



# **Analysis and Action for Sustainable Development of Hyderabad**

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## **Hyderabad as a Megacity of Tomorrow: Sustainable Urban Food and Health Security and Environmental Resource Management**

Project funded by Federal Ministry of Education and Research (BMBF), Germany:  
“Research for the Sustainable Development of the Megacities of Tomorrow”

### **ACHIEVING SUSTAINABLE FOOD SECURITY AND POVERTY REDUCTION THROUGH CONSUMER COOPERATIVES IN HYDERABAD**

**JULIANA HELMERICH, MA MOID, MARKUS  
HANISCH AND BERND WULF**

**Research Report 5**

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Humboldt University Berlin  
Leader of the Project Consortium:  
Prof. Dr. Dr. h.c. Konrad Hagedorn

Coordinator of the Project:  
Dr. Ramesh Chennamaneni

Department of Agricultural Economics and Social Sciences  
Division of Resource Economics  
Luisenstr. 56, D-10099 Berlin  
Germany

Phone: ++49 30 20936305  
Fax: ++ 49 30 20936497

Email: [k.hagedorn@agrar.hu-berlin.de](mailto:k.hagedorn@agrar.hu-berlin.de)  
[r.chennamaneni@agrar.hu-berlin.de](mailto:r.chennamaneni@agrar.hu-berlin.de)  
<http://www.sustainable-hyderabad.de>  
<http://www.agrar.hu-berlin.de/wisola/fg/ress/>

*Research Reports* are outcomes of the Pilot Projects implemented jointly in Hyderabad by the Pilot Project Groups of the Megacity Project of Hyderabad. These reports for analysis and action focus on *knowledge generation and application* as well as on *institutions and governance structures* concerning the core issues of poverty, food, nutrition, health, transport, environment and resource degradation. This has been possible through joint research efforts, involving institutions of urban governance, integration of organisations of civil society in communication, participation, co-operation and network linking. Views and opinions expressed in the reports do not necessarily represent those of the Project Consortium.

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# Achieving sustainable food security and poverty reduction through consumer cooperatives in Hyderabad

*Juliana Helmerich\*, MA Moid\*\*, Markus Hanisch\*, Bernd Wulf\*\*\**

\*Institut für Genossenschaftswesen an der HU Berlin, \*\*COVA Hyderabad, \*\*\*Erzeuger- und Verbrauchergenossenschaft „Landwege“ e.G.

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### Abstract

The Old Town of Hyderabad is characterized by a great number of low-income households, poor infrastructure and limited access to basic amenities, subsequently resulting in high crime rates. In this very traditional and religious society, the majority of the women in the Bastis of the old town face restrictions, discrimination and inequality as well as the struggle for basic nutritional intake every day. To help them with their daily responsibilities and add value to their lives the Confederation of Voluntary Associations (COVA) has initiated self-organized self-help groups (SHG), which encourage these women to save money so that, further down the line, they can take a loan. This micro-credit approach has been successfully implemented in rural areas. In Hyderabad Roshan Vikas Thrift and Credit based SHGs have operated for the past 7 years.

The goal in founding the Women's Consumer Cooperatives (WCC) in December 2005 was to organize a sustainable independent cooperative that ensures food security, with a subsequent empowerment of women and a linkage with rural producers in the future. Under these conditions, food security is the basis for being able to look for new sources of income.

A survey to study the economic and social background, the functioning and future perspectives of over 200 members of different cooperative groups in rural and urban areas around the future megacity Hyderabad, begun in September 2006.

The following study reveals that members of the cooperative and SHG groups in rural and urban areas, despite their low earnings and educational levels, are interested in making an effort to better their lives, especially by enhancing their food security. On the other hand, managerial and organizational limits restrict certain approaches and methods. The women expressed their opinions about these concerns and problems. The study also reveals the nature of socio-economic impacts on the lives of the members.

It looked at present empirical realities in the framework of Security, Empowerment, Civil Society and Rural Development, with the assumption that the vulnerability of low income households regarding liquidity, health and nutrition in the context of rapidly expanding cities is a prime obstacle in the sustainable development of women. In the process, various issues were noticed which were found to be relevant for the performance and future direction of Women's Consumer Cooperatives in Hyderabad.

Members of the Research Team:

Researchers:

M.A. Moid (COVA, Hyderabad)

Juliana Helmerich (IfG, HU-Berlin)

Field assistants:

Abeer (Saint Ann's College)

Asfia Shujat (Saint Ann's College)

Asna Yameen (Saint Ann's College)

Manjeri Kulkani (Saint Ann's College)

Mehraj Khan (Saint Ann's College)

Srinivas Gundala (Central University)

Swammy (Central University)

Ramaiah Itumalla (Central University)

The collaborating institutions were the Institute for Cooperative Studies at the Humboldt University Berlin (IfG), the Division of Co-operative Sciences at the Humboldt University Berlin, COVA (Confederations of Voluntary Organizations), the CDF (Cooperative Development Foundation), Janardhan Reddy (distributing agent and former MLA), the CESS (Center for Economic and Social Studies) and the CDS (Center for Dalit Studies). All helped in the conducting of interviews, arranging appointments and talking to official decision makers. Their help made it possible to gain the needed information for the next phase.

## **1 Introduction**

### **Background**

Megacities are increasingly developing in the poorer parts of the world. They need to adopt spatial strategies to adjust their growth according to their functioning. Large proportions of the population live in slums or live and sleep on the streets. Social and food insecurity go hand in hand with overwhelming traffic levels, poor public safety and water problems. In most cases, research was done for the different Megacities, but without looking at the interactions with the rural areas. (Yeung, 1997). In the city of Hyderabad 24% of the population live in slums. (Government of India, 2001) One out of three people lives below the

poverty line and works as street vendors, domestic servants, scavengers or perform other activities in the informal sector. Women and children perform about two-thirds of them. (God and Dhaliwal, 2002)

In the concept of the project the Women's Consumer Cooperatives (WCCs) comprises different elements: Resource management in the rural and urban areas, poverty and nutrition, making use of in situ generated knowledge and improvement of governance structures. The first step is to find a way to ensure basic food security for the poorest parts of the society by making them independent of local food retailers and by countervailing power structures on local markets, where prices are generally high and varying and quality is not assured. The Hyderabad WCCs-approach combines a micro-credit scheme with a wholesale and consumer cooperative approach. Members in at the moment 8 different wards of the city are enabled to buy good quality rice at a reasonable price, usually 10% below the market average. The women can buy as much rice as their family needs for one month and pay when it is most convenient to them during the 15 days after purchasing. With an approach in which exclusively women are eligible to become members and in which women become increasingly responsible to manage the food and nutrition needs of their families, it is believed that their relatively low status within Indian society will improve. However, food security and nutrition is only one of the many problems the City of Hyderabad currently has to face. Improving the food and nutrition status of one group without re-integrating organized consumers along the food chain will add to the migration of less privileged rural groups into Hyderabad, a problem which already is a most relevant driver of the Hyderabad megacity development. Right now, the growth of the city is 27.23% per annum. For this reason, the pilot project has also analyzed the linkages between rural food (rice) producers and urban consumers along the production-processing and retail chain. The focus was to analyze how a system of cooperatives may contribute to establish more sustainable linkages on the basis of fair prices between urban and rural areas around Hyderabad.

### **The study and project activities**

In the context of the Sustainable Hyderabad Project, Women's Consumer Cooperatives initiated by Roshan Vikas were selected for the study. The aim was to assess the role of these cooperatives in the lives of women by understanding their logic, value, perspectives and problems. To get a better insight of their functioning, cooperatives in rural and urban areas were therefore studied during the months of September, October and November 2006, though



the focus lay on the pace of development of mainly those WCCs which were founded in December 2005 in the City of Hyderabad.

The collaborating institutions - Institute for Cooperative Studies, Humboldt University Berlin (IfG), and Roshan Vikas (RV), Hyderabad, India conducted the following activities:

- Review literature on SHGs, food production and cooperatives in A.P.;
- Create different questionnaires for different focus groups;
- Conduct interviews with stakeholders and experts on various topics
- Meet with key actors in the SHO and cooperative movements and assess their interests in the pilot project and commitment; and
- Provide mutual assistance on conducting and taking part in interviews.

### **Poverty line and food security in the city**

Many children in the Bastis do not have two full meals a day, which, in the long run, leads to malnutrition. Food is closely related to poverty and most poverty reduction approaches look at food security. “Malnutrition limits the capacity to learn.” (Unicef, 2005). The governmental poverty line also looks at food security. The poverty level is defined by the government at 8 US\$ income per capita per month for the rural and 13US\$ for the urban areas and is based on the minimum calorie intake a person needs to survive, not considering living standard and access to basic amenities or shelter. (Guruswamy and Abraham, 2006) This shows that even though about 52% of the interviewed women in the Bastis in Hyderabad are above the poverty line, it does not mean that they have acceptable living standards. Most of them are so vulnerable that one unexpected event can bring them and their families below the line. Especially in urban areas social diversity and fragmentation formed by the differences in backgrounds, education, religion and culture create special tensions and divisions. (Moser 1998 and Wratten 1995)

Governmental policies often aim at reducing poverty by reducing hunger and look to little on income generation or other more sustainable approaches. (Guruswamy and Abraham, 2006) Necessary frameworks looking at healthcare and education need to be worked out since most of the money is not spent on food. Especially health bills can be higher than their monthly income because low-income families cannot afford health insurance. Since the educational level of the women and their families in the Bastis is mostly very low, they can get charged higher than normal prices without noticing it. Most of the members of RV and

the WCCs are aware of the importance of education for boys and girls. Therefore they spend high amounts on private education for their children. This points out to the next problem. Governmental schools provide free education under such bad conditions that families are forced to send their children to private schools if they want them to have a decent education. Members stated to spend between 1.5US\$ and 5.5US\$ per child per month on school fees. Considering that families of the WCC and RV earn on average 72 US\$ and the family size is six with four children spending for school fees starts at 8.3% of the overall income. As soon as children attend higher education this amount increases, which creates an even bigger problem. As one of the most important future expectations the women said that they want to send their children to higher education. (68%) Most of the women sent boys and girls to school equally, where as non members still prefer the boys. This results from more decision making power of the women in the families and awareness programs by COVA. Only a few women admitted that the children had to work, because their family needs the money to survive.

