

**Food Assurance at Work in Gangavaram Mandal, Chittoor District, AP.**  
**A Case Study**  
**M. Thimma Reddy,**  
**the Centre for Environment Concerns, Hyderabad. E-Mail: cenvicon@hd2.vsnl.net.in**

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Gangavaram is one of the mandals in Chittoor district selected for implementation of the World Bank financed District Poverty Initiative Project (DPIP) also known popularly by the Telugu name Velugu. The Rice Credit Line (RCL) programme in Gangavaram is implemented in the background of this World Bank supported DPIP programme and the surplus grain available with the Food Corporation of India (FCI).

**Socio-economic background of Gangavaram:**

Main occupation in this area is agriculture and agriculture labour. Some of the families come from artisan castes like ironsmiths, potterers, fishermen, stone breakers, shepherd/cowherd castes like kuruba, valmiki, golla/yadav, service caste like washermen and barbers. But at present only a few of these castes people are doing their traditional caste occupation as patronage for their products/services declined. For example persons from kuruba caste besides rearing sheep also used to weave blankets with sheep wool which is locally called 'kambali'. But now a days in this area no family is producing these blankets. But the woollen blankets made in Rajasthan and Punjab had buyers here. Those who have lost their traditional occupations turned to agriculture for a living.

Agriculture in this area is predominantly rainfed, dry land agriculture. Only a small proportion of area has irrigation facility. Main source of irrigation is wells, which also depends on the rainfall. Though tank irrigation is present the extent is declining because of lack of maintenance of the structures. Under irrigation sugar cane is the main crop, and paddy is another important but distant second. The local traditional food ragi is only occasional grown under wells. Vegetables are also grown under wells and this is completely exported to nearby urban markets of Chennai, Vellore and Bangalore. In the case of sugar cane earlier it was used in jaggery making which is a labour intensive work. Now most of it is going for sugar production. One of the reasons pointed out the unreliable power supply and without dependable power it is difficult to crush cane and extract juice.

In the dry lands at present groundnut crop is the main crop. It is followed by ragi and horse gram. Here ragi is grown under dry land conditions. In the past sorghum was an important crop. But at present it has completely disappeared and its place is taken by groundnut crop.

One of the implications of this cropping pattern is that much of the food grain comes from outside as local production of food grain has come down. Even ragi is brought from outside this area, mainly from neighbouring Karnataka State. Most of the population purchases it from the market.

Another important source of employment/income in this area is dairying. It is one of the districts where dairy and milch animal rearing has taken roots because of agro-climatic reasons as well as accessibility of markets. But this particular area is slowly getting in to this groove. Belated entry is because unlike other parts of the district it receives lesser rainfall.

The countrywide drought situation this year stalks this area also. All the crops are severely affected. The important local food crop ragi has completely failed.

**Seasonality and Food insecurity:**

This brings in the issue of seasonality. If we take in to account the predominantly rainfed nature of agriculture and sugar cane occupying the irrigated area it is clear that in this area only one crop is possible in a year. Once the crop is harvested and threshed the employment opportunities comes to a grinding halt. Work is available from the onset of rains in June/July to harvesting of crops coming to an end by January/February. Even cane cutting also will be over by the end of February or even earlier. This shows that meaningful employment is available for about six months in a year. If we take in to account the actual number of days worked the employment period will be even less. Some people say that this will be half of the cropping season or three months. During the remaining period hardly any work will be available. The income earned during this short period should be able to see them through the whole year, which is not possible given the low wages. Daily wages range within Rs. 20 to 25 only. Other employment opportunities are almost nil and access to wage opportunities is a severe problem during this post harvest season. In particular the months of April, May and June pose severe hardships to the landless, small and marginal farmers. The two responses to this stress are migration and indebtedness.

The households who have deficits have to fill the gap with the borrowings if they want to reach their minimum consumption levels. But borrowing funds is not that easy, particularly for the resourceless poor rural households. Big farmers or traders, main sources of such funds do not come forward to lend them, as they do not have any collateral to support/cushion their borrowings. In the villagers words no body believes them. In other words they do not have creditworthiness. The surety seeking lenders want either lands or valuables to be pawned to able to get loans. In this backward area many families do not own any land, and most of them lost any valuables already. In such circumstances even if they are able to secure some money through loans it is at exorbitant interest rates. They range from 2 to 5 percent per month. And once they enter this debt cycle it is very difficult to come out of it.

This indebtedness has other facets. It has its links to labour and wages. The big land owners/traders who lend money to the poor families also want the poor family to employ one of its family members as annual farm servant. Under the annual contract they receive very low wages though they work round the year under demanding working conditions. Some times the loan amount is so big and rate of interest so high that it is very difficult to come out of this debt bondage. Some times the poor families in order to meet the food needs take advance from the landlords. Because of this favour they have to work for lower wages during the work season.

Another response to food insecurity during lean season is resort to migration. Usually male members and some times women also migrate to urban centres in search of work. Tirupathi, Kolar, Cuddapah and Bangalore are the important urban centres to which people from this area migrate. In these urban centres they work in construction industry. Migration starts from the Ugadi festival. Ugadi is the New Year festival in Andhra Pradesh/Telugu speaking areas/families. This falls in summer season.

Another important factor affecting their access to foodgrain is that of lack of market access or facility. Most of the villages are small and do not have proper shopping facilities. Quite often they have to go to nearby urban centre, in the present case Palamaner. The practice among the people here is to go to this town on weekly shandy/local market days and buy according to their needs. This again implies that they have the cash when they need which is not the case. To this they have to add transportation cost. Even if a petty shop is there in their village the price at which foodgrain available is higher compared to the nearby urban market. This makes the villagers prefer the weekly market to the village petty shop owner. In the villages they also complain about problems of weights and measures. While the shopkeeper buys with one set of weights and

measures, he sells with another set of weights and measures. Given the lack of choice and necessity villagers' approach the village shopkeeper for provisions. This extra cost involved in accessing foodgrain also adds to their problems. Any effort to address their food security should also examine this lack of access to foodgrain market.

