



**Government of
Andhra Pradesh
waives stamp duty
on
SHG Loan
documentation**

HYDERABAD: The Govt. of Andhra Pradesh, vide GO No. 398 dated 3 July 2002, notified the remission of stamp duty in full for all loan documents to be executed by SHGs in favour of banks and other financial institutions under the SHG-Bank linkage programme in the State. This has significantly helped the SHGs in the State to access institutional funds.

SHG Handbook in Braille

BIDAR (Karnataka): Ashakiran School for the Blind, Bidar, run by Sangham Education Society has brought out literature on SHG concept in Braille (Kannada), the first of its kind, for the benefit of Louis Braille SHG promoted by it. The members of the group earn their living through repair of chairs and through conduct of cultural programmes. The SHG was formed on 13.09.2001 and has a total savings of Rs. 7,000. The literature brought out explains the concept of SHG in Kannada in Braille on Manual Brailier. The book has been prepared under the guidance of skilled teachers of the school with the encouragement of DDM, NABARD. The gesture has been appreciated as a unique act of positive inclusion. The cost of



printing the booklet has been met by NABARD and it was released by Dr. Prakash Bakshi, Chief General Manager, NABARD to Shri Gurupadappa Nagmarpalli, President, Bidar DCCB. (Photo)

**Cleanliness +
Godliness =
Income
Generation
(an SHG equation)**

MORGAON (Maharashtra): The Swananda Mahila Bachat Gat, an SHG promoted and credit linked by Central Bank of India in the holy town of Morgaon, Pune district of Maharashtra is engaged in a unique activity. The 20 member SHG daily collects the flowers and leaves used for pooja by the Ganesh Temple and uses it for producing organic manure vermicompost. Earlier, the large quantity of flowers and leaves given out by the temple used to create environmental difficulties. Now, the innovative activity not only has become environment friendly, but has provided the SHG with an income generation opportunity through the sale of the manure to the local farmers!

Banking with the Poor – and Living with them too!

ADILABAD (AP): Bringing banking to the door steps of the poor has been literally taken up by the Karanji branch manager of Sri Saraswathi Grameena Bank in Adilabad District of Andhra Pradesh. The manager stays for four days in a month in different service area villages under his branch, which gives him a ringside view of the life and needs of his

clientele. This has also enabled him to interact with the people during the nights, to enthuse poor families in forming groups. Over a period of six months, he promoted and linked several SHGs. But his unique contribution came when he ensured that at least one person in each of the village was able to maintain the records. The value of this act of

caring is understood fully, only if one knows that Adilabad is one of the most backward areas in the State, with a predominantly tribal population.

Shri. G. Subrahmanyam, Chairman of the RRB (photo) spoke about innovative aspects of his leadership to the RRB: “SHG loans give the maximum margin among all the loan products I have” he says. “Why should I not increase the SHG portfolio to the maximum, which has more than 96 percent on time repayment rate?”



Sri Saraswathi Grameena Bank, established in 1982 with the area of operation in Adilabad district of Andhra Pradesh, initiated the linkage programme in 1996-97. The response to its linkage programme has been tremendous mainly due to the innovative approach adopted by its staff. Apart from promoting and nurturing SHGs, the staff members also take pains to educate the SHG members to undertake social activities, which could benefit the villagers.

Building Self Confidence — Not Just Check Dams!

MEDAK (AP): Six women SHGs of Haveli Ghanpur village in Medak district of Andhra Pradesh comprising 90 members were given the task of carrying out watershed development work under the *Neeru-Meeru* programme last year. The result — a project envisioned for a period of 3 years was completed in one year flat!

So far the women have built two check dams, 30 rocks filled dams, 30 sunken pits and have afforested 12 hectares of land. Project is being implemented by NGOs. The efforts of the Project Director of Drought Prone Area Programme (DPAP) in Medak district had been to delegate as much responsibility to the women as possible. Contractors have been dispensed with. The next step is to train the SHGs to take up responsibility to act as project implementation authorities,

presently undertaken by the NGOs. The women, with the basic training and motivation provided by the NGOs, procured material required, undertook masonry work and supervised the work without the assistance of any contractor.

The move to hand over *Neeru-Meeru* works to the care of the women's organisations of the village gave them an opportunity to address problems concerning the whole village, rather than those concerning only women. Further, representatives of the villagers are being trained in book keeping and accounting by chartered accountants, so that the financial transactions could be brought under the control of the villagers, rather than remaining with some government official or NGO representative.

The Hindu

SHGs Help in Branch Performance

MORGAON (Maharashtra): The Morgaon branch of Central Bank of India in Pune District, Maharashtra State has seen increase in the recovery of regular loans mainly due to the cooperation and active support of the SHG members promoted and financed by them. Apart from the branch level follow up on regular loans, the local feel and persuasive skills of the SHG members are being effectively used by the branch in recovery of loans. "I take special efforts in forming

SHGs" avers Shri. Kishore Kokate, Branch Manager. "I am effectively supported by all the staff in my branch. The peon of my branch, Shri. Babapanduranga Hirave takes the lead to go to villages and assists in getting SHG members ready for their group meetings. He knows the account details of most of the SHGs by heart!"

Here are some figures of the Morgaon branch of CBI, which speak for themselves!

