



Case Study

COOPERATIVE SOCIETIES

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USHA Multipurpose Cooperative Society

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Julie, daughter of a sex worker, daily collector

USHA¹⁶⁵ Multipurpose Cooperative Society is the largest sex worker-led financial institution in Asia, steered by Durbar Mahila Samanwaya Committee (DMSC), a sex worker collective in West Bengal, India. DMSC, a collective of 65 000 sex workers, is a forum for all sex workers. In 1995, a group of sex workers from DMSC created USHA as their own financial institution.

The cooperative's goals are to enable sex workers to become financially secure; establish worker's recognition and rights of sex workers; and to ensure education and career development opportunities for sex workers' children.

USHA has a current membership of 16 228 female and transgender sex workers. Four to five thousand members receive loans annually. Female and transgender sex workers or their daughters over 18 years can open accounts and are eligible for loans. USHA has one of the best loan recovery rates in the state of West Bengal (over 90%) with an annual turnover of US\$ 2.7 million and capital assets of more than US\$ 1 million.¹⁶⁶

USHA's core services are:

- savings accounts, daily collection accounts and fixed deposits, and a tie-in product with the Life Insurance Corporation of India;
- providing loans to members;
- supporting self-employment schemes for sex workers;
- social marketing strategies generate resources for DMSC to better meet the community's needs.

History behind the cooperative

Sex workers in West Bengal were denied access to financial institutions and could not open bank accounts, as they were unable to produce the necessary documents. As a result, the majority of sex workers deposited their money in unauthorised financial institutions (such as chit funds)¹⁶⁷ or left it in the care of their madams, risking mismanagement of their money and sometimes outright loss of savings. Common experiences among sex workers in DMSC were being cheated by these agencies and having their savings taken away by their lovers (babus), local goons and the police. Many did not know how to save money from their daily incomes and usually spent all their earnings. Moreover, there was the prospect of financial insecurity for aged sex workers. They had a declining income, increased health-related expenses along with often financially supporting the family. During a financial emergency, sex workers were generally at the mercy of loan sharks who charged exorbitant interest rates, sometimes as high as 300% per annum. Sex workers were often caught in an inescapable spiral of debt, compounding often fragile financial situations.

At the same time DMSC was consolidating its learning from the HIV prevention programmes they had been implementing since 1992. One of the lessons was that structural barriers limited sex workers' access to health, social and financial support services. They learned that financial insecurity prompted sex workers to compromise their safety, such as being unable to insist that a client use a condom for fear of losing business. Increasing the likelihood of an STI/HIV infection, this ultimately spiralled into greater expense on health care. USHA cooperative was formed to address these socioeconomic and health vulnerabilities of sex workers.

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Why a cooperative?

DMSC had the option of opening a bank account, engaging with a life insurance company or initiating a microcredit or cooperative scheme. Based on discussions with community members, it became apparent that there was a need to create a financial institution, exclusively of, and for, sex workers. The community wanted an institution to address the underlying factors which prevented them from accessing financial support elsewhere. Community involvement throughout the process of forming a cooperative ensured their needs were met and priorities respected. An additional, extremely helpful, factor was that the Indian government provides assistance to cooperatives by giving working capital loans and infrastructure development support.

Early struggles

When the sex workers from DMSC approached the Government Cooperative Department seeking support to start a cooperative, they realized that they could not register the cooperative under the West Bengal Cooperative Law. Firstly, they did not have the required start-up funds. Secondly, sex workers were considered immoral under the Cooperative Law and only people with 'good' moral character could register a cooperative. DMSC decided to advocate for a change in clause in the law regarding 'immorality'. What followed was an intense lobbying and advocacy campaign. Finally, in August 1995, DMSC succeeded in persuading the Government of West Bengal to remove the notion of 'morality' from the Cooperative Law. USHA could be legally registered as a cooperative of, and for, sex workers.

The registration of USHA marked a victory on two accounts. First, the changes to the Cooperative Law had the effect of recognizing sex

work as an occupation. This was used to bolster wider advocacy campaigns for sex workers' rights. Second, it challenged the power relations between money lenders and sex workers by disempowering the system that upheld exploitative economic conditions.