Coarse cereals like jowar, bajra, ragi and samalu formed their traditional diet. Over the last 20 years the consumption of jowar, bajra and samalu declined to such an extent that now a days they do not form part of their daily food intake. The samalu crop almost disappeared. The cultivation of jowar and bajra is very negligible. Only ragi crop continued to be cultivated. Even its extent has come down. But it still forms an important part of the diet. For their ragi needs the villagers depend markets in neighbouring Karnataka State like Kolar and Chintamani. With the spread of commercialisation the coarse food crops yielded its place to ground nut crop. Even ragi which continued to be an important part of the diet is broadcast as an inter crop. Under well and tank irrigation sugar cane cultivation took precedence over food crops. Even sugar cane is preferred to paddy. Net result of this change in cropping pattern is that this area has become a net importer of food grain. To this one can add the influence of PDS where only rice is provided at subsidized rates leading to shift of consumption towards rice. Further the shelf life of ragi is very short compelling frequent travel and purchase leading to rice gaining preference.

This changed cropping pattern and PDS rice resulted in altered food habits. Rice replaced other coarse cereals as the main food grain. And ragi continued as a supplementary food grain. They prepare ragi balls using both ragi flour and rice. Parents complain that children do not like to eat ragi balls and prefer rice only. Because of this consumption of rice increased. Rice supplied through PDS outlets is not sufficient to meet their food requirements. The gap has to be filled with purchases from the open market. Open market price of rice is normally double that of PDS rice deters them from buying full quantity to meet their requirement. The one choice they choose is to buy broken, some times disfigured rice at a lower price. Still price of broken rice is costlier than PDS rice. At present while PDS rice is available at Rs. 5.25 per kg, broken rice is available at Rs. 7 and rice is available at more than Rs. 9 per kg.

Regarding ragi, while small and marginal farmers get a portion of their consumption from their own lands, landless families depend entirely on the market for their requirement. Poor families also try to buy a quintal of ragi at the time of harvest, as price will be low during that season, mostly from the farmers of the same village. Some times they also buy it from the neighbouring Karnataka State and the price during this period ranges from Rs. 500 to 600 per quintal. Because of drought and crop failure this year the price is Rs. 700 per quintal. Given the importance of ragi they buy it on loan or obtaining money through loan. The loans are not so easily available. Those who cannot buy in bulk buy it according to their need once in three to four days. They buy it from the village shopkeeper. Now a days ragi flour is also readily available. Given the short shelf life of flour some times the flour that they get is not of good quality, but they have no other choice.

#### DISTRIBUTION OF HOUSEHOLDS in GANAGVARAM MANDAL

Caste	Poorest Of the Poor		Poor		Non-poor		Total	
	No.	%	No.	%	No.	%	No.	%
SC	1113	33.40	805	19.96	69	4.01	1987	21.86
ST	144	4.32	50	1.24	12	0.70	206	2.27
BC	1496	44.90	2230	55.28	634	36.82	4360	47.98
OC	579	17.38	949	23.53	1007	58.48	2535	27.89
<b>Total</b>	<b>3332</b>	<b>100.00</b>	<b>4034</b>	<b>100.00</b>	<b>1722</b>	<b>100.00</b>	<b>9088</b>	<b>100.00</b>

		36.66		44.39		18.95		100.00
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According to a recent enumeration of households in Gangavaram mandal carried out by Velugu staff there are 9088 households. Out of this 3332 households accounting for 36.66% of the total households are categorised as poorest of the poor. While 44.39% of the households are categorised as poor remaining 18.95% of the households are categorised as non-poor. More than 80% of the poorest of the poor households come from SC, ST and BC castes. Similarly more than 75% of the poor families come from SC, ST and BC castes. Among the non-poor households SCs account for only 4.01% while other castes account for more than 50%. This shows that economic backwardness is intertwined with social backwardness.

#### **Velugu Initiative:**

**Velugu** activities in the Gangavaram mandal started in October 2000. It is one of the 10 backward mandals in Chittoor district chosen for implementation of the poverty alleviation programme.

Three Community Co-ordinators (CC) were appointed to initiate work in this mandal. To build strong relationship with village communities, particularly with the target population the CCs stayed in the villages for months.

During this period they also conducted Participatory Rural Appraisal (PRA) of the villages to identify poorest of the poor (POP) families in the villages. In this exercise they tried to involve all sections of the village including members of the village panchayat. For identifying the target families they used the wealth ranking techniques as a part of the PRA.

The work of Velugu stressed on social mobilisation of the targeted families. It aims at empowering these families, particularly women through various activities. These activities encompassed capacity development of the participating women and leadership development among them. This is expected to sustain the programme even when Velugu withdraws following winding up of the programme. One of these activities included forming self-help groups (SHG) and initiating thrift programme in the villages. This thrift programme is designed to be flexible taking in to account difficult livelihood situation in the backward areas unlike DWCRA programme, which insists on uniform Rs. 30 contribution every week. In the case of Velugu in this mandal the amount is decided by the SHGs themselves. SHGs from a village or habitation or from a cluster of habitations depending on the size of the habitations and number of SHGs formed are in turn organised in to Village Organisations (VO) (Grama Samakhya). At present there are 20 VOs in Gangavaram mandal. One Community Activist is appointed to each VO to co-ordinate its activities strengthen its organisation.