BUSINESS OF THE BRANCH

Particulars	(Rs. lakh)		
	1999-00	2000-01	2001-02
Total Deposits	308	390	402
Savings bank Deposit	96	124	113
SHGs share in SB deposits	2	2.5	3.4
Interest income	2.5	3	3.25
Interest from SHGs	.6	1	1.25
Loan disbursement	88	98	99
Amount of Loans to SHG members	8	10.5	15
Repayment of SHG loans (%)	100	100	100

No. of SHGs linked to the branch	:	125
No. of SHGs taking loans	:	54
Total SHG loan outstanding	:	Rs. 12 lakh
Average loan outstanding per SHG	:	Rs. 22,200
No. of repeat loans to SHGs	:	15
Year of opening of the branch	:	1977
Year of starting of SHG financing	:	1997
Incremental Recovery of General Loans in 2002 over 1997	:	15%

75-year old Dhanalakshmi Bank Focuses on microCredit For Growth

THRISSUR (Kerala): It was a case of matching of minds. For *Uravu*, the NGO which works among the poor adivasis in the backward Wyanad district of Kerala, the loan could not have been more timely. It came at the end of a long struggle for funds for its bamboo project, which was to make use of the skills of the local people and the raw material easily available in the area. And for the Thrissur - based Dhanalakshmi Bank, it was a major step in the direction it has already identified for growth: microCredit. Six months later, the project is a resounding success: its eco-friendly products have a good market, and have even attracted export inquiries.

"We used to have a very minimal presence in the microCredit sector," said Shri. K.A. Menon, executive director of Dhanalakshmi Bank, which celebrated its platinum jubilee last year. "We plan to increase it up to 20 per cent" - perhaps, the highest for any individual bank in India! The bank, which has an advance

portfolio of more than Rs.1,000 crore, has already started an exclusive department for microCredit. It has promoted more than 2,000 self-help groups and given loans to a little over 300.

There are reasons for the bank to believe that small is beautiful, the most important being the blemishless repayment history. Unlike other segments, microCredit is made available to groups. The groups in turn decide whether to invest in individual or group projects. "There is peer pressure to repay," said Menon. "So, the repayment is near total. It will also help bring down the bank's non performing asset level."

The Dhanalakshmi Bank typifies the increasing tribe of commercial banks, both in the private and public sectors, which have started accepting at the corporate level that SHG bank linkage is a business proposition, and not just a part of their social commitment.

Banks and NGOs of Assam Visit SHGs in West Bengal

NADIA (West Bengal): Seeing was believing for the bank officials and representatives of NGOs from Assam, who participated in an Exposure Visit to SHGs in West Bengal, organized for them by NABARD. The visit team comprised 12 officers from 4 RRBs [Pragjyotish Gaonlia Bank, Lakhimi Gaonlia Bank, Subansiri Gaonlia Bank & Cachar Gramin Bank] and representatives from 5 NGOs.

The team visited SHGs in Nadia district, which has more than 8,000 SHGs, the lions share of which are promoted and credit linked by the Nadia Gramin Bank (NGB). The NGB has promoted 2,500 SHGs and credit linked over 1,200 of them. The Chairman of NGB, Shri M.S. Chakraborty takes special interest in financing SHGs and is ably assisted by a committed cadre of RRB staff.

"SHGs are a tool for socio-economic development", said Shri. Chakraborty. "It is not just a scheme, but it is already a movement. It has shown us that the poor people are good for banking.

This method has helped my bank to mobilize low cost funds. The SHGs have become virtually extensions of my bank, and are best suited to the RRB environment."

The NGB encourages the following models:

- Bank as a promoter
- NGO as a promoter
- Farmers club as a promoter
- NGO as a financial intermediary with financial assistance from the banks

The visiting team of bankers and NGO functionaries from Assam visited the Dhantala branch of the NGB, which is acting as a Self Help Promoting Institution. The branch caters to 11 villages, including Kamarpur, which incidentally has 100% coverage of SHGs. The branch has a total of 189 SHGs, of which 80 were promoted by the farmers' club. The amount sanctioned to the SHGs was Rs. 11.53 lakh with repayment at over 90%. The overall recovery of the branch was only 22%.

Summary Findings of a Study of Self Help Groups in Solan District

HIMACHAL PRADESH: An impact study was conducted by the Central Potato Research Institute, Shimla*, based primarily on field data collected from 54 SHG members drawn from two development blocks of Solan district of Himachal Pradesh. They also had access to the data from the office bearers and records of the SHGs. Their study has brought out the following facts:

- 48.2% of the working members were engaged in small business like shop keeping, while 35% belonged to the categories of marginal and small farmers and landless labour. 4.6% were village artisans while 2.3% belonged to other categories.
- 82% of the SHG members were women and about 55.6% of them hail from the SC and OBC category of the socio-economically backward sections of the society.
- 54.3% were illiterate and only 7.2% possessed above secondary qualifications
- Savings ranged from Rs. 20 to Rs. 100/- per month per member.
- Inter loaning attracted 2 to 5% interest rate, while the banks charged 12.5% interest on loans to SHGs. The ratio of the loan to savings on an average was 1:3.
- The average loan amount for all groups was Rs. 2,192/-.

Findings and their impact

1. The SHGs show great cohesiveness and feeling of relevance in group formation.
2. The SHPI has played a very positive role in promoting motivation and leadership.
3. The consensus method was adopted by the groups while taking financial decisions.

* Excerpts from an article authored by Prem Singh Dahiya, N.K. Pandey and Anshuman Karol (Principal Scientist, Senior Scientist and Senior Research Fellow, Agricultural Economics Unit, Division of Social Sciences, Central Potato Research Institute, Shimla) in *Journal of Agriculture Development & Policy*-Vol. 14, No. 1, 2002

4. All SHGs recorded increase in income, overall being 94.3%. The annual income per SHG member increased from Rs. 10,572/- to Rs. 20,544/-.
5. The male members of the SHG households were coerced into giving up alcoholism.
6. SHG members sent their wards to schools and built pucca houses.

Emerging Issues

- SHGs need to be provided training for skill upgradation in their avocations, on new marketing enterprises and better marketing.
- Bank loans should take into account the "higher requirement for working capital" for microenterprise based on their capacity to absorb credit.
- Action research on the working and impact of the SHGs should get an added fillip.

