

# Cloth as currency – How Goonj is creating a parallel cashless economy

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[Roti, kapda, aur makaan](#)” guarantees the election manifesto of every Indian politician worth his salt. “But, do you know that clothing is an essential requirement missing from all government lists, from the Millennium Development Goals, and from the agendas of development agencies? Clothing, a basic human right has been relegated to the status of disaster relief material,” says Anshu Gupta, founder of [Goonj](#). Established in 1998 and dedicated to converting over 1,000 tonnes of urban discards into usable rural resources, Goonj’s Cloth for Work and Not Just a Piece of Cloth initiatives have won numerous accolades including NASA’s Game Changing Innovation, the Changemaker’s Innovation Award, and the World Bank’s Global Development Marketplace Award. At the 8th annual Development Dialogue 2015, organised by the Deshpande Foundation in Hubli, The Alternative spoke to Anshu about the organisation and its success in creating



a parallel cashless economy in 21 Indian states.

**Anshu Gupta was honoured as India’s Social Entrepreneur of the year in 2012. Pic Source – [brevis.co.in](#)** Traditionally, clothing has been a neglected item on the agendas of governments, funding agencies, and NGOs. While it is hailed as a basic right, it has become more of a disaster relief material or something that is given away when the owner has no more use for it. So, cloth has acquired the status of a charitable object, stripping the discarded garment and the recipient of any shred of dignity. From its inception, Goonj has sought to establish cloth as an item of value. We have a detailed system of repairing and repurposing every bit of cloth from the items we receive, ensuring zero wastage. Old jeans are turned into schools bags, cotton fabric is used in making sanitary pads or quilts. Thus, by creating new use for cloth, its value as a resource goes up.



[Villagers in Andhra Pradesh construct a](#)

[community well under the Cloth For Work programme. Pic Source – \[goonj.org\]\(#\)](#) With this in mind, we launched the Cloth for Work (CFW) programme, evolving two new currencies of development – material and labour. In CFW, we work with partners and communities to identify infrastructural improvements that need to be

undertaken in the villages. Villagers then work to dig wells, clean ponds, repair roads, and build schools in the community, for which they are compensated with material resources like clothing, utensils, furniture, and foodgrains. In most development work, there is an over-dependence on money given by international agencies and through CSR. The CFW programme, where communities have the autonomy to identify their needs and work on tasks that they have prioritised, has decentralised and thereby challenged the development process. The material compensation received under CFW, on average, two pairs of clothes per family member, can tide the family over a year and allow for earnings from agricultural labour or MNREGA to be spent more productively. Thus, besides dignifying the act of giving, CFW has elevated cloth from its status as disaster relief material to a valuable resource that can be earned. We have seen a return to the traditional barter system between labour and material. This has led people to understand the power they possess to transform their communities using their own labour, knowledge, and resources, independently and free of assistance from external agencies. Thus, labour and second hand material have been redefined as tools of social change.



*Annually, hundreds of Indians perish in winter from lack of warm clothing. Pic Source – in.reuters.com*

**The Alternative: How is Goonj's supply chain structured to enable reaching cloth, foodgrains and other materials resources to remote areas where conditions are harsh?** Yes, the need for cloth is most acute in far-flung, rural areas. That is why, at Goonj, there is strong focus on scale. Our collections drives, which go on throughout the year in various Indian cities, are done by volunteers. We accept anything that people give away – clothing, footwear, electronics, foodgrains, books, old cassettes etc. The collected items are then processed and transformed into usable goods by the Goonj team, so that items are ready to be shipped to regions according to the needs of people there. In order to reach the poorest, we adopt a bottom-up approach, partnering with about 250 grassroots NGOs, voluntary organisations, student groups, school teachers etc. The distribution strategy and the infrastructural work to be done are decided in consultation with partners and the community so that they are best suited to people's needs. We leverage our partners' expertise to forge a strong supply chain in our areas of operation. For example, partnering with Border Roads Organisations and GREF – agencies responsible for road-building in remote border areas, allows us to meet the material needs of poor, migrant labour from Bihar and Jharkhand who are ill-prepared for the sub-zero temperatures in these regions and lack any access to warm clothing or adequate footwear. All our partnerships are mutually beneficial. We leverage local organisations' knowledge of local communities which enables us to supply material to the most needy in remote areas bordering Nepal, China, and Bangladesh. For our partners, this alliance brings freedom from reliance on government funding which is often insufficient and subject to long bureaucratic delays. The idea at Goonj is also to reduce our partners' dependence on funding agencies by minimising the budget dedicated to meeting material cost and utilising it instead for expanding their reach. Partnering with Goonj also brings local organisations and the infrastructural improvement they undertake a great deal of visibility. Community projects that get noticed receive funding, material support and capacity building from the government and other agencies. In some cases the government has co-opted community projects into MNREGA and pays wages for work done on projects initiated under the CFW programme. So, from the beginning, Goonj's work has also involved the government and government institutions, although indirectly, since we implement our own projects with our own funds.



*Goonj follows a well defined system of coding,*

*repairing, and upcycling used items of clothing. Pic Source – vyapaari.in* [The Alternative: Transforming mindsets of rural and urban India towards the giving and receiving of cloth is a big part of Goonj's work. How do you change how cloth is perceived?](#) The huge cloth collection drives following any disaster leads to a belief in urban India that a lot of work is being done around access to clothing. But, at Goonj, we believe that distributing clothing, as is done during disaster relief, converts it into relief material, robbing the recipient of any dignity. Further, urban Indians only discard clothing that they either do not need, or that has become unusable, they do not give what others need. So, we see all manner of discarded material during our collection drives. Our focus, is to establish cloth as an important subject and reposition it as a tool of social change. By keeping strict control over the number of our collection centres, we ensure that donors have to visit the office to make a donation. There, they view the entire value chain in process. They see material being sorted, coded, repaired, washed, repurposed, and despatched to our partners on a needs based basis. They are made aware of the end use and the end users of the products they have donated. In this way, we hope to change the urban mindset around cloth as charity. In rural India, where there is a severe shortage of gainful employment year round, our focus is to bring self-respect and dignity through cloth as a material resource that can be earned. Moreover, we have data showing that in many rural communities, people have not purchased new clothes in over a decade. Necessities like woollens and sanitary pads are either unaffordable or unavailable in the local village market – the only market poor people have access to. Women, thus resort to using unhygienic and dangerous alternatives like sackcloth, newspaper, cow dung, plastic sheets, and anything that can absorb the menstrual fluid, putting them at grave risk of disease and death. In Goonj's Cloth for Work programme, 3 days of village improvement work earns a family its annual supply of clothing and other materials.



*Goonj's Not Just a Piece of Cloth programme teaches women to reuse old cotton fabric to make sanitary napkins. "6 such pads can be produced from 1 salwar suit", says Anshu. Pic Source – goonj.org*

The Alternative: What have been some of the most important learnings for you from being part of Development Dialogue?

The vision and the financial commitment of Deshpande Foundation to creating social change across the country is remarkable. As someone who believes in scale, the initiative to start regional hubs across the country is something that I see great meaning in. The hubs will serve as spaces for ideas and innovations to be replicated and tested on the ground. The most powerful aspect of Deshpande Foundation's work is the focus on harnessing the creativity and intelligence of rural youth from all over the country, giving them the motivation they need to spark their entrepreneurial spirit, enabling them to return to invest their ideas and energies to improve their communities. The challenge ahead, is to build an eco-system that can support these young entrepreneurs and enable their ideas to succeed, keeping them out of regular, conventional jobs. Contact **Maya Kilpadi** the Author First Published on