Mobilising women from target families posed a challenge to the CCs who initiated the work in this mandal. Village women having seen many programmes come and go are not ready to believe another bunch of young persons. They were suspicious about the new comers, and had doubts about the personnel as well as the programme. A series of meetings and participatory exercises were organised before winning the confidence of the women.

SHGs are used a platform where village women can come forward and share their problems and discuss about alternatives. The problems discussed at these meetings included absence of credit sources, both formal and informal, given the lack of resources, which can be used as collateral. The only collateral these families have, if that can be called collateral is their capacity to labour. The widespread acceptance of providing annual farm servants is a manifestation of this. The other problems discussed included limited and at times dwindling employment/income opportunities,

lack of awareness and the ability to interact with the outside world including the government departments, low school enrolment and the resulting child labour, and expression of all these severe food insecurity.

While some of the components of Velugu like social mobilisation, capacity building, thrift programmes under SHGs, community investment funds (CIF) and bridge schools for drop outs and child labourers addressed some of these issues food insecurity continued to haunt these families. Interaction of the CCs and CAs with the participating women has shown that their borrowings mostly went for purchase of broken rice or other food grain like ragi. Health problems are the second important reason that drove them to the village moneylenders or big farmers. This has shown that effective addressing of food insecurity will help solve many of the problems including debt burden facing rural poor, particularly women.

The search by organisers and participants for a solution to the food insecurity faced by the participants led them to the food assurance programme called Rice Credit Line (RCL) developed by the Hyderabad based NGO. Centre for Environment Concerns. This programme was initially taken up by CEC on pilot basis in the neighbouring K.V.Pally Mandal in collaboration with a local NGO Sahajeevana.

#### **Genesis of RCL:**

The RCL was initiated in K.V.Pally one of the backward mandals of Chittoor district in the background of alarming drought in the year 2001. This attempt was to find an alternative to the existing programmes, which depend on collecting donations. CEC and its partners were looking for new and less money dependent ways of addressing the relief issue as the demand was far beyond the supply. It was also keen to find a dignified way for the people to access relief, as it was appalling to have people beg and fall at the feet of the aid givers and relief workers. Loss of human dignity among people seeking resolution to their abject conditions was extremely worrying. Also, relief measures are for short periods whereas the debilitating effect of drought is much longer.

A way in which relief can move on its own steam, not depend on outsiders and decided by those suffering from its lack was a complex dilemma. The situation called for an approach in which drought relief is a long-term commitment rather than a short-term effort. Thus a long-term solution rather than a one-time dole was central. One of the questions that exercised the organisers was why do we need money whose scarcity was affecting our contributors whereas the need was for food that is supposedly abundant in the country? It was in this background that a scheme of providing rice on credit to self-help groups of village women that could be repaid in cash over easy and convenient instalments was designed with the co-operation and participation of women from the pilot villages. A “business model” with a rice credit line as the building block for village level community owned grain bank was developed, to address the poor facing chronic hunger and food vulnerability.

The lives of the villagers, more so women revolved round the availability of food. Thus the empowerment of women is closely linked up with food at home. When they are not sure about the next meal, they are more prone to go in search of food rather than attending a meeting however well meaning it may be. If food is readily available they are under less pressure and ready to participate in community activity. They also have the capacity, time, and inclination to think about others. More importantly it enhances their status and bargaining power. According to the women in the villages assured food is equivalent to a crore of rupees. The villagers were clear that this is neither a dole nor a subsidy, but a loan that is to be repaid and is the key to its continuation, something they were keen to have. The question is, will they be able to repay? The

women assured that they cannot go hungry and will do some or the other work and repay the grain loan. During the last five months some of them even collected neem seed and sold them to earn money in order to repay the grain loan. When asked why the community has been asking cash as loans instead of grain they said that they considered it shameful to ask for grain in the form of loan, and when the same was offered they did not want let go of the chance.

The response to this idea from the villagers was overwhelming. They developed their own criteria for selection of the households, system for lifting and distributing the grain money collection in instalments. They also developed accounting proforma for the grain distributed and money recovered. In some villages they even worked out that it would be cheaper to bring transport supplies for two months when compared to paying the interest rate etc. A danger such a programme faces is that as rice provided is cheaper than market prices, it could be diverted. The villagers came forward to plug this. They only wanted one commitment – assurance that the rice supplies will not be stopped after a few months as witnessed by them in other programmes. The issue was clear – food security is a problem of the development bureaucrat while food assurance is the basic demand of the poor in evolving an effective system of food access.

The Centre for Environment Concerns approached Govt. officials for providing rice @ Rs 6.40 per kg. They said that this was not possible even though it was provided in GO number 12 of the AP Govt. on drought mitigation measures. CEC explained that in all its relief work and despite asking several times the district authorities did not provide rice for drought relief activities as provided in the GO. We pointed out that last year not a single kilogram of 35000 tons of rice provided to drought relief by the Govt. was used! After a presentation to the Secretary to the Chief Minister, the Govt. agreed to issue instructions to provide rice. The Rythu Sahaya Committee (RSC), a citizens body constituted to provide relief following suicides by young cotton farmers in the late nineties and engaged in relief work in the drought areas came forward to provide the investment. With 32,000 rupees that could buy five tons of rice from the AP Civil Supplies Corporation the programme was started in six habitations in the drought declared KV Pally Mandal in Chittoor district with the local NGO, Sahajeevan.

