

## Restoring Trust – The Kuppam Kalanjia Samakhya Experience

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### **Background of the location**

Chittoor district of Andhra Pradesh in Rayalaseema region was characterized by backwardness and poor performance in basic social indicators. Kuppam is one of the mandal in Chittoor district, which is in the extreme corner of AP, surrounded by Tamilnadu on eastern and southern sides and on west by Karnataka.

In order to strengthen the existing DWCRA groups and regularize the systems DRDA has approached DHAN Foundation and made an agreement in the month of Nov. 99. The main objective of this project was graduating the existing DWCRA groups in to savings and credit groups and promotion of mandal level federation. DHAN Foundation would act as an implementing agency and has agreed to implement the project. DRDA, chittoor would provide necessary guidance and promotional cost for implementing the project in installment on half-yearly basis.

Dhan entered in the month of January 2000 with the objective of initiating a process of demonstrating successful establishment of savings and credit groups which will emerge in to a self managed federation to provide financial services to the poor.

At present Kuppam Kalanjia Samakhya is working with 253 groups in 104 villages with 3536 and 10 restructured cluster development associations.

### **The starting scenario**

Kuppam mandal is located in a very remote and backward area in Andhra Pradesh. The socio-economic status of the people, especially women is very low. Due to extreme poverty, people frequently required small loans. "However banks are unwilling to entertain these amounts. The people therefore have no option but to approach money lenders for their credit needs and take money on high interest rates. Thereafter all their earnings were spent in paying off the interest, a creating a vicious debt trap".

### **Kuppam Mandal**

Kuppam Mandal is located in Chittoor district in Rayalseema region in Andhra Pradesh surrounded by Tamilnadu state on the eastern and southern sides and Karnataka on the northern side. Kuppam is at a distance of 120 kms from the district headquarters. The area is backward and dry-lacking in basic amenities.

The block is drought prone with an average rainfall of 743.1 mm. The terrain is sloppy and the soil is eroded and infertile. Out of the total population of 80925, 11314 belong to the scheduled castes and 578 to scheduled tribes. A major percentage also belongs to backward classes. Castes like Vanniyar and Vannekula are found only in this mandal in the whole state. The area is not uniform linguistically – as Tamil, Telugu as well as Kannada is evident in different pockets of Kuppam Mandal.

The main occupation of the people in Kuppam Mandal is agriculture, floriculture, sericulture and stone cutting. Farmers have established marked links with Bangalore, Chennai and Vijayawada selling vegetables and flowers. Most of the villages in Kuppam Mandal have good infrastructure facilities as drinking water supply.

## **Kuppam Kalanjia Samakhya:**

**Aim:** Alleviate poverty of marginalized women in Kuppam block and free them from the exploitation of the money lenders through facilitating mutual help

### **Objectives:**

1. Promote a saving habit among marginalized women and empower them to use these resources effectively and efficiently.
2. Create an alternative, non-exploitative mechanism of microfinance to provide credit to the marginalized women at the doorstep to address their credit needs and support income generation programme
3. Promote income generation activities among the marginalized women by providing skill training, technology and marketing support as well as organizing other supporting activities to strengthen income generation activity.
4. Create awareness among the marginalized women to enhance their bargaining capacity and develop leadership and managerial skills qualities in them.
5. Enable the marginalized women to achieve sustainable development through training, exposures, workshops and seminars. Etc.,
6. Build infrastructure facilities required for fulfilling the aims and objectives of the Kuppam Samakhya
7. Provide necessary linkages with formal institutions , both banking and non-banking and offer techno-managerial support
8. Establish contacts with national as well as international institutions working for the development of women and collaborate with them for the development of women members of the self-help groups
9. Provide basic education, health and amenities like housing and sanitation etc.,

### **Promotion of Kuppam Samakhya - leaders' experience:**

With 22 clusters working very efficiently, federating these to form an apex body was a logical step forward. Parvathamma, cluster director of Laxmipuram cluster says, "We felt the need for the apex body to strengthen our positions and sustain our existence as a financial institution for the poor. We had seen the activities of the SPMS, federation of SHGs at Tirupathy promoted by DHAN Foundation and the way in which their leaders were able to acquire managerial capability. We felt that the opportunity to articulate the larger populace had given them a wider perspective. We could also undergo a similar kind of empowering process if we come together as a bigger collective and think holistically for the women across the whole mandal instead of limiting ourselves to our own groups only. Currently, our federation has 253 groups in 104 villages".

Another director says, "We can negotiate with the banks and other financial institutions on equal terms and make them design special financial products for marginalized people like us only if we formed a critical mass. We can also establish linkages with the apex banks and in turn lend the money to clusters that would then give it to the member groups for purposes like education, health and insurance if we form a federation and gain strength. The federation would also help us in managing the finances in a better way. We therefore, decided to federate the groups and form the federation".

Parvathamma says, "Today, many government officers and bankers are here. They were so impressed by our strength that they themselves came forward to work with us. Now what remains is how we follow up these promises and make them into viable propositions. But

surely we can use this platform to disseminate information about the government schemes and plans for the benefit of our groups and their members.