M.P. Vasimalai, the Founder Executive Director of DHAN Foundation

Mr. M.P. Vasimalai, an Indian Institute of Management Ahmedabad (IIMA) passout, is the Founder Executive Director of DHAN Foundation. He belongs to a farming family in Madurai district, Tamil Nadu, and has witnessed the impacts of Green Revolution in late 60s in his own village. The life experience, the boom and the bust of rural economies and the wreckages they left behind in the form of depleted soil, deserted wells, penury & hopelessness of rural people and education made him to decide that he was not meant for the corporate world. Having spent a decade in development work, he founded DHAN in 1997 with 60 professionals. The main purpose of DHAN Foundation is to develop quality professionals who work with the poor in the villages, tribal areas and urban slums.

Mr. Vasimalai has taken out his valuable time to respond to the questionnaire sent by Krishnagopal of Transforming India. Here he has expressed his views on water management in our country and Indian microfinance sector.

DHAN is well known for two different streams of work—microfinance and revival of traditional water structures. How did the work with water structures evolve?

We are always on the lookout for new opportunities and ideas for poverty reduction, because DHAN stands for mothering of development innovations, which promotes and nurtures new ideas or themes that can impact on poverty in a significant manner. Microfinance and Water are the two advanced themes in DHAN, at the same time DHAN is working on four new themes such as ICT for poverty reduction, working with Panchayats, rainfed farming development, coastal conservation and livelihoods. Despite the presence of over 200,000 small-scale water bodies (Tanks), the farmers in the low rainfall, monsoon dependent districts in Tamil Nadu, Andhra Pradesh and Karnataka are forced into the cycle of deprivation, debt and chronic seasonal migration. These tanks were ingeniously designed by the local rulers and managed by the village communities for several centuries. With the centralisation of tank administration by the colonial authority and continued neglect after independence, the institutions associated with tank management had been collapsed and tank
structures deteriorated. This has had severe adverse effects on the lives and livelihoods of the small and marginal farmers in rainfed areas. Considering the potential for regeneration of local management of tanks and its influence on poverty reduction we initiated the ‘Water’ programme in 1990.

Is it true that most of human problems related to water are due to lack of proper management systems rather than scarcity?

Of course, today we are fighting against a problem that we created for ourselves—the issue of water scarcity. The issue is in understanding and intervening on the water balance. There is an imbalance between availability, use and replenishment of water. Mindless exploitation of groundwater without any effort to recharge the aquifers is happening on one side. On the other side surface water resources are shrinking due to fast paced urbanisation. The tanks are the living examples for this. As one of the oldest human-made ecosystems, the institutional arrangements for tank management were unique. Essentially administratively and financially self-reliant, these institutions served the needs of all sections of society, such as farmers, fisherfolk, artisans, animal rearers, and especially the women. However, there is more mismanagement than actual management. The deterioration of tank institutions and structures was due to systematic near-decimation of state funds for tank maintenance and the encouragement by the state to encroach upon not only tank beds but also vital supply channels for public and private use. In fact, in many instances, the state itself has been the encroacher.

How do you plan for water management connecting both the productive and consumptive use together?

Approximately sixty millions children are under weight in India. Given its impact on health, education and productivity, persistent under nutrition is a major obstacle.

We always believe in the native wisdom of the communities in planning and managing water resources. Our initiatives are focused towards giving institutional framework for the local initiatives. The local communities know what they need and prioritise those needs according to the availability of resources. For instance the communities in southern districts of Tamil Nadu, the village committees would prioritise the need for storing water for drinking over irrigation. They would let the first filling of tank water to flow into the drinking water pond locally called Ooranis. The farmers in Theni district use both tank and well water conjunctively and the tanks are mostly used for recharging groundwater. Whereas in the coastal plains of Ramanad and Tuticorin Districts in Tamil Nadu, tanks are used as only source of irrigation, drinking water and for prevention of sea water intrusion. Depending on the context and need the communities define the strategies for managing water. Nowadays farmers are going towards constructing farm ponds as a strategy for mitigating drought and supplementing with tanks and wells.
Traditional water structures have long disappeared do they have relevance in the changed topography, human settlements, agriculture patterns and climatic conditions?

Not all the traditional water structures were lost. In the Deccan Plateau, most of the traditional tanks numbering around 150,000 are still surviving despite all the manmade and natural damages as the lifeline for livelihoods of millions of farmers. But these tanks are functioning at their sub optimal capacities due to poor maintenance and continuous neglect. If these tanks are restored to their original capacity, they can change the entire landscape and agricultural pattern. They can play a vital role in the context of climate change adaptation, as the tanks are performing dual role as drought mitigators as well as flood moderators. In fact, urbanisation and expansion of human settlement affect tank eco systems in the fringes of the towns and upcoming towns. While the tanks, which are owned legally by the state, are taken over by the Government for construction of offices, housing colonies, bus stands, and other common utilities, the ayacut is converted into urban settlements by the common people. This process kills the tank eco-system and in the long run affects the ground water potential of the entire area. Therefore tanks are highly relevant in the urban and sub urban areas for recharging the ground water and moderating floods. That is why DHAN always advocates preservation of water bodies through acts and customary practices.

