

SHG Federations as Livelihood Supporting Organisations



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Abbreviations

AGM	Annual General Meeting
AICTE	All India Council for Technical Education
AMSSM	Aprajita Mahila Sakh Sahkarita Maryadit
AMSY	Adivasi Mahila Sashaktikaran Yojana
APL	Above Poverty Line
ASA	Action for Social Advancement
ASCI	Agriculture Sector Skill Council of India
ASDP	Aajeevika Skill Development Programme
ATDC	Apparel Training & Design Centre
ATMA	Agricultural Technology Management Agency
ATS	Apprenticeship Training Scheme
BMSSM	Bundelkhand Mahila Sakh Sahkarita Maryadit
BPL	Below Poverty Line
BVS	Bunkar Vikas Sansthan
CABE	Central Advisory Board of Education
CAPART	Council for Advancement of People's Action and Rural Technology
CARD	Centre for Advanced Research and Development
CC	Community College
CDTP	Community Development Through Polytechnics
CEO	Chief Executive Officer
CSG	Community Services Guild
DPIP	District Poverty Initiative Project
EDI	Entrepreneurship Development Institute of India
FWWB	Friends of Women's World Banking
GB	Governing Body
GSHEC	Good Shepherd Health Education Centre
HDI	Human development indicators
HO	Head Office
HYV	High Yield Variety
IDBI	Industrial Development Bank of India
IFFDC	Indian Farm Forestry Development Cooperative Ltd.
IVDP	Integrated Village Development Project
KVKs	Krishi Vigyan Kendras
LIC	Life Insurance of India
LPO	Livelihood Promotion Organization
MIS	Management Information System
MoRD	Ministry of Rural Development

MPSSA	Madhya Pradesh Swayatta Sahakarita Adhiniyam
MSSRF	M S Swaminathan Research Foundation
MYRADA	Mysore Resettlement and Development Agency
NABARD	National Bank for Agriculture and Rural Development
NABFINS	NABARD Financial Services Limited
NDDB	National Dairy Development Board
NFS	Non-Financial Services
NGO	Non-Government Organization
NIWCYD	National Institute of Women, Child and Youth Development
NMS	Narmada Mahila Sangh
NREGA	National Rural Employment Guarantee Act
NRLMs	National Rural Livelihood Mission
NSMS	Nari Shakti Mahila Sangh
NSSSM	NAMAN Swayatta Sakh Sahkarita Maryadit
OBC	Other Backward Caste
OCR	Operating Cost Ratio
ONGC	Oil And Natural Gas Corporation Ltd
OSS	Operational Self Sufficiency
PLFs	Panchayat Level Federations
PWDS	Palmyrah Workers Development Society
REAL	Rural Education and Action for Liberation
SARD	Social Action for Rural Development
SBI	State Bank of India
SC	Scheduled Caste
SHGs	Self-help Groups
SIDBI	Small Industries Development Bank of India
SM	Sakhi Manch
SMS	Shakti Mahila Sangh
SNFTTE	Society for Non-formal Technical Training Education
SPSS	Statistical Package in Social Sciences
SRLMs	State Rural Livelihood Mission
SSSM	Samridhi Sakh Sahkarita Maryadit
ST	Scheduled Tribe
TNCDW	Tamil Nadu Corporation for Development of Women
TNCM	Tejaswini Nari Chetna Sangh
UNIDO	United Nations Industrial Development Organization
VDCs	Village Development Committees

Executive Summary

During the last two decades there has been a phenomenal growth in the number of SHGs and SHG federations in India. There are about 1,78,664 SHG federations in India¹. SHG federations have emerged as important institutions to take over the functions formerly provided by SHG promoting organizations. Given the small size of SHGs and their limited financial and human resources, it is difficult for SHGs to deal with larger financial and non-financial, livelihood issues affecting their women members. While SHG Federations have been known to be functioning as financial intermediaries, it is important to examine their role as livelihood support organizations. It is in this background that the study looks at the role of SHG federations as livelihood support organisations.

1. Objectives of the Study

The overall objective of the study is to assess the role of SHG federations as livelihood support organizations in creating an livelihood impact among SHG members and to recommend means for strengthening its role towards the same. The specific objectives are:

- To assess the incremental benefits accrued to SHGs by virtue of their membership in a Federation.
- To assess potential of federations for enabling delivery of diversified livelihood services like backward linkage, market linkage, business advice, financial management advice.
- To explore the sustainability aspect of SHG federations especially federations not involved in financial intermediation and examine the support mechanism in place for such federations from all stakeholders.
- Does associating with federations constrain choices, decision making and the functional autonomy of the SHG?
- Does financial intermediation by federated entities constrain and impede or facilitate its ability to serve as non-financial support service provider? (financial intermediation as different from credit aggregation)
- To come up with recommendations to improve the quality, self-management and sustainability of federations.

¹ APMAS 2013

2. Methodology

A total of 20 SHG federations were selected from two states namely Madhya Pradesh and Tamil Nadu. The study is based on data collection carried out with SHG federations, SHG as a group and as individual SHG members during the period March to June 2014. For each sample federation, five SHGs forming part of the federation and five falling outside the federation were studied in the case of Madhya Pradesh. In the case of Tamil Nadu, almost all SHGs are members of one federation or the other, but with significant variance in the level of engagement with their federation. Therefore, the sample consisted of five SHGs which were active and five SHGs less active in the federation were taken up for the study. Thus a total of 20 federations, 200 SHGs and 800 SHG members were covered across both the states.

3. The key findings of the study are summarised below in terms of the ToR

3.1. TOR 1

To assess the incremental benefits accrued to SHGs by virtue of their membership in a Federation.

Members reported partial improvement in their status. Members in federation reported greater incremental benefits than those without membership. The incremental benefits reported by the SHGs included increased level of income, upgraded production skills and enhanced ability to deal with risks.

Some of the benefits reported as a result of increased income included- increased levels of income, improved housing, enriched health access, better children's education, improved sanitation, better access to energy, improved food security and improved social status. Empowerment related benefits included improved decision making in household on financial and matters and livelihood issues, improved social mobility, improved social status, widened spaces for expressing views. There was a reportage of initiating agriculture allied enterprises. However, it is important to note that members found it difficult to attribute this specifically to SHG federations. The federated members have also reported some advantages in relation to services – such as receiving door step credit services, revolving fund assistance, accessing insurance services, value chain services, input-output linkages, skill development services and capacity building services which non-members did not receive. Members after being part of the federation were also found to have moved up the value chain in terms of their engagement in livelihood.

3.2. TOR 2

To assess potential of federations for enabling delivery of diversified livelihood services like backward linkage, market linkage, business advice, financial management advice.

SHG federations were found to be primarily offering financial intermediation and capacity building services. Livelihood services were few and far between and were add

on services rather than institutionalised services. There were a few (about one-fourth) federations which were offering livelihood advisory services, extension services, market linkages and vocational skill building services. These services were found to be useful for the SHGs and SHG members. However, the desire for credit services outpaced the demand for any other livelihood services by the SHG members. SHG members were found to be largely demanding credit services followed by skill development and support for enterprise development. From the limited number of sample of SHG federations that were observed it was found that they were lacking capacities to offer livelihood services in an institutionalized manner.

3.3. TOR 3

To explore the sustainability aspect of SHG federations especially federations which were not involved in financial intermediation and examine the support mechanism in place for such federations from all stakeholders.

The study primarily covered the financial federations. However in case of non-financial federations, they were primarily involved in social intermediation and livelihood services. Influence of the promoting agency was found to be higher. Mission of the federation tended to be primarily oriented towards offering social services such as health, education, nutrition, women development services. Vocational skills and marketing services were also offered. Federations tried to extract support from the government departments such as agriculture and horticulture department, health department, education department etc., and developmental agencies such as NABARD. Some federations were also found to be engaged in value chains. But they were not oriented towards profitability and as such sustainability could not be ascertained. Support to federations flowed from the promoting agencies, the banks and financial institutions. Support was in nature of capacity building / technical assistance. Banks and financial institutions extended support for onward lending. Sustainability was seen in terms of the ability of the federation to run on its own given the gradual withdrawal of support by the promoting agency. Federations which had a larger outreach were doing well in terms of financial sustainability over others. However, the tendency of the promoting agency to retain their influence over the federation showed that the required efforts towards institutional sustainability was lacking. Federations too had its own inherent flaws in matters of governance.

3.4. TOR 4

Does associating with federations constrain choices, decision making and the functional autonomy of the SHG?

The SHGs were found to be relatively autonomous in making decisions related to SHG operations. These could be related to its internal rate of lending, savings amount, periodicity of SHG meetings, pattern of distribution of loans, decisions on beneficiaries, offering of any specialized services or activities it would like to take up. SHGs found that

the federations were beneficial as they added a layer in its list of supportive institutions it can approach. SHG federations ensured that the SHGs develop linkages with institutions such as banks, government departments and other resource agencies for getting benefit from these financial and technical institutions. SHGs expressed that federations were complementary to their growth and progress. Even in instances when SHG federation wanted uniform norms to be set up, the decisions were taken in a democratic manner. SHG members views were represented in the federation. Autonomy ensured that SHGs were flexible in developing their own norms according to the specific situations.

3.5. TOR 5

Does financial intermediation by federated entities constrain and impede or facilitate its ability to serve as non-financial support service provider? (Financial intermediation as different from credit aggregation)

Federations lacked the vision to see themselves as livelihood support institutions. Financial intermediation somehow restricts the ability of the federations to look beyond the financial intermediation services. While the mission of the federation need not restrict federations from performing non-financial roles, the energies tend to be largely focused towards performing financial intermediary services. In the absence of other financial access services, need for credit seems to be the most important requirement. Federations seemed to be less interested in building their institutions as livelihood support organizations. There was absence of any specialized staff for offering other livelihood support services. Even the federations which to some extent are into offering livelihood services are not willing to plunge into value chain approach to livelihood promotion. In relation to social intermediation services, the old timers were primarily guided by social intermediary services while the newly recruited focused more on financial services.

3.1 To come up with recommendations to improve the quality, self-management and sustainability of federations.

Quality of the SHG Federations

The quality of the SHGs forming part of the federation and with longer association with the federations was observed to be better than the ones which did not form part of the federation or had lower access to services of the federation. This was taking into account various parameters such as regularity and frequency of meetings, savings, linkages with banks and other institutions, book keeping, disbursement and recovery of loans, utilization of loan amounts and rotation of leadership. Federations offered capacity building services to SHGs and ensured they performed as effective channels for distribution of credit to SHG women.

The quality of the federations however seemed to be largely affected by lack of demarcation in responsibilities between governing board and the promoting agency,

governing board and the management, lack of accounting systems, lack of institutionalization of norms in its relationship with SHGs.

- From the governance perspective, it is important to have a demarcation of boundaries between the promoting agency and the governing body, between the governing body and the management. However, in some instances it was found that promoting agency sometimes called the shots and influenced the decision making of the board. There were also instances when persons were part of both the board and the management. This was against the principle of division of responsibilities. This was often leading to clash of interest. There was little motivation to improve the governance as the stakeholders too gave preference to business performance of the federation a priority over the internal governance.
- Whether manual or automated, a robust accounting system was missing and the practice of regular external audits also was not observed.
- SHG federations too lacked uniformity in its norms. The motivation for SHGs to join the SHG federation primarily tended to be the desire to get better access to credit. However, it was found that the norms for making SHGs part of the federation were uniformly not being applied by the federation. While there existed criteria for membership, rating etc., these were not adhered to especially in a few federations in Madhya Pradesh. Even in instances of providing loan to SHGs, lesser performing and newly created SHGs sometimes got preference over the old and well performing SHGs.

Hence given this situation, it is important to work towards strengthening the internal systems of SHG federation. It is necessary to make investments on institutional building and capacity building of SHG federation. Capacity building needs to be both towards making them effective financial intermediaries and livelihood promotion institutions.

Self-Management

As mentioned earlier, while federations were largely self-managed there were instances of involvement by promoting agency. Federations built up their own systems of administration, auditing and management. Though promoting agency theoretically agreed on autonomy of the SHG federation, instances of its involvement could be found. Sometimes functionaries of federation were paid by promoting agency which in a way could affect loyalty of the functionary to the federation. The functionaries also tended to work for the promoting agency and the federation. Such practices need discouragement for ensuring autonomy of SHG federation.

Instances of lack of participation by members were also found. While they did participate, it was not beyond the phase of election / selection of members. The remaining times they kept themselves away from federation issues. It was important for members to feel that they are part of the governance structure in the federation. Members should be encouraged to involve with the federation. Awareness level of members needs to be raised so as to ensure that they feel part of the governance structure of the federation.