Conclusions and Policy Implications

Micro finance and SHGs hold the beckon of hope for taking the underprivileged and poor sections in the country out of the abysmal morass of poverty. The economic amelioration has been given the utmost priority. It is good so far as it goes but social and community aspects need to be provided due attention for sustaining the rural development revolution. This movement needs to be strengthened in a way that the SHG members are enabled to go for capital formation as well and new delivery mechanisms are designed for providing the credit services and other products at reasonably low cost. Resolution of emerging issues alone can deliver the goods.

SHG Sets Up Dish Antenna

MEDAK (AP): The group leaders of Appajipalli Jyothi Self Help Group, Lakshmi and Nirmala found out that their village did not have a dish antenna to provide cable TV network. Sensing a good business opportunity, they availed themselves of a loan of Rs. 30,000 from the corpus of their SHG and set up a dish antenna in the village. Initially, there were only 5 subscribers for the cable TV.

Slowly, the subscription rose to 60, which also meant that 60 households purchased TV sets. The two SHG members collect a fee of Rs. 50 per month as subscription and started getting a comfortable income of Rs. 2,500 to Rs. 3,000 per month. They have now employed one person for operating the cable TV in view of the increase in subscribers.

PICTURE PERFECT

Developing pictorial icon based account books for SHG members – Do the windows desktop icons ring a bell?

Here is an interesting real life situation, in which Professional Assistance for Development Action (PRADAN) team looked at user-friendly ways of helping the illiterate SHG members in computing their accounts. It was like realising the distinction between bicycling and possessing a bicycle, an example cited by Amartya Sen in the book *Commodities and Capabilities*. Simple possession of commodities did not ensure their utilization. In the same way, the simple possession of books of accounts by an SHG did not mean much, in the absence of capability to use them. PRADAN therefore decided to look for alternatives, making the books of accounts more user-friendly to the SHGs. So, when the PRADAN team took up work on self-help group (SHG) programme in Sundarpahari block of Godda district in Jharkhand, they decided to look afresh at the problem.

Restrictive System

At Sundarpahari the PRADAN team noticed the Santhali homes were decorated with elaborate and beautiful paintings made by the women from locally available materials. The skill in painting and drawing was evident from the symmetry of some of the drawings. A large number of geometric designs were also used with striking accuracy and symmetry.

In one of the SHG meetings, they discussed how the members could identify political parties based on their election symbols. In the same way, what if they had pictorial books of accounts, so that all entries and heads would be comprehensible to all? The members through consensus could develop these pictures or icons. The idea came from the Windows desktop where even for developed, literate and intelligent people, a number of icons indicate various things. Thus began a process of icon development, starting from the passbook.

Participatory Icon Development

The PRADAN team made the exercise highly participatory, by discussing it in cluster meetings with SHG members. Several members drew and contributed icons representing savings, credit, purpose or loan, loan period and interest rate. The icons were widely discussed by the members in their respective SHGs. The icons were standardized taking into consideration every one's point of view.

Similarly, icons for months were standardized, based on predominant agricultural and forest products obtained in each of the month. Weeks were depicted through bars— one for the first week, two for the second week, and so on. The pictorial representation covered purpose of loans (health, agriculture, housing, travel, etc.), and an abacus icon represented the numerals for savings, loans and interest. The PRADAN team also developed an indigenous abacus, using locally available material like nails, spanner nuts and a wooden plank. This became an instant success with the SHG members. The interest in these simple instruments and the learning ability of the members was truly amazing.

Acknowledgements

The PRADAN team has acknowledged their gratitude to all SHG members in Sundarpahari, Sindri, Damruhat and Bokrabandh clusters, who were their inspiration and to Binod Raj Dahal for sharing his work with them. They are also thankful to British Council Division, New Delhi for their support. Currently, the process is still on, with the team continuing its work on the subject.

Courtesy: NewsReach, April 2002 issue of PRADAN

Cooperative Bank Lends at Lower Interest Rate to SHGs

ERODE (Tamil Nadu): The Erode District Central Cooperative Bank (DCCB) has taken the unique step of reducing its interest rate on loans availed by SHG from 12% to 11%. Out of 227 PACS affiliated to Erode DCCB, 158 have savings bank accounts with around 2,000

SHGs, which are linked to them. The bank is confident of giving loans to these SHGs during the current year after credit rating them. The difference of 1% is proposed to be met by the DCCB by reducing its margin of 2% to 1% on NABARD refinance.

Norms Developed by Hisar RRB for Rating of SHGs

HISAR: The Hisar Sirsa Kshetriya Gramin Bank (RRB) has devised grading norms for assessing SHGs for credit linkage. These norms are reported to be helping the branch officials of the bank, in giving loans to the SHGs. The following are the norms developed by the bank:

Sr. No.	Category	Indicators	Rating	
i.	Number of members	Less than 10	02	
		Between 10-15	03	
		From 16 and upto 20	05	
ii.	Composition	Target group only	05	
		Having 1 to 5 Target Group members	03	
		Having more than 5 non-target group member	01	
iii.	Age of the SHG	More than 2 years	10	
		1-2 years	07	
		6 months to 1 year	05	
iv.	Monthly meetings during last six months	Four and above	05	
		Two or three	03	
v.	Attendance of members in the group meetings	More than 90%	10	
		70% to 90%	05	
		Less than 70%	02	
vi.	Savings: (a) Regularity	If default rate is		
		Upto 10%	10	
		Upto 25%	07	
		Upto 50% but default is met during succeeding month	05	
	(b) Quantum of savings (through members only)	More than Rs. 5000/-	10	
		Between Rs. 2000/- and Rs. 5000/-	07	
Below Rs. 2000/-		05		
vii.	Group's Internal Loaning (a) Utilisation of savings by grants of internal loans	Above 90%	10	
		51% to 90%	07	
		30% to 50%	05	
	(b) Interest rate on group's internal loans	Depending upon purpose	05	
		18% to 30%	03	
		Less than 18%	02	
	(c) Group's internal loan Recovery Rate	100%	10	
		Between 80% to 95%	07	
		Between 70% to 80%	05	
	(d) Members benefited out of group's internal loaning	More than 50%	05	
		Between 25% to 50%	03	
		Less than 25%	02	
viii.	Awareness among members; knowledge of SHG rules, functions, procedure of meetings, maintenance of books and records, etc.	Known to all members	05	
		Known to 50% or more	03	
		Known to less than 50%	02	
ix.	Educational level	If 25% or more members read, write, speak and sign	05	
		read and sign	03	
		sign only	02	
x.	Rotation of group leaders	Once in two years	03	
		Between 1-2 years	04	
		Every year	05	
xi.	Maintenance of books and records		Without outside assistance	With outside assistance
		(a) Attendance Register	1	1
		(b) Minute Book	4	2
		(c) Loan Ledger	4	2
		(d) Savings Ledger	4	2
		(e) Internal Pass Book	2	1