The local money-lending loan sharks were aggravated by the formation of USHA. They lodged complaints to local city councillors accusing them of misappropriating funds. DMSC advocated at the state and local levels to counter these false allegations.¹⁶⁸

Initially there was also resistance from within the community. Bitter experiences had taught sex workers to be wary of any 'new deals' involving money. Time was spent in building trust. As members realized that their money in USHA earned a good interest and they could access loans against their deposits at very low interest rates, their trust grew, as did the membership. Seed funding, of approximately US\$ 1 800, secured from the State Department of Cooperatives, contributed to boosting USHA's credibility.

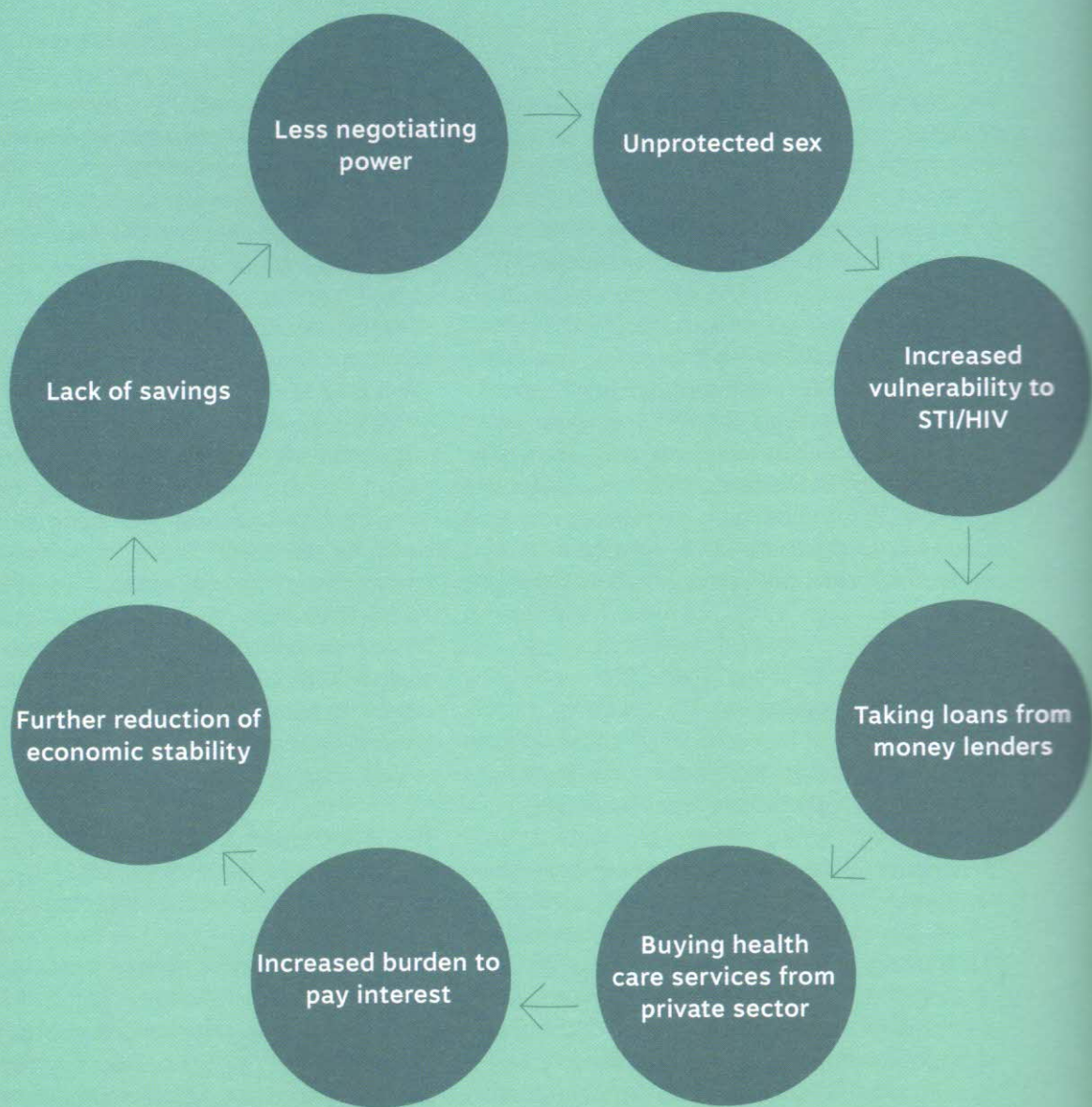
Elements of success: Key components of the cooperative programme