Sustainability

Calculating the sustainability of the federations was found to be difficult in the absence of data. While there was financial data related to income and expenditure, receipts and payments and balance sheet which depicted the financial health of a federation, this did not depict the state of financial sustainability. Federations continued to receive financial support from the promoting agency. Loan loss provisioning in most instances was absent. It was found that share capital tended to be low. Savings range remained limited despite potential for increasing the same. Sustainability needs to be raised by raising the share capital and the savings amount. The federation also needs to charge service fee from its members. This was found to be lacking.

Taking into consideration the existing gaps, following services may be necessary for federation to be more effective: -

- Institution building for federation – Governance, Management Systems, Financial Management
- Assistance in Business Planning of SHG federations
- Capacity building for Board members and functionaries of the Federation
- Training and orientation on ‘Livelihood Mapping and Promotion’ to SHG federation.
- Grant support for conducting livelihood assessment studies, launching livelihood initiatives and setting group enterprises by SHG federations

The study concludes that SHG federations have emerged as important agencies for provision of financial intermediary services. They have also been providing some amount of livelihood services such as skill building, market linkage, extension services etc. However, these are at present not considered to be integral to the services provided by SHG federations. While they happen as additional activities, they have not integrated in the overall activity portfolio of SHG federations. Hence it is important to focus efforts to build SHG federations as effective livelihood support organizations. It is important to extend support to federations through provision of grant cum loan support to build SHG federations as livelihood support organizations.

SHG federations also need to be provided institution building services to strengthen its internal governance and management systems.

The findings of the study point towards certain policy directions. We recommend that NABARD play a more substantive promotional role in building the SHG Federations, shaping the direction and necessary policy for the same. In addition, NABARD should set up a fund for building the capacities of SHG Federations; this fund requires a mix of grant and loan funds.

Firstly, NABARD needs to come out with a set of guidelines for SHG federations. These guidelines need to talk about eligibility conditions for the formation of a federation, functions of the federation (financial, social and livelihood) and structure and governance practices to be followed in the federation. It also needs to indicate the diverse sources from which federations can raise capital. Directions for actual implementation of NABARD SHG2 circular also need to be put into place in relation to cash credit limit and ratio of savings to credit.

A trajectory which depicts the status of SHG federation as per the age of the federation needs to be developed. This trajectory will have a set of indicators which emerge at various stages of evolution of SHG federation vis-à-vis nascent, emergent and mature stages. The parameters would be in relation to Role of SHG federation, products and services, governance, management systems, sustainability, role of promotion agency and support from NABARD.

	Nascent (Time: 0 to 2 years)	Emergent (Time: 2 to 5 years)	Mature (Time 5 and above)
Role of SHG Federation	<ul style="list-style-type: none"> Focus primarily on financial intermediation Formation of SHGs 	<ul style="list-style-type: none"> Financial intermediation + Facilitation of SHG-bank Linkage Formation, nurturing, grading and auditing of SHGs Identification and Action to be taken on social issues Identification of livelihood related needs of SHG members and start collective livelihood activities Generate awareness on govt. schemes and programs and process of claiming entitlements. 	<ul style="list-style-type: none"> Financial intermediation only when absolutely necessary Livelihood activities, market linkages, facilitating input-output linkages Training on financial literacy

Products and Services	<ul style="list-style-type: none"> Financial Services largely savings and credit Data sharing with banks to be initiated Compulsory savings by the members should be focussed on 	<ul style="list-style-type: none"> Financial Services (Savings, credit, Insurance, diversification of loan products) Non-financial Services (rights and entitlements) Institutional linkages with livelihood players 	<ul style="list-style-type: none"> Financial services (broad range of savings, recurring and fixed deposits, insurance and pensions, different kinds of loans – livelihood related loans) Livestock and Agriculture extension services (direct / indirect) Business and Micro-enterprise development advisory services Market linkage and Value addition services Storage and Value addition services Skill development and vocational training Implementation of government schemes – social programs including income generation
Governance	<ul style="list-style-type: none"> Board members are new and dependence on promoting agency is high Board members not aware of their roles and responsibilities 	<ul style="list-style-type: none"> Initiating board meeting on a regular basis Influence of promoting agency is reduced in decision making Rotation of board members is initiated Compliance with statutory processes 	<ul style="list-style-type: none"> Full-fledged governing board, regular board meetings, well informed members, autonomy in decision making Rotation of board members in compliance with the norm Nil influence or at best, promoter agency only in advisory role
Management systems	<ul style="list-style-type: none"> System should aim at evolving Strong mechanism to ensure members involvement Operational processes should be hand-held 	<ul style="list-style-type: none"> Professional staff is be hired and trained to work in the federation Setting up MIS and accounting systems Starting-off financial and livelihood activities 	<ul style="list-style-type: none"> Robust operational financial information (MIS) and accounting systems Regular external audits Systems of Monitoring and Internal Audit All systems mentioned above in place for both financial and livelihood related activities

Sustainability	<ul style="list-style-type: none"> • Developing a strong support base • Should aim at increasing in the number of clientele, savings, recovery rate • Continuous support by promoter agencies 	<ul style="list-style-type: none"> • Institutional sustainability should involve a process of hand-holding by promoter agency • Cultivating faith-based relations with financial institutions and SHG members 	<ul style="list-style-type: none"> • Institutional sustainability is ensured through (a) member-centric products and services, (b) good democratic governance and (c) management practices • Financial sustainability ensured through a healthy and steady mix of financial resources and ownership • Social sustainability ensured through long term social impact on members through client centric products and services
Role of NGOs	<ul style="list-style-type: none"> • Guide the federation formation process • Training to office bearers, community cadre • Bank account be opened • Institute mechanisms to assess the quality of SHGs • Conduct training needs assessment for SHGs and organise the required training programmes 	<ul style="list-style-type: none"> • At this stage, a demarcation of boundaries between the NGOs and the board and management of federation should be maintained • Division of responsibilities should be made clear and pushing the federation to fund raising activities for themselves to be initiated • Initiate insurance, pension schemes, etc. 	<ul style="list-style-type: none"> • Provide support for setting up linkages for livelihoods activities • Facilitate the process of linkage with financial and livelihood promoting institutions • Facilitate linkages with government departments and schemes
Support from NABARD	<ul style="list-style-type: none"> • Funds like capacity building for NGOs to support federations to move to the emergent stage from the nascent stage 	<ul style="list-style-type: none"> • Convergence with various schemes available to federations • Capacity building funds to be provided to federations • Funds for trainings on IT, MIS, financial and livelihood management systems • Grant funds to federations for inculcating in them capacities as livelihood support organisations 	<ul style="list-style-type: none"> • Funds from NABARD to initiate exposure visits by the promoting agency to the federation, along with funds for leadership training • Provide grant cum credit support for SHG federations for undertaking livelihood support services

It can be concluded by stating that SHG federations need to grow beyond financial intermediaries into livelihood support organizations. NABARD need to set guidelines with clear cut directions on the role and functions the federations, the processes which it needs to comply with, the sources from where it can raise capital resources, steps it needs to take for strengthening governance and participation of members, steps it needs to take for inclusion of livelihood promotion tasks etc. – all these will go a long way in strengthening SHG federations as livelihood support organisations.

Chapter 1: Introduction

1.1. Background of the study

1.1.1. SHG movement in India

A number of experiments were made during the last century towards poverty alleviation in the country. The attempts were at finding technical solutions, infrastructural solutions, financial solutions, institutional solutions; skill training solutions, rights based solutions. Large scale projects, large bureaucracies, large scale developmental institutions, programs and schemes were seen as a means which would address poverty in the country. A major experiment which attracted large scale attention of development players is the concept of self-help groups (SHGs). SHGs were seen as a means of enhancing financial inclusion, poverty alleviation and women empowerment.

Beginning with grassroots experiments which were taken up in the late 1970s and 80-s, SHG-Bank linkage program has been adopted as a poverty alleviation tool in the country by NABARD in 1992. SHG movement has grown in the country especially through the efforts of NGOs, National Rural Livelihood Mission (NRLMs) and State Rural Livelihood Mission (SRLMs) in the country. Starting from a modest scale as a pilot in the year 1992, the SHG-Bank linkage programme has turned into a solid structure with more than 79.60 lakh savings-linked Self Help Groups (SHGs) covering over 10.3 crore poor households as on 31 March 2012. The total savings of these SHGs amounted to 6,551.41 crore. The number of credit-linked SHGs under the programme stood at 43.54 lakh.

From a 2.2 million SHGs in 2006, it has increased to about 4.3 million in 2012. Despite the phenomenal growth of the programme, there was skewness in favor of Southern states. Over half (54%) of the SHGs were in the Southern region. Large sections of rural population from States like Assam, Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Odisha, Rajasthan, Uttar Pradesh and West Bengal were uncovered under the Programme. Even with respect of states, which have achieved relatively greater degree of intensity in promotion of SHGs, regional imbalances are observed within blocks/districts.

Table 1.1: Growth Trends in SHG-Bank linkage

Particulars	2006	2007	2008	2009	2010	2011	2012
No. of SHGs provided with bank loans	2,238,565	2,924,973	3,625,941	4,224,338	4,587,178	4,813,684	4,354,567
Southern region	1,214,431	1,522,144	1,861,373	2,283,992	2,421,440	2,663,569	2,355,732
Share of Southern region in %	54	52	51	54	53	55	54
Average disbursed loan per group in Rs.	37,574	44,343	46,800	74,000	115,820	122,744	144,086
Outstanding loans Rs. (billion)		123.66	169.99	226.76	272.66	306.19	363.41
Incremental groups (million)		0.69	0.70	0.60	0.36	0.22	(-) 0.05
Incremental loans O/S Rs. (billion)		123.66	46.33	56.77	45.90	33.53	57.22

(Source: Status of Microfinance in India Report, NABARD)

1.1.2. SHG federations in India

An important development in the SHG movement is the emergence of SHG federations. SHG federation has emerged as a critical institutional mechanism to ensure sustainability of SHGs besides providing them both financial and non-financial support. The main objective of federating the SHGs is to make them stronger and ensure their organizational, operational and financial sustainability. The earliest SHG federation was formed by the then PRADAN (presently the Dhan Foundation) in Tirupati in 1992 and later in Madurai, soon followed by CDS, Alappuzha in 1993 and MYRADA in 1996. Rapid expansion in the number of SHG federations took place in South India in the later 1990s, particularly with the introduction of several externally funded projects through DRDAs. There are more than 1,70,000 primary federations, 7,091 secondary federations and 66 tertiary federations in the country. Southern and eastern regions account for more than 90 percent of total number of federations in the country.

Table 1.2: State wise Promotion of SHG Federations as on March 2013

	Region/State	Number of			Total
		Primary Federations	Secondary Federations	Tertiary Federations	
A	Northern Region				
1	Himachal Pradesh	5	1	0	6
2	Rajasthan	15704	38	1	15743
3	Haryana	6	1	0	7
4	Punjab	0	0	0	0
5	Jammu & Kashmir	0	0	0	0

	Region/State	Number of			Total
		Primary Federations	Secondary Federations	Tertiary Federations	
	Region-Total	15715	40	1	15756
B	North Eastern Region		40		
6	Assam	1336	3	0	1339
7	Meghalaya	80	0	0	80
8	Tripura*	0	0	0	0
9	Sikkim*	0	0	0	0
10	Manipur	85	5	0	90
11	Nagaland	0	0	0	0
12	Arunachal Pradesh*	0	0	0	0
13	Mizoram	0	0	0	0
	Region-Total	1501	8	0	1509
C	Eastern Region				
14	Orissa	10952	364	40	11356
15	Bihar	6543	103	0	6646
16	Jharkhand	548	40	0	588
17	West Bengal	27107	2703	1	29811
	Region-Total	45150	3210	41	48401
D	Central Region				
18	Madhya Pradesh	4215	45	0	4260
19	Chhattisgarh	62	0	0	62
20	Uttar Pradesh	2619	104	0	2723
21	Uttarakhand	174	0	0	174
	Region-Total	7070	149	0	7219
E	Western Region				
22	Gujarat	253	4	0	257
23	Maharashtra	11359	315	0	11674
24	Goa	0	0	0	0
	Region-Total	11612	319	0	11931
F	Southern Region				
25	Andhra Pradesh	50459	1428	22	51909
26	Karnataka	7731	159	2	7892
27	Kerala	19987	1073	0	21060
28	Tamil Nadu	12274	705	0	12979
	Region-Total	90451	3365	24	93840
G	Union Territories				
25	Pondicherry	8	0	0	8
	Region-Total	8	0	0	8
	Grand Total	171507	7091	66	178664

(Source: APMAS)

The SHG federations are predominant in West Bengal, Andhra Pradesh, Kerala and Tamil Nadu states. In Andhra Pradesh the federations are registered under the Mutually Aided

Cooperative Societies Act, thus providing substantially autonomy for the federations with reduced government domination. In Kerala, the federations are promoted through the Kudumbashree program, while the Tamil Nadu Government promotes the federations under its Vazhndhu Kaatuvom and Mahalir Thittam projects. PRADAN, MYRADA, DHAN and CARE are the prominent NGOs that promote SHG federations in large scale.

