the monthly BAGEPALLI COOLIE SANGHA meetings. The particular experience of the Shankavarampalli CSU which made the Coolies realise the importance of giving consumption loans, for example, profited all the other CSUs within a few weeks.

It was through these discussions and improvisations made by the Coolies themselves that the CCF has been planned. And this planning-implementation-reflection-planning process is a continuous, ongoing one.

### 3.5. Shrinking capital

But ADATS was aware all along that the real value of the CCF capital would shrink every year due to inflation even if the nominal value remained the same. (The default rate, however low, has already eaten 7% into this nominal value as on September 1987) We realised that a low rate of interest could protect the CCF capital from shrinking at a rapid rate every year.

However, after a lot of deliberation, we decided that it was not advisable to charge any interest at all. The Coolies insisted that the political value in the no-interest slogan far outweighed the economic value in low-interest and we agreed.

Only recently as part of our general fund raising slogan to the Coolies to contribute 10% of their earnings, from whatever source to their respective Sangha Funds, the CCF borrowers have started contributing 10% of whatever they borrow. From March to September 1987 alone, these voluntary contributions to the 27 Coolie Sangha Unit Funds from the CCF borrowers has totalled to Rs 24,006!

These Sangha Funds will not, however, be ploughed back into the CCF accounts. They will be exclusively used to finance the organisational expenses of running the BAGEPALLI COOLIE SANGHA at the village, Cluster and Taluk levels. Therefore the problem of shrinking capital continues to loom large in front of the CCFs even today.

### 3.6. CCF utilisation pattern

Even when starting the CCFs, ADATS knew that it necessary to study the utilisation pattern. This was very important for us because it was not we who were responding to our subjective assessment of needs, but the Coolies themselves who were objectively stating their priorities through choice of purpose, amount borrowed and repayment time. For us to get a deeper appreciation of the Coolies perception and also in order to be in a position to help them plan ahead, it was important for ADATS to constantly keep its fingers on the pulse of these Coolie stated priorities and choices.

As early as in July 1985, after studying the limited experience gained in the preceding 5 months we stated:

“The average amount taken by each borrower is Rs120. And for different purposes, the amounts taken do not fluctuate too far on either side of this average. At the same time it is inconceivable that for petty trade, for agriculture and for repairing a bullock cart, the amounts required will be the same. Therefore it will be safe to conclude that the Coolies are adjusting their requirements to the moneys available(sharing) and no economic impact of the CCFs can be felt in any of the 23 villages by way of reducing usury, etc. For this, the CCFs have a long way to go. Further ,in the crucial cropping season when the Coolies need capital to cultivate their odd patches of dry land, we are not in a position to meet even a fraction of the requirement.”

The chart on the adjacent page shows the CCF utilisation for 27 villages in the first 5 months, the next 13 months, and the last 13 months. It also shows the cumulative figures as on August 1986 and September 1987 in columns(3) and (5). The first part of the chart reflects the actual amounts borrowed against 9 different purposes and the second part shows the actual number of borrowers and how much an average borrowing was for these same 9 purposes.

As on August 1986 the average amount borrowed had cumulatively risen to Rs170 per borrower because grants from ADATS had increased and 1,375 Coolies had borrowed an average of Rs 186 each in the preceding 13 months.

Today, the average amount borrowed has cumulatively risen to Rs 227 since 801 Coolies have borrowed an average of Rs 357 each in the last 13 months.

The tendency to “share” the moneys available lessened in the 13 month period August 1985 to August 1986 as the CCF capital increased.

During the crop season, nearly all the CCF capital has been used to give out crop loans of first Rs 128, then Rs 160 and now Rs 360 each to buy groundnut seeds and manures. But because the need is high at that time and the moneys available are not enough to react according to quantitatively different needs arising out of different land holdings, all the landed Coolies still tend to “share” the available capital more or less equally.

Crop loans of a 5 month duration and other loans for petty productive and consumption needs for the next 7 months seems to be the general CCF utilisation pattern that has emerged in

most of the 27 Coolie Sangha Units. This is why crop loans have stabilised at about 50% of the CCF utilisation with other purposes accounting for the remaining 50%

Trade, rearing livestock, and repairing houses are the Coolies priorities during the non-crop season. These 3 purposes account for 45.5%, 28.6% and 36.5% in the 3 periods studied. Cumulatively they account for 34.1% of the CCF utilisation as on September 1987.

The Coolies' earlier reluctance to give out consumption loans is reflected in a low 0.7% of the CCF utilisation in the first 5 months. This figure quickly rose to 6.6% in the next tear and has today stabilised at 6.1% cumulatively, indicating a drastic change in Coolie perception of consumption.

Helping village artisans to buy tools, repair bullock carts, and but feed and fodder have a low priority. We believe that this is because there are only very few artisan Coolies or those owning carts or cattle in the Coolie Sangha Units since the average amounts borrowed for these purposes do not reveal any neglect or paltry attention.