Governance and management

A board of nine directors, all of whom are sex workers, governs USHA's management and operations. They are elected by a two-tier system. In the first phase, all the general members vote for forty-five representatives. The elected representatives then elect the board members who hold office for three years and no more than two consecutive terms. The president, secretary and treasurer are elected from the board members. As the executive committee, they make all key and final decisions. This democratic approach has encouraged community members to participate in the decision-making process.



The cycle of economic insecurity and vulnerability to HIV





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As a member of the steering committee of DMSC, USHA participates in the joint policy making forum of sex workers of DMSC. This addresses potential conflict of interest between financial management issues and interests of the community.

USHA has developed three operational policy guidelines focussing on:

- staff recruitment: priority is given to sex workers and the daughters of sex workers for all positions;
- loan disbursement: priority is given to the poorest of the community;
- flexible working hours: the working hours are determined by the needs of the community.

There are 47 employees of USHA and the ratio for male to female staff is 1:2.

Services offered

Primarily USHA gives loans to its members, some of whom have taken loans of up to 2 500 000 Indian rupees (US\$ 40 000) to start their own businesses. “I took loans three times: once to buy land, then to build a house and finally for my daughter’s marriage,” explained an elderly sex worker. USHA provides vocational training to members who want to start small business ventures. This ensures that businesses set up by sex workers run effectively and are able to generate income.

Furthermore, financial empowerment has enabled sex workers to independently approach external financial institutions for borrowing, as citizens with rights and as workers.

Making services responsive to community needs

In USHA’s experience, a financial institute with a human face is critical. “Other banks are

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A member of USHA

concerned about money, we are concerned about our members,” stated a member of USHA. This is achieved by raising awareness about services offered and by providing reliable and friendly saving schemes to encourage sex workers to create a culture of saving. “I can deposit my daily earnings which can be later used. In the past, babu used to take away my money” commented Jyotsna, another member of USHA.

USHA constantly updates their services to cater to the needs of their members. They make their services user-friendly by:

- Ensuring that transactions are quick and easy,
- Offering attractive interest on savings that motivate sex workers to save more;
- Maintaining a caring approach through personalised contact with members. As one member explained, “It’s the love and care from USHA, the daily collectors and board members, who make me feel that USHA is mine. When I was ill, the president delivered the loan at the hospital, which other banks can never do for me;”
- Introducing a daily collection system. This offers sex workers a more efficient financial transaction and creates jobs. USHA was granted permission by the Cooperative Department to undertake daily collection. This boosted membership and the amount of money deposited increased five-fold in one year.¹⁶⁸ USHA trains and employs daughters of sex workers as daily collectors, broadening their engagement in the DMSC movement. As Julie, daughter of a sex worker recounted, becoming a daily collector has boosted her feeling of ownership and empowerment: “It’s our own bank, not for non-sex workers or outsiders... We are proud in the only sex worker cooperative...I am proud of myself

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An unforeseen but significant positive impact of USHA is that member’s registration cards are now used to obtain voter ID cards and rations cards, enabling sex workers to access other civil entitlements.