### **The livelihood perspective**

The livelihood approach looks at the connections between accessible resources and the development of abilities and strategies to use these resources for daily survival. (Chambers/Convenay, 1992) Where as Oscar Lewis focuses on a culture of poverty that limits the possibilities of each forthcoming generation (1972 cited in Schmink, 1984-87), the livelihood approach is based on the assumption that humans develop strategies to cope with bad conditions. With this approach, it is important to realize that poverty cannot be measured only by economic factors since it includes vulnerability in its very definition.

Households and individuals are vulnerable when they lack or have only slight ability to buffer risks, such as unexpected events, trends, cyclical phenomena or diseases. As Moser says, "Because people move in and out of poverty, vulnerability better captures processes of change than statistical measures of poverty." (Moser, 1996) One of the main goals of the livelihood approach is to understand how poor households assure their daily survival by developing supporting strategies, which can be adapted to a specific context. (Appedini, 2001)

Research in Hyderabad concentrated on groups of women who are members in thrift and credit cooperatives and already are or will be in the future members in one of the WCC

groups. Women come from similar social and economic backgrounds and form a social unit. (Johnston, 1993). Their role and the resulting degree of organization may be seen as one out of other coping strategies vis a vis poverty and household vulnerability. Major livelihood strategies are accumulation, consolidation, compensation and security.

- Accumulation is a sustainable strategy to create a pool of resources to assure action options in the future.
- Consolidation secures accumulated goods and invests surplus, or uses them to increase living standards, at least for a short period of time.
- Compensation uses social capital by selling economic goods to even out losses through unexpected events, developments or shocks. Most of the time this leads to a decrease in the resource pool.
- The security strategy tries to minimize risks by increasing the number of working family members or by diversifying the resource pool. In rural areas, this could be achieved through growing different field fruits or crops.

Sustainability plays an important role in the process of assessing the different strategies and underlines the necessity to keep the long term impacts of the strategies in mind. If possible, options which increase sustainability should be chosen e.g. investing in education. On a second level, social and environmental strategies should be included in the considerations. Strategies which harm the environment will, in the long run, harm the individual that lives in the environment if he/she is not able to move or change the situation. As Carney explains,

“A livelihood system comprises the capabilities, assets (including both material and social resources) and activities required for a means of living. A livelihood is sustainable when it can cope with and recover from stresses and shocks and maintain or enhance its capabilities and assets both now and in the future, while not undermining the natural resource base.”(Carney, 1998)

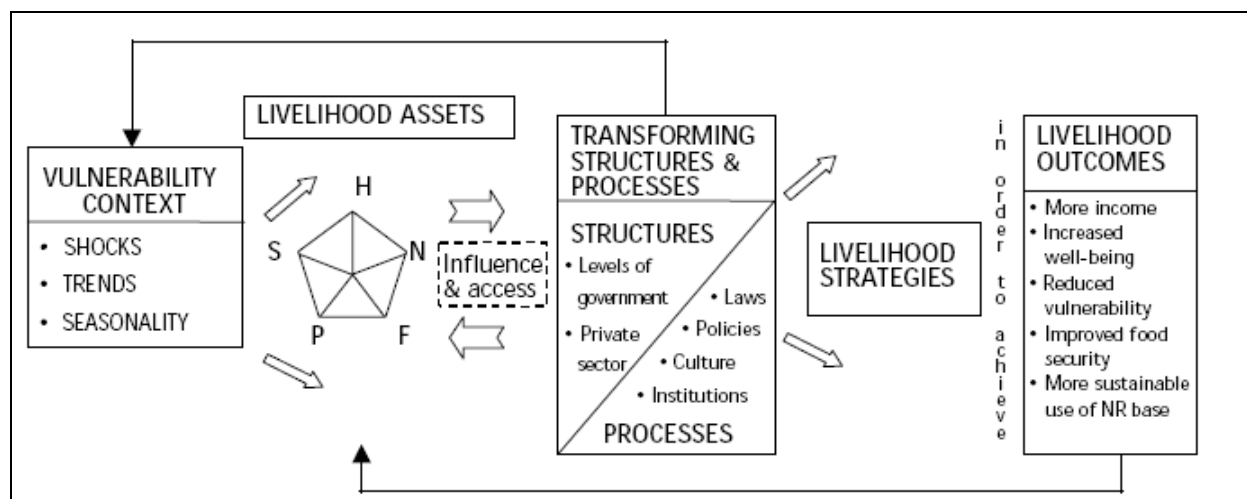
Pathways that members of a group regularly use develop on the basis of similar social and economic backgrounds, abilities, structures of power, social norms, institutions, and most of all, sharing a similar history. These strategies are replicable and have been tested by members of the group. Trajectories are the individual decision paths of a person or a household. (de Haan/ Zoomer, 2005) Since traditionally the household represents the smallest decision-making unit, it also creates a prominent linkage between individuals and society. (de Haan/ Zoomer, 2005) and (Ellis, 1998)

Resources can be differentiated into work, human capital, products, household relationships and social capital. (Moser, 1996) Bourdieu adds education as a form of cultural capital. Education leads to the ability to informally gain more knowledge, which can be used for economic purposes. For India's poorer social groups, social and human capital play an important role and help with compensation strategies. Many studies have shown that people in poorer societies develop relations of brotherhoods with neighbors, which create a closeness that allows borrowing money or goods.

In the future, action alternatives such as income-generating possibilities, business and food security and health need to be identified:

"The identification and discerning of income opportunities and constraints, which are taken for granted; of social norms, which are respected unconsciously or intuitively, and of undisputed power relations, are not routinely reported." (de Haan/Zoomer, 2005)

In urban areas, consumption and savings for school fees play an important role and can be counted as a consolidation strategy. (Markus and Asmorowati, 2006)



**Figure 1: Sustainable Livelihood Framework (DFID 1999)**

Vulnerability plays an important role in poor communities, because access to assets is limited. Relevant assets described in several publications are: Human (H), Natural (N), Physical (P), Social (S), and Financial Capital (F). (DIFD 1999)

Most members of the community have access to one or two livelihood assets, but lack access to others. Figure 1 gives an overview over the holistic approach outlined by the sustainable livelihood framework (SLF). The approach comprises all relevant assets and considers a sustainable livelihood as a combination of them. Next to higher incomes,

improved food security and decreasing vulnerability, the more sustainable use of natural resources (NR) plays a crucial role.

### **The gender perspective**

The gender perspective may contribute to better understand women's access to resources. Each society has developed rules and restrictions concerning the roles of men and women. (Davenport/Yurich, 1991) Gender roles have been influenced by different cultures, histories, religion, ethnical background and ideologies. (Moser, 1989). The question in every society is whether steps toward gender equality harm the society or help to promote development. Often, this question leads to the criticism of "western cultural imperialism" and "western feminism". (Kasturi, 1996) Developing countries feel overrun by the western world, which tries to force their picture of gender equality onto another culture and, at the same time, forgets the real needs of its women. According to Bunch, "Feminism to a woman who has no water, no food and no home is to talk nonsense." (Bunch, 1980).

Change through rapprochement comes with the term "empowerment", which has its origin in the research of scientists in developing countries and the experiences of on-site grass root organizations. (Moser, 1989). Empowerment means the widening of the ability act on the basis of increasing action options and self-confidence promoting processes. (BMZ, 1990) Since access to resources is the basis of one's action ability, empowerment strategies need to look at ways to provide this access through employment or other income-generating possibilities as well as through education.

Women in India are often responsible for the household, including the upbringing of children, while their husbands are mostly responsible for generating income. (Moser, 1989, BMZ, 1990) A women's work consists of reproductive, productive and community work, which together creates a high level of pressure compared to the men's work. If empowerment strategies don't consider the already existing workload, they create additional burdens on the women. (Dijkstra/ Hanmer, 2000) For the same reasons, women are generally more vulnerable and face discrimination and marginalization in the labor market. Moreover, the status of widowhood significantly reduces the status of women and the quality of their lives. (Radhakrishna and Shovan 2005)

## **Research questions**

Since the SHG movement is very young in urban areas, the main objective of this German-Indian pilot study was to do an assessment on the development of the WCCs since their establishment in December 2005 and find out:

- What are the socio-economic profiles and the legal backgrounds of the WCCs?
- In which demographic settings were the WCCs established?
- Are the cooperatives financially viable?
- How does membership influence women's lives?
- What problems occurred since the foundation of the groups?
- How do WCCs contribute to achieving food security, social security, and empowerment?
- What are the future perspectives for WCCs?
- What is the market situation in and around Hyderabad for basic food like rice, dhal and oil?
- How are revenues and margins along the food chain for rice distributed between producers, retailers and processors?

## **2 Analytical Framework**

### **Phases and objectives**

Along with educational and awareness programs that aim at reducing poverty and ensuring food security with the specific objective of women's empowerment, the WCCs were formed in the Bastis in the Old Town of Hyderabad. This unique cooperative, participatory, women-centered approach is embedded in the Roshan Vikas concept, which is a self-organizational system that is facilitating women's participation in Self Help Groups (SHGs) on the basis of cooperative principles. In general, results are higher confidence and better status within the family and community structure. Being in the group has direct impact on poverty, because it focuses on food security and trustworthiness (social capital) within the community.

A model of the framework can be seen in Figure 2. It is an abstraction of the approach of the project on consumer cooperatives within the sustainable Hyderabad project. Four project

objectives based on potential effects (security, empowerment, voice, and rural development) are illustrated.