#### **Food Assurance – The Scheme:**

The AP govt. agreed to provide rice at Rs 6.40 per kg as provided in the GO 12 for drought affected areas. The community agreed that the grain would be priced at Rs 7.00 per kg to cover the interest cost, transportation, management and savings for the women groups. Each household will be given up to 50 kgs of rice per month. The villagers had an option to choose between three models. In the first they could draw rice for six lean months and repay over twelve months. In the second model the group was given rice and when the amount is paid back they could take fresh credit. In the third model the rice is provided each month and re-paid within the month in instalments. In all cases some money has to be paid up front and the group is responsible for repayment. Most of the villages have chosen the third model. This is observed in areas with high out migration. The interior areas have preferred the second model while the first model is seen in some areas with a combination of irrigated and dry land farming. The rice is drawn from the Mandal Civil Supplies depot by the villagers and transported. “Just in time” procurement and distribution eliminated the need for maintaining stocks. The civil supplies depot provides the grain based on an issue order given by the Joint Collector after the money is deposited in the account of the civil supplies unit. We are persuading the govt. that the price of rupees 6.40 per kg includes the dealer margin and cost of transportation and hence it should be given to us at issue prices as applicable to PDS dealers.

Seeing the excellent response, cent per cent recoveries and demand this was increased to fifteen tons in the next month. Soon DPIP groups in the districts of Vizianagaram and Mahabubnagar

joined in implementing this programme. The programme has been operational for four months in one district each in the three regions of the state and one thousand tons of rice has been availed in fifty villages. In all the places the recoveries have been as agreed and clearly shows the will of the poor to make this scheme effective. Several neighbouring villages of the pilot made requests to the AP Govt. for extending the scheme and submitted a petition to government officials in the last Janmabhoomi programme.

On 8<sup>th</sup> August 2001 the Department of Civil Supplies of the AP Govt. issued a GO providing ten thousand tons of rice for drought affected areas on a one-year credit. The Society for Elimination of Rural Poverty (SERP), an autonomous body promoted by the AP Govt. was appointed the nodal agency to implement the enlarged programme. CEC is involved in this expansion and in learning from it with a view to build and advocate such an approach of grain banks in all the food deficit and chronic drought areas in the country. Three more districts are now implementing the scheme while the earlier ones are covering new villages. Reports indicate that the entire ten thousand tons will be over by October 2001. The State Govt. has assured enhancing the credit line based on demand and repayment.

#### **In Gangavaram:**

Successful implementation of RCL in K.V.Pally mandal one of the mandals in the same district and endorsement of the programme at the state level by SERP made it easy for the Velugu staff in Gangavaram mandal to initiate the scheme in the mandal. They went about in a methodical way in taking the scheme to the participants, convincing them about the workability of it, and training them in managing the same with minimum inputs from the staff. For understanding the scheme internal workshops for CAs were organised before and after the same was taken to the villages. Later 10 training were organised to train the women participating in this. Through these exercises they attempted to lay the route map for the scheme that encompass mobilisation, training and exposure, distribution and repayment, and sustainability. During this period they have also developed guidelines/methods to be followed in its implementation. As a part of it they have also formulated the book keeping procedures at different levels – from individual to the Mandal Samakhya.

The food assurance programme through RCL was initiated in Gangavaram mandal in September 2001. Initially it was taken up in 10 villages. 24 SHGs covering 273 families participated in this. In the first month 90 quintals of rice was distributed/sold to the target families.

The participants or target families under RCL are those who have joined the SHGs promoted by Velugu under DPIP. The target families are selected on the criteria for selection of poorest of the poor, poor and non-poor. Only families categorised as poorest of the poor or poor are selected to participate in the programme. For the family to be treated poorest of the poor it should be landless, primarily dependent on wage labour, illiterate, a big family to support, did not receive any help from the government, living in a hut, facing health problems, and migrated often in search of livelihood/income. Small and marginal farmers owning small pieces of land but also depend on wage labour are treated as poor.

The borrowers are selected through participatory and transparent process. In each village where this programme is being implemented wealth ranking PRA exercise was conducted involving all the people including the village panchayat office bearers and the potential borrowing households. Through this process the eligible borrowers are selected.

The participants in this scheme are those who have joined the SHGs under Velugu programme. They in turn are selected with the help of wealth ranking. The rice demand for each member's

family is decided on the basis of the family's size, and the rice that they receive under different government programmes like PDS, Antyodaya, food for work (FFW), etc. In order to be eligible each recipient has to pay Rs. 50 as advance. Under this scheme rice is sold at Rs. 7 per kg. This price includes the price to be paid to civil supplies department, transport cost and a margin of 60/70 paise to be retained by the VO. This will be used to meet contingencies. Each family will receive a maximum of 50 kgs per month. Payment towards this is to be repaid within a month in four instalments to be eligible to receive rice next month.

#### **RCL Status & Coverage:**

Commencing of RCL	Sept 2001
No of villages/Habitations in the Mandal	127
No of Villages/Habitation Covered	119
No of Families	2332
Total Quantity of Rice Lent	4761.57 Quintals

#### **Quantity of Rice Borrowed**

Sl.No	Month	No of SHGs	No of Families	Rice in Qntls
1.	September 2001	24	273	90.00
2.	October 2001	35	417	134.00
3.	November 2001	38	464	141.35
4.	December 2001	44	480	150.45
5.	January 2002	39	431	137.75
6.	February 2002	55	622	206.75
7.	March 2002	56	568	202.87
8.	April 2002	57	549	200.07
9.	May 2002	51	492	191.25
10.	June 2002	63	616	238.00
11.	July 2002	58	550	212.20
12.	August 2002	35	320	119.30
13.	September 2002	137	1276	524.14
14.	October 2002	96	946	394.16
15.	November 2002	122	1231	462.30
16.	December 2002	95	2332	418.95
17.	January 2002	199	2129	938.10
	<b>Total</b>			4761.57