Moving beyond microcredit programming

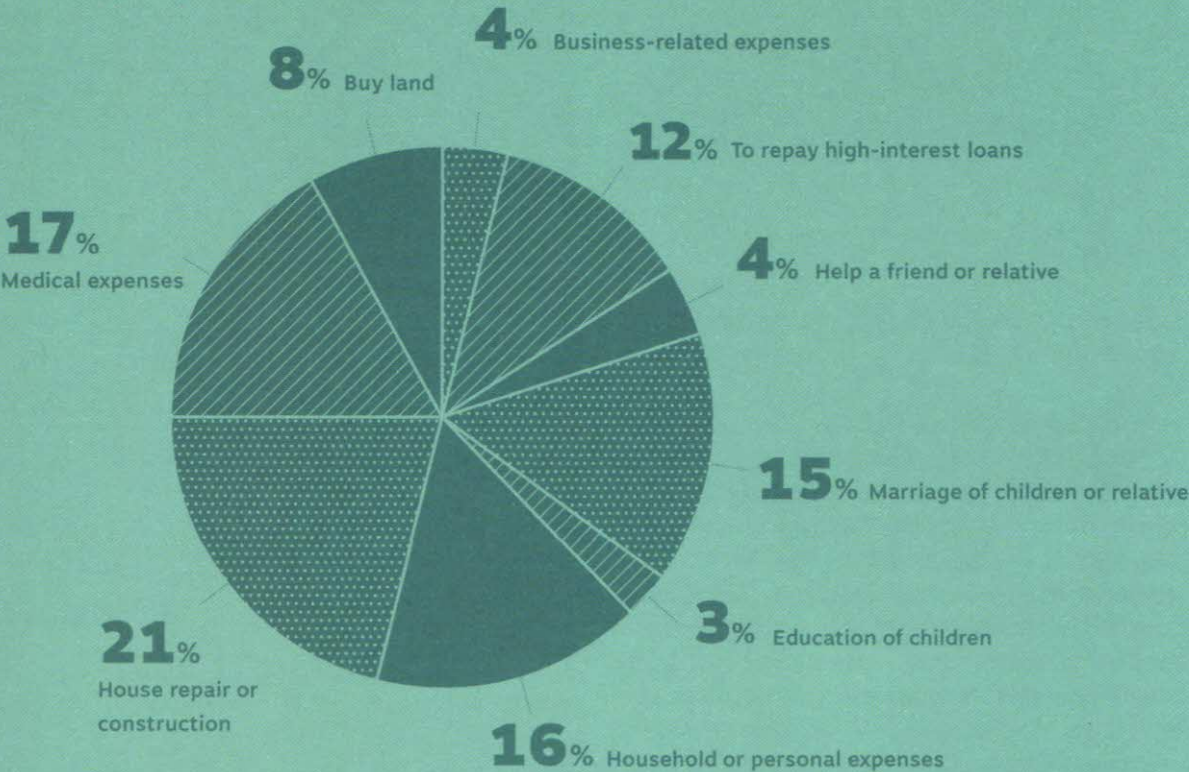
Since its inception, USHA has emphasized income generation through various social marketing strategies. Marketing of businesses helps generate income for sex workers. The condom social marketing programme is the most profitable venture of USHA, selling around 3.5 million condoms per annum.¹⁷⁰ In 2010–2011 alone, USHA sold 9 432 458 condoms, generating a profit of 1 086 298 Indian Rupees (approximately US\$ 19 636).¹⁷¹

USHA currently acts as DMSC’s primary financial agent, building up an assets base to safeguard its sustainability.¹⁷² The financial success of USHA has enabled it to take bank loans, investing the surpluses to build DMSC’s capital assets. Greater financial independence has allowed DMSC to be more proactive in meeting the needs of the community. For example, they have been able to establish new health clinics and education centres for sex workers and their children. The income generating capacity of USHA demonstrates the programmes’ effectiveness and in turn assists in mobilizing additional resources from donor agencies.