Selection criteria for SHG linkage

SCORING

- SHG scoring more than 90 points
- SHG scoring 60-89 points
- SHG scoring less than 60 points

Status of selection

- Selection without any reservation
- Selection with caution
- Not suitable for linkage

Some of the other initiative taken by the RRB are:

- To obviate the difficulties of the field functionaries regarding SHG financing, a book titled "Concept of Self Help Groups (Micro-Finance)" was brought out by the bank
- Budgets for formation/linkage of SHGs have been allocated to the branches and regular follow up is made by HO
- Officials are deputed for training programmes conducted by NABARD

State Government to Fund SHGs for Internet kiosks in Tamil Nadu

CHENNAI: The State Government has decided to fund women's self-help groups to set up Internet kiosks in villages as it sees SHGs as an ideal vehicle to carry poverty alleviation programmes, according to the Director of Rural Development, Government of Tamil Nadu.

'Self-reliance' was the prime course to increase jobs and improve village economy. The Government was pleased that more than a lakh SHGs had come up in Tamil Nadu. These groups along

with elected women members of local bodies could bring about a remarkable change in rural development. "It was time women got an opportunity to perform-even perhaps out-do men," the Director said at a function organised here to donate computers to selected village panchayats of Tiruvallur district by the state chapter of the Tamil Nadu Foundation Inc. (started by Tamils in the U.S.).

The Government was keen on tapping the potential of information technology.

The Rs. 50 crore allotted this year to set up Internet-based information kiosks would be allotted to the women SHGs. If the SHGs were unable to take up the task, the kiosks would be given to others.

He said the Government spent Rs. 1,200 crore of Central and State funds for rural development every year. Still, poverty alleviation achieved by self-support and self-reliance remained the only way for village development.

"I can only appeal to elected panchayat leaders to assist us in the task. Already, I have told the rural development department officers to shun the idea that they are controllers of panchayat heads, but facilitators for development and poverty alleviation the elected heads should not look at work contracts but ways to achieve development," the Director said.

Seminar on SHG – Bank Linkage Programme

NEW DELHI: As NABARD reached the half-way mark of its Corporate Vision 2007 of providing financial services to 1 million SHGs, it was considered appropriate to have an assessment of the strategy followed so far under the Programme as well as its impact on the lives of the poor to help fine-tune the Bank's strategy in the coming years. Independent external experts were therefore commissioned in collaboration with the SDC, GTZ and IFAD to look into various critical aspects of the programme. Evaluation studies to assess the economic and social impact of the programme were also commissioned.

The findings of these studies were discussed in a national Seminar on SHG bank Linkage Programme organized by NABARD in collaboration with the SDC, GTZ and IFAD on 25 and 26 November 2002 at New Delhi. The Seminar facilitated a multi-perspective evaluation of the different aspects of ten years of SHG-bank Linkage Programme by a large number of key stakeholders like banks, NGOs and government agencies, who participated in the two-day deliberations. The seminar was also attended by international agencies like the World Bank, SDC, GTZ, IFAD, ADB, representatives from some developing countries, as also some acknowledged experts on microFinance.

The Seminar helped reconfirm the commitment of the stakeholders in the programme and helped provide new ideas to improve the penetration of the programme in different areas.

Studies – An outline

Commercial Aspects of SHG — Banking in India

(Prof. Hans Dieter Seibel, Shri Harishkumar R. Dave)

The Study observed that SHG — Bank Linkage Programme was the largest non-directed microsavings & microcredit programme in the developing world; and its bank lending rates – fluctuating at market rates around 7% in real terms – were among the lowest. The Study applied both the average cost and the marginal cost analysis, attributing all costs duly to each product. The main performance indicators taken were non-performing loans (NPL), return

on average assets (ROA), and operational self-sufficiency (OSS). This methodology was applied to seven units of three banks.

The study indicated that the NPL to SHGs were 0%, while the consolidated NPL ratios ranged from 2.6% to 18%. ROA of SHG Banking ranged from 1.4% to 7.5% by average cost analysis and from 4.6% to 11.8% by marginal cost analysis, compared to –1.7% to 2.3% for the consolidated loan portfolio. The OSS of SHG banking ranged from 110% to 165% by average cost analysis and 142% to 286% by marginal cost analysis, compared to 86% to 145% for the consolidated loans. In contrast, ROA of Cash Credit varied from –10.2% to –0.5% and of Agricultural Term Loans (ATL) from –6.3% to 0.2%; while OSS ratios ranged from 54% to 102%. SHG — Banking was found to be a robust financial product, performing well in healthy and distressed financial institutions alike.