Financial federations provide finance – related services such as saving, credit, insurance and money transfer, while non-financial federations provide sector development, livelihood development and social development services. There is, however, a third category called multi-purpose federations, which undertake at least one financial and one non-financial function. Most of the federations in the country belong to the multi-purpose category as they provide a range of products and services thus following a ‘credit-plus’ approach rather than ‘credit only’ approach. The federations usually have a three-tier structure with primary level federations at village level, secondary level federations at the cluster level and apex-level federations at the district or state level. The size of federations ranges widely across the country, with the number of SHGs in each of the federations ranging from 10 to 10,000. The federations perform four broad categories of functions viz., financial functions, business development / livelihood services, strengthening or supporting services for SHGs, and social or developmental initiatives.

1.1.3. Challenges in SHG federations

The existing literature on SHG federation points to various challenges being faced by SHG federations. In the area of governance, some SHG federations are functioning with limited capacity building inputs. They have inadequate funds to pursue its agenda. of providing adequate services to SHGs. In the area of management, in most instances staff are accountable to promoting agency.

Mixing of financial and social agenda has an adverse effect on recovery rates. In legal dimensions, Trusts / Society acts places restrictions on financial services by federations. Federations find it difficult to provide adequate services to SHGs which has a bearing on the quality of SHGs. In relation to credit supply, it remains grossly low in relation to demand. In financial services, there are issues related to lack of robust accounting systems and accounting processes in place. In sector development, while SHGs may be having auditing they do not have AGM to discuss audit reports and for appropriation of profit / loss. In social services, federations are not pursuing the same due to poor ability to generate funds. In livelihood, there is more focus on marketing of external products and relatively less on marketing of the member’s products.

Though SHG federations were started with the intent of replacing NGOs / promoting agencies in building SHGs as mechanisms for poverty reduction, SHG federations have yet a long way to go in terms of becoming effective livelihood promotion institutions.

A livelihood promotion endeavor requires procurement of raw material at low cost, better utilization of production / processing skills for higher quantitative and qualitative

production and linking produce in markets which assure higher price and sustainable demand. Towards this knowledge, skills, asset base, attitudes of the poor need to be built up. While the SHGs are already doing well as financial intermediary agencies, it is for the SHG federations to play the role of livelihood service agencies for the local communities. SHG federations are the most effective institutions which can take up responsibility for collective aggregation, collective procurement and collective marketing of the produce. The large scale aggregation, procurement and marketing enable economies of scale and bring down the cost. There are instances where it has demonstrated its ability to be livelihood services providing agency. Given SHG federation are important institutions for poverty reduction, it is important to study their role in promoting livelihoods of its members.

1.2. Scope and Objectives of the Study

The overall objective of the study is to assess the role of SHG federations as livelihood support organizations in creating livelihood impact among SHG members and to recommend means for strengthening its role towards the same. The specific objectives are:

- To assess the incremental benefits accrued to SHGs by virtue of their membership in a Federation.
- To assess potential of federations for enabling delivery of diversified livelihood services like backward linkage, market linkage, business advice, financial management advice.
- To explore the sustainability aspect of SHG federations especially federations not involved in financial intermediation and examine the support mechanism in place for such federations from all stakeholders.
- Does associating with federations constrain choices, decision making and the functional autonomy of the SHG?
- Does financial intermediation by federated entities constrain and impede or facilitate its ability to serve as non-financial support service provider? (financial intermediation as different from credit aggregation)
- To come up with recommendations to improve the quality, self-management and sustainability of federations.

1.3. Methodology

A total of 20 SHG federations were selected from two states namely Madhya Pradesh and Tamil Nadu. 10 federations each were selected from the two states. The study is based on

data collection carried out with SHG federations, SHGs and SHG members during the period February to June 2014. For each sample federation, 5 SHGs forming part of the federation and 5 falling outside the federation were studied in the case of Madhya Pradesh. In the case of Tamil Nadu, 5 SHGs which were active and 5 SHGs less active in the federation were taken up for the study. Thus a total of 20 federations, 200 SHGs and 800 SHG members were covered across both the states.

Overall the attempt was at providing representation to as much diversity as possible in identification of federations. The salient features of the selected sample federations included:

- Federations covered all the agro-climatic zones and geographical regions in the state.
- Federations were engaged in – financial services, livelihood and extension services, social development services and working on rights and entitlements.
- The federations ranged from less than three years, between three years to five years, five years to seven years and more than seven years.
- The federations covered a range of levels – primary federations (Panchayat level), secondary federations (Cluster level) to Tertiary federations with membership ranging from 50 SHGs to over 500 SHGs.
- They covered a range of legal entities from trusts to societies.

Stratified random sampling process was adapted to select sample of federations. State was divided into regions. An attempt was made to cover as many districts and as many promoting agencies as possible spread across different regions in the states. Hence across both the states about 18 districts and 15 promoting agencies were represented. The promoting agencies included both the NGOs and the Government.

The sample of federations in Madhya Pradesh covered all the important regions namely Satpura region, Malwa region, Nimar region and Bundhelkhand region. Totally 10 districts were represented. About 3 districts from Satpura, 3 districts from Malwa, 3 districts from Nimar and 1 district from Bundhelkhand were represented. There were seven different promoting agencies involved in the promotion of these Federations, some of which was through partnerships among Government and NGOs. An important parameter for selection of regions also included representativeness of tribal / non-tribal, rural / urban areas.

Table 1.3: Sample Federations in Madhya Pradesh

S. No.	Name of the Federation	Promoting Agency	District	Services
Madhya Pradesh				
1	Naman Sakh Sahakarita Maryadit	Naman Sewa Samiti	Betul (Satpura)	Financial services
2	Nari Shakti Mahila Sangh	PRADAN / Tejaswini	Balaghat (Malwa)	SHG promotion, Rights and entitlements
3	Samriddhi Sakh Sahkarita Maryadit	MPRLP / NRLM	Barwani (Nimar)	Financial services
4	Sakhi Manch	Samavesh	Dewas (Nimar)	Financial services
5	Bunkar Vikas Sanstha	UNIDO	Ashoknagar (Malwa)	Financial services
6	Narmada Mahila Sangh	PRADAN	Hoshangabad (Satpura)	SHG promotion, Rights and entitlements
7	Tejaswani	NIWCYD	Dindori (Malwa)	Right & Entitlements
8	Shakti Mahila Sangh	BASIX	Jabalpur (Satpura)	Financial services
9	Aparajita Mahila Sakh Sahkarita Maryadit	FWWB / BASIX	Indore (Nimar)	Financial services
10	Bundhekhband Mahila Sakh Sahkarita Maryadit	SEWA / BASIX	Chhatarpur (Bundhelkhand)	Financial services

In Madhya Pradesh 100 SHGs which were covered included about 50 SHGs which formed part of the SHG federation and 50 SHGs which did not form part of the federation. Among the members who were interviewed included 200 SHG members who formed part of the federation and 200 SHG members who did not form part of the federation.

The sample of federations in Tamil Nadu covered all the geographical locations namely Southern, North western and north eastern and Western Zones. Totally 7 districts in Tamil Nadu and 1 in Pondicherry were represented. About 2 districts from Southern region, 4 districts from North-western region, 3 districts from north eastern region and 1 district from western region were represented. There were nine different promoting agencies involved in the promotion of these Federations, some of which was through partnerships among Government and NGOs.

Table 1.4: Sample Federations in Tamil Nadu

S. No.	Name of the Federation	Promoting Agency	District	Services
Tamil Nadu				
1	Palma Federation	PWDS	Kanyakumari (Southern)	Financial services, Social services
2	Vikramangalam PLF	Mahalir Thittam	Madurai (Southern)	Financial services, SHG Promotion

S. No.	Name of the Federation	Promoting Agency	District	Services
Tamil Nadu				
3	SJJRC	MYRADA	Krishnagiri (North western)	Financial services (As BC of NABFINS) , SHG Promotion
4	Varatupatti CLF	IVDP	Krishnagiri (North western)	Financial services, SHG Promotion
5	Oddapatty PLF	Mahalir Thittam	Salem (North western)	Financial services, SHG Promotion
6	KVPMS	World Vision	Salem (North western)	Financial services (As BC of NABFINS), SHG Promotion
7	Innuir grama sangham	MSSRF	Puducherry (North eastern)	Financial services, SHG Promotion, Agriculture extension
8	Aasur paguthi adhar maiyam	Kalvikendra	Villupuram (North eastern)	Financial services, SHG Promotion
9	Jaihind	REAL	Cuddalore (North eastern)	Financial services, SHG Promotion
10	Kemmarapalli PLF	Good Shepherd	Coimbatore (Western zone)	Financial services, SHG Promotion

In Tamil Nadu 100 SHGs which were covered included about 50 highly active SHGs and 50 less active SHGs. Among the members who were interviewed included 200 SHG members who were part of more active SHGs and 200 SHG members who were part of less active SHGs.

1.4. Research Tools

Three sets of research tools were developed one each for SHG federation, SHGs and the SHG members.

The tools developed for SHG federation included a Factsheet and an interview schedule. The factsheet covered quantitative details related to the federation. These were related to background information, outreach of the federation, financial performance of the federation, financial products, social services, livelihood services, funding status and nature of enterprises supported. The interview schedule aimed at eliciting qualitative responses from the federation staff, governing board and management. These were related to origin of the federation, development objectives, livelihood interventions, structure and systems, governance, financial and operational health and incremental health.

The tools developed for SHG included a factsheet and interview schedule. The factsheet covered quantitative details related to the federation. These were related to the primary details of the SHG, financial details, financial services, livelihood services and public services. The interview schedule aimed at eliciting qualitative responses in relation to origin of SHG, management and internal systems, service delivery, membership in federation and functional autonomy.

The tool developed for SHG members was a Structured Questionnaire. The questionnaire covered details in relation to social profile of SHG members, livelihood profile, membership in associations, reason for membership / non-membership in federations and reasons for the same, services received from SHG federation (credit, insurance, extension services, other livelihood services), linkages established with institutions (technical and financial), satisfaction with SHG federation services, incremental benefits received through SHG federations both for household livelihood and well-being.

1.4.1. Data Collection

A seven member team was involved in the study which included three full time and four part time faculty members of Institute for Livelihood Research and Training (ILRT). Member level data collection was assisted by about 10 research investigators. The data was collected during the period February to June 2014.

1.4.2. Data Analysis

The data which was gathered from the field was entered into Microsoft Excel. This was imported to Statistical Package in Social Sciences (SPSS) package. Analysis was done using SPSS. Cross tabulations were done to understand the co-relations between different variables. Fact sheets, field notes, SPSS analysis were used to arrive at the key points and develop the report.

1.4.3. Limitations of the Study

The study has its own limitations. It could not proceed as was originally conceived. The initial idea of selecting sample of federations from the universe could not work out. This was due to absence of centralized and decentralized database. Federations of larger promoting agencies (DHAN Foundation) in Tamil nadu could not be included due to non-acceptance by promoting agency management despite intervention by management of study agency. The initial idea of having sample SHGs with / without membership in federation could not be tried out in Tamilnadu as all of the SHGs were already federated. Hence as a compromise active and non-active SHGs were considered for inclusion in the sample. There were also delays in data collection due to elections and delays in acceptance of dates by promoting agencies. One major issue witnessed during data collection was related to the financial data. Financial data was not available as per the requirements of the study.

1.5. Organization of the Report

The report has been divided into Executive Summary and six chapters. Executive summary provides with the highlights of the findings. The introduction chapter deals with the backdrop of SHG federation in India, objective of the study, methodology, sampling design for the study, process adopted for data collection and analysis in the study. Chapter two synthesizes the profile of the federations based on study of twenty federations. Chapter three discusses the key findings in relation to points discussed in

the Terms of Reference. Chapter four provides an analysis of the key findings based on analysis of primary data. Chapter five deals with recommendations in relation to SHG federations. Chapter six briefly describes the policy takeaways from the report.

Chapter 2: Review of SHG federations

2.1. SHG Federations in Madhya Pradesh

2.1.1.1. Population

Located in central India, Madhya Pradesh is India's second largest state with an area of 3.08 lakh sq. km. The state of Madhya Pradesh has about 50 districts with 53.6 thousand villages and 23 thousand Gram Panchayats. Madhya Pradesh has a population of 7.27 crores as per census 2011. Of this 3.76 crore are male and 3.50 crore are female. Of the MP population, 73.3% reside in rural areas and 26.7% in urban areas. MP is also the sixth largest populous state.