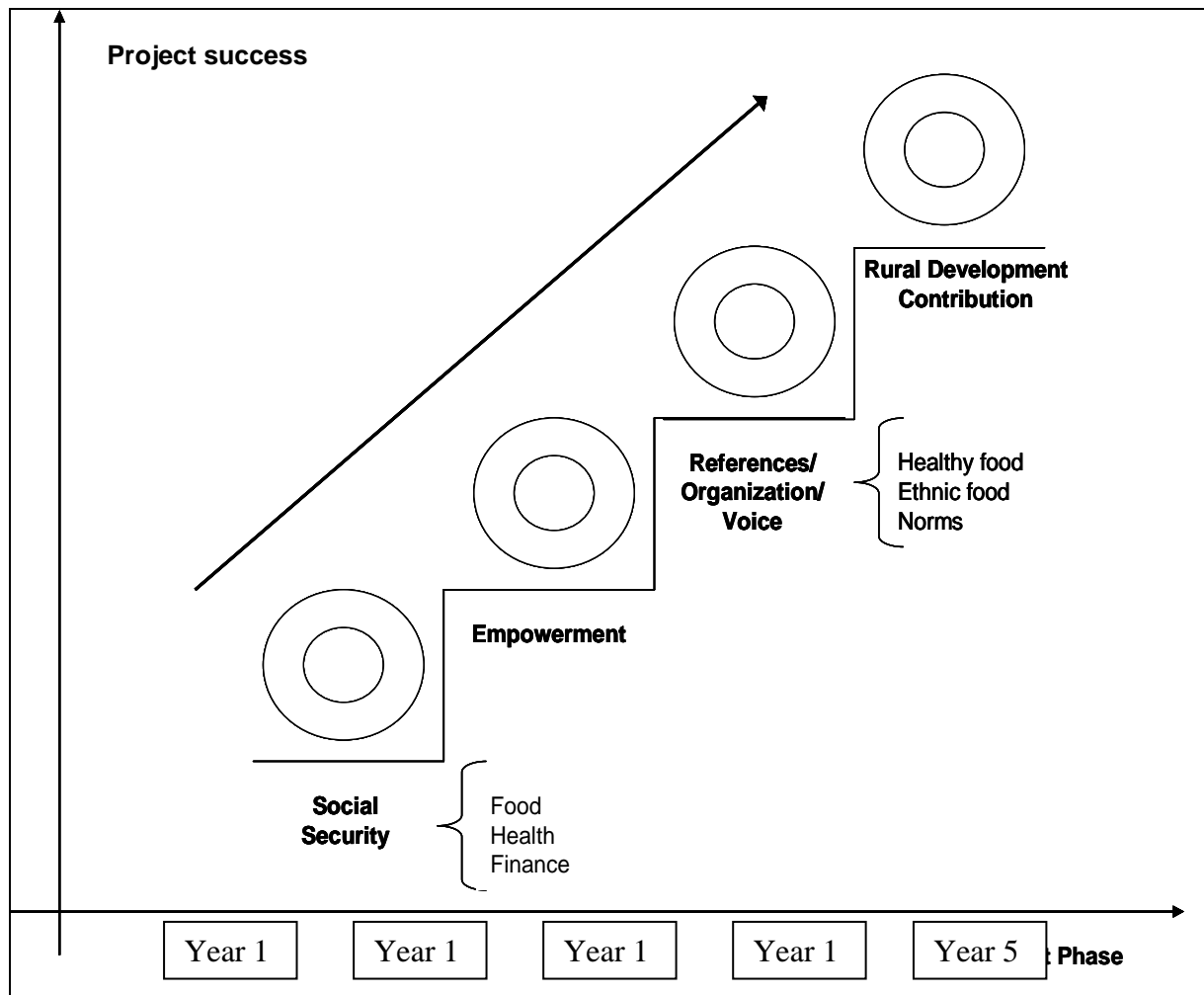
The approach assumes that empowerment takes place, if women have the basic social security, including food, health and finance. At the same time, empowerment can be achieved by supporting the women to build up their assets. (DFID 1992)

“Those with more assets tend to have a greater range of options and an ability to switch between multiple strategies to secure their livelihoods” (DFID)

After their basic food intake is secured, women can focus on the quality and diversity of the food (diet). In order to follow this end, women-members organize their decision making power in order to decide on the variety and amount of the food, which they buy at the groups’ distributing agent. Moreover, the husbands do not have to carry the burden of providing food alone. Organizing their voice in every day decisions gives women members a higher status in society, which contributes to community development. The awareness that a woman’s role is not only that of a housewife, but that of a equal member of the community helps to create hat has been called “more harmony” in the Bastis. (COVA 2006)

By vertically integrating along the food chain, the WCCs may develop into multi-stakeholder cooperatives stepwise acquiring the means of production necessary for transportation, processing or merchandise therewith contributing to rural development. This might create both, rural members and better price incentives for producers and in turn slow down the stream of migration to the city, which is responsible for many problems of Megacities.

This integrative and participatory project approach is women-centered and aims at establishing multiple layers of urban-rural governance. In this women play an active role and take part in decision-making. Since the WCCs exist in unstable environments, where most people work in the informal sector, changing and different backgrounds are being considered in the implementation.

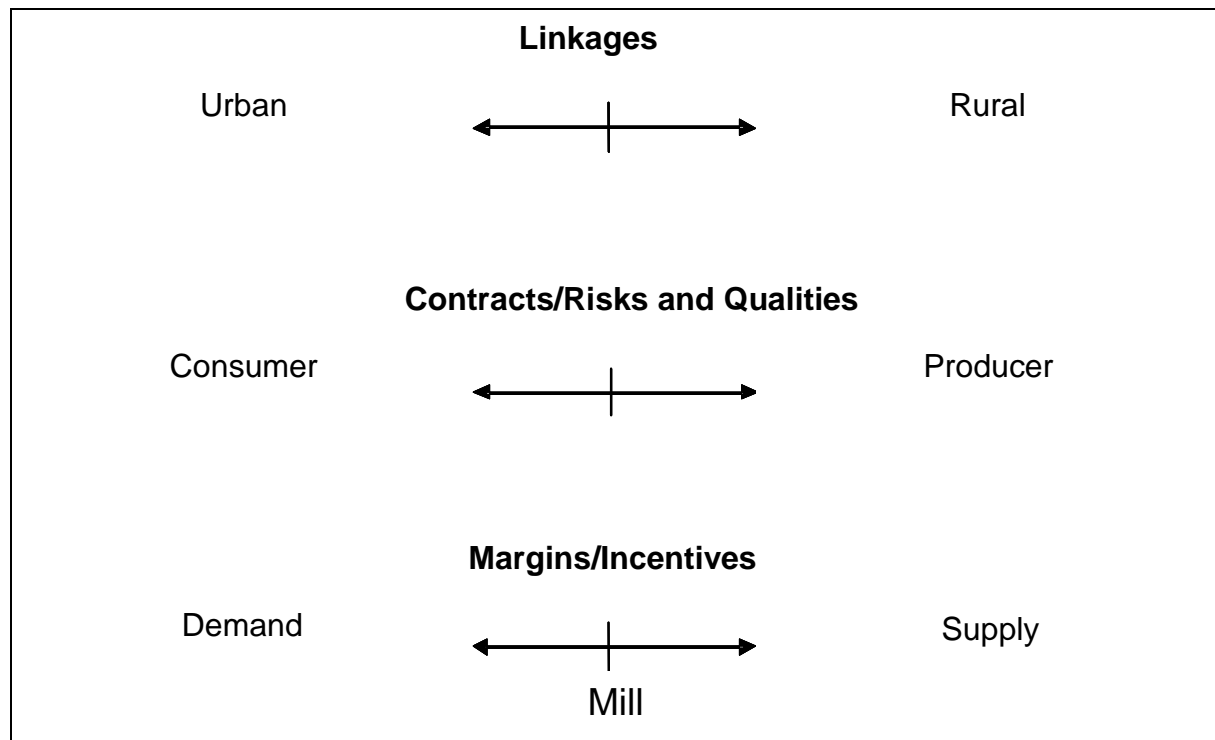


**Figure 2: Abstraction of the project approach (IfG, 2005)**

### Analytical levels

The governance focus and three different analytical levels are represented in Figure 3. It depicts the three dimensions of governance (spatial, contractual, economic) in the empirical approach and the steps of the empirical study, which need to be conducted: The handshake between the rural and urban areas plays an important role in city (and rural) development. Production cycles create sustainability and integrated resource and asset flows. Rural farmers produce the food that the urban consumers demand. If rural dwellers live under bad conditions they tend to produce bad quality or migrate to the next city, hoping to find opportunities to work and live. Results of high migration rates are decreasing living and working conditions in the cities. This high interdependence between rural and urban benefits both groups by means of vertical integration. During the project rural and urban cooperatives will work closely together.





**Figure 3: Rural-urban relationships**

### **Instrumentation: Microfinance and Co-operatives**

India has the largest number of poor. At the same time India has a strong ongoing co-operative movement. Micro credit programs and self-help organizations have proven instrumental to overcome capital scarcity and the inability of the formal system to reach the unorganized. (BRAC reports, 1991) Poor people are not to be seen as problems but as potential for economic development. Preconditions for the poor to manage their own problems is membership and organization.

Women who want to become members in the WCCs have to be members in RV first. Therewith prior to WCC membership aquisition a screening takes place: they have to prove their ability to save money and repay loans, since the WCC works with a micro-credit scheme as well.

Market development requires exchange, Exchange requires the access to human, social and physical resources. The life of the focus groups takes place in the informal sectors, which is characterized by:

- Low income households;
- Little influence of local institutions and policies;

- Family dominated structures;
- Dominance of small enterprises;
- Use of work-intensive technologies;
- Gaining needed knowledge outside of the formal school system; and
- Living under own cultural rules and social structures.

In order to support the formation of micro-finance organizations and cooperative systems several approaches can be followed. For example, by means of an *upgrading approach*, NGOs support the focus groups in the process of becoming a micro finance institution (MFI). This approach requires high investments and education of the employees. In transition countries it was very successful, because the bank sector was not fully established and financing institutions for the low income groups and small businesses were missing.