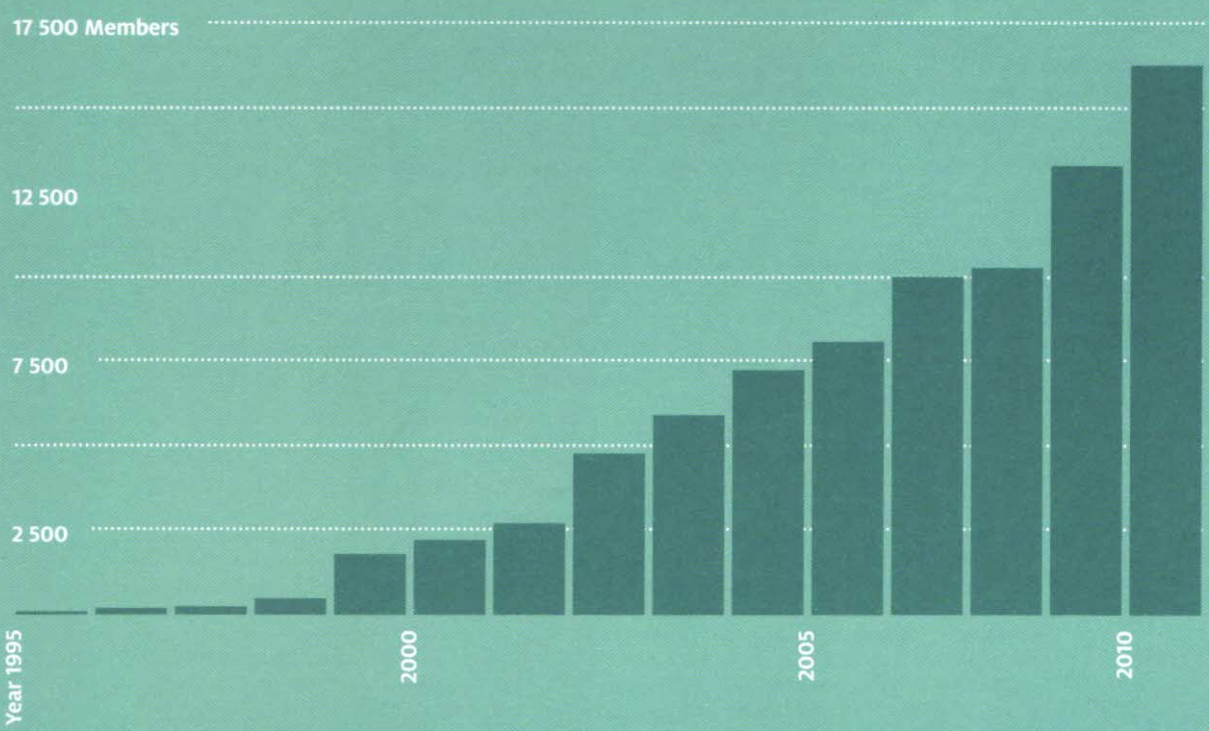
Through experience USHA has developed technical expertise and a robust infrastructure equipping it to act as the financial institution for other sex workers’ organizations affiliated to DMSC. At present, USHA has more than 5 000 registered members and its increasing turnover is hailed as a success story of the Cooperative



Loan purposes



Growth in USHA Cooperative Membership 1995-2011



movement in West Bengal by the Department of Cooperatives.¹⁷³

Condom social marketing

The Condom Social Marketing Programme, referred to as *Basanti Sena*, started in 1998, in response to the phase out of DMSC's HIV programme. With this, distribution of free condoms stopped and sex workers had to buy them. This was a strategy for sustainability of condom distribution and safer sexual practices. The main objectives of the programme are to create a demand for condoms through awareness raising and counselling, and ensure availability of good quality and affordable condoms.

Initially, social marketing was conducted in high-density sex work areas of Kolkata. Later, a three-level marketing strategy was adopted:

- one-on-one and group counselling to highlight the importance of condom use and developing condom use negotiation;
- advertising condoms and promoting its use by distributing leaflets, through cultural programmes like street plays and large-scale community awareness campaigns;
- establishing outlets for selling and storing condoms in each sex work area.

Two teams of *Basanti Sena*, each comprising of five members and a team leader, coordinate the programme. Limited social marketing of lubricants is conducted, as this is provided free for male and transgender sex workers by the State AIDS Control Society.