#### **Details of Repayment**

Sl.No	Month	Cost of Rice in Rs	Amount Remitted in Rs
1.	September 2001	56437.20	50000.00
2.	October 2001	83467.26	66060.00
3.	November 2001	88045.50	70037.00
4.	December 2001	93713.00	38045.00
5.	January 2002	85804.00	93713.00
6.	February 2002	128782.51	85804.00
7.	March 2002	126365.69	128782.57
8.	April 2002	124578.00	126366.00
9.	May 2002	119127.71	124578.00

10.	June 2002	148247.82	119128.00
11.	July 2002	132177.26	148248.00
12.	August 2002	74310.78	132178.00
13.	September 2002	326479.00	74311.00
14.	October 2002	245578.00	326479.00
15.	November 2002	287962.05	245578.00
16.	December 2002	260959.77	287962.00
	<b>Total</b>	2381601.23	2117269.57

Since December 2001 Gangavaram mandal Velugu team was able to repay the dues towards previous months purchases in time. Amount due as on December 2002 is Rs. 2,64,331.66. Out of this Rs. 3,430 due from Gangapuram village was exempted due to fire problem in that village. Therefore, the actual amount to be remitted to DPIP is Rs. 2,60,901.66. One of the reasons for this successful repayment is that the members were instilled the need to repay in time to be eligible to receive the next quantity. Along with this they are also enabled to meet the deadline through income generation activities like dairying under community investment fund (CIF). When their incomes are not sufficient they borrow from the savings of SHGs. At the mandal level the Mandal Samakhya has accumulated some money from the margin that it received. By the end of December 2002 it has collected Rs. 2,85,000. This is roughly equal to one months total payment from the mandal. This amount is used to meet any shortfall in payments from VOs. This was done to see that whole mandal should not suffer because of inability of one VO to meet its requirement.

The quantity of rice drawn fluctuated from month to month. In the beginning the drawl was on the rise as new members joined the scheme. The highest quantity 524 quintals of rice was drawn in September 2002. There are also changes in the number of SHGs and families drawing rice. This change in demand for rice under RCL was because the participating families received grain from other sources like PDS, Antyodaya, FFW, wages, and ragi under own cultivation. Some times the decline is also because the participating families/SHGs could not meet the instalments in time to be eligible to receive the next months requirement.

Rice needed by all the members from the village will be lifted by the VO from the mandal stock point of the civil supplies department. Under this the civil supplies department is supposed to supply A1 quality of rice. Given the different qualities of rice kept at the civil supplies godowns the members of the VO are given the freedom to select the rice. Accounts are opened separately in each village or VO for RCL with 3 members.

#### **Issues in RCL:**

It is not that the scheme proceeded smoothly with out any hitch. Indeed there were problems. One of them is related to weighing. In the beginning in the absence of scales they used locally available measures to distribute rice in the villages. This led to discrepancies and consequent controversies also. Besides this, rice bags at the civil supplies did not have correct weights. Also in the beginning weight of gunny bags (650 grams) was not taken in to account. Some times rice stocks were not available at the mandal stock point. A special meeting was arranged with the district civil supplies department officials to address these issues. They agreed to compensate the discrepancies in weight and gunny bag weight. They also agreed to allow villagers to choose the quality of rice. They also have to factor in money to be paid to hamali (porter).

Given the quantity of rice to be transported and the frequency of transport at mandal level they bargained with transport contractor and brought down the transport cost to 10 paise. Mandal level organisers are hopeful of bringing it down further and save some more money.

This food assurance programme had its impact on the participation and spread of SHGs. Assured availability of rice encouraged many women to participate regularly in the programmes. It also led to increase in membership. The incentive of rice availability also attracted women from uncovered villages/habitations to come forward to join SHGs.

The villagers also used the improved availability of food grain to meet some social responsibility. In some of the villages the participants came forward to contribute a handful rice from each members share to a destitute woman or old person in the village. This programme also facilitated frequent coming together of the villagers and discuss about the problems bothering them. Previously there was no occasion for the women to meet and discuss their problems. Now this collective activity provided a scope for them. In the beginning village shopkeepers who were affected by this alternative source of food grain and loss of clientele threatened that those who participate will not get any provisions from them. But in the presence of larger participation they could not dare to do any thing.

On the family front also it helped solve some problems. Ready availability of rice through out the month helped ease tensions in the family. They have satisfaction that rice stock is in the house through out the month. Now they do not have any anxiety of what to do when children demand food or relatives come on a visit. Now they do not have to be satisfied with broken and discoloured rice. Unlike PDS rice they can have rice even when they do not have money in hand. With the availability of this rice they could save Rs. 3 on every kg that they obtained under this scheme. They could spend the saved money on other essentials like pulses and cooking oil.

The success of this programme is attributed by the organisers to the systematised documentation and involvement of the participating women at all the stages. All the decisions are taken in the meetings of the SHGs, VOs and Mandal Samakhya. The documents maintained include Demand Assessment Formats, Release orders, Pass Books, Stock Report, Rice Distribution Register, Repayment Register, Bank challan collection, Receipt books for receiving money from VOs. This regular bookkeeping is maintained at different levels: SHG, VO, Mandal Samakhya. It was arranged in such a way that Community Activists (CA) will only facilitate the work and the actual work will be done by the participating women. CAs have to see that grain reaches the village but they do not touch money and all payments will be done only by respective SHGs/VOs and Mandal Samakhya.

The stress was on the process so that the women's organisations can manage the programme in the absence of any external support. The issue of sustainability is also being examined by the organisers and the participants. This is important because the present supply of rice is in the context of surpluses with the FCI. This may not continue for long. As an alternative they plan to procure rice from the rice mills directly at lower prices.