When going through the average amounts borrowed, an entirely different picture emerges. It is for redeeming lands that Coolies have consistently borrowed the highest amounts. From August 1985 to August 1986, a dozen loans for this purposes averaged at Rs 816 each! The present cumulative average amount borrowed for getting back lands that their fathers had sold to *Ryots* stand at Rs 529.

The average amounts borrowed for re-thatching homes, repairing bullock carts and for rearing cattle also stand high at Rs 422, Rs 321, and Rs 317 respectively in the last 13 months.

### 3.7. Status of the CCF

We give below a chart showing the actual growth and cumulative annual performance of the 27 CCFs started in as many villages:

	As on July 1985	As on August 1986	As on September 1987
1. Grants made by ADATS to the CCFs	36,950	173,757	263,177
2. Total loan value given out by the CCFs to Member Coolie borrowers	59,830	316,013	601,953
3. Number of Member Coolie borrowers	477	1,852	2,653
4. Rotation of grant by CCFs	1.62	1.82	2.29
5.a. Monetary value of loans repaid on time	35%	51%	59%
b. Monetary value of outstanding (but not overdue) loans	61%	47%	38%
c. Monetary value of wilfully defaulting overdue loans	2%	2%	3%
6. CCF capital eaten into through wilful default	3%	3%	7%

### 3.8. Re-fixing CCF targets

An objective study of the CCF utilisation pattern suggests that for the Coolie Credit Funds to have a real economic impact they should have targets linked to Coolie land holdings in the villages rather than the present ones based on membership strengths.

A Coolie Sangha Unit with 45 members owning 150 acres of land for example, should have its CCF built up to a level where all the 150 acres can be cultivated without the collies having to go to the middle peasants for highly exploitative crop loans.

Besides alleviating the conditions of the Coolies, this will have the wider impact of forcing wages to rise closer to Government prescribed minimum levels, discourage bondage, and weaken middle peasant domination in the villages.

If, for example, an acre of Coolie land requires Rs 500 worth of seeds, manures and other inputs to cultivate, this will mean a more than 3 fold increase in CCF targets in the villages. The only drawback in this is that it will make the technical viability of the CCFs susceptible to drought and poor harvests – excuses that do not find a place at present.

### 3.9. Matching grants

The need to increase the CCF targets was felt by ADATS in September 1986 itself, when evaluating the project, for an entirely different reason. We realised that, quite apart from the evident social control ensuring proper utilisation and prompt repayment, the fact that ADATS had agreed to match every proper repayment with an equal grant to their CCF provided the greatest single motivation for the Coolies to repay.

Even though the CCF project was conceived by the Coolies themselves and its details evolved in a grass root planning exercise, the project had long since stabilised. The excitement of experimenting and evolving had, quite naturally, soon paled into ritual. The early altruism in the creative minority of Coolie youth who were its initiators had given way to set procedures, systems and mundane routine. In the 4 villages where the CCFs were started later, the Coolies were not even participants in the exuberant mood of creating.

The original implementation plan of the CCF project was, as conceived by the Coolies, that ADATS would keep on matching returns, with equal grants till the targets of Rs 500 per member Coolie was reached in each CCF by about February 1988.

The “Third Opinion” given to us in September 1986 was that this sudden stop to the practice of making matching grants from ADATS would severely and unnecessarily test the concepts of Coolie participation and social control, perhaps to a point of snapping. They had played a marvellous role in planning and evolving the project, but the prudence in continuing the relationship on these terms of continuously being put on test was questioned.

Therefore it was decided to continue making matching grants to the CCFs even after February 1988, but on a decreasing scale with each rotation. After February 1988, the next returns would be matched with a 50% grant from ADATS, then with a 25% etc. till all the CCFs gradually reached their higher targets of Rs 1,000 per Member Coolie.

### 3.10. Bank/CSU schemes

The CCF has had many offshoot results. It has made people realise that Coolies are quite capable of making wise choices that often elude the imagination of development planners. Banks, especially have begun to rethink on the validity of their pre-formulated loan packages. As a part of their antipoverty programme, for example, they flawlessly argue the feasibility of rearing 18 ewes and 2 rams. But now they realise that it is only the Coolies themselves, in their own situation specific locale of a particular village, who can assess the capability of a beneficiary to absorb, utilise and repay, and then decide:

- “Gangadhara cannot handle 20 sheep. He has 5 of his own now. For those 5 animals his younger brother Mallanna is full time occupied in grazing. Mallanna can just about handle 4 more sheep in his flock. So let us recommend Gangadhara for a bank loan of Rs 1,300 to buy 3 ewes and 1 ram provided he agrees to insure and tag all the 9 sheep. And we will take the responsibility to ensure that he abides by this decision.”