Lessons

- **Economic empowerment increases sex workers' morale and self-confidence, improves standard of living and is empowering for the community as a whole.**
- **A sex worker-led financial institution has wider social and political implications.** It legitimizes sex work as an occupation and sex workers' right to control their own economic resources. Moreover, this has influenced other collectives of marginalized communities to replicate the model, taking technical help from USHA. Another effect is the reduction of interest rates by moneylenders.¹⁷⁴
- **Economic security improves sex workers' control over their work environment, including the ability to negotiate safer sex.** Sex workers experience less financial exploitation when they manage their own finances. Since social marketing of condoms is tied to the visits made by daily collector, the message of consistency in condom use is constantly reinforced. For sex workers living with HIV, access to USHA means being able to better take of their health.
- **Financial services must be responsive to the everyday needs and realities of sex workers.** USHA's responsiveness to the need for daily collection improved savings and increased membership.
- **Investing in capacity building of sex workers in financial management and public relations is critical to efficacy of a sex worker-led financial institution.** Various local banks, experts and advisors of DMSC have given technical inputs to plan, run and monitor USHA cooperative.

Gaps, challenges and opportunities

It was not an easy journey to introduce regular savings schemes for sex workers or new concepts of social marketing. Moneylenders and chit funds posed a constant challenge. Many moneylenders are friends of sex workers and many sex workers are still unaware of USHA's services. In financial emergencies, they tend to go to moneylenders. To raise awareness about the inherent dangers of this, USHA distributes information through pamphlets, daily collectors and disseminates warnings issued by the Reserve Bank of India.

Another challenge can be the madams and lovers appropriating sex workers' income. Dealing with this requires more tact because they are the sex worker's 'family'. USHA depends on the strong field presence of DMSC for this.

Low-levels of literacy and lack of expertise in finance and accounting among the USHA staff, including the collectors, continues to make USHA dependent on technical advisors and DMSC for support. They are aware of the need to consider sustainable approaches to building capacity of the sex worker community in these areas. Continued efforts are required to expand USHA's business initiatives.

The keystone of USHA's future plans are strengthening and expanding its business ventures and continuing to provide financial and social support to more sex worker communities across a wider geographical area.

There is concern about the safety and security of elderly, retired sex workers and those living with HIV. USHA plans to set up an old age home and a large-scale production unit for generating employment for workers who opt out of sex work, or retire. They will continue to bolster campaigns for the recognition of sex work as work and assert sex workers' human rights.

USHA has emerged as an inspirational financial institution. Currently, staff members provide technical support and guidance to initiate a similar financial institution model in Tangail, a brothel in Bangladesh, for TOP in Myanmar and Ashodaya in Mysore, India. With technical and financial support from USHA, a cooperative for male sex workers in West Bengal will start in August 2012. The success of these will demonstrate USHA's impact and its potential for replication. ■

184 In Hindi, the word means dawn, as it is the dawn of financial support initiated for sex workers, by sex workers.

185 Jana, Samarjit, 2011. The Political economy of Sex workers Cooperative. Presentation made at University of Pennsylvania, USA on 14 April, 2011. DMSC: West Bengal, India.

186 Chit funds are private and often unregulated financial institutions that give loans at exorbitant interest rates.

187 See http://www.durbar.org/html/micro_credit.asp. Accessed on 28 May, 2012 in Bangkok, Thailand.

188 DMSC and TAAH Research Team. Meeting community needs for HIV prevention and more, Intersectoral action for health in the Sonagachi red-light area of Kolkata. Date, Unknown. Accessed from http://www.who.int/social_determinants/resources/isa_sonagachi_ind.pdf on 28 May, 2012 in Bangkok Thailand.

189 Jana, Samarjit, 2011. The Political economy of Sex workers Cooperative. Presentation made at University of Pennsylvania, USA on 14 April, 2011. DMSC: West Bengal, India.

190 DMSC, 2012. Social Marketing of Condoms by USHA Cooperative Society, Ltd. Internal Document, unpublished.

191 http://www.durbar.org/html/micro_credit.asp

192 From http://www.eugad.eu/wiki/index.php?title=India_-_Living_with_Dignity_-_Kolkata accessed on 28 May, 2012 in Bangkok Thailand.

193 http://www.durbar.org/html/micro_credit.asp accessed on 29 May, 2012 from Bangkok Thailand.