The *linkage approach* works differently. It connects traditional banks with SHGs. It works very well in very low income regions and in situations in which less money for the establishment of new organizations is available.

To be successful, social and cultural structures of the focus groups need to be *empirically analyzed* and projects need to be adapted to that. At the same time the local infrastructure in terms of existing NGO's and respective channels for funding have to be further explored. For example, if a region has strong religious- and family ties this needs to be considered and used as a basis for the implementation of actions. Finally, the *legal framework* for the foundation of micro-finance and cooperative organizations has to be further investigated. Cooperatives in India work either under the conservative or under the liberal law. The RVs and WCCs are registered under the MACS Act from 1995. New is that this law allows initiating a cooperative without any governmental influence. The role of the government lies in appointing the registrar, but it cannot provide share capital. Governmental funds and guarantees are based on a memorandum of understanding.

## Methodology

Right now eight large WCC-groups exist in the Old Town. For the study, 13 small groups from four Bastis were chosen in the Old Town of Hyderabad. In the rural areas, focus groups were chosen in three districts. In the pilot phase of the study mainly interviews, focus group discussions and literature research provided information. Interviews with WCCs and focus

groups in urban and rural areas were conducted to have a representative and comparable number of women.

The research team consisted of five members in the urban areas and three members in the rural areas, led by two research coordinators. The field assistants were students or graduates from the local universities or colleges. The Indian research coordinator has an academic background in sociology and extended experience in fieldwork and the German coordinator has an academic background in geography.

During the first weeks the coordinators conducted interviews with key actors of the cooperative movement in A.P. such as Rama Reddy, president of the CDF. He provided information about different functioning cooperatives in A.Ps. rural regions named helpful contact persons for our fieldwork.

In the next phase the field assistants underwent training. They learned about the background of the Megacity project and tested the questionnaires. A basic knowledge empirical inquiry and of the conduct of fieldwork was taught. After that, the researchers and the field assistants started the interviews in the focus groups.

To study the impact of the WCCs on the members' families livelihood and the status of the women, quantitative and qualitative research methods were used for primary data collection. Structured and unstructured interviews were conducted to the group leaders, program officers of COVA, employees of other NGOs and Cooperatives. The group members were mainly asked closed questions in structured interviews. These closed questionnaires were adjusted in detail, depending on the group. The Qualitative Studies included interviews with group leaders, managers of store chains, retailers and wholesalers, discussions within the group and field observation.

To find out more about the economics of food production and processing and market margins, used contract stipulations and details about producers, millers and farmers were interviewed. To confirm prices we talked to Janardhan Reddy, a distributions agent and former MLA, who is very familiar with the rice market. He will work and contribute to the Megacity Project in the future.

The surveyed sample consisted of a wide variety of women, in terms of age, family situation, marital status, religious/caste background and locality, but all were members of some kind of registered SHG.

The interview protocol comprised the following subject areas:

- General information including personal information on age, marital status, educational level and family income;
- Group background information including group activities, reason for membership and responsibilities in the group;
- Impact of membership: what has changed, how high was the loan and what was it spend on and problems;
- Cost of living; and
- Future expectations (open own business or get further education).

Altogether 236 interviews were taken. To analyze the economic and production background of the basic food product rice, it was necessary to interview two rice millers, two farmers, two wholesalers, six retailers and two store managers.

The focus group interviews were conducted during the first five weeks of the research in different slum areas around Old Town of Hyderabad. 76 Interviews were taken from WCCs and 36 from RV. For the comparative studies different rural and urban cooperatives were interviewed as well. 36 interviews were taken in six different villages from members of a well functioning dairy cooperative, 18 interviews were taken from employees cooperatives in Hyderabad and 36 interviews were taken from thrift and credit coops in rural areas. One failed rice credit line was interviewed in a group discussion to identify reasons for failure. Additional information was taken from researchers of different NGOs. There were different questionnaires adapted to each group to explore the economic situation of the regions.

After the interview phase, the field assistants and the coordinators gathered additional information, which they observed during their interviews, by going through the questionnaires step by step. Then secondary data in the form of books, magazines and internet publications was collected and analyzed.

### **3 The Empirical Study**

#### **Empirical setting**

Results of the study need to be discussed on the basis of several restrictions considering the pace of the analysis. At the interviews either a group leader or another member was present,

which has influenced some of the answers. Most of the time, the meetings were organized in the flats of group members, community halls or in places of production. The major problem was the language barrier. The main language spoken by the WCC members is Urdu; in the rural areas it is mainly Telugu. Sometimes the meaning of the questions were hard to understand for the women. A lot of them were unaware of the financial household situation, since it is taken care of by the husband. Some of the women didn't have enough insight about the group and the head organization to the extent, that they didn't know their group name.

A.P. was formed 1956 under the 1956 State Reorganization Act. It comprises of the three coastal sub-regions North coastal Andhra, South coastal Andhra and Rayalaseema and North and South Telangana. Hyderabad, the capital of A.P. is the fifth largest city in India and 41<sup>st</sup> largest city in the world. It is in the Telangana region of Deccan Plateau, 1776 ft above sea level. The city has a four hundred years of history with an ancient culture ruled by two dynasties until India's Independence. In 1956, the Indian states were reorganized on linguistic basis and the present state of A.P. was formed. It is an agricultural state, known as the rice bowl of India.

Hyderabad consists of two cities, Hyderabad – the original city, and Secunderabad – the second or new city. Presently, due to urbanization, the physical distinctions of two cities are lost and it has become one city. The Old Town has experienced less development after independence than the new city.

Hyderabad also has the district status and is headed by a Collector, who is responsible for the overall administration and the maintenance of law and order. The district elects two representatives for Parliament, 13 representatives for State Legislative Assembly and 100 corporators for 100 municipal wards. It is divided into 16 revenue mandals. The population of A.P., according to the 2001 census, is 76.2 million. Hyderabad had a population of 6.1 million in 2007. The Hindus constitute 55.40% and Muslims 41.17% of total population in 2001. Out of this population nearly 1.8 million live in Old Town of Hyderabad. The population density is 17,000 per km<sup>2</sup>, spread over the city area of 217 km<sup>2</sup>.

The general literacy rate of Hyderabad is 78.8%, with only 65.99% in the Old Town and even less for women (23.63%). There are more than 211,000 white ration cardholders and 800,000 pink cardholders with 964 Public Distribution Service (PDS) ration shops<sup>1</sup>.

With the emerging IT-sector, Hyderabad is now witnessing a rapid growth. Along with the growth of biotechnology, large pharmaceutical companies and the entertainment industry, this

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<sup>1</sup> Cardholders have the right to buy food for government subsidized prices.

enabled the expansion of the Educational Sector. The city has two Central Universities, two Deemed Universities and six State Universities and 2,632 Schools up to Secondary level and many graduate colleges and research institutes.

On the other hand there are 1,142 slums in MCH area, out of which 811 are notified with a population of 1.4 million. This represents 38% of the total city population. There are more than 430,000 people or 13% of the total population below the poverty line. These slum dwellers belong to the informal sector of the economy and contribute an estimated 30% to the city's economy. A significant population of urban poor characterizes Hyderabad. The number of slums has increased at a faster pace during the last decade.

In the Old Town, consumption patterns depend on income and supply. Many small businesses of the same kind can be found in the same street and sell one commodity in different varieties. Within a range of one to two kilometers all basic supplies can be purchased. Depending on the shop owner, customers buy on credit or pay cash, but mostly owners prefer cash. Despite the actions undertaken by the Ministry of Urban Development to improve conditions in slums, poor infrastructure and lack of basic amenities are typical for this parts of the city. Depending on the location most of the houses were pucca or semi-pucca houses, made of burned bricks and covered with a tiled roof or asbestos cement sheets. (MCH, 2006) In Riyasat Nagar 10% of the houses were low quality kutchha houses and the others were small pucca or semi-pucca. In this Basti, water is provided only every other day on one public tap, where women have to fetch it and carry it to their homes. In Aman Nagar only 25% own an individual tap in their home. The percentage of households with individual toilets varies from 43% in Riyasat Nagar to 84% in Aman Nagar. (MCH, 2006)

Due to institutional restrictions and strongly decreased public expenditures, the potential for growth in A.P. has not yet been reached. (Rao, 2002) The rice productivity has yet high unexploited potential. A lack of investigation in modern milling technologies keeps A.P. from being competitive on a global scale. Old milling procedures cause a lot of *brokens* and don't clean as much as modern machines, which lowers the quality of the rice.

In the coastal areas, the main crop is patty, where as ground nuts and cotton cultivation came up in more drought prone areas of the state. (Rao, 2002) With this, other agro processing industries like rice and oil mills, cotton ginning and pressing mills developed. Small farmers with small farm sizes organize most of the rice production in the state. Rice has up to two cycles per year and harvesting time influences the price as well as monsoon fluctuations, which subsequently influence the rice growth.

The family system among most of the people in the Old Town was a joint family system.

### **SHGs and cooperatives**

During the eighties many groups engaged in canalizing development issues to their villages, mostly with the help of NGOs such as ASSEFA, MYRADA and PRADAN. (Sa-Dhan, 2005e) A micro financing strategy started with a broad range of services such as deposits, loans, payment services, money transfers and insurance to the poor and low-income class. (Satyasai 2003) It is the provision of thrift, credit or other small-scale financial services to enable rural, semi urban or urban poor to stabilize their income levels and improve their living standards.(NABARD, 1999) The SHG approach emphasizes peer pressure from within the group, which is one of the reasons why recovery rates for loans are between 95 and 100%. (Kropp and Suran, 2002)

Even after a long phase of expansion of credit institutions, the dependence of rural households on informal sources of finance was over 37.4% in 1991. (Satyasai, 2003) According to APMAS (1999) women in the Nellore district initiated a campaign with the slogan of “save a rupee a day” in 1995. This campaign encouraged many women in rural areas of the state to start SHGs, which began saving 30Rs (0.66US\$) a month. Within five years, the government of A.P. implemented a program for poverty reduction under the new separate department “Women empowerment and Self employment”. They started working together with the groups and found out that women groups were more successful in implementing programs and in handling credit repayments than mixed or men groups. Now a lot of the SHGs are exclusively for women. (Sa-Dhan, 2005e) They get together on a regular basis and therefore solve the problem of reaching each other. Micro credits and social interaction attracted more women to join the, or form own, groups.

