

MICRO-ENTERPRISE

Small loans make a big impact



Eswari, left, and Kustori clean out their milk churns. Lack of finance is holding them back

Eswari is resigned to putting her hopes on hold. She's got a good business, started with a micro-loan from her self-help group, and it's going well. She and her business partner, Kustori, buy milk each day from 45 dairymen, mostly women's self-help group members, and sell it to teashops, village customers, and the government milk unit. They make a useful profit - about Rs 100 a day each, more than they could earn from farm work, which is pretty much the only employment around.

They've been running the business for four years now, and they're confident of their trade. They'd like to expand. And that's the problem. They can't get the finance.

Eswari is one of several hundred women among thousands of micro-entrepreneurs that VST's partners work with who are waiting for credit to develop their enterprises.

The credit comes from three sources.

There are the self-help groups' pooled savings, which are fine for small personal loans or start-up micro-enterprises. There is bank credit, disbursed through self-help groups, but only Rs 10,000 at a time. And there is federation credit, from the accumulated resources of the federations of self-help groups. Most of the federations that VST works with have only modest revolving funds to lend out to their members.

So Eswari has to wait until other entrepreneurs have repaid their loans

and the federation has funds to lend to her. She is looking to borrow Rs100,000, a big sum in micro-credit terms. But the milk trade is fiercely competitive. In order to sign up new milk suppliers she has to offer credit in turn to her suppliers to help them buy cows. The federation has approved the loan, and when the money comes through it should enable Eswari and Kustori to double their income.

Milk production is still a cottage industry in rural India, and keeping a couple of cows is ideal for micro-enterprise. It is the most popular small business among the women's groups and is likely to stay that way with demand for milk booming.

VST is focusing on ways of providing more money for federations' revolving funds, both to help finance increased income for people like Eswari and Kustori, and to provide an income to the federations to make them stronger.

VST and micro-credit

1,300 self-help groups
25,000 group members
9,200 benefit from loans
11,000 micro-enterprises

COMMUNITY ENTERPRISE

Women's groups put up the cash for their own co-operative business

It's not just individual women who can benefit from starting a small enterprise. Women's federations can go into business too. All the federations that VST works with in Theni district are running or starting businesses with the aim of making money for their federation. Extra income from a community enterprise helps the federations to become independent and self-sufficient - the goal for the long term.

Malarchi federation is the latest to get a new business successfully off the ground. The federation leaders decided to act after seeing the success of enterprises started by older long established federations. They thought about what kind of business might suit their area and decided upon retailing cattle feed. After all, many of their members already kept one or two backyard cows. The leaders spent more than two years researching their business idea, talking to potential customers, assessing the competition and learning about the fodder trade.

Their key move would be to undercut existing suppliers on price, plus ensuring they sold good quality unadulterated feed. Trading started last July and already they have more than 100 customers.

One customer is Veeramal, a member of a self-help group in the Dalit village of Malaikoundaripatti. She has four cows.

She buys from the federation because the feed is cheaper and the quality good. "You can tell it's good quality from the milk yield," she says.

The federation buys its stock from a wholesaler twice a month, hiring a small truck to cart the bags of feed from the town of Theni to their storeroom. Some of the feed is sold en route, the rest from the store, using autorickshaws for delivery.

Currently they are selling 20 tons a month, and making around Rs13,000 profit (£180).

The storeroom cost £5,500, financed partly by the federation's own funds, partly by a loan from a friendly NGO and partly by taking an Rs1,000 (£14) interest-free loan from each of the 150 women's groups in the federation. This was an innovative idea, and it enabled the entire membership to contribute to a collective enterprise.

In the short term the investment has hampered the federation's ability to provide loans for individual micro-enterprise, and some 30 women are on the waiting list for micro-credit. But with profits ploughed back and loans being repaid the federation will in time be able to resume lending to its members.

There is plenty of scope for the business to grow. Some 350 federation members keep cows.



Above: Raja, a small farmer with eight cows in the village of Rajapankotai, feeds one of his cows. He buys 15 50kg sacks of feed each month from the Malarchi federation and is delighted at the lower price and savings on transport costs.



Left: leaders of the federation with some of their stocks of cattle feed in their warehouse in Dharmathupatty. The building also serves as a meeting room for the federation.

'I have to talk to business people about money . . . I never thought I could do that'

Vaigai federation earns £10,000 a year from its well established business trading in silk cotton. VST supporter Paula Nightingale met the two women heading the enterprise

The Vaigai women's federation is an alliance of 143 women's self-help groups in the Varasanadu valley. The federation, founded in 2001, oversees the day-to-day running of the self-help groups, organises campaigns and training, and represents the members' interests at district level.

The federation president is Thangam, a 41-year old who makes her living as a dhobi - washing and ironing clothes. Married at 14, and widowed at 20, she

struggled to bring up her son alone. She says: "Life changed when I joined the local self-help group. Initially I was very afraid of being the leader, and found it difficult, but after training I have become much more confident."

The federation accounts are kept by Indra, a 51-year old divorcee who used to work as an agricultural day labourer. One of the relatively few literate members of the self-help groups, she was selected for accountancy training, and received an income generation loan to set up a business selling spices.

For many self-help group members, income generation loans provide an

opportunity to develop small-scale businesses; the federation also aims to create sustainable larger ventures that will employ local women; after all not everyone is cut out to be an entrepreneur. In 2008, the federation began trading in silk cotton, a local crop that is used for stuffing pillows and mattresses.

For women like Thangam and Indra, starting the silk cotton business has been a big challenge. "It was very difficult to start as there weren't any women with experience in this business, we were shy and we had to learn so much." The federation provided the capital to buy the silk cotton, but the women had to

negotiate the price, travel by lorry to collect the goods, assess how dry it was, check its quality and weigh it. "Men doubted that we could handle all this, but now they see that we are good at it, and we have a good reputation as we are straightforward to deal with."