2.1.1.2. Poverty in MP

As per the poverty estimates for Madhya Pradesh using Tendulkar Methodology for 2011-12, 31.65% of the population was below poverty line. This was 35.74% in the case of rural areas and 21.0% in the case of urban areas. In terms of population 2.35 crore were below the poverty line with 1.91 crore in rural areas and 0.44 crore in urban areas. However, if factors beyond income are considered (Multidimensional Poverty Index), about 68.1% of the state's population is poor.

Poverty also manifests in terms of food insecurity, lower level of nutrition and health indicators, high infant mortality rates. Thus Madhya Pradesh is lowly placed in human Development Indicators (HDI). HDI for Madhya Pradesh is one of the least with 0.375 HDI value in comparison to national HDI value of 0.467. (UNDP Human Development Report)

Given the context of poverty in Madhya Pradesh, the rural poor face several challenges to enhance their livelihoods. They are constrained by a number of structural, social, economic and institutional barriers. The situation of poor is characterized by marginal and under-productive landholdings, periodic droughts, insecure land tenure and a reliance on seasonal agricultural and forest labor. Poor access to finance forms one of the barriers that constraints their movement out of poverty.

2.1.1.3. SHG movement in Madhya Pradesh

In recent past several initiatives have been taken up for poverty reduction in Madhya Pradesh. Among the prominent programs taken up in MP for poverty reduction are the District Poverty Initiative Project (DPIP) and Project Tejaswini. An important initiative is the SHG-Bank linkage program in Madhya Pradesh. SHG movement in Madhya Pradesh began in the 1980s. Federations started getting formed in the 1990s. As a whole the movement was weak initially and picked up in the later part of 2000.

At present, the SHG coverage is low and uneven in Madhya Pradesh. Out of 63.73 lakh households to be covered, only 20.73 lakh have been covered. Out of 50 districts, about 40 districts have low coverage of SHG program.

2.1.1.4. SHG Federations in Madhya Pradesh

In terms of SHG federations, there are about 4,260 federations in Madhya Pradesh. Of these 4,215 are primary federations and 45 secondary federations.

Table 2.1: SHG Federations in Madhya Pradesh

Region/State	Number of			Total
	Primary Federations	Secondary Federations	Tertiary Federations	
Madhya Pradesh	4,215	45	0	4,260
Central Region	7,070	149	0	7,219
India	1,71,507	7,091	66	1,78,664

The major promoting agencies of SHG federations in Madhya Pradesh are Action for Social advancement (ASA), PRADAN, Asha niketan welfare center, Centre for advanced research and development (CARD), Social action for Rural development (SARD), Indian Farm Forestry Development Ccooperative Ltd., (IFFDC), Indore Diocese Social Service Society, Jabalpur Diocese Social Service Society, Khandwa Diocese Social Service Society, Kripa social welfare society, Manav Vikas Seva Ssangh, ASRA, SARD India, DPIIP, SEWA, SRLM and Samaj Pragati Sahyog.

2.1.2. Study Federations

The federations which were taken up for study purpose included the federations promoted by Naman Sewa Samiti, PRADAN under Tejaswini, MPRLP / NRLM, Samavesh, UNIDO, NIWCYD, BASIX, FWWB and SEWA. Each of them had varied and wide experience in grassroots organizing, institution building of people's institution and offering technical support services.

Table 2.2: Sample of SHG Federations

S. No.	Name of the Federation	Promoting Agency	District	Services
Madhya Pradesh				
1	Naman Sakh Sahakarita Maryadit	Naman Sewa Samiti	Betul (Satpura)	Financial services
2	Nari Shakti Mahila Sangh	PRADAN / Tejaswini	Balaghat (Malwa)	SHG promotion, Rights and entitlements
3	Samriddhi Sakh Sahkarita Maryadit	MPRLP / NRLM	Barwani (Nimar)	Financial services
4	Sakhi Manch	Samavesh	Dewas (Nimar)	Financial services
5	Bunkar Vikas Sanstha	UNIDO	Ashoknagar (Malwa)	Financial services
6	Narmada Mahila Sangh	PRADAN	Hoshangabad (Satpura)	SHG promotion, Rights and entitlements
7	Tejaswani	NIWCYD	Dindori (Malwa)	Right & Entitlements

S. No.	Name of the Federation	Promoting Agency	District	Services
Madhya Pradesh				
8	Shakti Mahila Sangh	BASIX	Jabalpur (Satpura)	Financial services
9	Aparajita Mahila Sakh Sahkarita Maryadit	FWWB / BASIX	Indore (Nimar)	Financial services
10	Bundhekhband Mahila Sakh Sahkarita Maryadit	SEWA / BASIX	Chhatarpur (Bundhelkhand)	Financial services

2.1.3. Profile of the Federations

2.1.3.1. Legal Status

The SHG federations were either registered under the Madhya Pradesh Swayatta Sahakaritha Adhiniyam (1999) or Societies Registration Act 1973. The federations registered under MPSSA (1999) included Naman Sakh Sahkarita Maryadit, Samriddhi Sakh Sahkarita Maryadit, Sakhi Manch, Shakti Mahila Sangh and Bundhekhband Mahila Sakh Sahkarita Maryadit. The federations registered under Societies registration act 1973 were Nari Shakti Mahila Sangh, Bunkar Vikas Sanstha, Narmada Mahila Sangh, Tejaswani Nari Chetna Sangh and Aparajita Mahila Sakh Sahkarita Maryadit.

2.1.3.2. Mission

The mission of all the SHG federation had to do with poverty reduction, livelihood promotion through financial inclusion of the poor rural women. In the case of Bunkar Vikas Sanstha, the target clientele were the poor women from the weaving community.

2.1.3.3. Outreach

The SHG federations had outreach ranging from 5 villages to 243 villages, 13 groups to 1,050 groups and 119 members to 9,933 members. Bunkar Seva Samstha which focuses on weavers had the least outreach and Nari shakti mahila sangh active in Lamta and Balaghat and promoted by PRADAN had the maximum outreach.

Table 2.3: Outreach of SHG Federations

S. No.	Name of the Federation	Outreach		
		Villages	Groups	Members
1	Naman Sakh Sahakarita Maryadit	56	133	1,483
2	Nari Shakti Mahila Sangh	243	1,050	9,933
3	Samriddhi Sakh Sahkarita Maryadit	24	140	1,540
4	Sakhi Manch	43	80	846
5	Bunkar Vikas Sanstha	5	13	119
6	Narmada Mahila Sangh	218	350	3,018
7	Tejaswani Nari Chetna Sangh	31	202	2,785
8	Shakti Mahila Sangh	59	205	2,565
9	Aparajita Mahila Sakh Sahkarita Maryadit	117	600	8,744
10	Bundhekhband Mahila Sakh Sahkarita Maryadit	140	640	6,320

2.1.3.4. Products and Services

The SHG federations offered a range of financial and non-financial services. The financial services included savings, credit and insurance. Some federations offered market linkage, value chain services etc. While non-financial services were also offered by federations, the focus tended to be on financial services and that too specifically on credit services. Livelihood services were either absent or even if existed were negligible.

Table 2.4: Products and Services Offered by SHG Federation

S. No.	Name of the Federation	Products and Services	
		Financial	Non-Financial
1	Naman Sakh Sahakarita Maryadit	Compulsory / Optional savings, Production loans (Agriculture loan, Agri-allied loan, NFS loan, Consumption loan, General loan)	Institutional linkages, Awareness on government schemes and policies
2	Nari Shakti Mahila Sangh	Management of SHG data, Data sharing with banks,	Rights & entitlements and domestic violence issues with VDCs
3	Samriddhi Sakh Sahkarita Maryadit	Compulsory / Optional savings, Emergency and Production loans, Life insurance	
4	Sakhi Manch	Compulsory / Optional savings, Enterprise loans	Rights & Entitlements, linkage with livelihood services
5	Bunkar Vikas Sanstha	Insurance services	Value chain services in weaving – raw material supply, training and designing, dyeing and marketing – wholesale and retail, institutional handholding, health camps, adult literacy, linkage with weaver welfare programs
6	Narmada Mahila Sangh	Insurance	Technical and business guidance in poultry, mushroom cultivation and agriculture produce marketing, Non-financial inputs, Linkages with government schemes, SHG capacity building,
7	Tejaswani Nari Chetna Sangh	Savings and internal lending, Insurance through tie up with Chola Mangalam,	Inputs for livelihoods through convergence
8	Shakti Mahila Sangh	Compulsory group savings and fixed deposits, Production loans, Insurance services and training on financial literacy	
9	Aparajita Mahila Sakh Sahkarita Maryadit	Compulsory saving, Optional savings, Fixed deposits, General loan, Enterprise loan, Emergency loan, Consumption loan, Housing loan, Education loan, Agriculture and allied business, Life insurance	
10	Bundhekhanda Mahila Sakh Sahkarita Maryadit	Compulsory savings, Optional savings, recurring deposits, fixed deposits, loan against fixed deposits, production loans, insurance through tie-up with Birla sun-life	

2.1.3.5. Collaborations

The SHG federations had established collaborations with a number of development players – apart from their promoting agencies. These included civil society organizations such as Indian Grameen services, Naman seva samithi, PRADAN, Samavesh, NIWCYD, BASIX and Sewa; government agencies such as project Tejaswini, MPRLP, Department of Rural Development and Agriculture; banks and financial institutions such as Cholamandalum, Federation of Women's World Banking (FWWB), Industrial Development Bank of India (IDBI), State Bank of India (SBI), Rashtriya Mahila Kosh (RMK), Small Industries Development Bank of India (SIDBI), Narmada Jhabua Grameen vikas bank, Birla sun life. The collaborations were with the purpose of gaining access to finance, capacity building and technical inputs from the collaborating agencies.

Table 2.5: Collaborations

S. No.	Name of the Federation	Collaborations
1	Naman Sakh Sahakarita Maryadit	Indian Grameen services, Naman Sewa samithi
2	Nari Shakti Mahila Sangh	PRADAN, Tejaswini,
3	Samriddhi Sakh Sahkarita Maryadit	MPRLP, NRLM, LIC,
4	Sakhi Manch	Samavesh, Indian Grameen services
5	Bunkar Vikas Sanstha	UNIDO, EDI, Fab India, ONGC
6	Narmada Mahila Sangh	PRADAN, Government departments, Government schemes, Insurance companies
7	Tejaswani Nari Chetna Sangh	NIWCYD, Tejaswini, Cholamandalum
8	Shakti Mahila Sangh	Ministry of Rural Development (MoRD), FWWB, IDBI, SBI, Rang de, Basix, RMK
9	Aparajita Mahila Sakh Sahkarita Maryadit	FWWB, DFID, BASIX, SIDBI, Centre for Microfinance, Narmada Jhabua Gramme Vikas bank, Rashtriya Mahila Kosh, Indian Grameen services, Narabda Jhabua Grameen bank
10	Bundhekhand Mahila Sakh Sahkarita Maryadit	Birla Sunlife, Sewa cooperative

2.1.3.6. Governance

The federations largely had a three tier structure with SHGs at the bottom, village level committees and federations. There were around 12 board members for each federation. The board members were mostly democratically or unanimously elected. The issues related to governance which affected the federations included non-cooperativeness of Board, continuing influence of promoter agency, low capacities of some board members, factionalism, lack of vision by leaders to look beyond financial services, non-compliances with statutory processes especially for the newly formed federations. Some positive trends also observed included relative autonomy of board vis-à-vis promoting agency, wide experience and knowledge of board members etc.

Table 2.6: Issues of Governance in Federations

S. No.	Name of the Federation	Governance
1	Naman Sakh Sahakarita Maryadit	Staff presence in the Board, Member SHGs satisfied by the services, governance promoter organization driven, Compliance with legal procedures
2	Nari Shakti Mahila Sangh	Governing board unanimously selected, regular meetings of board with 70-80% attendance, Governing Board members very vocal, not dependent on promoting agency
3	Samriddhi Sakh Sahkarita Maryadit	Three tier structure SHG, VO, Governing Body – selection done unanimously – few members need capacity building -
4	Sakhi Manch	Unregistered – Board unanimously selected – system of replacing inactive members with active members – no external audit – internal auditing by Samavesh staff – accounting done separately
5	Bunkar Vikas Sanstha	Weak governance, factionalism, Self-centered approach of leaders, legal compliances including external audit and sales tax returns managed well
6	Narmada Mahila Sangh	Three tier structure – 12 members in the board – SHGs, cluster level, board meets once in a month, low profile maintenance by promoting agency in the federation
7	Tejaswani Nari Chetna Sangh	12 member board, monthly board meetings, board members well informed
8	Shakti Mahila Sangh	13 member board - 9 elected and 4 nominated, board meets twice in a month, elected members less informed
9	Aparajita Mahila Sakh Sahkarita Maryadit	12 women governing board, CEO supported by finance manager and credit officers, board members long associated relatively educated and informed
10	Bundhekhand Mahila Sakh Sahkarita Maryadit	13 member governing board, members elected from branch committees, regular branch committee meetings, chairperson major say in strategic and operational issues

2.1.3.7. Management systems

The federations had well designed operational and documentation systems. Accounting was either manual or through use of accounting software. The accounting processes were being assisted by promoting agencies in some instances. Professional staff was hired wherever necessary. Internal control systems were however, found to be weak.