Water management has both macro and micro components. How do we integrate them in planning?

At micro level, the isolated tanks sustain the livelihoods of farmers at village level. At macro level, the cascade of tanks, spread across villages and connected with the seasonal rivers form part of river-basins or sub-basins.

Understanding the social and hydrological connectivity of tanks and villages is very critical in planning. DHAN's work on tanks too has undergone shifts in emphases, in the early years, the stress was on rehabilitating a few tanks to increase their storage capacity and the crops better watered to increase the output, today we have moved from isolated tanks towards organising the communities at cascade level (chain of tanks) across villages and integrating tanks into watersheds and basins. One of the studies taken up by DHAN in the Gundar sub basin in Tamil Nadu indicate the need for integrated plan with minor as well as major water resources. There is a potential for rejuvenating around 2000 tanks in the entire basin. All Farmers' Federations, that we have promoted in this basin collectively promoted Gundar Basin Vayalaga Confederation to further the initiative.

Beyond watershed people today are talking about Basin Based planning approach. What's the difference and what's the significance?

Both river basins and watersheds encompass the areas of land that drain to a particular water body, such as a lake or tank, stream or river. In a river basin, all the water drains to a large river. Watershed describes a smaller area of land that drains to a smaller stream, lake or tank. There would be many smaller watersheds within a river basin. Treating only a portion of watershed or river basin will not have desired impact. Conventionally in watershed development, the predominant focus is given to prevention of soil and land degradation through soil conservation measures according to the slope. Whereas in all the five types of hydraulic boundaries viz. river basin, sub-basin, macro-watershed, sub-watershed and micro-watershed, there are numerous traditional water bodies like tanks and ponds. It is always misconstrued by Policy makers, that development of tanks and ponds within watershed boundary is not a part and parcel of watershed development. It is seen an irrigation development intervention. In reality, the catchments of rainfall run off and guided through feeder channels into tank help to enrich the soil moisture profile in its zone of influence in addition to complimenting surface water based irrigation to its own ayacut. Irrespective of watershed and basin approach, the tanks should be given an adequate importance in planning. Thus we promote tank based watershed development in the Deccan Plateau.

Scarcity of water is propelling communities to depend on private water supply? Do you agree that privatisation is more efficient and effective in management?

I don't think so. There is a misconception that anything done through the private is of high quality. While there are cases where the local communities themselves managing water resources effectively for many centuries, with minimal state intervention, why can't they manage supply too. In our experience, where the communities managed rehabilitation, they have done the works worth more than the estimate. They have used all the money earned from selling silt removed from the tanks, trees and other usufructs for the development of tanks itself. Usually they do not count their time and labour spent on implementation. Moreover, it is important to note that community ownership will lead to governance, while privatization will keep the communities away. The former is based on trust, the latter on reinforcing suspicion and distrust. Moreover, the end results of the former are collective empowerment, while the latter leads to the alienation of the masses due to the empowerment of a few. Only the community management will ensure transparency and accountability, resulting in collective empowerment.

There was an attempt to privatize water supply what are its implications on the poor?

As I told earlier, the privatization will take away community management and keep them away from all the affairs. Our experience shows, at many instances, the poor communities have demonstrated the success of collective action. For example, the poor communities in Madurai and Theni districts of Tamil Nadu have established community hospitals and delivering services at 60 percent of the cost charged by the private hospitals in the City, without compromising on quality. No doubt, they would compete with the private in every aspect, if they get adequate professional support. This could be made possible in water supply too.

On the other sector where DHAN has made important contribution Micro
Overview of DHAN Foundation

DHAN stands for building people and institutions for development innovations and it envisions a poverty free, gender balanced, equitable, ecological sensitive, democratic, just and value based inclusive society. The visions are grounded in the core values of DHAN - Grassroots action, Collaboration, Enabling, Innovation, Excellence and Self-Regulation. In order to achieve this DHAN opens up new frontiers for better humanity and continues to build scalable, cost effective and sustainable innovations for self-reliance.