#### *Features of RCL*

- Money is saved as the price is lesser than in the market.
- They are assured to get food three times in a day and on time.
- Helps escape from famine
- Dependence on others is reduced.

- Will be able to bargain on wages.
- Helps in having a sense of happiness.
- Helps those who migrate to be sure that their households are taken care.
- Unity among the members will go up.
- Can help others to some extent on matters of food.
- Relationships within the family will improve.
- Respect in society goes up
- Women are willing to form groups and run the rice scheme
- Small credit consumption credit availability may decline or end.
- If the scheme is only for a short while it will make the poor worse of and loose traditional credit line.
- If all the villagers do not get rice it may create fights among the villagers.
- The scheme may be used and rice ration cards will be cancelled.

*Factors affecting food access*

- Low wage work opportunities during certain seasons
- A part of the family migrating to another area for wage labour
- Food for work is mostly earth work oriented and does not address rural artisans
- The poorest in a village are seen as those families who are dependent on traditional occupations
- Having some chronic sick children
- Drunkard husband
- Women headed household with no support from their kith
- Absence of small ruminants to address temporary difficulties
- Marriages and other social functions in the poor household
- Pressure for the loans have to repaid immediately after the crop for small and marginal farmers
- Contract wage arrangement being a condition for obtaining small loans for the land less labour.
- High interest rates in the market.
- Uncertainty of getting the loan
- Loan is in small amounts and so they have to buy frequently travelling considerable distance.
- Cost to consumer is much higher than the market cost.
- Market costs are higher in interior markets.
- People put pressure when you have money and used for addressing other demands
- General lack of money in the village during the drought period and lean agriculture season.

*Credit Line principles are*

1. Availability
2. Price Stability
3. Grain quality being uniform
4. Build market structure
5. Market penetration and expansion will need time
6. Use existing Mandal Level Stocking Points
7. Shared objectives of all those involved in the scheme
8. Lower interest rates
9. Look for ways to address opportunities for local food production and marketing.

*Criteria for being in the Scheme*

1. Groups promoted by govt., non-govt agencies and commercial banks
2. Groups having regular savings activities for some time.
3. Regularity and attendance at meetings
4. Loan repayment
5. Quality of account keeping
6. Track record of the group and the collaborating organisation.

*Area selection must look to*

- Food deficit area
- Resource poor area
- Low productivity area
- Rain fed agriculture area
- Tribal and dalit settlements
- Classified as Class C type under minimum agricultural wages act..

*Credit line and grain bank are instruments for*

- Consumers to have a say in the food debate.
- Focus only on drought and rain-fed agriculture areas
- Build know how on market dynamics and food credit management among villagers.
- Community to decide on targeting the households and also providing charity.
- Non-SHG members and are poor to be included.
- A complement and not as an alternative to the existing PDS.
- Emphasis must be on remote areas and tiny/small markets/hamlets and villages.
- Entry point for community development activities and empowerment.
- Building group cohesion, sharing and working out the ethics.
- Promote non-cash instruments of credit for poverty alleviation.
- Use existing rice stock to kick start food banks and expand to include coarse cereals.
- Operations must be based on building sustainable and viable business model at all levels.
- Syndicate and use expertise of FCI and Civil Supplies Corporation in procurement & storage.
- Use food credit and price advantage for promoting food assurance leading to food security.

## **CASE STUDIES**

### ***Varalakshmi***

Varalakshmi is an active member of the SHG promoted by Velugu in Ponnamakulapalli village of Gangavaram mandal for the last two years. Being educated up to upperprimary level she also took the leadership of the Village Organisation (Grama Samakhya) which is a federation of SHGs in the village. She is also a member of the Mandal Samakhya. She belongs to Kuruba caste, a backward caste.

Though she is exceptional in terms of some education and activism she is in no way exceptional when it comes to food security related issues. She is a divorcee. She has to support her two children and her mother who stays with her. She is the sole income earner in the family as the children are young and mother is old. She used to run a pettyshop of provisions to eak out a

living. Her income is directly related to conditions in the village. She used to earn Rs 10 – 15 per day. But this is not assured through out the year. For the last one month her petty shop is converted in to village outlet of the Rural Super Bazar started at the Velugu mandal office in Gangavaram. Still the terms of transactions are to be finalised. This is not expected to drastically alter her economic situation though there will be some improvement.

During peak season she also goes for agriculture labour. Wage paid for women workers is Rs. 15 per day. During this year agriculture labourers in the village could successfully bargain with the farmers to raise daily wages to Rs. 30 in the case of women and Rs. 35 in the case of men. But the continuation of these wage rates through out the year is doubtful as these are bargained during peak season.

Rice is the important staple food. It is supplemented by ragi. In the past sorghum was also an important food grain. Because of changing cropping pattern sorghum has disappeared from the food list. As she has no agricultural land of her own and does not produce her own food she has to purchase whatever she wants from the market. Also she does not have a ration card to entitle her to purchase rice at subsidised price form the PDS outlet in the village.

Her access to food is limited by her income as well as price of food grain and their availability in the village. In the village there is no grain trader and even if a petty shop owner sells some it will be costly than in the nearby markets. As a result she has to go to nearby bigger village or urban centre once or twice a week to purchase food grain. The transport cost adds to the price of grain purchased. Most of the time rice is beyond her reach. As a substitute to it she buys broken rice, which are cheaper than whole rice. The price of broken rice range from Rs. 9 to Rs.11 per kg. She also buys ragi from the market and its present price is Rs.7 per kg.