The business has grown each year as the women have learnt new skills, and the federation has now built a warehouse to store the silk cotton. They plan to invest in a machine that separates seed and cotton, and start the production of pillows and mattresses next year, thereby increasing the number of women employed by the business.

It's not just the profits that have grown, but also the women's confidence. Indra says: "I used to have no courage and wouldn't talk to people, but now I am more confident. I have to talk to business people about money, to do deals directly with large silk cotton dealers - I never thought I could do that."

All the profits from the business go back to the federation. "Other business people don't understand that," Thangam says, "but we explain that all 2,100 federation members will benefit from this - and all the future members, who are our daughters and grand-daughters - it's for everyone not just for our own gain."

Village tense amid suspicion over death of Arunthathiyar

The High Court has stepped in after tensions grew over the suspicious death of Chinnaraj, an Arunthathiyar man found hanging from a tree in the village of Appipatty, near Chinnamanur in Theni district in January.

The incident illustrates the suffering that can befall the Arunthathiyar community - sometimes called the Dalits - who are treated with contempt and at times violence by other castes. VST supports Arunthathiyar activists in their attempts to escape from lives of poverty, domination, discrimination and atrocity.

The day before he died Chinnaraj, who was employed as a waterman by the panchayat, had been complaining that he had not been paid for many months. His complaints were met with caste abuse, threats and a beating.

A post mortem report said there were no injuries to Chinnaraj's body, but villagers refused to accept this and went to the Collector (chief district official) demanding a second examination. This was ordered and the result is awaited.

The death outraged Arunthathiyars in Appipatty. Refusing to believe claims of suicide they blocked roads and demanded the arrest of those responsible. Police responded by arresting 10 local Arunthathiyar activists in a counter-action under pressure from caste elements. Many Arunthathiyar men fled the village after the arrests.

As tensions grew in the village, the authorities organised a peace committee and gave assurances of no further arrests.

AMMI, the Arunthathiyar activist organisation, later staged a demonstration in Theni demanding Rs 500,000 compensation for Chinnaraj's family.

The High Court ordered a report from the local police chief and that activists be freed on bail.

A painter as a paying guest at Arogya Agam

Robina Hattersley recalls her recent visit to one of our partner organisations

There was plenty of the real India for me to paint in and around Arogya Agam.

Patients waiting for treatment, or having group counselling under the trees, and the children playing, all found a place in my sketchbook, while just outside the hospital I found the rich brown earth of a well-tended coconut grove, patient white bullocks with painted horns pulling carts, people making bricks and six carpenters cross-legged in their workshop.

Some of my experiences in Arogya Agam opened my eyes in amazement. I went with another visitor who was interviewing a victim of domestic violence. We knew that her *sangham*, her women's self-help group, had helped her, but I was interested to learn that the police, particularly the women's police, had been crucial in resolving the problem. This contrasted with the time when the same woman's complaint to the police brought a policeman round to see her husband who gave the officer a bribe, so that the matter was considered, by the men, to be solved. VST has worked hard to bring about this change.

Another eye-opener was being present at a gathering of the sex workers. VST has helped them form self-help groups so that they are better equipped to look after their own health, and aware of the risks of infection by HIV/ Aids,



Robina's depiction of Arogya Agam

to themselves, their children and the wider population. More than half of the sex workers were Aravanis, transgender people, who felt they were women mistakenly born into men's bodies. They were a lively, likable crowd, and it was good to hear VST has been instrumental in getting them ID cards and housing.

My room in the hospital compound was well equipped with a little bathroom, a mosquito net, drinking water and a strange electrical contraption for making hot water for washing.

From my room I could watch staff and patients coming and going, the minibuses taking patients to the nearby government teaching hospital, the sweepers cleaning effectively although their leprosy-scarred hands had no fingers, and the children. It was the children who filled my horizons and my heart because most of the children

living in the compound were orphaned by Aids and usually HIV positive themselves. The antiretroviral drugs can be wonderful, but some children had reacted badly to the drugs, and others were finding the drugs had lost their potency after years of treatment.

The Children's Programme is a day held once a month when grandmothers, aunts, and sometimes neighbours brought the children they were caring for to the centre for physical checks and much needed support and encouragement for the carers. One of my pictures shows such a day, and I am going to use it when raising funds for the Children's Programme.

Perhaps some readers of the newsletter would consider adding a few days as paying guests at Arogya Agam to their itinerary of southern India. I found it very rewarding.



Federation members at the anti-liquor rally

Women's Day rally calls for ban on alcohol

When word went out that Theni district women's movement was to hold a march against alcohol on International Women's Day the response was immense. Nearly half the membership - 15,000 - wanted to come. The organisers sought desperately to find a site to accommodate such numbers. But there was nowhere to be had.

In the end they settled for a much smaller rally. But what they lacked in numbers they made up for in vehemence, shouting slogans outside each of Theni's seven liquor shops. At a rally, police, judges and social workers endorsed the women's demand for an alcohol ban. Mr K Sivananda Jothi, district principal judge, said most domestic violence was due to alcohol and this should be eradicated so that women could live free from violence.

That so many women wanted to join the protest reflects the deep feelings among women about the impact of alcohol abuse on domestic violence and family life. While alcohol is undoubtedly a factor in violence against women, VST's approach is to support anti-violence committees that work to combat domestic violence in villages and to promote women's rights in the belief that underlying gender attitudes are a big part of the problem.

Village Service Trust

68 High Street, Hail Weston, St Neots, PE19 5JW

Charity no. 277111

Phone 01480 473437 or 07814 334980

Email enquiries@villageservicetrust.org.uk

Website www.villageservicetrust.org.uk