In the case of the WCCs, the SHGs formed into clusters that are looked after by a cluster office. Actions are now performed on an institutional level. COVA initiated those clusters and the group leaders meet with COVAs program officers every second half of the month.

By now, SHG formation dominates the micro finance sector. (APMAS, 1999) SHGs, such as WCCs and RV, have been experienced to need about three years for development and stabilization. During that time the groups experience the need and the promotion of their group by an NGO or other institutions, which then helps the federation to emerge. (Sa-Dhan, 2005e) Experience showed that a federation of SHGs makes them stronger and allows developing a larger identity. Thus, a federation helps in proving their legitimacy in the social setting of the Basti or village. (Sa-Dhan, 2005e)

## The WCC

In 1997, COVA initiated the first women's SHGs and since 2001 the COVA affiliate RV has performed successfully as a cooperative based Thrift and Credit Organization in the Old Town of Hyderabad. RV works in eight municipal wards with an exponentially grown member size, reaching the poorest of the poor in the slum regions of the city.

**Table 1: Economic background of RV/WCC**

Subject	Amount
Members RV/WCC	5855/500
Groups RV/WCC	283/8
Total Loans taken	121,000,000Rs/ 2,688,888\$ <sup>2</sup>
Loans taken (4/06-10/06)	1,879,000Rs/41,755\$
Loan repaid (4/06-10/06)	1,721,215Rs/38,249\$
Total Loans outstanding	2,636,023Rs/58,578\$
Share capital RV	507,460Rs/11,276\$
Share capital WCC	75,000Rs/1,666\$

In October 2006, there were around 6,000 registered members organized in 300 RV groups. Their savings sum up to about 42,000 US\$ respectively and the recovery rate for loans is 98%. The years of experience showed that food security played a major role in every day life of the families in the Old Town<sup>3</sup>.

Many slum dwellers are struggling to meet their daily needs in food and nutrition. To alleviate poverty it seemed necessary to promote a method, with which members of already existing thrift and credit groups can ensure their food intake of at least rice, oil and dhal on a monthly basis. As a consequence RV initiated several social welfare programs. After successfully performing for five years, the surplus was taken to form the WCCs. Because members usually work as daily or marginal workers, they do not have the money to buy rice in bulk at a good quality. The solution to that problem was to sell the rice through the group with the option to

<sup>2</sup> Exchange rate: 1\$=45Rs (exchange rate of 18/11/2006)

<sup>3</sup> "Food security exists when all people, at all times, have physical and economic access to sufficient safe and nutritious food to meet all their dietary needs and food preferences for an active and healthy life." (M.D. Asthana and Pedro Medrano, 2001)



buy on credit. Women formed new groups with 15-20 members, bought a cooperative share and paid a membership fee. They elected two group leaders for each group and agreed upon a distribution agent.

In this pre-phase, COVA held meetings with the groups to find out which rice is most demanded. Distribution agents formed a purchase committee and decided for the Sona Massori rice, often referred to as Kurnool rice, because 90% of the members stated it as their preferred rice brand in terms of quality and price. After this COVA started searching for mills in A.P. that would sell this high quality rice at a fair rate. A trial period started, where COVA monitored quality and price fluctuations of the rice market. When quality problems occurred, members were able to return the rice, which gave them the feeling of trust towards their group. In October 2006, the first 3-month contract was signed with a large rice mill in Karimnagar, which is about 200km north-west of Hyderabad. Quality and price stability were agreed upon in the contract and during the first three months monitoring is done by taking samples.. After this phase, a long term contract is planned. The storage of the rice is on average 3km from the slums. At present, the quantity purchased is not influencing prices. Because of obvious market failure and present power structures on the market, new ways need to be explored to lower the prices

After 10 month of functioning, most of the members stated that they have more and better food. The WCCs aim at enhancing the livelihood situation and income levels of the disadvantaged segments of the urban population through the promotion of retailing activity as a community based enterprise. Moreover, it gives the opportunity to invest in trade- and service sector activities. Ownership of the demand helps to cut down consumption expenditure and makes regular necessities, of a desired quality, available at the door step. While increasing income is one of the mechanisms of supporting livelihoods, the other, in the absence of investment opportunities, could be “reducing costs”. (RV concept note)

The initial credit to buy the rice was given by RV without interest. Later BASIX, a micro finance organization, gave additional money at 12% interest.

To ensure sustainability, many SHGs in India promoted the formation of federations to provide the need-based services to their members. (Reddy, Raja 2005) In the future, COVA is planning to split RV into 14 cooperatives with 14 presidents, who will function in a federation to represent the cooperatives and meet their needs. Women will organize themselves and their distribution centers and take responsibilities in all their actions.

In order to promote more sustainable development, COVA and the IfG, plan to establish solid linkages to rural producer groups or cooperatives. Expert knowledge about the market and the commodities (e.g. rice, dhal and oil) is important to establish competitive ways to add needed value to a good. Therefore parts of the empirical study deal with the conditions on the food market and the ways how rice is produced, processed and distributed along the value chain.

## **4 Results of the Study**

### **Membership**

To become a member of the WCCs women had to be members with RV in the first place. Many of its systems were imported to WCC. This helped the members in easy familiarization, since they were already exposed to RV systems. RV works under the principles of micro finance and cooperation, whereas the WCC functions under the principles of business and cooperation. Still, there was hardly any difference in the structure of the groups. The WCCs have members belonging to socially and economically most disadvantaged sections of town around Charminar



#### *4.1.2 The profile of the WCC groups*

On average the group comprised of 19 members. Most of the groups were homogeneous with members from the same section of society and similar educational backgrounds and have existed for about 4 years as RV groups. Low education levels and traditional ties are responsible for a lot of restrictions in the lives of the members. They have limited areas of action. Retailers are mostly close to their homes and cheaper big store chains can only be found in the more modern parts of Hyderabad that are too far away. If food-availability and social security increase, women may travel to other places in the future;

All the interviewed women were WCC-members from the very beginning in December 2005. The activities and quality of the groups varied and depended mostly on the interest and enthusiasm of the group leaders and can be seen in Figure 4. In most SHGs, leaders are selected by other leaders, because they tend to choose the more literate among the members to become one. This is important, since they have to deal with institutions such as banks and other external agencies and food providing companies. (Reddy, Raja 2005)

The number of WCCs groups is strongly increasing, but there are also groups, which are falling apart. More in depth studies are needed to assess reasons for drop outs and failure. The group climate differed depending on the engagement of the members' in-group activities and the position of the group leaders.

#### **Details on the social background of the different groups**

To get an overview over the social background, religion, caste and educational levels were assessed from all groups. They were compared to find out, why some groups function while others don't.

#### *4.1.3 Religion*

Interviewed members of the WCC were 100% Muslim. This is typical for the Old Town of Hyderabad. Differences in caste are not applicable. In other parts of the Old Town members came from a Hindu background as well. The background of the RV was Muslim in the focus area.

The thrift and credit as well as the non-food cooperative in the rural areas and Warangal were dominated by Scheduled Caste (SC) 52%, followed by Backward Caste (BC) 28% and 18% Muslims. Only 2% were Scheduled Tribe (ST). The leaders were also from a SC or OC

background. The non-food cooperative was organized and guided by the ASP, a NGO for SC development.

In the dairy cooperative in the Warangal district, the main religion was Hindu. While only a few members are from the SC, 66% come from the BC. Leadership among the groups is FC dominated. In 30% of the groups a BC dominated group is lead by a BC leader, FC leaders lead the rest even though the group may be BC dominated.

**Table 2: Social background of the Thrift and Credit cooperatives in rural areas**

Social category	Frequency	Percentage
	Members/ leaders	Members/ leaders
Scheduled tribe	1	2
Scheduled caste	27/ 6	52/ 60
Backward caste	14/ 1	28/ 10
Forward caste	0	0
Other caste	9/ 3	18/ 30
Total	51	100/ 100

**Table 3 Social categories of dairy cooperative members and leaders**

Social category	Frequency	Percentage
	Members/ leaders	Members/ leaders
Scheduled tribe	1	3.3
Scheduled caste	2	6.6
Backward caste	20/ 2	66.7/ 33.3
Forward caste	6/ 4	20/ 66.6
Other caste	1	3.3
Total	30/ 6	100/ 100

The members of the employees' cooperative in Hyderabad were all from BC (6.6%) SC (30.12%) or OC (30.12%). 26.6% did not state their caste background. They were mostly from an employees cooperative group with mostly governmental employees. Members from that group were more caste sensitive, which might indicate that they are from a lower caste background.

#### 4.1.4 Educational level

“Greater literacy and education achievements of disadvantaged groups [such as women] increase their ability to reject oppression and to get a fair deal...between different groups, but also within the family.”(Dreze and Zen, 1995)

The overall female literacy rate of A.P. is 51.52%. (Reddy, Raja 2005) Referring to our data the literacy rate of the WCC members is 37.1%, 56.5% can neither read nor write and 6.4 % can only read. The percentage of younger illiterate women was much lower than of older illiterate women. The leaders’ literacy rate was 57%, 35.7% were completely illiterate and 7.1% can only read. In the case of illiteracy, the women stated to get help with the bookkeeping from the second leader or from another group member.

**Table 4 Literacy rate of WCC members and leaders**

Educational level	Frequency	Percentage
	Members/ leaders	Members/ leaders
Literate	23/ 8	37.1/ 57.3
Illiterate	35/ 5	56.5/ 35.7
Just read	4/ 1	6.4/ 7
Total	62/ 14	100/ 100

The urban thrift and credit group was comparatively well educated due to the leaders’ initiative. 60% of the members were able to read and both interviewed leaders had a stronger educational background. In the dairy cooperative the literacy rate was just below state average (46.6%). The number of illiterate older members was higher than of younger members. All leaders were literate.