Study of Linking Banks and (financial) SHGs In India

(Dr. Erhard W. Kropp, Dr. B.S. Suran)

The study brought out that SHG — bank linkage programme pioneered by NABARD and partnered by banks, NGOs and government agencies has emerged as a primary microFinance service mechanism for the unbanked poor in India. The multiple initiatives led by capacity building have encouraged bankers to view SHG — banking as a new dimension of quality portfolio with very low risks and with marginal increase in operating costs. The dimension and flexibility of SHG banking practised in India is now unmatched in the world's banking system. Being predominantly women focussed, SHG — banking is the first step towards feminisation of the (micro) banking portfolio of Indian banks. Stimulating self-help capacity of the poor does spark off the entrepreneurial enthusiasm and risk mitigation mechanisms in low-income households. It also serves as an entry-road to overcome poverty and addressing other crucial social concerns.

Role of SHPIs in promotion of SHGs

(Prof. Malcolm Harper)

The objective of this study was to examine and compare the different

ways in which Self Help Promotion Institutions (SHPIs) promote Self Help Groups (SHGs). The study also looked at the issues of enhancing the efficiency and quality of the SHG promotion process. It was found that the banks, particularly co-operatives, are, in the medium term, likely to be the main SHPIs. They should support, and eventually be replaced by, SHG members' own initiatives. The SHPI roles of SHG federations and of non-volunteer individuals should be examined. Incentive schemes for NGOs and individuals should be redesigned and tested in order to cover the full costs of the SHPI. Training should include hands-on SHG record keeping, SHG promotion by lower grade bank staff and improved understanding of the importance of access vs. the cost of finance. The management of the schemes to encourage SHG promotion should be experimentally delegated to banks, in order to take full advantage of the banks' greater field coverage.

SHG Bank Linkage Programme for Rural Poor – An Impact Assessment

(Dr. V. Puhazhendhi, Shri K.C. Badatya)

The study was based on primary details collected from 115 members in 60 SHGs. The socio-economic conditions of the members were compared between pre and post SHG situations to quantify the impact. The study findings concluded that SHG — Bank Linkage Programme had made significant contribution to social and economic improvement of the member households of SHGs. There was a significant increase in the asset structure, mean annual savings, average loan per member, overall repayment percentage, average annual net income, employment per sample households. Availing loans from moneylenders and other informal sources with higher interest rate was significantly reduced due to SHG intervention. There was remarkable improvement in social empowerment of SHG members in terms of self-confidence, involvement in decision-making, better communication, etc.

Impact Of Self Help Groups (Group Processes) On The Social/Empowerment Status Of

Women Members In Southern India

(Shri Aloysius P. Fernandez)

It was found from the Study that members in three year old groups perceive themselves as stronger on almost all the studied parameters, with the exception of a few parameters where the difference between the one year old and three year old groups is not very significant (except in the case of moderating group level conflicts, where the newer members express higher confidence levels).

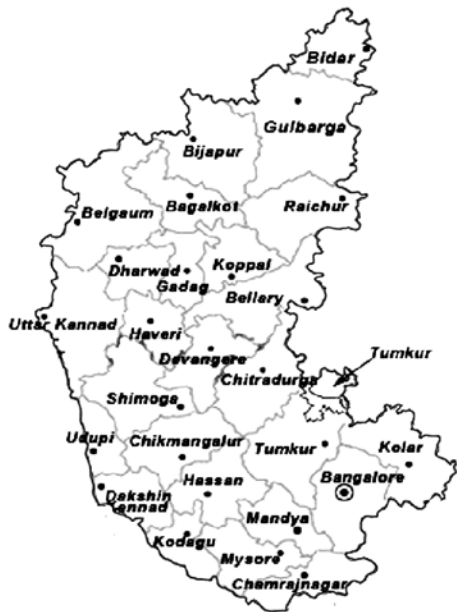
The Role of SHGs in preventing Rural Emergencies

(Ms. Kimberley Wilson, Marc D'Silva)

This Study looked at a new convergence dimension to the SHG — bank linkage programme, in the form associating SHGs in activities related to prevention of rural emergencies. Natural calamities like floods, cyclones, droughts, earthquakes, and landslides are endemic to many Indian villages. These threaten the survival of rural households. Natural disasters quickly turn into emergencies for poor families because of their extreme physical and socio-economic vulnerability. Traditionally, conventional response by the relief services providers – government institutions, donors & local NGOs – focus on responding to an emergency as it happens. Shortcomings of this approach lead to situations when the responses exclude women's priorities, local markets become depressed, logistics are uncoordinated, and, responses do not leverage local resources. In 2002, Catholic Relief Services (CRS) commissioned an independent review of both the relief approaches adopted by it during the 1999 supercyclone and the subsequent 2001 floods. The findings of the review revealed dramatic reduction in costs of relief effort using SHGs. Local costs for distributing inputs per 5,000 families decreased by 60 per cent from Rs. 32,000 to Rs. 13,250 between the 1999 Supercyclone distributions and the 2001 Flood distributions. Besides reduction in relief cost, there was improvement in socio-economic results.

(These study reports are available in print and CD ROM formats and can also be downloaded from NABARD's Website www.nabard.org)

KARNATAKA



BANGALORE: The year 2001-02 saw a major upsurge in the implementation of SHG-bank linkage programme in Karnataka State. Banks, government and the NGOs joined hands in this colossal effort. The number of SHGs availing themselves of bank loan in Karnataka increased from 8009 during 2000-01 to 18,143 during 2001-02. As compared to the previous year, there was a growth of 126 percent in terms of credit flow to SHGs, during 2001-02.

Based on reports coming in, by end January 2003, Karnataka State has credit linked 50,392 SHGs and loans aggregating Rs. 113 crore has been given to SHGs as on 31 January, 2003.