On average she needs 30 kgs of rice and 10 kgs of ragi per month. Given her meagre income as well as its uncertainty she was not able to purchase full quantity of her need. She has to cut corners basically by reducing consumption. The other alternative is to borrow grain from the trader or borrow money in order to buy grain. Both these alternatives are not feasible, as within the village there is no grain trader to give grain on credit. And the other alternative of borrowing money also is difficult, as she does not have tangible asset to use it as surety or collateral. Also, rate of interest is quite high. Added to this entire severe drought conditions prevailing in the area limited her income.

In such circumstances Food Assurance Programme through Rice Credit Line was brought to their village as a part of the Velugu interventions. It has come as a boon to her. To be eligible to be a part of it she paid Rs. 50 as advance. As a part of it she is entitled to purchase 30 kgs per month at the rate of Rs. 7 per kg of whole rice. It has helped her in many ways. Now good quality of rice is available at a cheaper price. Even with out full cash requirement in hand she can get the full the quantity of grain of her requirement for a month at a time. She has to repay in instalments by the end of the month to be eligible to receive next months requirement.

This facility has taken tension off her mind as she is assured of rice stock in the house for a month at a time. Now she is not worrying about her children's hunger. Untimely arrival of relatives is also not a worry at present.

As of RCL rice comes directly to the house she does not have to incur transport expenditure. As the price of rice under this is cheaper she is able to save some money and spend it on other provisions. Because of this low price she could save Rs. 60 on 30 kgs of rice and spent it on cooking oil and pulses.

In case she was not able to earn enough within the month to meet instalments now she can take loan from the SHG savings at a low interest of Rs. 1 for Rs 100 per month i.e., at 12% rate of interest. This rate was decided by the SHG and it goes back to them.

Varalakshmi says that the participants have become habituated to the availability of rice under RCL. If it is not available it will be a problem to the households.

### ***S.Reddemma***

Reddemma hails from Kuruba caste. There are four members in her family. Reddemma along with her husband and two children live in a house constructed with financial help of the state government in Ponnamakulapalli. Her husband works as a truck driver with a salary of Rs.1000 per month. But this work is not available through out the year, and it depends on the mercy of the truck owner. She previously used to work as a daily wage agriculture labourer. Seven months back she purchased a cow with Rs. 9500. She received this money from Velugu under community investment fund (CIF). This amount needs to be repaid in 24 monthly instalments of Rs. 450. She has to purchase fodder and feed for the cow. She also goes to the fields to collect green fodder. Now she spends all the days in maintaining the cow. She cannot leave it unattended. At the beginning it yielded 8 litres. Now it declined to 4 litres both because of ageing and reduced availability of green fodder. She sells milk to a private dairy at the rate of Rs. 6.50 per litre. This price depended on milk's fat content. After taking in to account all the costs she will be earning Rs 5 to 20 per day. If the cow dries up she will be left with costs only, and has to return to agriculture labour. Compared to others she has assured income from milch animal.

When she used to go for wage labour she got Rs. 15 per day. But this work was available for 3 to 4 months only. During the lean season she tried to collect fire wood etc.

They do not own agriculture land and do not produce their own food. They do not have a ration card. Though they have applied for a card long time back there is no response. For food grain they have to depend on market only. Given the uncertainty of their income and also because of lack of market facility in their village accessibility to food grain is a problem.

Their main staple food is rice. They supplement it with ragi. While they buy rice from the nearby big village or urban centre once in a week they try to buy a quintal of ragi during harvest time at a lower rate of Rs. 600 per quintal. Otherwise they have to pay more than Rs. 7 per kg. Some times they get this ragi on credit from the seller mostly a village farmer who has surplus. But this credit has other implications. During work season this farmer expects them to work for him at lower wage rate. Otherwise during difficult days it is difficult to get credit to purchase food grain. Even if it is available at usurious rates of nearly 60% per annum. Particularly during lean season after the harvest of khariff season lack of gainful employment and lack of credit poses food insecurity. For them credit is not available as in the eyes of moneylenders they do not have creditworthiness.

It is in this context that they became members of the RCL. With the advance of Rs. 50 they were entitled to receive 30 kgs of rice per month. They are getting this regularly every month for the last one year. It has provided great relief to them. They are assured of food grain in their house through out the year. It also saved them from transport expenditure. They are getting quality rice and need not be satisfied with broken and disfigured rice. As the price of rice under RCL is less than what they paid even for broken rice they are able to save some money. As the rice is available on credit of easy instalments they do not have to worry about ready cash in hand in order to purchase rice. As they are assured of supply regularly they make every attempt to repay in time to be able to receive the next issue of rice.

As the RCL programme is group/community managed it also brought different families together to share their woes and think about alternatives.

### ***Venkatamma***

Venkatamma belongs to Scheduled Caste. She lives in Ponnamakulapalli village. Including her there are six members in the family. Main bread winners are she and her husband. Her in-laws are too old to go out for work and her children are too young. They do not own any land and agriculture wage labour is their only source of income. While she got Rs. 15 per day's work her husband got Rs. 20 for the same. But this work is not available throughout the year. Work is assured for a three-month period during cropping season starting from June and ending in January/February. Once harvest is over there is meagre scope for work. This also signifies start of difficult and food insecure time.

Rice and ragi are the important food items. Both of them they have to purchase from the market. As they are not available in the village they have to travel to nearby urban centre often to buy these provisions. As they do not have regular income throughout the year lean season poses problems to them. One alternative is to borrow in order to buy. But credit is not readily available. They do not have any property to use as surety to get loan. Even if available rate of interest some times will be as high as 60% per annum. There is every danger of the family being dragged in to a debt trap. The other alternative is to go without food or eat less. This is what they often do.