Such CSU decisions recorded in their Minutes Books are not only respected by the local banks in the taluk, but even encouraged. Had the Coolies not demonstrated their social con-

trol through the running of their CCFs such a positive impression could never have been created.

Coolies have also begun to realise the vast potential in tapping Bank resources. We have heard the beginning of a slogan that says,

*“Bank/CSU loans for our larger economic purposes,  
CCF loans for meeting our socio-political needs.!”*

This slogan has a reference to the recent trend to increasingly utilise the CCFs for consumption purposes, fighting court cases, releasing bonded labourers, redeeming lost lands, etc. needs that institutional finance cannot recognise or react to. While the slogan can certainly be developed into a rallying call to further develop the Coolies collectivism and mass organisation, we are not convinced of its viability.

The antipoverty programmes of the Banks are very heavily politicised by the ruling party for its narrow electoral purposes. As a result, Bankers will, however convinced they are at a dispassionate level, play down Coolie Sangha decisions to a very low key in their personal interest.

Though Coolies and their Sanghas are a critical factor that can influence the result of electoral politics, they do not have enough clout to either wield a continuous pressure, or to offer protection against vindictive actions, in between 2 elections. This situation can change only when the Coolie Sangha begins to effectively cover a larger and geopolitically viable region.

#### 4. REPLICABILITY OF DEVELOPMENT STRATEGIES

In September 1987 we started 35 more CCFs in the new villages of the Chelur Expansion Programme area where ADATS has been working for the past 2 years. Since the Coolies in these villages have had no role in the conceptualising and planning of the project, the Coolie Credit Fund has, in a way, itself been made into a pre-formulated package to be used in ADATS' Coolie Sangha model strategy.

Due to this new area being adjacent to the older villages Coolies in these 35 villages had an approximate idea of how the CCF operated and the benefits it provided. They also had a fair appreciation of the contextual position and role of the CCF in the Coolie Sangha model.

Yet we were apprehensive. We wondered if a plan that had been evolved and developed in one area could be applied, even with some modifications, in an entirely different area. Was not the initial Coolie contribution in the planning of the project the chief cause for its success? Could we by narrating the story of its evolution be able to share the spirit behind the CCFs? Or would it be merely implemented like any other preconceived antipoverty programme? These were questions that nagged us at one level.

At another level were even more vital and global questions. Could any model, evolved in one area and proven to be successful be implemented in another and hope to have the same measure of accomplishment? How much did the fact and process of its evolution have to do with the validity of its content? These were questions that have very deep implications if we are serious about expanding to cover geopolitically viable areas.

If replicability was possible it would be realistic to develop visions of tangible accomplishments. On the other hand, if each area or region had to first evolve and then implement its own solutions, then the process would be slow, drawn out and tiring one, heavily over dependent on the personal quality of individual development workers and small groups. Under the latter circumstances the expansion of a proven strategy would be meaningless horizontal expansion, just for the sake of expansion, for want of nothing better to do.

These were deep and troubling questions pertaining to relevance that haunted us in August 1987 when we went around the new villages of the CEP area introducing the Coolie Credit

Fund project. We held public meetings, had discussions at groups and individual levels, and answered questions.

In September 1987 when the CCFs actually began with starter grants from ADATS, the results were quite encouraging in most of the 35 villages. The Coolies did not mechanically distribute the moneys; they did not tend to “share” it equally.

Normally, when something that can benefit only a limited number of persons is offered in a village, endless squabbling and divisions result. This time though only Rs 1,000 was available in each CCF, and most of these villages had strengths of over 30 members, they were able to hear everybody’s requests and make mature decisions. Most CCF loans in these new villages have been given to prevent individual Coolies from having to compromise their new found dignity by going back to *Ryot* humiliation.

Preventing Coolie children from becoming bonded labourers, enabling Coolies to keep their word and abide by decisions taken in settlements with *Ryots*, etc. are the criteria that have emerged for selecting CCF loanees. Coolies exhibited tremendous wisdom when they understood that with the limited amounts available, a socio-political usage of the CCFs was more meaningful than to try and solve everybody’s pressing problems with paltry sums. This prompted us, in many villages, to grant slightly higher starter grants for their CCFs.

We believe that the main reason why the Coolies were able to capture the spirit behind the project was because of a solid Coolie Sangha formation and formalisation effort that had been put into the CEP area. But an equally important reason was that we made the effort to communicate our fears and worries to the Coolies themselves.

We realised that a frank and sincere sharing of our genuinely felt concerns was the only way to find a solution for these apprehensions and ensure the success of the CCFs in these new villages. Otherwise they would have become mechanical systems that served only the very obvious purpose of alleviating credit needs to a small extent.

This paper is a complete reproduction of everything that both of us and other ADATS Field Staff shared with the Coolies through 8 public meetings, innumerable Cluster Meets, and still more small group discussions and private conversations in August 1987.