Cooperatives as SHG Programme Innovators

Karnataka is the only State in the country, where the State Apex Cooperative Bank has nominated the Principal of the Cooperative State Training Institute (ACSTI) as the nodal officer at the State level to coordinate the SHG initiatives of the DCCBs. The training institute conducts SHG related programmes for the officials of DCCBs, Secretaries of PACS, MDs and Board members of certain DCCBs, etc. Almost all the DCCBs have identified nodal officers to take care of formation and linkage of SHGs. Yet another innovation comes in the form of engaging NGO functionaries by some DCCBs to man their SHG cells, to give further momentum to SHG promotion and linking them to the respective banks.

The Saga of Bidar DCCB in SHG movement

With a network of 171 PACS covering 622 villages all over the district and good rapport with the community, Bidar DCCB thought of tapping the potential of NGOs and PACS. The year 1997-98 was the Diamond Jubilee year of the Bank during which the bank decided to take cooperative banking to the doorsteps of thousands of economically backward people through the SHG bank linkage programme. It decided to link at least 100 SHGs during that year, and sensitised all their branch managers and Secretaries of PACS on SHG concept in co-ordination with experienced NGOs.

Sahakara Rural Development Academy (SAHARDA)

SAHARDA, the brainchild of Bidar DCCB, was established to make training an integral part of all the rural development activities of Bidar DCCB. Though the training focus of SAHARDA is on social engineering aspects of rural credit, the institute also conducts training programmes on EDP, skill development training programmes for rural youth and SHG members. NABARD has recognised SAHARDA as a training institute of repute and many training programmes on SHGs for bankers, non-official directors, DDMs and DDOs have been conducted through the institute.

Amendment of Byelaws of cooperatives for SHG participation

The Registrar of Cooperative Societies in Karnataka has issued a notification amending Section 16 of the byelaws of the Karnataka Cooperative Societies Act, enabling the DCCBs to enroll Self Help Groups as nominal members.

RRBs as Self Help Group Promoters

All the 13 RRBs in Karnataka are participating in the SHG—bank linkage programme. As against the goal of credit linking 5,000 groups during the year 2001-02, all the RRBs put together have linked 5,458 SHGs.

RRBs as SHPIs

In Karnataka, three RRBs viz., Cauvery, Chitradurga and Krishna Gramina Banks have donned the mantle of Self Help Group Promoting Institutions (SHPIs). All three RRBs put together have formed 1,172 SHGs and have credit linked 750 SHGs.

Commercial Banks as SHG financing leaders

With a modest beginning of credit linking 14 SHGs in the pilot phase in 1992, the commercial banks in Karnataka have given loans to 8,376 SHGs as on 31 March 2002. Canara Bank (2,181), State Bank of India (1,269), Vijaya Bank (998), Karnataka Bank (719), Syndicate Bank (445) and Corporation Bank (221) were the major

ECONOMIC INDICATORS AT A GLANCE

Particulars	Year	Unit	State
I No. of districts	1999	27	
II Population			
Total	1991 census	Million	44.98
Rural	- do -	Million	31.07
Urban	- do -	Million	13.91
Male	- do -	Million	22.95
Female	- do -	Million	22.03
III Literacy			
Total	- do -	%	56
Male	- do -	%	67
Female	- do -	%	44
Urban	- do -	%	74
Rural	- do -	%	48
IV Population below poverty line	1993-94	lakh	156
(i) Rural Poor	1993-94	%	29.88
(ii) Urban poor	-do-	-do-	40.14
V Per Capita Income	1999-2000	Rs.	16,343

INSTITUTIONAL SET UP AT A GLANCE AS ON 31 MARCH 2001

Banking Network	No. of Banks	No. of Branches	Of which rural branches
(i) Commercial Banks	47	3779	1358
(ii) Regional Rural Banks	13	1098	895
(iii) SCB	1	28	-
(iv) DCCBs	20	637	329
(v) SCARDB	1	27	-
(vi) PCARDBs	177	177	177
(vii) Urban Coop. Banks	NA	NA	NA

players in the SHG—Bank linkage programme.

Canara Bank leads the way

From linking 42 SHGs during 1995, Canara Bank has come a long way, and as at the end of March 2002, the bank has credit linked 2,181 groups. The bank had identified Sonnahallipura in Hoskote taluk of Bangalore district for implementation of *Adarsha Grama Project* through formation of Self Help Groups. In order to implement the programme in a concerted manner, the bank has designated the existing SHG serving branches as exclusive “linkage branches” to enable linkage of at least 200 to 250 SHGs per branch. The bank has also evolved various strategies like training of all the branch managers, involving all the branch managers of bank in the formation of groups, posting of officers with commitment and aptitude to SHG branches, etc.

Farmers Clubs and SHGs

Karnataka has been acting as the cauldron of innovation in the SHG—bank linkage programme. The concept of Vikas Voluntary Vahini (VVV) Clubs (farmers’ clubs promoted by banks) acting as SHPIs emanated in the Gulbarga district of Karnataka. About 600 SHGs are likely to be formed by these farmers clubs by the end of March 2003.

Initiatives of State Government - ‘Stree Shakti’ Groups

The Hon’ble Chief Minister of Karnataka in his budget speech announced formation of one lakh women self-help groups. Under the

BANKING PROFILE (Rs. million)

Particulars	March 2001
No. of Branches	5719
Rural	2758
Semi-Urban	1116
Urban	942
Metro Town	903
Per. Br. Population	10442
Deposits (Rs.)	488310
Advances (Rs.)	295250
CD Ratio (%)	60.46

Programme, as at the end of March 2002, as many as 75,355 SHGs have been formed of which 69,221 have opened savings bank account with different banks and 6,188 groups have been linked to bank credit.

Quick studies mounted by NABARD on *Stree Shakti* groups have revealed many positive aspects like homogeneity, regular weekly meeting and savings, democratic functioning, etc. Members/office bearers write books of accounts. Members are going to bank on rotation basis. Group meetings were held regularly, either fortnightly or monthly. District level committee setup to review the progress is meeting periodically.