Table 2.7: Management Systems of Federations

S. No.	Name of the Federation	Management systems
1	Naman Sakh Sahakarita Maryadit	Documentation well designed and operational process handheld, Internal system comprehensive but informal, Financial accounting through MIS
2	Nari Shakti Mahila Sangh	System is evolving, strong mechanism needed to ensure members involvement
3	Samriddhi Sakh Sahkarita Maryadit	System well designed, Documentation well made, Operational process pre-mediated by experienced subject matter specialist, Internal control not in place, Financial accounting and MIS maintained manually in MS-Excel, Operational procedure ok for small scale but weak for large scale
4	Sakhi Manch	Strong systems, Documentation well designed, Operational process well established, Internal control ok for small portfolio, Financial accounting and management through Delphix software, Operational procedure for scale of operations in good health
5	Bunkar Vikas Sanstha	Well-built systems through UNIDO support, Production in charge procures and hands over to weavers, internal control weak due to weak governance, compliance to systems weak, absence of external professional a problem
6	Narmada Mahila Sangh	Accounts book maintained by PRADAN trained accountants, financial records through accounting software, yearly audit of SHGs, PRADAN supervises audit process
7	Tejaswani Nari Chetna Sangh	Accounting and routine documentation by Tejaswini project staff, financial monitoring based on monthly MIS also by the Tejaswini Program office Bhopal
8	Shakti Mahila Sangh	Professional staff recruited for financial operations, CEO well experienced, accounting computerized, branch operations monitored regularly, fixed days of meetings, HO closely monitors process
9	Aparajita Mahila Sakh Sahkarita Maryadit	Proper accounting system, External audit conducted regularly. The agencies extending support to federation also carry out audits frequently including government. Field officer and fiancé officers monitor the SHG regularly
10	Bundhekhhand Mahila Sakh Sahkarita Maryadit	Manager looks after accounting under supervision of chairperson, branch level accounting work with support of loan officer, saving and repayment records maintained by field officers, loans approved without proper assessment, disbursement done only at HO

2.1.3.8. Financial Profile

The member aggregate savings ranged from Rs. 72,494 for Sakhi manch to 2, 40, 80,000 to Aparajita Mahila Sakh Sahkarita Maryadit. Shakti mahila sangh had a loan outstanding Rs. 4, 12, 47,060 and disbursement of Rs. 5, 20, 81,587 which was the maximum. Inspite of some federations with larger capacity for delivering credit requirements of the poor, credit requirement of the poor was still not fully met.

Table 2.8: Financial Profile of Federations

Name of the Federation	Financial Status												
	Savings	Operating		Borrowings	Disbursement	loan outstanding	Current Portfolio	Membership Fee	Repayment Rate	Expenditure	Income	Profit	Revolving Fund
		Income	Cost Ratio										
Naman Sakh Sahakarita Maryadit	7.94 lakh		12%,	8.58 lakh									
Nari Shakti Mahila Sangh	59.66 lakh				90.21 lakh	41.70 lakh				10.18 lakh	43.43 lakh	33.24 lakh	
Samriddhi Sakh Sahkarita Maryadit	19.35 lakh		12%		43.26 lakh	14.47 lakh	20.09 lakh	2.35 lakh	98.45 %	1.74 lakh			15 lakh
Sakhi Manch	72,494	1.62 lakh	3%		6.75 lakh								
Bunkar Vikas Sanstha								13 lakhs		2.4 lakh	3.6 lakh	1.2 lakh	
Narmada Mahila Sangh	94.46 lakh		4.68%	1.72 crore	1.18 crore	86 lakh							0.21
Tejaswani Nari Chetna Sangh	27.45 lakh			2.24 lakh				60,600					
Shakti Mahila Sangh					5.21 crore	4.12 crore							
Aparajita Mahila Sakh Sahkarita Maryadit	2.41 crore	34.15 lakh	19%			10.26 crore			99%,		1.04 lakh		
Bundhekhand Mahila Sakh Sahkarita Maryadit	13.14 lakh	40.57 lakh	12.18 %			59.89 lskh			99%,		2.37 lakh		13.4 %

2.1.3.9. Sustainability

The federations were placed at various levels in terms of sustainability, while some federations were performing well in relation to financial, institutional and social sustainability – some others while doing well on one dimension were lagging behind on other parameters.

Financial sustainability here refers to the ability of the federation to generate revenue to meet its costs with lower levels of dependence on grants. **Institutional sustainability** refers to the ability of the SHG federation to run on its own either in case of withdrawal of support from promoting agency. It could be in terms of taking decisions related to livelihood and non-livelihood issues. **Social sustainability** refers to the ability of the federation in creating impact among its members and providing representation to the more under-privileged.

Low membership fee, irregular periodic subscription, low savings amount were some of the factors for lower financial sustainability. Whereever federations were sustainable, they were receiving frequent / continual support from the donors.

Table 2.9: Sustainability of the Federations

S. No.	Name of the Federation	Sustainability
1	Naman Sakh Sahakarita Maryadit	Too early to assess, share capital negligible 7,500, membership fees ten times of that
2	Nari Shakti Mahila Sangh	Institutional and social sustainability stable due to active support base, financial maintenance not due to its own earnings but due to tejaswini support, not possible to calculate OSS and FSS due to grant support
3	Samriddhi Sakh Sahkarita Maryadit	Financial sustainability should be ok. Institutional sustainability needs handholding support. Social and institutional sustainability needs attention.
4	Sakhi Manch	Too early to assess but seems to be on the right path
5	Bunkar Vikas Sanstha	Social sustainability declining, financial sustainability ok and in green zone
6	Narmada Mahila Sangh	Institutional sustainability is envisaged as there is support from PRADAN. Cooperatives promoted by federation and membership fees contribute to the financial sustainability... Double membership diverts interests of members.
7	Tejaswani Nari Chetna Sangh	Government to support federation with Rs. 75,000 and also SHGs with corpus fund for internal loaning. The institutional sustainability would be stable due to promoting organization. The long term financial sustainability will depend on the sources mobilized by the federation.
8	Shakti Mahila Sangh	Number of clientele, savings, recovery rate, loan assessment and disbursement process suggest a move towards sustainability. Continuous support by organization such as FWFB, Ananya, Range de , Basix and RMK suggest s satisfactory health of the federation
9	Aparajita Mahila Sakh Sahkarita Maryadit	The institutional sustainability is satisfactory as the systems are developed , skilled staff and cultivated faith based relationship with financial institutions and SHG members
10	Bundhekhand Mahila Sakh Sahkarita Maryadit	There is scope for improvement of institutional sustainability. Number of clientele, savings, recovery rate, loan assessment and disbursement process suggest a move towards financial sustainability

2.1.3.10. Role as a LPO

SHG federations were found to be primarily functioning as financial intermediary agencies rather than livelihood promotion agencies. Key services offered by the federations are Savings and credit. In a few instances insurance services were also offered through linking with insurance companies. There were a few agencies which were offering livelihood services. These included Bunkar Vikas Sanstha which was offering value chain services – input and output linkages, Narmada Mahila Sangh which was supporting poultry, mushroom cultivation and agriculture produce marketing through creating cooperatives. Aparajita Mahila Sangh was offering vocational training and skill

improvement services. Some federations such as Narmada Mahila Sangh and Tejaswini Chetna Mahila Sangh are taking convergence path for promoting livelihoods to some extent.

Table 2.10: SHG Federations as Livelihood Support Organization

S. No.	Name of the Federation	Role as a LPO
1	Naman Sakh Sahakarita Maryadit	Only savings and credit services, savings services highly user-friendly, credit not sufficient to meet the demand
2	Nari Shakti Mahila Sangh	Working on providing institutional linkages with livelihood players – recently decided to get into livelihood promotion and started some activities
3	Samriddhi Sakh Sahkarita Maryadit	Financial services – savings, credit and insurance
4	Sakhi Manch	Savings and credit – savings small amount and hence cannot cater to the credit requirement
5	Bunkar Vikas Sanstha	Outcome direct and indirect – initially focused on input / output linkages – lowered turnover
6	Narmada Mahila Sangh	Promotes linkages with government schemes, two offshoots cooperatives support SHG members in activities of poultry, mushroom cultivation and agriculture produce marketing
7	Tejaswani Nari Chetna Sangh	Working on providing institutional linkages with livelihood players – recently decided to get into livelihood promotion and started some activities
8	Shakti Mahila Sangh	Lending to ongoing income generation activities – no post credit support such as business planning, value addition, diversification,
9	Aparajita Mahila Sakh Sahkarita Maryadit	Credit, SHG-Bank linkage for credit, vocational training and skill improvement, need to take-up livelihoods support such as in business planning and creating linkages
10	Bundhekhand Mahila Sakh Sahkarita Maryadit	Focus is on savings and credit. Livelihood support and post loan support is not extended, Common activity groups supported but support merely through credit – will be more beneficial if business development is also provided

2.1.4. Conclusion

Overall it can be said, that SHG federations taken up for study had established themselves as important financial intermediaries. Besides playing the role as a financial intermediary, they were also performing other important non-financial roles. By bringing access to finance closer to the rural and urban poor, they are assisting in infusing capital for livelihood activities. However, the federations have a long way to go before they can be considered livelihood support organizations in real sense. Though they have started taking up livelihood activities and services in smaller ways, however in want of a articulated road map the process has not started as it should be. These services need to be institutionalized and offered as a regular product in a planned way.

2.2. SHG Federations in Tamil Nadu

2.2.1.1. Population

Located in southern India, Tamil Nadu is India's eleventh largest state in India in terms of area. The state of Tamil Nadu has about 32 districts, 215 taluks, 1,127 revenue blocks and 15, 979 revenue villages. Tamil Nadu has a population of 7.21 crores as per census 2011. Of this 3.61 crore are male and 3.60 crore are female. It has a good sex ratio of 993. Of the Tamil Nadu population, 51.6% reside in rural areas and 48.4% in urban areas. Tamil Nadu is also the seventh largest populous state.

2.2.1.2. Poverty in Tamil Nadu

As per the poverty estimates for Tamil Nadu using Tendulkar methodology for 2011-12, 11.28% of the population was below poverty line. This was 15.83% in the case of rural areas and 6.54% in the case of urban areas. In terms of population 82.63 lakh were below the poverty line with 59.23 lakh in rural areas and 23.4 lakh in urban areas.

Tamil Nadu happens to be the sixth among states in India according to Human development Index in 2011. It was the second largest state economy in India in 2012. The state has the highest number (10.56 percent) of business enterprises and stands second in total employment (9.97%) compared to the population share of about 6%. In the 2013 Raghuram Rajan panel report, Tamil Nadu was ranked as the third most developed state in India based on a "Multidimensional Development Index".

2.2.1.3. SHG movement in Tamil Nadu

In recent past several initiatives have been taken up for poverty reduction in Tamil Nadu. Among the contemporary programs for poverty alleviation is the Puthu Vazzhu program a major rural poverty alleviation project in Tamil Nadu. Under this large scale SHG promotion work has been undertaken by Tamil Nadu Corporation for development of women (TNCDW) - Mahalir Thittam. SHG movement in Tamil Nadu began in the 1980's. Federations started getting formed in the 1990's. DHAN was the leading agency among civil society players in promotion of SHG federation. Under Mahalir Thittam, large number of Panchayat level federations (PLFs) has been promoted.

Tamil-Nadu happens to be one among the leading states in the country in relation to SHG movement. It had about 8.73 lakh SHGs with a savings amount of INR 849.67 crore. The loan disbursed during the year 2012-13 amounted to INR 2, 916.1 crore for 1.51 lakh SHGs. The loans outstanding to banks were INR 5,040 crore for 5.12 lakh SHGs.

2.2.1.4. SHG Federations in Tamil Nadu

In terms of SHG federations, there are about 12,979 federations in Tamil Nadu. Of these 12,274 are primary federations and 705 secondary federations.