Since its inception in 1997, its work on themes like Community Centred Conservation of Water Resources and Community Banking for Women Empowerment has brought a lot of successes and at the same time deeper insights in institution building for poverty alleviation with people governance and professional management. With these learnings, DHAN has been recognised for its contributions and good practices at the grassroots and occupied space in many policy-making forums to shape the macro environment in response to the realities of grassroots and serving development community by disseminating good practices. DHAN works on four more themes, which are in different stages of scaling up, such as rainfed farming development, ICT for poverty reduction, working with Panchayats, development management education, and coastal conservation and livelihoods.

In the Water sector, DHAN has demonstrated successfully that local communities can be made responsible for managing irrigation tanks, small scale water resources collectively in partnership with the mainstream agencies by organising over 160,000 farmers and rehabilitating over 2000 irrigation tanks. There exists greater scope to replicate this model in all the 150,000 small and ingeniously designed innovations that survived for many centuries in the water scarce south Indian States.

Finance - There has been criticism on the Indian Micro Finance Industry Internationally what do you have to say about it?

True, internationally there has been strong argument on the exploitative interest rates charged by the Microfinance Institutions in India and its high cost of delivery. We should understand that there are two models in practice, the enabling model of microfinance through SHGs is followed by very few organisations and narrow financial delivery model is often followed by many agencies across the globe. I would strongly say that contribution of Indian microfinance sector that works on enabling approach is commendable. We follow enabling model that believes in member's ownership and control, it is 'savings' led and poverty reduction focused. This approach invests substantial amount of energy in building capacity of the members, and it is flexible and decentralised. In fact it is cost effective and complements local banking institutions. Whereas the delivery approach is externally owned and controlled, it is primarily 'credit' led and finance focused. This approach survives on external capacity, not so flexible and highly centralised, and it substitutes the local banking institutions. While the enabling model of microfinance shows promise to the goal of poverty reduction, the banking sector, both private and public encourages the delivery models for just two percent of interest spread.

The poor often fall prey to the predatory lending practice of the microfinance institutions. The state should play a key role in regulating such practices.

It has been more than 30 years since you are working in the development sector. What would you like to state about the experience you have gained in your journey?

It is encouraging to see that the enabling approach in development gets prominence increasingly in the public sphere, though not at the expected level. Despite several attempts by the dedicated development institutions across the country, demand system has not yet taken shape and development is still supply driven. The people often get carried away by the short term delivery of goods and services. The community should be put at the centre, preserving and strengthening the culture and value systems of the society needs to get integrated in the development that we are dreaming. We need to work with more rigour and vigour towards building a new social order, where the poor and vulnerable communities will have freedom of choice to determine their quality of life, internalise their responsibilities in generation and conservation of resources and ensure equity and equality in development.

Do you think that this profession is really relevant for the young in the country?

Yes, there is need for socially concerned youths in large numbers with appropriate motivation and value to work at the grassroots. We live in an era of rapid change. Societies are moving towards greater democracy, decentralization and market economies. An information revolution is underway as electronic information "super-highways" span the globe. At the same time, poverty is pervasive, especially in all the rural, urban, coastal and tribal contexts. The gap between the rich and the poor is getting wider. To meet the ever growing challenges of poverty reduction, we need radical change in our approaches to tackle it. Though the influx of highly qualified and socially concerned young graduate professional into the field of development work has been increasing, it is not adequate in
numbers with the intensity of issues and needs.

What is the difference between the traditional voluntary organizations and professional development agencies?

The new generation of development organisations that believes in professionalism in development work is emerging in good numbers. Earlier it was wrongly construed by the student community that working in development sector is menial and unchallenging. It is encouraging to witness that such a kind of perception is changing and the NGOs with professional approach are attracting and grooming young professionals with motivation to participate in the development work. High quality young professionals are likely to be attracted towards such institutions, particularly if they perceive it challenging and creative. Also, it is essential that the new breed of young professionals increasingly prefer organisations, which are designed and developed as a flat and non-hierarchical, collegial in work culture, democratic and transparent in decision making, high task oriented and excellence seeking.

Where do you place DHAN's work in the current scenario of poverty in country?

With intensive field action on the themes of water and microfinance, DHAN Foundation has emerged as pioneer in both these themes. DHAN takes up a development theme and works continuously to make it a scalable programme. We have come out with two scalable models – Kalanjiam model of microfinance and Vayalagam model of tank based watershed development. More than 700 professionals are striving hard at the grassroots in different contexts such as tribal, rural, urban and coastal. They are working with 30,000 primary groups and 164 federations through its various development themes, reaching out to 750,000 poor families. All these federations are independent Peoples’ Organisations, start to meet their costs from the day-one and achieve self-reliant in definite time frame. These Peoples’ Organisations, from the very beginning have facilitated learning opportunities for bankers, government officials, NGOs, academicians and researchers through various programmes. DHAN has also been a part of the advisory or working groups set up by the State and Central Governments in the fields of microfinance and water.