SAHARDA took initiative and imparted training to all the *Stree Shakti* groups.

NGOs Successful in Social Mobilisation

Karnataka can boast of a number of NGOs functioning in that state, which are very successful in social intermediation. This has significantly contributed to the success of SHG—bank linkage programme. Some of the prominent NGOs in the state are:

MYRADA

MYRADA, incorporated in 1968, is a Non Governmental Organisation managing rural development programmes in 3 States of South India and providing on-going support including deputations of staff to programmes in 6 other States. It also promotes the Self Help Groups strategy in Cambodia, Myanmar and Bangladesh. From 1978-79, MYRADA has been involved with the rural poor, especially women through SHG promotion and linkage.

MYRADA has played a prominent role in imparting training to NGOs and Bankers in SHG — Bank Linkage Programme. The Agency has been very effective as a capacity building partner, and has been successful in motivating the participants to appreciate the concept. Over the years, MYRADA has been associated with the conduct of a good number of training programmes which include 2-day exposure programme for bankers and women members of Zilla Panchayat, 3-day programme for Banks as SHPIs, 4-day training programme for field functionaries of NGOs, etc.

Shri Kshetra Dharmasthala Rural Development Project (SKDRDP)

SKDRDP is a registered trust, under the Indian Trusts Act, under the aegis of Shri Manjunatha Temple, Dharmasthala, Belthangady Taluk of Dakshina Kannada District in Karnataka, India. The project, commissioned in 1982, had encompassed all the 81 villages of Belthangady Taluk and during the last 4 years, has expanded its area of operation to neighboring Mangalore and Karkala Taluks.

SKDRDP has formed Pragathi Bandhu Groups (PBGs) which envisage empowerment of small and marginal farmers through formation of cohesive neighborhood groups of 5-8 small/marginal farmers coming from similar background involved in savings, micro credit and labour exchange.

By March 2002, the trust had formed 6,800 SHGs, involving 58,000 families. Of these, 3,200 SHGs had availed loan from banks (direct and indirect linkage) with financial assistance amounting to Rs 8.35 crore. The repayment experience of the financing banks has been 100%.

Initiatives for Development with Participation and Mutual Support — (IDPMS)

The agency consists of a team of committed and dedicated professionals in the area of social work, project implementation, micro finance, management, marketing and communication. It has in association with the Commercial Banks and RRBs conducted several training programmes, including sensitisation on gender issues in micro credit and enterprise development for senior bank officials. It also has considerable expertise in various aspects of development programmes and in particular in:

- Formation and strengthening of SHGs
- Strengthening of local support agencies like NGOs

- Networking of NGOs
- Entrepreneurship development programme
- Self reliance in micro finance through SHGs
- Training/orientation of banking personnel
- Market related services — market linkages
- Gender sensitisation programmes
- Monitoring and evaluation-documentation

Being a resource NGO of repute, the services of the agency is being utilized by NABARD for conduct of various training programmes.

MICNET-K

NGOs engaged in micro credit activities in the state have formed a network called 'Micro Credit Network — Karnataka' in 1998 with a membership of 170 NGOs spread over 27 districts. MICNET-K has opened a state level central coordination and resource centre in Bangalore. During the last year, the agency conducted 4 four days training programmes for field workers of NGOs. The training exhaustively covered all the topics relating to promotion & linkage of SHGs by NGOs. The NGOs of the network have good track record, network with other NGOs and also have the capability to provide effective training to other upcoming NGOs in micro credit. This can also serve as an effective base for intensifying linkage through the NGOs trained, especially through the coordinating efforts under the ambit of MICNET-K.

OUTREACH

An NGO registered as a Society on 26 May 1993 under Karnataka Societies Act, 1960.

The NGO has a wide network in Karnataka with district level branches. The main focus of the NGO was initially formation and nurturing of SHGs. It has so far promoted 1,800 SHGs with 400 of them credit linked. OUTREACH has been conducting different capacity building programmes for Bankers, NGOs, etc., since the year 2000.

SANGHAMITRA in SHG Financing

Sanghamitra is a not-for-profit microFinance Institution incorporated as a Non-Banking Finance Company under section 25 of Indian Companies Act, 1956. The mFI had been promoted by MYRADA — one of the premier NGOs in the country that had pioneered SHG — Bank Linkage programme as a supplementary credit delivery mechanism. MYRADA found it necessary to set up a separate organisational entity to demonstrate to the mainstream bankers that banking with the poor through SHG approach is a feasible and profitable proposition. This has led to the formation of 'Sanghamitra' as a not-for-profit microFinance Institution.

SHG — Bank Linkage in Karnataka — A Quick Study

BANGALORE: Here are some interesting features which emerged from a quick study undertaken by the Bangalore Regional Office of NABARD, with limited coverage of a few NGOs. The study covered the different aspects of formation, nurturing and credit linkage of SHGs, through a few NGOs which were supported by NABARD:

POSITIVE FEATURES**NGOs**

- NGOs connected with charitable institutions enjoyed better recognition among people
- NGOs took initiatives to upscale the activities of the groups promoted by them by organising various developmental programmes
- MIS adopted by the NGOs were satisfactory in general
- Quality of the groups promoted under NABARD assistance were found to be good
- NGOs had developed good rapport with the bank branches with whom the groups had opened account
- One NGO had formed multi-pupose credit society to help the SHGs
- Another NGO had initiated steps for spreading the concept of group insurance through the groups promoted by it
- NGOs were found to be using the rating norms circulated by NABARD, with modifications to suit to the local needs
- One NGO was bringing out a news letter on its activities.