Table 2.11: SHG Federations in Tamil Nadu

Region/State	Number of			Total
	Primary Federations	Secondary Federations	Tertiary Federations	
Tamil Nadu	12,274	705	0	12,979
Southern Region	90,451	3,365	24	93,840
India	1,71,507	7,091	66	106,819

The major promoting agencies of SHG federations in Tamil Nadu are State Rural livelihood Mission (Mahalir Thittam), DHAN Foundation, Sarvodaya Nano Finance Ltd, Community Development society, Trupa, Avvai Village Welfare Society, Hand in Hand, Shepherd, Association for community development services, MYRADA, IVDP.

2.2.2. Study Federations

The federations which were taken up for study purpose included the federations promoted by M S Swaminathan Research Foundation (MSSRF), Mysore Resettlement and Development Agency (MYRADA), World Vision, Integrated Village Development Project (IVDP), Kalvi Kendra, Palmyrah Workers Development Society (PWDS), Tamil Nadu corporation for development of women (TNCDW), Good Shepherd Health Education Centre (GSHEC) and Rural Education and Action for Liberation (REAL). Each of them had varied and wide experience in grassroots organizing, institution building of people's institution including SHGs and SHG federations and offering technical support services.

Table 2.12: Sample of SHG federations

S. No.	Name of the Federation	Promoting Agency	District	Services
Tamil Nadu				
1	Innuyir Grama Sangham	MSSRF	Puducherry	Financial services, SHG promotion, Agriculture extension services
2	Varathupatty cluster level federation	IVDP	Krishnagiri	SHG promotion, Financial services
3	Aasur Pagudi Aadhar Mayam	Kalvi Kendra	Villupuram	Financial services, SHG promotion
4	Kadayampatti Vattara Pengal Munnera Nala Sangam	World Vision	Salem	Financial services (As BC of NABFINS), SHG promotion
5	Oddapatty Panchayat Level Federation	TNCDW	Salem	Financial services, SHG promotion
6	Palma women SHG federation	PWDS	Kanyakumari	Financial services, social initiatives
7	Kamaram palyam Panchayat level federation	GSHEC	Coimbatore	Financial services, SHG promotion
8	Jai Hind Federation	REAL	Cuddalore	Financial services, SHG promotion
9	Sri Jana Jagruti Resource Center	MYRADA	Krishnagiri	Financial services (As BC of NABFINS), SHG promotion
10	Vikramangalam Panchyat level federation	TNCDW	Madurai	Financial services, SHG promotion

2.2.3. Profile of the Federations

2.2.3.1. Legal Status

The SHG federations were either registered under the Tamil Nadu Charitable Trust Act, Tamil Nadu Societies Registration Act 27 of 1975 or Mutual Benefit Trust Act. The details of the legal status of SHG federations are listed below.

Table 2.13: Details of the Legal Status of SHG Federations

S. No.	Name of the Federation	Legal Status
1	Innuyir Grama Sangham	Tamil Nadu Charitable Trust Act
2	Varathupatty cluster level federation	Tamil Nadu Societies Registration Act 27 of 1975
3	Aasur Pagudi Aadhar Mayam	Not registered
4	Kadayampatti Vattara Pengal Munnera Nala Sangam	Tamil Nadu Societies Registration Act 27 of 1975
5	Oddapatty Panchayat Level Federation	-do-
6	Palma women SHG federation	Tamil Nadu Charitable Trust Act
7	Kamaram palyam Panchayat level federation	Tamil Nadu Societies Registration Act 27 of 1975
8	Jai Hind Federation	Mutual Benefit Trust Act
9	Sri Jana Jagruti Resource Center	Tamil Nadu Societies Registration Act 27 of 1975
10	Vikramangalam Panchyat level federation	Tamil Nadu Societies Registration Act 27 of 1975

2.2.3.2. Mission

The mission of all the SHG federation were related to poverty reduction, livelihood promotion through financial inclusion of the poor rural women. While the federations had this mission, the primary focus tended to be on financial inclusion.

2.2.3.3. Outreach

The SHG federations had outreach ranging from five villages in one panchayat to 191 villages in 142 panchayat, 14 SHGs to 582 SHGs and 187 members to 8,224 members. Jai Hind federation which focuses on urban groups and Kadayampatti Vattara Pengal Munnera Nala Sangam promoted by World Vision had the maximum outreach. Details of the outreach of the federations are shown in the below table 2.14.

Table 2.14: Outreach of SHG federations

Federation	No. of SHGs	Members	Villages	Panchayats
Innuyir Grama Sangham	239	2667	48	18
Varathupatty cluster level federation	250	4746	74	16
Aasur Pagudi Aadhar Mayam	187	2465	46	15
Kadayampatti Vattara Pengal Munnera Nala Sangam	582	8009	191	142
Oddapatty Panchayat Level Federation	25	404	10	1 (6 habitations)
Palma women SHG federation	514	8224	105	86

Federation	No. of SHGs	Members	Villages	Panchayats
Kamaram palyam Panchayat level federation	30	460	5	1
Jai Hind Federation	354	5660	18 wards	1 town
Sri Jana Jagruti Resource Center	180 SAGs	2545	32	12
Vikramangalam Panchayat level federation	85	1105	8 habitations	1

SAG: Self Help Affinity Group

2.2.3.4. Products & Services

The SHG federations offered a range of financial and non-financial services. The financial services included savings, credit and insurance. Some federations offered market linkage, value chain services etc. While non-financial services were also offered by federations, the focus tended to be on financial services and that too specifically on credit services. Livelihood services were either absent or even if existed were negligent. All the federations are facilitating to arrange bank linkages to their member SHGs. The products and its features are not for any particular services.

Table 2.15: Products and Services offered by SHG Federation

S. No.	Name of the Federation	Products & Services
1	Innuyir Grama Sangham	Compulsory monthly savings, loans (Agriculture loan, Agri-allied loan, NFS loan, Consumption loan, education loan), insurance (LIC – Janasri Bima Yojana), Institutional linkages, Awareness on government schemes and policies
2	Varathupatty cluster level federation	Compulsory monthly savings, loans (internal loans -sagha loans, external loans – IVDP loan, IVDP bulk loan, Bank loan), social welfare schemes (life security fund, hot fire accident fund, water and sanitation, assistance to widows' children for scholarship),
3	Aasur Pagudi Aadhar Mayam	Compulsory weekly savings, loans (consumption, enterprise, education, agri and allied, housing), insurance (life insurance – LIC, house – Bajaj, Livestock – Oriental insurance), financial linkages
4	Kadayampatti Vattara Pengal Munnera Nala Sangam	Compulsory monthly savings, loans as BC of NABFINS (enterprise promotion, consumption, education, emergencies), insurance (group insurance – JBY of LIC), skill building trainings on tailoring, phenyl making, coir.
5	Oddapatty Panchayat Level Federation	Compulsory monthly savings, loans (enterprise promotion and internal loans for consumption and emergencies), insurance (LIC)
6	Palma women SHG federation	Compulsory savings, Optional savings, General loan, Enterprise loan, Emergency loan, Consumption, Life insurance, Health insurance
7	Kamaram palyam Panchayat level federation	Compulsory monthly savings, optional savings, loans (general, enterprise, consumption, education) and insurance (Jeevan Mathur – LIC, Jeevan Mangal – LIC, Janasri Bima Yojana – LIC)
8	Jai Hind Federation	Compulsory monthly savings, loans (in addition to normal purposes, it offers housing loans from Habitat India),
9	Sri Jana Jagruti Resource Center	Compulsory monthly savings, loans as BC of NABFINS, skill based trainings (soft toys making, embroidery, tailoring, tamarind processing, agarbatti),
10	Vikramangalam Panchayat level federation	Savings, Credit, Garment production

2.2.3.5. Collaborations

The SHG federations had established collaborations with a number of development players – apart from their promoting agencies. These included civil society organizations such as MSSRF, MYRADA, IVDP, World Vision, Kalvi Kendra, PWDS; government agencies such as TNCDW, department of rural development and agriculture; public and private sector banks and financial institutions such as SBI, Indian bank, ICICI and AXIS bank, insurance companies like such as LIC, Bajaj, Oriental insurance etc. were with the purpose of gaining access to finance, capacity building and technical inputs from the collaborating agencies.

Table 2.16: Collaborations

S. No.	Name of the Federation	Collaborations
1	Innuyir Grama Sangham	Government departments, NRLM, NABARD
2	Varathupatty cluster level federation	Panchayats, Agri. University, Forest dept.
3	Aasur Pagudi Aadhar Mayam	Agri and veterinary departments
4	Kadayampatti Vattara Pengal Munnera Nala Sangam	CPR Aiyar Foundation, Ministry of forests and environment, Mahaliar Thittam, MALCO, NABFINS
5	Oddapatty Panchayat Level Federation	Agriculture Development Finance, NDDB, Private dairys such as Hutsun and Tirumala, Raasi seeds,
6	Palma women SHG federation	Health department, Social Welfare Board, Mahaliar Thittam, Coir board, NREGA
7	Kamaram palyam Panchayat level federation	No collaborations
8	Jai Hind Federation	CARE – Chennai
9	Sri Jana Jagruti Resource Center	Sanghamitra, NABFINS, Society for Non-formal Technical Training Education (SNFTTE), Agriculture, veterinary depts.
10	Vikramangalam Panchyat level federation	Canara Bank, TNCDW, local dairy, floriculture market, garment manufacturing

2.2.3.6. Governance

Other than Panchayat level federations, the federations had a three tier structure with SHGs at the bottom, village level committees at the cluster level and federations at apex level. The composition of board members varies from 11 to 15 members. The board members were mostly democratically or unanimously elected. The issues related to governance which affected the federations included non-coordination of Board, continuing influence of promoter agency, low capacities of some board members, lack of vision by leaders to look beyond financial services, non-compliances with statutory processes especially for the newly formed panchayat level federations. Some positive trends also observed included relative autonomy of board vis-à-vis promoting agency, wide experience and knowledge of board members etc.

Table 2.17: Issues of Governance in Federations

S. No.	Name of the Federation	Governance
1	Innuyir Grama Sangham	11 board members. All of them worked as animators in their respective clusters. Board members are still to be given awareness on their roles. No rotation of leadership since inception. Member SHGs satisfied by the services, governance promoter organization driven, not in compliance with legal procedures.
2	Varathupatty cluster level federation	Governing board was unanimously selected and meets once in a month and reviews the progress. GB members very vocal, not dependent on promoting agency
3	Aasur Pagudi Aadhar Mayam	Three tier structure PLF federations. Board members are unanimously elected. Very good in terms of performing board members role. Statutory compliance is not in place.
4	Kadayampatti Vattara Pengal Munneranala Sangam	Board members and office bearers have not been rotated. Board members meet twice in a month and review and monitor the progress of the federation and also take decision on the disbursement of loans.
5	Oddapatty Panchayat Level Federation	Good governance with strong front line leadership, legal compliances including external audit and sales tax returns managed well
6	Palma women SHG federation	Three tier structure. 37 clusters. 21 member board. Clear separation of board and management. Role of promoting agency that of advisory services. Rotation of leadership every three years. Staff paid from federation resources.
7	Kamaram palyam Panchayat level federation	11 member board. Review the progress once in a month. Four committees namely group strengthening; loan monitoring, livelihood promotion and social development committees take care of their roles.
8	Jai Hind Federation	The board members are 15 and they have a rotation of leadership. Meet monthly once and review the systems of the federation. Awareness levels are high. Statutory compliances are in place.
9	Sri Jana Jagruti Resource Center	Nine board members are very active and are clear about their roles. Promoting agency's groomed well. Besides their role, members resolve issues like conflicts within groups, overdue amounts. Three board members retire every year.
10	Vikramangala Panchyat level federation	Changes office bearers every two years, Meetings are regular, group participation good, low capacity building support by federation

2.2.3.7. Management systems

Except Panchayat level federations, all the federations have three tier federations. These federations are at varied level in relation to operational and documentation systems. Manual accounting is seen in all the PLF federations and was computerized accounting system in three tier federations. In most of the cases, accounting processes were being assisted by promoting agencies. Professional staff was either deputed from the promoting agencies in case of MSSRF, MYRADA and IVDP or hired wherever necessary. Internal control systems were however, found to be weak.