Literacy levels also seem to be related to caste. Illiteracy is mostly spread throughout the lower casts, whereas the FCs show higher literacy rates.

In rural areas 60.7% of the Thrift and Credit cooperative members stated that they cannot read or write, 31.3% are literate and 8% can only read. Of the leaders, 40% are literate, 50% are illiterate and 10% can only read. The non-food cooperative in Warangal and the employees’ cooperative in Hyderabad showed 100% literacy among members and leaders.

#### 4.1.5 Conclusions on the social background

The concept of SHGs does not exclude women from lower social backgrounds. They are mostly Muslims in the interviewed WCCs and SHGs in urban areas and there is a high

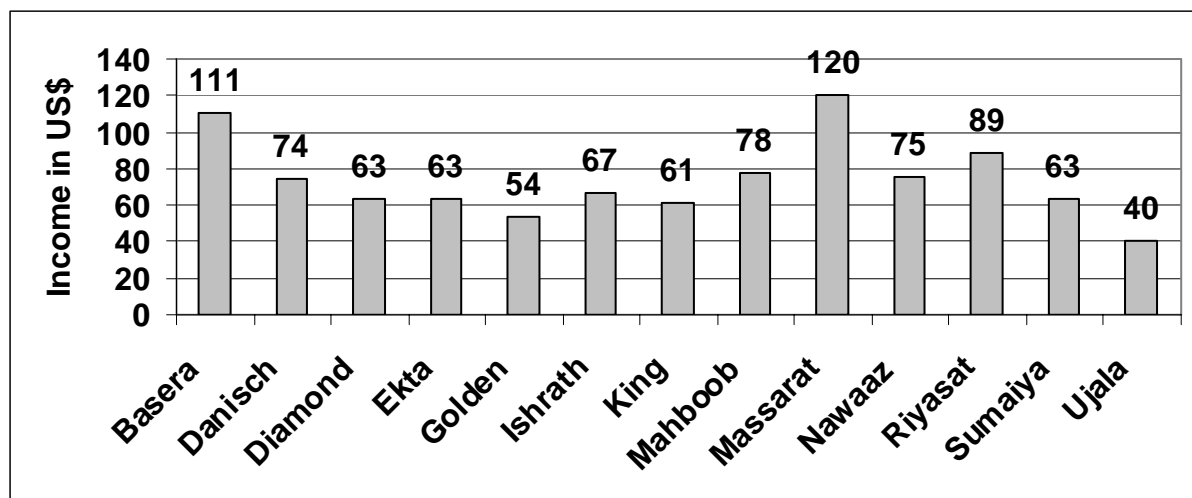
number of SC and BC members in the rural areas. Surprisingly, members of the FC were joined together in a group with SC and ST.

In terms of leadership, in rural areas there was a clear dominance of FC leaders. The literacy rate was also higher among the leaders than among the members. This was similar in rural and urban areas. No illiterate leaders existed in the dairy cooperative, which presents a big difference to the quality of leaders in the WCCs as well as RV. There, only about 50% can read and write. The non-food- as well as the employees' cooperatives had 100% literacy. To use the opportunities of taking over more responsibilities and understand the market to explore new sources of employment, more focus needs to be laid on literacy as a resource.

### **Economic background of the members of different groups**

#### *4.1.6 Monthly income*

The average monthly income is an indicator of the ability of a family to meet basic food needs to handle unexpected events. The vulnerability of a group of people depends on its access to certain assets, which also depends on the monthly income among other things discussed in this report. On average, the members of the WCCs had a family monthly income of 80US\$ with big differences between the different groups. Some women earned extra money with embroidery, beeding, agarbatti and bangle making. On a monthly basis they earn 11-15US\$. The income did not always correlate with the number of family members and depended more on the occupational background. Since most of the husbands work as daily laborers, the stated incomes are not to be looked at as steady. They vary during the month and within the year. Three women, whose husbands were working for the government, stated the highest monthly incomes (222-555US\$). They present only 4% of the women in the WCCs. Others stated that their children have to help with work, if the income is not high enough to meet the basic needs. The fluctuations of income are especially high with those members whose husbands are daily workers. More security is given to members with regular income in form of salary.

**Table 5: Average family income by WCC group**

The lowest averages were in the Golden (54US\$), King (61US\$) and in the Diamond group (63US\$). They lived in Jagdish Huts, which was observed to be the most backward slum visited in the survey. The groups from Riyasat Nagar had higher incomes, but there was diversity within the Basti and groups existed with low-income members. In every Basti were households that have per capita incomes below the urban poverty line. On average there were 26% with a per capita income below 8.8US\$/month. The vast majority of 53% of the focus group families had an income of 8.8US\$ to 22.2US\$/capita/month. The size of the houses varied widely. The rest had more than 22,2US\$/capita/month. The poverty line for urban A.P. lies at 12.8US\$/capita/month. Over 48% of all WCC members are below this poverty line.

In the rural areas of A.P. the poverty line for the year 2001 was 7.25US\$/capita/month. (Rao, 2002) Not one of the other focus groups had members below this average. Only the members of the failed rice credit line lived under really bad conditions. The average income of the other groups was between 72US\$ (dairy cooperative in the rural areas), 102.5US\$ (non food cooperative in the rural areas), 74US\$ (thrift and credit in rural areas), 102.5US\$ (thrift and credit in Hyderabad) and 177US\$ (employees cooperative in Hyderabad). The dairy members had more money compared to non-members in rural areas, but less than the members of the non-food cooperative. The members of the non-food cooperative in the rural areas were all farm workers and earned an extra 42US\$ with crafts that they produce in a home business, the dairy members on average owned two cows/buffaloes and earned an average on 39US\$ extra from selling milk.



## Membership - motivation and impacts

Women in poor societies of development or developing countries face a lot of problems to meet day-to-day needs as well as community obligations. Women are responsible to feed the family and meet the essential household needs. Since family bonds are very strong, there are expectations to support relatives and participate in ceremonies related to life events, like births, marriages, funerals and festivals. (Guerin, I. 2006) Moreover, there are regular contributions to the iman, the temple or the church depending on ones religion. (Guerin, I. 2006) The different impacts of being a SHO member are stated below. Reasons for membership vary and not all expectations are met during the time of membership. Empowerment practices are widely discussed in different studies. Important outcomes were stated in: „*Empowerment and Poverty Reduction*” by the World Bank.

In the study four elements of empowerment were identified:

- Access to information;
- Inclusion and participation;
- Accountability; and
- Local organizational capacity.

### 4.1.7 Reasons for membership

There are different reasons for people to join a group of whatever kind. In the rural areas, SHGs formed to build stronger bonds with members of the community to be able to cope with unexpected things better. (Guerin, I. 2006) Vulnerability decreases with the membership because social capital is gathered in groups. Access to credit and other assets becomes easier and participation in the group's activities may result in gaining capabilities like raising the voice in public and stand in for ones rights.

According to most women in the WCCs reasons for membership are access to loan and regular savings. Social activities were only expected by 25% of the members. In additional group discussions members said, they hoped to benefit more from the group in terms of exploring income generating activities and educational programs.

#### 4.1.8 Group activities and responsibilities

Group activities are involving the member through participation. Participation is considered one of the key elements for empowerment. (Nalagan, 2002) Especially in India, a society with deeply rooted informal rules of excluding women; they need to be included in planning and decision making to effectively empower them.

**Table 6: WCC Group activities**

Group activities	Frequency	Percentage
Savings	63	100
Credit	63	100
Agricultural production	1	2
Crafts/ tailoring	34	53
Community development	6	5
Social activities	13	20
Training/ education	15	23
Processing	6	5
Business	1	2

All members are involved in savings and credit activities. In some groups, tailoring and crafts played an important role. Crafts included bangle making (Jagdish huts) and making incense sticks (Riyasat Nagar). Social activities and educational- as well as awareness programs were only initiated in about 20% of the groups. Business activities or exploring new sources of income played only a marginal role. 4% stated no activities despite saving and credit.

To improve participation means to give the members responsibilities. In the case of the WCCs this may include being a leader, helping the leader, selling goods of the WCCs as a distributor or even engage in food production. Surprisingly, 68% of the members stated that they have no responsibilities. Only 15% help the group leader with her limited responsibilities. Each group has one distributor, but only once a regular member took this responsibility. In other cases, the group leader was also the distributor. Only 23% stated that they want more responsibilities within the group.

**Table 7: Responsibilities of the WCC members**

Responsibility	Frequency of members	Percentage
Leader	7	11

Help leader	10	15
Distributor	1	2
Food production	0	0
None	43	68
Other	1	2

#### 4.1.9 Changes in the lives of the members

One of the objectives of forming cooperatives and WCCs was to ensure food and social security and promote empowerment of women. In the unexpected event of death of a family member, which can ruin a family, the financial burden is taken care of. Members immediately get 66 US\$ to finance the funeral. This is one obvious improvement.

By gaining access to credit, women meet basic needs of food consumption, repay the credits that they took for buying food, in times where income was too low, or pay health bills. This ability temporarily gives them a feeling of security. Without information of how to spend the money most efficiently, this security will not last. This concludes that the flow of information is another way to empower women. Informed citizens are better equipped to take advantage of opportunities, access services, exercise their rights, negotiate effectively and hold state and non-state actors accountable. (Nalagan, 2002)

**Table 8: Impact of membership on WCCs**

Impact of membership	Frequency of members	Percentage
New friends	32	51
Self confidence	40	63
Decision making ability	37	58
More food	43	68
Better food	35	55
Credit access	54	85
More money since being a member	42	68
Savings behavior	47	74
Better health	32	51
Education	25	39

It is a positive sign that 85% stated they feel good in the group. The other 15%, who didn't feel good in the group, came from a group in Jagdish huts, where the group leader took illegal commission from the members for getting them a loan. These members stated that they have

not yet benefited from the group in any way. Most of them hadn't taken a loan yet and the leader promoted no other activities. The results of the WCCs are shown in Table 9.