SHGs

- SHGs in addition to their regular activities were keen on taking up other community and social activities because of collective power demonstrated by them
- Groups had repaid the term loans availed from banks within a year
- Thanks to the formation of SHGs, incidences of borrowing from money lenders had reduced
- SHGs on their own had promoted other SHGs, and had encouraged other social activities.

BANKS

- Some of the banks took initiative in properly guiding the NGOs/SHGs
- SHG financing had proved to be profitable and recovery percentage was very high
- Banks had established exclusive SHG cells to monitor the implementation and progress under the programme
- Bank had adopted SHG strategy as part of its corporate mission.

NEGATIVE FEATURES**NGOs**

- Some NGOs showed poor adherence to timeliness in activities related to group formation and other related activities. This sent poor signals to the SHG members
- There were instances of lack of proper monitoring of SHGs by the concerned NGO, leading to undesirable traits like some members having multiple membership in the SHG as also in the groups promoted under *Stree Shakti*
- Some NGOs showed reluctance in opening SHG savings accounts with commercial bank branches. This hampered credit linkage through banks.

SHGs

- Some SHGs were confined to thrift and credit and did not initiate steps for other income generating activities
- Some of the groups formed by the NGO indicated that subsidy/RFA under Govt sponsored schemes (*Stree Shakti*) should be extended to them.

BANKS

- No post loan follow up done by banks. Some of the banks were not visiting the groups at regular intervals. Staff constraints and non defaulting SHGs were cited as reasons
- There had been a slow progress in extending credit support to SHGs. This resulted in the NGO seeking assistance from other institutions for on lending to SHGs.

“Where rural women have a crore and more to spare”

DHARMAPURI (TN): Hardly five years ago, the majority of these women lived a hand-to-mouth existence, barely able to afford a daily square meal for themselves and their families. The only form of credit they were aware of, during periods of emergency, was that available from moneylenders, who charged them a monthly interest ranging from 4 to 10 per cent (48 to 120 per cent annual) depending on the distress level. In these women’s understanding, banks did not lend money to poor women who could not provide any collateral.

But this very vibrant and confident group of women is in the process of taking a final decision to give themselves a bonus of, hold your breath, Rs. 1 crore very shortly!

Welcome to a cluster of villages in the backward Dharmapuri district of Tamil Nadu. Behind the grim scenario of a drought and in the backdrop of the State’s farmers being intensely worried over the denial of their share of Cauvery water, these women are smiling. Over 130 self-help groups (SHG), each comprising about 20 members, have a fantastic success story to relate. They have borrowed money from Indian Bank, repaid their loans not only by a whole 100 per cent but also before the stipulated time in most cases, and are left with enough profits to distribute it among themselves as dividend. So depending on their groups’ savings, each member will get a bonus of between Rs. 3,000 to Rs. 5,000, with the odd and highly successful woman getting even Rs. 9,000.

And their plans with this money ?

“Of course we will buy ourselves some jewels”, says a beaming Valli, member of one such group. But then gold jewellery is something all of them have, you notice, as you run your eye over the women, group after group. Thick gold chains, sparkling ear studs or earrings and the odd gold bangle too.

From their sparkling eyes, glowing skin and well groomed

appearance — oh yes, the shampoos and the ‘fair and lovely’ creams have all arrived in these villages, as well as the neatly draped new sarees, you can gather that these women have overcome the battle for food and clothing.

And then, in Hanumanthapuram, just outside a branch of the Indian Bank, which is lending to SHGs in Dharmapuri and Salem districts, you spot a van bringing back children from schools. It is not Chennai or Bangalore, and some of the occupants of the vans are not children of corporate executives or bank officers.

Thanks to their mothers’ hard work and thrift, their commitment to their enterprise and their resolve not to default on their bank loans, and the income they bring home, many children in these villages and little towns are going to good schools, both English and Tamil medium.

Many of the women are also protected by an insurance cover; against accident and death. And no, neither LIC nor any other agency is the insurer. “In many groups, each woman pays a premium of about Rs. 100 a month. They pool that money and out of the corpus, pay out death claims of Rs. 20,000 to the family when a member dies. The accident cover is Rs. 10,000. This is the silent revolution that is taking place in interior India. A revolution that is breaking the gender barrier, raising the status of women in society and changing male attitudes,” says Mr K. Francis, Director of the Integrated Village Development Programme, an NGO working with 2,257 SHGs in seven blocks in Dharmapuri district.

So drastic is the change “that men are now turning around and asking us to organise them into groups and give them loans for agricultural purposes,” says Mr R. Venkataraman, Indian Bank’s Chief Manager, Dharmapuri.

But men being men, their groups will have a fancy nomenclature: Farmers Clubs!

— The Hindu Business Line

Board Meeting — With a Difference!



The Pandyan Grama Bank, an RRB in Tamil Nadu, has financed as many as 21,600 SHGs till now, and has given Rs. 75 crore as loans to SHGs till January 2003. According to Shri S. Manickam, Chairman of the Pandyan Grama Bank the success of the SHG bank linkage of his RRB is primarily due to the committed staff he has in the bank.

Here is the Chairman PGB, Shri S. Manickam attending a Board Meeting of Kurinji Vattara Kalanjiam at Alanganallur, Madurai District! (Photo)

Saving Grace Bags ABCI Award



MUMBAI: The Association of Business Communicators of India (ABCI) has awarded a Certificate of Commendation to *Saving Grace*, in the Category of Tabloid Publications. The ABCI is an apex body of professionals in business communications, founded in 1956. The Selection was made by the ABCI from out of 330 entries in different categories of publications given by top ranking public and private business houses in India.

Saving Grace has met with a steady and increasing demand from all those who are active in the microFinance sector. The Editorial Team of *Saving Grace* thanks the patrons of this convergence forum for microFinance published by NABARD, for the support and encouragement given by them.

Write to us about your innovations and views.

We shall carry it to all others as news.

We are sure that it will be of great USE!

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