Table 2.18: Management Systems of Federations

S. No.	Name of the Federation	Management systems
1	Innuyir Grama Sangham	Two staff deputed from MSSRF and they extend professional support to the federation. Internal control systems are in place, The MIS is prepared on need basis. The books are in place and updated regularly. The operational policies or Statement of purpose are still to be placed. Systems still to be strengthened. The coordination between the board and staff is moderate
2	Varathupatty cluster level federation	The management and governance has a clear demarcation in their roles. The systems are well in place and are updated regularly. The management is dynamic and attends to address the operational issues on time.
3	Aasur Pagudi Aadhar Mayam	Documentation is well designed at PLF level, but not so at federation level. Systems are to be strengthened further. All transactions are managed manually at the federation level. The management is dominant to the board.
4	Kadayampatti Vattara Pengal Munnera Nala Sangam	Systems to be designed well. Internal controls not in place. All financial transactions are done manually. HR Policies and guidelines not in place. Staff needs to be trained well.
5	Oddapatty Panchayat Level Federation	Only one staff and has little control. Transactions are done manually. Internal controls to be in place. MIS is not in place. No track of recoveries at federation level especially member to group
6	Palma women SHG federation	External auditing frequent, well maintained books of accounts, internal systems of control
7	Kamaram palyam Panchayat level federation	Systems are to be evolved. Strong institutional mechanism needed to ensure members involvement.
8	Jai Hind Federation	Systems are in place and documents are well maintained. Internal controls are well in place.
9	Sri Jana Jagruti Resource Center	Documents are well maintained. Well-built systems through MYRADA support. Staff well experienced. Stick to the statutory compliance.
10	Vikramangala Panchyat level federation	Systems are in place, regular monitoring and support extension to SHGs absent, absence of staff for the PLF, low technical support to improve management systems

2.2.3.8. Financial Profile

The federations are mix of financial and non-financial federations. They do facilitate financial linkages to their member SHGs and do earn service charges which are used to meet their expenses. All federations break even in terms of meeting its expenses and at times; these federations receive partial support from the promoting agencies.

Table 2.19: Financial Profile of Federations

S. No.	Name of the Federation			Financial Status					
		Number of SHGs	Service Charge collected	Savings	Bank Linkage	Borrowings	Loan		Profit
							Disbursed	Outstanding	
1	Innuyir Grama Sangham	239		188 lakh	90 lakh			288 lakh	1.18 lakh
2	Varathupatty cluster level federation		4.3 lakh	10.35 crore			74.5 lakh	10.94 crore	2.06 lakh
3	Aasur Pagudi Aadhar Mayam		2.5 lakh (2013-14)		1.25 crore				
4	Kadayampatti Vattara Pengal Munnera Nala Sangam	582	4.59 lakh (2013-14)		4.88 crore		4.88 crore		
5	Oddapatty Panchayat Level Federation					52.4 lakh			
6	Palma women SHG federation	104 (members – 1872)		3.8 crore		2.55 crore		3.74 crore	
7	Kamarampallyam Panchayat level federation	65 (with loan outstanding)	215 (with loan outstanding)	21.75 lakh			15.74 lakhs	29 lakh	
8	Jai Hind Federation			3.67 crore			3.45 crore	7.1 crore	
9	Sri Jana Jagruti Resource Center	180					14.23 crore		
10	Vikramangala Panchayat level federation	85						90.8 thousand	

2.2.3.9. Sustainability

The federations were well placed at various levels in terms of sustainability of the federation. The sustainability of the federation is dependent on the reputation of the promoting agency. For instance, the federations promoted by MYRADA, IVDP are sustainable and MSSRF promoted federation is transforming itself. The other federations promoted by TNCDW are struggling to attain sustainability. While some federations were performing well in relation to financial, institutional and social sustainability – the others while doing well on one dimension were lagging behind on other parameters. The glimpse of the sustainability of the federations is shown in the table 2.20 below.

Table 2.20: Sustainability of the Federations

S. No.	Name of the Federation	Sustainability
1	Innuyir Grama Sangham	Mobilizing service charges from groups and restructuring of the federation is in process. Right now, the staff gets their salaries partly from MSSRF and partly from the federation. Federation is not financially sustainable yet.
2	Varathupatty cluster level federation	Federation is meeting its own expenses. Financial maintenance is done by the federation itself and support services are received from IVDP. Institutional and social sustainability stable due to active support base from IVDP.
3	Aasur Pagudi Aadhar Mayam	Financial sustainability is okay as far as meeting the expenses are concerned. Institutional sustainability needs handholding support from Kalvi Kendra. Cluster level sustainability is achieved.
4	Kadayampatti Vattara Pengal Munnera Nala Sangam	Through financial intermediation, federation is able to meet its own expenses. Also receives grant support for capacity building.
5	Oddapatty Panchayat Level Federation	The outreach is relatively less and due its limitations of panchayat operational area, its dependence is more on government support programs.
6	Palma women SHG federation	Sustainable in terms of financial services particularly credit services, but in terms of non-financial services, federation is not sustainable
7	Kamaran palyam Panchayat level federation	Limited no of resources and hence not a sustainable one. More dependent on the support of government departments.
8	Jai Hind Federation	Financially sustainable due the support from REAL and CARE. Also institutionally sustainable due to its vibrant first line of leadership.
9	Sri Jana Jagruti Resource Center	Through financial intermediation and social intermediation, the federation is vibrant and sustainable both financially and institutionally with the support of MYRADA
10	Vikramangala Panchyat level federation	One of the well performing PLF, receiving grants from TNCDW and loan from bank, participation of SHG women good, governance structure needs strengthening – Revenue of PLF – Subscription 28,957 – Savings 6,600 – Other income 1,22,505, not sustainable as of now

2.2.3.10. Role as a LPO

SHG federations were found to be primarily functioning as financial intermediary agencies rather than livelihood promotion agencies. Savings and credit services tended to be the key services offered by the federations, besides capacity building services for institutional building and technical support on book keeping. In a few instances insurance services were also offered. Promoting agencies provide extension services in agriculture and allied sectors. Promoting agencies like IVDP, MYRADA, Palma and VPRC provide health, education, social security services. IVDP promote public private partnerships model and provides trainings to youth on tailoring, shuttering, driving, mobile repairing etc. There were a few federations which were offering livelihood services. This includes World Vision promoted Kadayampatti Vattara Pengal Nala Sangam offering skill building services. Palma women SHG federation provides input and output linkages through

outlets and service centers. These value added services offered by the federations are small in scale and offered occasionally.

Table 2.21: SHG Federations as Livelihood Support Organization

S. No.	Name of the Federation	Role as a LPO
1	Innuyir Grama Sangham	Only savings, credit and insurance services, savings services are user-friendly, credit not sufficient to meet the demand. Agriculture extension services are provided by MSSRF. Members do not distinguish between the services of the federation and MSSRF.
2	Varathupatty cluster level federation	Federation provides savings, credit and insurance services. Promoting agency i.e. IVDP provide health education, social welfare schemes on its own. Besides routine credit services, federation's credit services are utilized for dairy farming, goat rearing, tamarind processing, construction works, procurement of equipment for welding etc.
3	Aasur Pagudi Aadhar Mayam	Financial services – savings, credit and insurance. The promoting agency Kalvi Kendra's role is vital in social mobilization and collaborating with government departments for extension services.
4	Kadayampatti Vattara Pengal Munnera Nala Sangam	Savings and credit – skill building services in collaboration with MALCO. The promoting agency VPRC provide skill based trainings on tailoring, shuttering, driving, mobile repairing etc.
5	Oddapatty Panchayat Level Federation	Savings and credit skill based trainings to youth with placements, capacity building in strengthening diary activities, market linkages in diary, cattle insurance and is also building capacities of Common Interest Groups in activities such as Arecanut farming, Coconut farming etc.
6	Palma women SHG federation	Savings, credit and insurance services. Input and output services through outlets and service centers, vocational training services.
7	Kamaram palyam Panchayat level federation	Savings, credit and insurance services. The volumes are less and hence not able to cater the needs of the members.
8	Jai Hind Federation	Savings, credit and insurance services.
9	Sri Jana Jagruti Resource Center	Savings, credit and insurance services. Skill based training services such as embroidery, soft toys making, tailoring, tamarind processing etc.
10	Vikramangala Panchyat level federation	One SHG running dairy aggregation service, One SHG running floriculture activity, SHG federation running garment making activity

2.2.4. Conclusion

The SHG federations had established themselves as important financial intermediaries. They were also performing other important non-financial roles, besides playing the role as a financial intermediary. By bringing access to finance closer to the rural and urban poor, they are assisting in infusing capital for livelihood activities. Though they have started taking up livelihood activities and services in smaller ways, they have a long way to go before they can be considered livelihood support organizations. These services need to be institutionalized and offered as a regular product. The livelihood services of the promoting agencies are complementary to the credit services of the federations.

Chapter 3: Findings of the Study

3.1. Background

The study covered 20 SHG federations in Tamil Nadu and Madhya Pradesh, 10 from each of the states. The promoting agencies included both the civil society and the state players. The federations were primarily financial federations. Certain livelihood services were also being offered by them. Except in the case of Panchayat level federations, SHG federations had a three tier structure with SHGs at the base level, village committees at the Panchayat level, cluster federation at the cluster level and SHG federation at the top.

The SHG federations were registered either as trusts, societies or cooperative societies. The social and financial outreach of the federations varied between federations and across the states. Federations offered a range of services with a high proclivity towards credit services. Membership in federations resulted in varying levels of benefits to the members. Capacities of the federations in offering livelihood services varied. Sustainability of the federations – in financial, institutional and social dimensions was at different levels. SHGs too saw the federations as an ally in their promotion.

The SHG federations in both the states displayed a positive bias for financial services. While credit plus services were offered by each of the federations, their integration into the service portfolio of the federation was at different stages. It was observed that federations offering livelihood services were often formed by Civil Society organisations as compared to Government led Self Help promoting agencies.

The chapter captures findings in relation to each aspect of the ToR.

3.2. Findings on ToR

3.2.1. TOR 1 - Assessment of Incremental Benefits

Incremental benefits accrued to SHGs by virtue of their membership in a federation.

The incremental benefits enumerated by the members included financial benefits, livelihood benefits, non-financial benefits and empowerment benefits.

3.2.1.1 Financial benefits

Those with membership in federation indicated a larger access to a variety of financial services such as production loans, consumption loans, enterprise development loans and others. Varathupathy Cluster Level Federation (VCLF) was supporting members in setting up micro and small enterprises through micro-enterprise loans. Palma federation offered emergency loan and consumption loan. BVS and APAM were facilitating linkages with banks. Federation also facilitated linkages with public and private sector banks, financial institutions such as NABFINS, National Minority Development Corporation and

MYRADA promoted Sanghamitra financial services. It also facilitated getting access to revolving fund support from government departments etc.

Members of the SHG federation were advantageously placed in accessing loans as per their loan requirements. This was in contrast to non-federated SHG members whose ability to access loans as per their requirement was lower. Hence loan amounts for non-federation members were found to be insufficient in comparison to federated members.

Federation also facilitated linkages with insurance services. Linkages were established with group insurance policies. Members and spouses were linked with public and private insurance companies. Insurance policies covered lives and livestock. Non-federated members did not have any access to insurance services. Presence of federation also resulted in facilitation of bank linkages which was not possible in the case of non-federated members.

An important dimension regarding federation was that the federated members were under social security coverage. Federated members were widely protected through social funds. Federations created a social security fund through the surplus money. This was to meet the social security needs of the members. E.g. one of the federations had created Life Security Fund to meet the loss caused due to death of family members. Hut Fire Accident Fund was created to purchase the household accessories in case of fire accident in the houses. Water and Sanitation Fund was created to avail services for the construction of toilets, sanitary napkins, water filters and Widow Children scholarship fund was created to provide financial assistance.

Though the incremental benefits seem significant, the practice of sharing the loan amount equally by all the members is a critical factor that needs to be considered by the federation. Apart from the prevailing issue of inadequate credit to members, the policy of sharing equal credit to members results in under serving of credit requirements of some members, while encouraging consumption spending by others. This could become a major issue in the future.

3.2.1.2 Non-financial incremental benefits

Members associated with the federation are better positioned and are acquiring local level leadership skills. Capacity building efforts of the federations is resulting in increased awareness on the roles and responsibilities of executive committee members who in turn ensure more effective functioning of the SHGs.

There are federations which are offering livelihood services. E.g. BVS which works with the weavers offers value added services like dyeing and institutional linkages to both federated and non-federated SHGs but gives preference to federated SHGs.

The financial services provided by federations are contributing to benefits and well-being which are indirect. Federations such as BVS, SJRC and VCLF have also focused on income-

enhancement although not through the provision of financial services but through making livelihood services available to needy members.

Membership in federations has also resulted in well-being benefits. E.g. members associated with NSMS reported that they have better access to health services. Members also confirmed improvement in children's education. All of them mentioned that their status has witnessed an upward move. Improved participation in household level financial and livelihood decision-making also resulted in increased scope for expressing their views and social mobility, their participation in local governance has witnessed an uprisings trend.