Many studies before concluded that the SHGs showed high positive impact on building self-confidence in their members. (Satyasai, 2003) This correlates with the interviewed cooperatives in rural areas. Even though the women didn't always say that their confidence has become better, they stated that they visit officials and go further places to buy food since they are members, which indicates higher self-confidence. In the employees' cooperative, members didn't notice higher self-confidence since being a member. This can be explained by their already high self-confidence through education. They already have quite a good position in society, since they work for the government. Due to regular monthly meetings, where decisions are made collectively the women also said that the decision-making ability outside the group has become better.

85% stated that their access to credit has become much better, 68% said to have more money since they became member and 74% said their saving behavior has become better. Saving cash is very rare in poor communities as it makes them vulnerable to demands made by friends and family members. (Guerin, 2006) This correlates with the statements of the different group leaders. Most of them bring the money immediately to the bank and only keep a few rupees for travel expenses. Some stated that they keep a certain percentage of the monthly savings to meet emergency needs. Others said that they make sure to keep a certain amount on the account for that purpose.

Food security has improved. 68% had more food and over 55% said they now have better food. This food security results in better health for more than half of the members. Two reasons for more and better food can be extracted. The quality is assured by selling only high quality rice. The members decided upon the brand and quality, and the price is fixed in a contract with the mill. As a result, 60% said that the quality at the distributor is much better, whereas the other 40% still remembered one quality problem that occurred when no contracts with the mill existed yet. Over 2/3 of the members buy everything at the distributor. About half of all members buy half in credit and half in cash, which is one feature of the WCCs.

#### *4.1.10 Membership and educational programs*

Education ensures access to information, which in order makes members aware of rights and able to see the right opportunities to start a business, for example. Educated people have the ability to take part in decision-making processes and community development. This indicates the importance of educational programs for the members and their families. If members

understand the importance of education and the spreading of information, they create pressure of demand towards the local authorities to improve educational services for their children.

**Table 9: Educational program participation of WCCs**

Educational program	Frequency of members	Percentage of members
Learn how to read and write	6	10
Learn about food and nutrition	13	20
Finish primary education	7	11
Finish secondary education	4	6
Bookkeeping	8	12
Daughter has taken part	5	8
No time	15	23
Confused if it is good for her	11	17
Family reasons	3	5
No opportunity	11	17
Other	2	3

Even though only 23% stated that training and education is part of their group activity, 42% have taken part in educational or awareness programs. Food and nutrition as well as HIV awareness programs are among the most participated ones. In some groups the leaders are very active in informing their members. The other 58% stated that they didn't have time, their husband didn't allow them to, and they did not see the good impact, were confused about such program or didn't know about them.

**Table 10: Children school attendance since being a member at WCC**

School attendance	Frequency of members	Percentage of members
Yes	42	66
No	2	3
They have to help with work	5	8
Has none	4	6
Children are grown up	9	14
Total	63	100

In several studies micro-credit programs showed impact on children's schooling. Enrollment levels with Grameen bank members increased by 2%. (Khandkhe, 1998) In this study on

socioeconomic impacts of micro-credit programs in Bangladesh, boys benefited more than girls. This was not so significant in the WCCs' case study in Hyderabad. 66% send all their children to school. Among WCC-members, only 3% said that they prefer the boys from the girls. 8% still make their children work to raise the income. The other women stated that their children are too old or they don't have any.

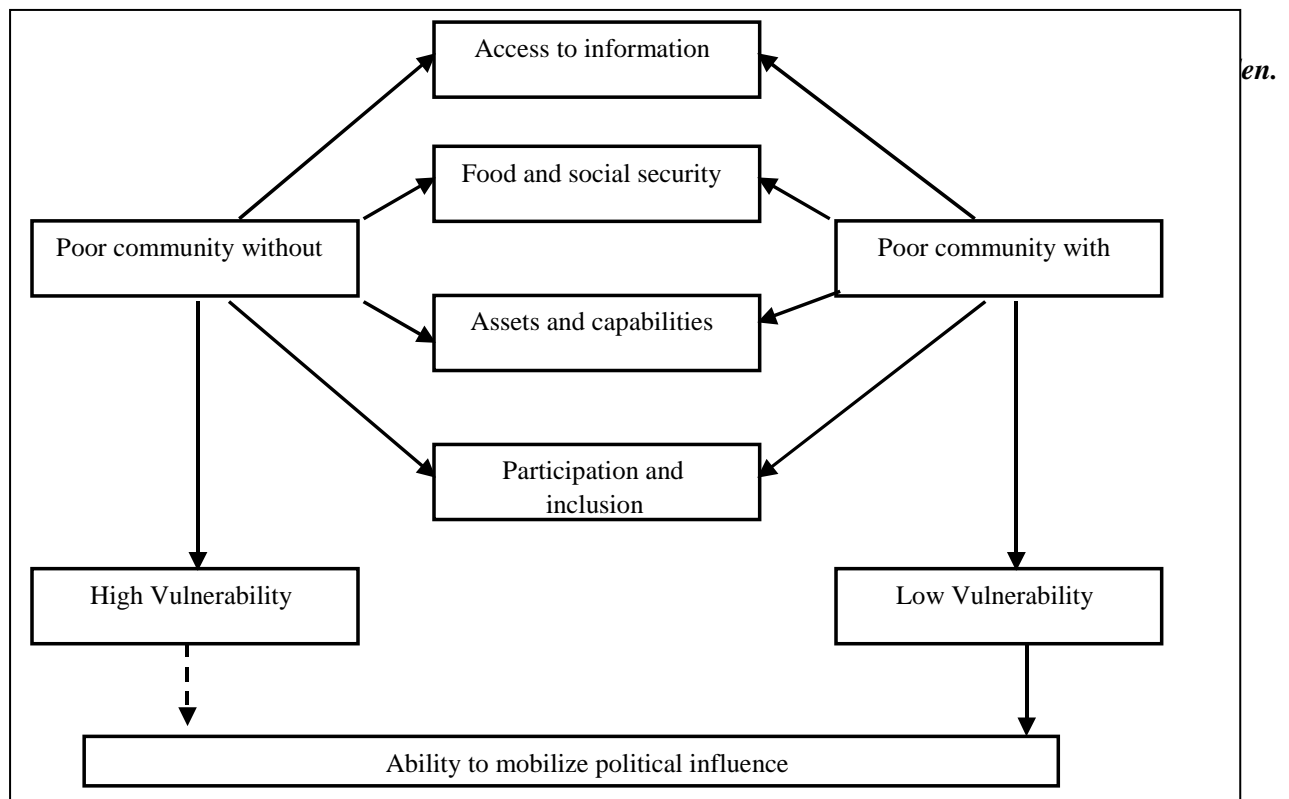
#### *4.1.11 Conclusions on impact of membership*

Being a member of a group (thrift or consumer cooperative) had important positive effects on the woman's life. They mostly feel good in their groups, in the rural as well as in the urban areas and convinced others to become members. This is an indicator for group pride and well being. It is important to mention that WCC-members did not make a difference between their membership with RV and the WCCs, but looked at increased food security as an additional benefit of their RV group. Reasons for that can be found in the configuration of the group. The members are the same in both groups and even the group leaders remained the same. The impact on social life and educational awareness was the highest in the beginning of the formation of the RV groups. The WCCs were embedded into a grown structure of stable groups, which is an advantage for the implementation of the new concept. Members mostly trust their groups and their leaders and did not hesitate much to become member in the WCCs, which again meant spending money on another share and membership fee.

The peer pressure of the group is so well established that women try to buy as many products as their monthly budget allows from the group. Since it is possible to buy on credit, women are able to ensure the daily intake of food for their families, which increases their status in society. 12% of the women buy all products always on credit, 22% always pays cash and 66% decide upon their situation and buy in credit or cash. 69% buy all their rice, dhal and oil at the distributing agent of their group, even though the price is sometimes higher than at a retailer in their neighborhoods. 9% bought only the rice there. 38% stated that they also buy at the retailer. Reasons were closeness to their home (8%), more variety (20%), cheaper prices (29%) or solidarity to a friend who is retailer (20%). For this question, more than one answer was possible and some did not want to answer it at all. Since over half the women in the interviewed groups live below the urban poverty line, cheaper prices would be an important benefit. Especially the poor are highly vulnerable towards unexpected events such as accidents, diseases of the person who earns the money or natural catastrophes, which destroy the source of their income. This motivational argument for membership was reinforced by the answers of the questionnaire and corresponded with the literature. A lot of money is spent

on private education since WCC members are aware of the bad condition and teaching in governmental schools. The heaviest burden comes from expenditures on health. When the earner of the family falls sick, it may pull the family further down the poverty line. If he/she needs medical treatment, it may ruin the family completely. Mostly, these families cannot afford insurance and pay a much higher percentage of their monthly earnings in healthcare. Often, hospitals charge them a higher price because they don't know the real prices and are not educated enough to stand in for their rights.

If a poor community has access to education, to food and social security and other assets and members are included in decision making processes, they are less. After meeting these basic needs, it will be easier to concentrate on education and assets. A less vulnerable community is stronger to exert peer pressure, is in turn a more reliable partner for micro-credit programs and more capable to organize political influence.



**Figure 5: The impact of high or low household vulnerability**

Most women said that they hope for better future perspectives. They want more variety in the sold goods and, most important, lower prices. In a lot of cases, they paid the same price in the group and at a retailer, even though the WCC-price is lower than the *average* market price.



This happens because the retailers can vary the prices due to their big variety and adjust it to demand.