Government is considered the largest development agency do you agree with it? In many states Government initiatives have taken up the civil society space with the help of bilateral donors and lenders what do you have to say about this trend?

Yes, I agree, but the government must understand that it cannot manage development on its own. Because its capacities are limited and the system is not in tune with the enabling model of development, what the society needs at present. The government occupying the civil society space is not healthy and the recent trends are alarming and mostly the governments rely on sub-contract system or the government itself replaces the existing development NGOs and community’s self initiatives. The state can only regulate the development
players with suitable enabling policies and regulations. It should transfer implementation roles to the competent development and community based organisations.

**DHAN has scaled up its operations. Do you think the quality of delivery has got affected?**

We always believe that growth brings quality. In the process of scaling-up it is not the outreach mere in numbers that matters but more importantly the depth and quality of reach to make significant impact on poverty. We emphasise both vertical and horizontal scaling-up equally. Horizontal scaling-up denotes geographical spread to cover more people and communities and involves expansion within same theme. The vertical scaling up involves greater integration with other stakeholders in the process of expansion and aims at deepening of interventions to bring the desired impact equitably to everyone.

DHAN's development interventions are highly contextualised and implemented by all the 30,000 primary groups, networked into 1400 Cluster and Cascade Development Associations, and federated into 164 Federations. The social capital built through these people's organisations forms foundation for bringing down poverty and ensures quality and sustainability of the outcomes. The processes are more important than the numbers, which only will help achieve quality.

**What steps has DHAN undertaken to maintain the quality of work?**

DHAN Foundation is a learning organisation; innovation and excellence are our core values. We continue to learn from our successes and failures. We place utmost importance on the enabling processes that leads to sustainable outcomes and impacts. We also believe that stake for the poor families in development efforts that bring ownership and ensure quality of outcomes. In the tank works and other natural resource management works, the communities have taken up works worth more than the estimate without compromising on quality. In the rainfed land development works, the farmers have taken up works 100 to 200 percent more than the original estimate. The other key learning in ensuring quality of outcomes is that a professionally competent, capable and credible executive system that operates within an accountable and ethical framework is paramount for ensuring quality of outcomes. Proper checks and balances, consistent and contextualized strategies and conflict resolution, ensure just distribution of such outcomes with quality.

**Why was there a necessity of TATA DHAN Academy?**

We discussed about professionalism in development work. The sector needs competent manpower to work at the grassroots. The conventional B-schools produce managers who can handle difficult complex situations. But the issues of poverty are highly complex and intervening to tackle this with an enabling approach needs a new breed of management professionals with appropriate motivation, values and ethics. This made us to evolve a D-School, Development Management School. Thanks to Sir Ratan Tata Trust for joining us to setup Tata-Dhan Academy in 2000. The Academy works towards building 'development missionaries' with high leadership abilities, meticulousness and analytical frame of mind to the ever demanding community requirement. Sixty percent of the curriculum involves field work and practice, and the Academy follows the 'practitioners to teach' principle. They are drawn from the pool of professionals, who are in the thick of development action, and they provide a strong action orientation to knowledge and perspectives.

**What's your message for the young aspirants in the development sector?**

Development work should not be seen as yet another employment opportunity. A farmer would never say farming is his occupation. He cannot differentiate between his personal life and farming; he would never calculate how much time he worked in his field, he would eat, sleep and till the land. Farming is his way of life. Acharya Vinoba Bhave, long as there is a division between private life and public life, there will be a conflict. Whatever I do for myself, eating and sleeping are part of my public life... I would remind them the famous quote of Chinese Reformer Dr.Y.C. James Yen, "Go to the people. Live with them. Learn from them. Love them. Start with what they know. Build with what they have". But with the best leaders, when the work is done, the task accomplished, the people will say "We have done this ourselves".

**There is lot of discussion on social entrepreneurship how do you define it?**

As I told earlier, development work is not a career, it is the way of life. In my view, a development professional, after an intensive field work becomes a social entrepreneur and graduates to be a development leader. Social entrepreneurship is the precursor of development leadership. It involves an intensive field work, and in-depth understanding and clarity on the purpose. He/she should be able to ensure social and economic deliverables, through sustainable development interventions, keeping the communities at the centre, without foregoing the principles of community ownership and self-governance. He/she should acquire negotiation skills to make and sustain collaborations for the community wellbeing.

**What's your message to young social entrepreneurs?**

I have a single message for all of them—first define the centre. The centre is the community, and you are a part of it. Sometimes, people see themselves as the centre and others as peripheral. This is true of both the government and other sectors. I would say, keep the community as the centre and think of you as peripheral. Our job is to make the functional linkages within the community work.
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