As they do not produce grain they have to purchase from the market. The price of rice is too high for them to purchase regularly. As a next best alternative they purchase broken rice at the rate of Rs. 9 to 11 per kg. Some times this rice is discoloured and infested. They also purchase ragi. These days they are purchasing ragi flour directly from the village trader. 1.5 kgs of ragi flour will last for 3 days and one kg of ragi flour costs Rs. 8 per kg. If it is grain it will cost Rs. 6.5 to 7 but they have to spend some more to grind it. But ragi flour cannot be stored for more than a week. As a result they end up buying stale ragi flour. Though they spent more money they received less quantity, that too broken rice and stale ragi flour only.

Some times they borrow grain from the farmers. This debt is to be cleared with wage work. But in return they get low wages.

Under such poverty conditions she became member of SHG promoted by Velugu. Though DWACRA was there in the village only those who have some knowledge about the government programmes benefited from it but illiterates and ignorant like her remained away from it. Initially when Velugu approached them they did not believe them. But their persistent efforts paid dividends and following their method enumeration of poorest of the poor and she joined the SHG. The activity started with saving of Rs 5 per week.

One of the issues that they addressed is that of food insecurity. She has a ration card. 20 kgs issued under it is not sufficient to meet the family needs. Even to buy this rice she has to borrow. During discussion they found that they borrowed mostly for purchasing food grain. As an answer to it they started RCL. Under this she is receiving 50 kg rice per month. She pays for this rice through instalments. When cash is not readily available at hand she borrowed from the SHG at lower interest. At present she owes Rs. 1000 to the SHG.

The RCL is a source of great relief for her as she could satisfy her children who prefer rice to ragi. Now as a part of the scheme rice comes directly to the house. They do not have to travel to

purchase the same and transport cost has disappeared. Now there is no fear of stock of rice running out. She has the satisfaction that for rice adequate for a month is available in the house.

She is very form that they will not stop rice payment as the rice solves many of their problems. It eases tension and helps peaceful atmosphere on home front.

She also derives satisfaction from the fact that they could help a destitute woman with a handful of rice from each member's share. As a part of social mobilisation members of the SHGs and VO came together put pressure on men to stop drinking and also saw to it that the toddy and arrack shop in the village is closed. It brought down liquor consumption considerable and added savings to the families.

### ***Yellamma***

Yellamma belongs to Scheduled Caste. She lives with her family in Marlapalli village of Gangavaram Mandal. The village is located two kilometers away from the road. Including her there are 7 members in the family. At present they own half-acre dry land. They grow ground nut or ragi crops. This year though they have sown ragi because of lack of rains the crop withered away.

The small piece of land cannot provide employment or food for the whole family. They go out for agriculture labour. They get low wages of Rs 15-20 per day. Because of dependency of agriculture on rains work is available only for a few months. They have to sustain the big family with this meagre income. Apart from the small quantity of ragi from their small piece of land they have to obtain the food grains needed, rice and ragi from the market. The 20 kgs of rice that they get from PDS is not sufficient to meet their need. As they could not afford to buy whole rice they used buy broken rice. It cost Rs. 8 to 12 per kg. As the village is away from the road even purchasing grain posed a problem. They used buy ragi in bulk from Karnataka State where it is available cheap compared to their village area. This year they bought a quintal for Rs. 700.

This income is not sufficient to meet their needs. Either they have to borrow or migrate in search of work or eat less. The family has experienced all these. A few years back they borrowed money from a big farmer in the neighbouring village of Gandrajupalli. In order to repay that loan both Yellamma and her husband worked as annual farm servants (Jeetha). Both of them had to stay through out the day at the farmer's house only. Those days were very trying for them. Along with small annual salary they used to be provided with food. They used to share this food with her children. During that period one of their sons fell ill. They had to sell 0.6 acre for Rs.10,000 to repay the loan to come out of boded labour and to meet the medical expenses of son. During some years they also migrated to Bangalore and Tirupathi during lean season in search of work. In this area migration starts after Ugadi (Telugu New Year day) festival falling in March. There they worked as construction workers.

When one year back Velugu personnel visited the village she was sceptical. She lost Rs. 500 to a spurious Chit agency and her fellow villagers who goaded her to join the chit could not save themselves or her. So when Velugu personnel approached her she was not ready to believe them. After a lot of persuasion she became a member of the SHG. As a part of the group effort they tried to address the debt weighing them down. They found that food grain is accounting for major portion of the debt. To address this RCL was taken up.

At the village level this scheme is managed by the village organisation and she is a member of the organisation. The rice quantity needed by each member's family is assessed by the VO. Given the size of the family Yellamma is entitled for 70 kgs per month. She is supplied at the rate of Rs. 7

per kg. She repays it in instalments by the end of the month. When she is not able to repay she borrowed from the village SHG. Her outstanding loan from SHG is Rs. 1000. She repays the loan with a low interest rate compared to what she paid to the farmer.

She received rice regularly for the last 12 months. She made very attempt to repay regularly in order to be eligible to receive the next month's instalment of rice. Because of continuous availability of rice she could overcome the anxiety of what to do about next morsel of food. As now rice is available through out the month she has no anxiety of what to do if there is no rice. Previously whenever relatives came calling she has trepidation in treating them as she did not have rice in the house and could not think of serving them food prepared with broken rice. Now she has no such fear.

Now she got used to it.

Participation in the programme also brought changes in her personality. In the past she was uncouth and did not know how to interact with outsiders and also with government officers. Thanks to the programme now she refined her behaviour. She now goes to the government offices on her own. Recently she travelled to Hyderabad to share her experiences and motivate others. It was a long journey in a short time.