#### 4.1.12 Key issues in rice production

This section analyses the production and distribution processes of rice. The production of rice has up to two cycles per year. The farmer needs to take different steps of action and spend money on labor and assets to assure high yields. A list of steps and prices is shown in Figure 7. A lot of money flows into high amounts of pesticides and fertilizers, which farmers use. Environmental and resource protection still play a marginal role in A.P. Resulting this behavior and generally high air pollution, there are decreasing rice yields in most parts of India. (New Delhi News, December 2006) Rice prices stay pretty stable, whereas prices for inputs have been going up. Still India is facing major problems in the future, if pollution and the use of pesticides and fertilizers are not reduced an increasing wedge between farmer's income and urban rice prices will occur. Right now, the average yield per acre is 2760Kg. (Rao, 2002)

<b>Cost of production: ~222US\$/a</b>	<p><b><u>Inputs per acre</u></b></p> <p>Fertilizer: 44US\$</p> <p>Pesticides: 22US\$</p> <p>Seeds: 30kg/33US\$</p> <p>Irrigation: depends on system</p> <p>Electricity: 5,5/month: 27,7US\$</p> <p><b><u>Labor:</u></b> (0.55 to 4,4US\$/Day, depending on gender, age, region, background)</p> <p>(Ploughing: 4 people a 4,4US\$ for 3 days: 53US\$)</p> <p>Manual: 11US\$</p> <p>Seeding (15p a 1,4US\$): 22US\$</p> <p>Weeding: 11US\$</p> <p>Harvesting: 16,5US\$</p> <p>Seed separation: 13US\$</p> <p>Cleaning: 4,4US\$</p> <p>Transport to home and to market: 13US\$</p> <p>Milling: farmer leaves the husk, which the miller sells as fodder a.s.o no extra payment</p>
<p><b>Transport within the state: 89US\$/ Lorry (9Tons)</b></p> <p><b>Storage urban: 62US\$ (WCC)</b></p>	

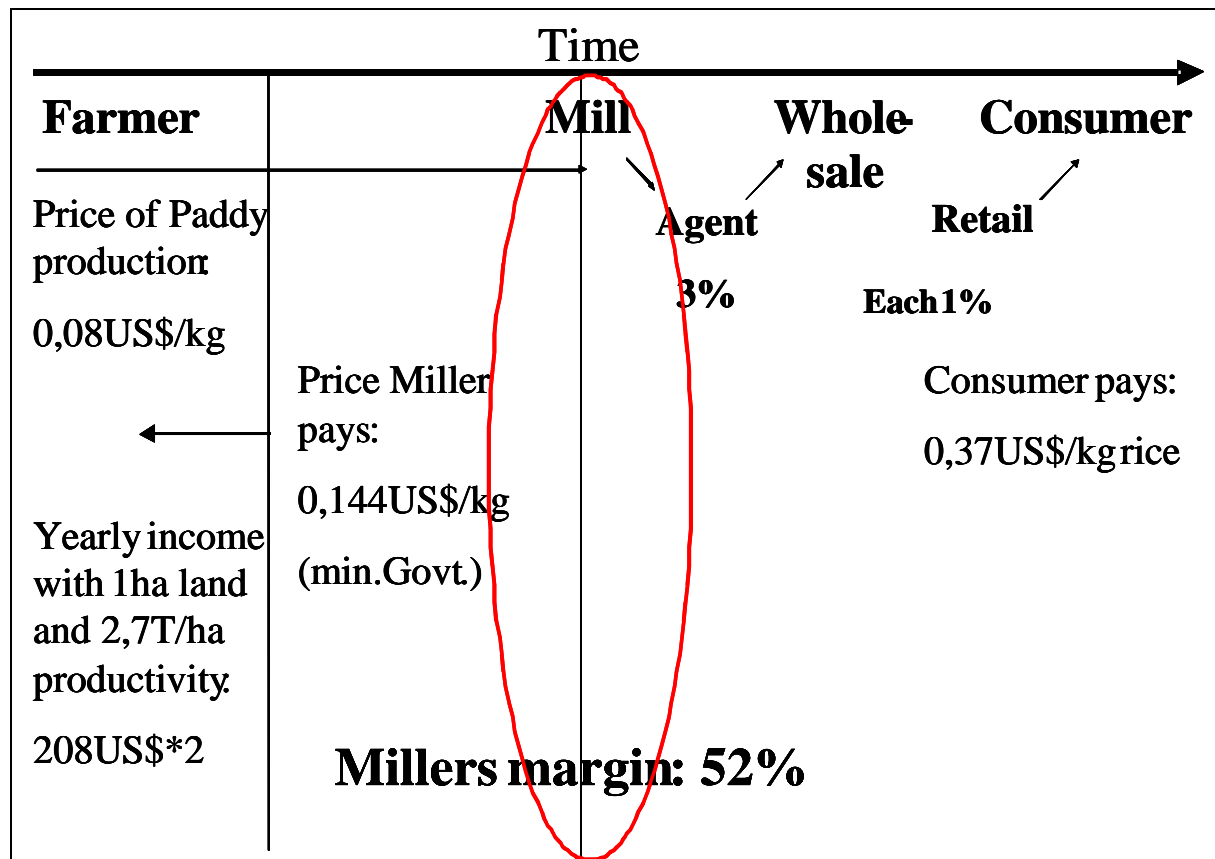
**Figure 6: Detail in the prices of production for one cycle of rice in A.P. (own figure)**

After harvesting, the miller comes to the farmer or buys from the farmer on a local market. The milling recovery depends on the state of the art of the mill. It varies between 65 to 72% rice for 100% paddy. 22% husk and 6% bran are the other components. Older mills (hullers) have the lowest standards with on average 65% recovery of not completely cleaned rice with a high 20-30% broken. Modern mills have only 5-10% broken with about 72% rice recovery.

The International Institute for Rice Research listed the rice milling process of modern mills:

- Pre-cleaning - removing all impurities and unfilled grains from the paddy;
- Husking - removing the husk from the paddy;
- Husk aspiration - separating the husk from the brown rice/unhusked paddy;
- Paddy separation - separating the unhusked paddy from the brown rice;
- Destoning - separating small stones from the brown rice;
- Whitening - removing all or part of the branlayer and germ from the brown rice;
- Polishing - improving the appearance of milled rice by removing remaining bran particles and by polishing the exterior of the milled kernel;
- Sifting - separating small impurities or chips from the milled rice;
- Length grading - separating small or large broken from the head rice;
- Blending - mix head rice with predetermined amount of large or small broken, as required by the customer; and
- Weighing and bagging - preparing milled rice for transport to the customer.

To ensure a lower price than the market, the WCCs purchase the rice in large amounts directly from the miller. Even though the retailer and the wholesaler are being skipped in the line of middlemen, the prices remain very high. Looking at the different steps in more detail led to the conclusion that the miller, who adds the value to the paddy by converting it into rice, also gains the most money. There is a very large margin (52%) with the miller, whereas farmers mostly get the minimum governmental price of 144 US\$ per ton of rice. Considering the small plots that the average farmer cultivates (a few acres) this high profit margin for the processors will leave most of the farmers below the rural poverty line. The formation of producer-consumer cooperatives which integrate along the value added chain of rice production seems the most sustainable way to improve the situation for both groups, rice producers and rice consumers.



**Figure 7 Margin and value development in rice production**

### Outlook and strategies

WCCs were founded on the basis of existing thrift cooperatives and have successfully completed their first year of existence. There were various constraints and problems in this stage, which were addressed in the study. The most significant factor in this stage, was the role of RV. Being a relatively well established organization, it provided protection and safe space for experimentation and functioning of the WCCs. WCC leaders together with members have identified several development strategies WCCs may follow in the future, namely

- Scaling up the operation to gain cost advantages;
- Increasing the number of members to gain increasing political influence and a better market position;
- Integrating along the value added chain
- Diversify activities and provide other services;
- Increase networking activities between WCCs, RV, NGOs and government bodies.

## **Conclusions and Outlook**

The organization of self-help and cooperative organizations bares a high potential for the development of a larger partition of the population of the old town district in the City of Hyderabad. Pre-existing forms of community and self-help organizations deliver the institutional infrastructure for further development. Research done in the framework of the pilot project on Women's Consumer Cooperatives has shown the large potential of Self-Help Groups (SHOs) over the various cultural and socio-economic backgrounds in the Bastis of Hyderabad. After only one year of coming into being, it is way too early to evaluate the project with respect to all of the objectives defined for the four project stages, namely food security, empowerment, organization of voice and sustainability. However, the answers given by the women themselves indicate that the project's approach realistically reflects the situation of the target group. Women's Consumer Cooperatives may well represent one way out of poverty and vulnerability.

In the next phase of the project, more emphasis will be given to the organization of the link between self-help groups in the city and those in rural areas. Not only the objective of reaching higher levels of sustainability affords a focus on rural urban linkages. The results of the simple analysis of the value added chain and the profit margins in rice production indicate that markets fail on a regular basis and constitute the main reason for concentrating more on market development and dependencies along the value added chain in the next phases of the project. This offers the opportunity to integrate other but food-related rural and urban activities into the project's research priorities.

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## 6 Appendix

### Different housings of slum dwellers

**Pucca House:** A Pucca house is one, which has walls and roof made of the following material.  
Wall material: Burnt bricks, stones (packed with lime or cement), cement concrete, timber, ekra etc

Roof Material: Tiles, GCI (Galvanised Corrugated Iron) sheets, asbestos cement sheet, RBC, (Reinforced Brick Concrete), RCC (Reinforced Cement Concrete) and timber etc.

**Kutch House:** The walls and/or roof of which are made of material other than those mentioned above, such as un-burnt bricks, bamboos, mud, grass, reeds, thatch, loosely packed stones, etc. are treated as Kutch house.

Semi -Pucca house: A house that has fixed walls made up of Pucca material but roof is made up of the material other than those used for Pucca house.<sup>4</sup>

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<sup>4</sup> [http://mospi.nic.in/ecs\\_Ins\\_Manual\\_part\\_I\\_two.htm](http://mospi.nic.in/ecs_Ins_Manual_part_I_two.htm). 26.10.2006