3.2.1.3 Comparision of Access to Services Pre-Federation and Post-Federation

Discussions with federation members revealed that the situation in pre-federation and post-federation phase saw an improvement. The situation of pre-federated members and non-federated members were similar. They were all were engaged in only group-level savings and internal credit but no external credit support. After being federated the members have been able to gain a higher loan amount. None of the SHGs, prior to becoming part of the federation were having access to insurance products. Membership in federation created access to insurance services for them.

Significant improvement was seen after membership with federation in certain SHGs. There were instances of members graduating to become important value chain players from being bonded labourers of big traders. In handloom value chain certain members took up activities right from procurement of yarns to marketing. This had a direct impact on their levels of confidence in venturing and running business. This is seen more among federated members than non-federated members.

3.2.1.4 Livelihood benefits

The federations which are in financial intermediation do not take part in the provision of livelihood services on their own. NAMAN Sewa Samiti includes SHG members of the federation who are into livelihood projects related to organic farming and the entire value-chain activities related to spices. SSSSM's promoter NRLM offers the entire range of livelihood benefits to SSSSM's members on a priority basis. Samavesh also plays the same role for the members of Sakhi Manch. IGS and APAM are extending agriculture and agri allied extension services.

BVS has focused on weaving value-chain of Chanderi fabrics and provides a range of livelihood services, which unequivocally benefits its members, like input/output linkages, capacity building, dyeing, designing as well as marketing support.

While there are very few instances of livelihood services, it was observed that the federations engaged in financial intermediation have kept themselves constrained to the provision of financial services only. This is primarily because their focus is to reach matured stages in financial services before taking up livelihood services. On the other

hand, federation which is working solely on livelihoods, have kept themselves away from getting engaged in financial services, however BVS has promoted a cooperative which works on the provision of services like savings and credit to needy members from the area. In case of NSMS and VCLF, whose focus has been on social empowerment have now started thinking of getting engaged in livelihoods.

3.2.1.5 *Benefits for household wellbeing*

Particularly, financial federations believe that well-being can be promoted through financial services. Federation such as NSMS, Kalvi Kendra and VCLF consider advocacy for rights and entitlements and action against domestic violence, the best way to promote household well-being of their constituents and thus act as advocacy agency focused on social initiatives. BVS contributes to the well-being of the members by ensuring increased income of the members through playing a role in the value chain.

The power of collectives in the form of SHG federation can also be found in instances where social evils came down. In NSMS catchment area coming together as a bigger group helped in curbing domestic violence and reduction in alcoholism. The emerging or the grown level of confidence of members, access to higher education of their children, and better health facilities were another indication of members getting benefits related to household wellbeing.

Many of these federations have also sometimes organized health check-up camps for the provision of basic health services to their members besides taking part in adult literacy et al. Few of them have also facilitated distribution of old-age pension and NREGA cards. This has been done through advocacy.

The incremental benefits reported by the SHGs included increased level of income, improved production skills and improved ability to deal with risks. Some of the benefits reported as a result of increased income included increased levels of income, better housing, improved health access, better children's education, improved sanitation, better access to energy, improved food security and enhanced social status. Empowerment related benefits included increased decision making in household, improved level of financial decision making, better decision making on livelihood issues, improved social mobility, improved social status, widened spaces for expressing views. There was a reportage of initiating agriculture allied enterprises.

The following parameters of Empowerment were considered.

Table: Parameters of Empowerment

Parameter	Sub-parameters
Household Decision making	<ul style="list-style-type: none"> • Determining own health care • Determining own educational path • Taking decisions related to having child • Visiting family or relatives

Financial making	Decision	<ul style="list-style-type: none"> • Making investment decisions • Making savings decisions • Making decisions related to insurance • Making decisions related to taking credit • Making decisions related to allotment of finances household purposes • Making large household purchases • Ownership over property (say in property issues)
Livelihood making	decision	<ul style="list-style-type: none"> • Determining own livelihood path • Taking investment decisions related to household livelihoods • Decisions related to participation in markets • Accessing extension services by government departments • Accessing livelihood services offered by government departments / external resource agencies
Social Mobility		<ul style="list-style-type: none"> • Freedom for social mobility outside household / village • Changes in livelihood patterns (traditional to non-traditional) • Changes in level of participation in value chains • Changes in gender division of labour (taking up traditionally considered male work) • Presence in public spaces • Access to social circle for expressing social, economic and political views • Access to forums for expressing views • Societal attitudes towards women's work (both paid and unpaid) • Status within the household • Status within friends and relatives • Status within community • Status within village
Political participation		<ul style="list-style-type: none"> • Participation in village level decisions through SHGs / VDCs • Participation in Panchayat governance • Participation in block level governance • Participation in state / national level governance

The overall ratings of SHG federations based on empowerment parameters are as below:-

Table: Rating of SHG federations on the basis of empowerment parameters

S. No.	Name of the Federation	Household Decision making	Financial Decision making	Livelihood Decision making	Social Mobility	Political Participation	Overall Ratings
Madhya Pradesh							
1	Naman Sakh Sahakarita Maryadit	3	3	1	2	2	2.2
2	Nari Shakti Mahila Sangh	4	3	2	3	2	2.8
3	Samriddhi Sakh Sahakarita Maryadit	3	3	2	2	2	2.4
4	Sakhi Manch	2	2	1	2	1	1.6

S. No.	Name of the Federation	Household Decision making	Financial Decision making	Livelihood Decision making	Social Mobility	Political Participation	Overall Ratings
Madhya Pradesh							
5	Bunkar Vikas Sanstha	3	2	2	2	1	2
6	Narmada Mahila Sangh	4	3	2	3	3	3
7	Tejaswani	3	2	1	2	2	2
8	Shakti Mahila Sangh	4	3	2	3	2	2.8
9	Aparajita Mahila Sakh Sahkarita Maryadit	4	3	3	3	2	3
10	Bundhekhanda Mahila Sakh Sahkarita Maryadit	4	3	2	3	2	2.8
Tamil Nadu							
	Name of the federation						
1	Innuvir Grama Sangham	4	4	3	4	2	3.4
2	Varathupatty cluster level federation	4	4	3	4	3	3.6
3	Aasur Pagudi Aadhar Mayam	3	3	3	4	3	3.2
4	Kadayampatti Vattara Pengal Munnera Nala Sangam	3	3	2	3	2	2.6
5	Oddapatty Panchayat Level Federation	4	3	3	4	3	3.4
6	Palma women SHG federation	4	3	3	3	2	3
7	Kamaram palyam Panchayat level federation	4	3	3	4	3	3.4
8	Jai Hind Federation	4	3	3	4	2	3.2
9	Sri Jana Jagruti Resource Center	4	4	3	4	3	3.6
10	Vikramangalam Panchyat level federation	4	3	2	3	3	3

The federated members had also reported some advantages in relation to services – such as receiving door step credit services, revolving fund assistance, accessing insurance services, value chain services, input-output linkages, skill development services and capacity building services which non-members did not receive. Members after being part of the federation were also found to have moved up the value chain in terms of their engagement in livelihood.

There were instances of increase in income due to loans availed from SHG federations. The following table 3.1 depicts the same as an example: -

Table 3.1: Increased Income Levels Due to Loans Availed from SHG Federations

Name of the Member	Purpose of Loan Availed	No. of times loan taken and total loan	Approx. increase in income per month (INR)	Incremental benefit within the family
Ms. Kalavathi (VCLS-Krishnagiri)	Establishing rice mill, construction of house, tamarind business, children education	12 times, Rs 7 lakhs	17,000	Two sons are working independently working, living in decent house, encouraged their daughter in-laws for higher education, the income source has become perennial
Ms. Valarmathi (VCLS-Krishnagiri)	Dairy, education	9 times, Rs 6lakhs	12,000	Educated their two children and both of them are working in the factory. Maintaining dairy and earning good income
Ms. Muniammal (VCLS-Krishnagiri)	Education, establishing rice mill, petty shop	15 times, Rs 11 lakhs	18,000	Educated three children and all are earning now. Maintaining rice mill and petty shop
Ms. Sali (VCLS-Krishnagiri)	Coconut business, dairy, house construction and education	6 times, Rs 4.5 lakhs	20,000	Their son studied post-graduation and got employment. Family is involved in coconut business. Maintaining dairy and living in a newly constructed house
Ms. Indira (IGS – Pondicherry)	Education, dairy and goat rearing, vegetable cultivation gardening, outside debt redemption	8 times, Rs 5.5 lakhs	9,500	She has 20 goats, four mulching animals and cultivating vegetables which gives regular income. Have nutrient food from the vegetables. Their son completed his post-graduation and cleared their outside debts
Ms. Kamachi (IGS – Pondicherry)	Terracotta production, Education, debt redemption,	5 times, 4 lakhs	16,000	Got loan to meet production and capital expenses. They have their own terracotta production unit now and employ six people, able to give higher education to their children and cleared their outside debts.
Ms. Kathayagi (APAM-Vikravandi, Villupuram)	Education, Mushroom cultivation, house construction	7 times, Rs 6 lakhs	11,000	Her son is studying professional course (engineering), her major income is from mushroom cultivation and income earning as master trainer of mushroom cultivation, living in a newly constructed village.
Ms. Tamizharasi (APAM-	Provisions store, tiffin center, debt redemption,	5 times, Rs 3 lakhs	8,500	Cleared outside debt taken on high interest rate, have their own enterprise and living in their upgraded house

Name of the Member	Purpose of Loan Availed	No. of times loan taken and total loan	Approx. increase in income per month (INR)	Incremental benefit within the family
Vikravandi, Villupuram)	upgrading house			
Ms. Rani, (APAM-Vikravandi, Villupuram)	Waste paper mart, grocery shop, education, house construction	10 times, Rs 5.5 lakhs	11,500	Could give better education to their children. Have their own enterprises.

Impact on children's education is from two ways. Firstly, due to direct access to loans from SHGs / SHG federations and through livelihood impact. Secondly, it is due to social intermediary role played by SHG federations. E.g. VCLF directly campaigned for enrolment of school dropouts into mainstream schools. It also started coaching classes for coaching school dropouts. APAM facilitated parent-teachers meet, where performance of children were discussed. Similarly, APAM, IGS and VCLF facilitated education scholarships for children.

The federated members have also reported some advantages in relation to services – such as receiving door step credit services, revolving fund assistance, accessing insurance services, value chain services, input-output linkages, skill development services and capacity building services which non-members did not receive. Members after being part of the federation were also found to have moved up the value chain in terms of their engagement in livelihood.

There were instances where children who normally used to dropout by 8th standard in IGS federation areas, started going for ITI, Diploma or Polytechnic education. Diversification of loan products to include education loans has meant that federation members have been exclusively accessing loans for enhancing education of their children. Savings have been withdrawn for health purposes.

Similarly in the case of health, benefits to health of federation members is also due to both financial and livelihood services and the social intermediary role performed by SHG federations. E.g., Federations like VCLF have developed some schemes for the security of life and for construction of toilets, water filters, sanitary napkins and smoke less chullas etc. IGA and APM conducted health awareness camps on HIV, Pulse Polio, food and nutrition resulted in diagnosis of problems and taking curative process for the same.

3.2.2. TOR 2 - Assessment of Potential of Federations in Delivering Livelihood Services

Potential of federations for enabling delivery of diversified livelihood services like backward linkage, market linkage, business advice, financial management advice.

3.2.2.1. Type of services offered

Services offered by federations can be categorized under three heads, broadly.

- **Financial Services:** Directly offered Savings, Credit and Insurance Services. Facilitating linkages with financial institutions, hand-holding support to SHGs, MIS support to SHGs.
- **Business Development Services:** Input/Output Linkages, Capacity-building Services, Value-addition Services.
- **Institutional and Social Development Services:** Advocacy for Rights and Entitlements, Initiatives against Domestic Violence and Alcoholism, Women Empowerment etc.

3.2.2.2. Demand versus Gap assessment in Livelihood Services

There are many gaps that still exist. The SHGs pointed towards gaps related to cheap sources of credit, extension services, skill development as well as entrepreneurship development services. Informal source of credit is the sole source of credit available for them. They end up paying a very high interest. For households dependent on home based manufacturing i.e., weaving the major bottleneck for this section was the unavailability of cheap source of credit apart from marketing.

The other gaps that were suggested were related to skill development and entrepreneurship development to explore other avenues by building up their skills and start a self-owned enterprise in place of selling their labour to others.

3.2.2.3. Potential Livelihood Services in Demand

The unavailability of affordable credit has been the single-most significant bottleneck for the households. BVS has also promoted a cooperative to work on the availability of cheap credit to its members. NSMS and Kalvi Kendra have deliberately kept itself away from getting engaged in financial services but they are of course facilitating linkage of their SHGs with the mainstream banks. However, for all those federations engaged in the provision of financial services, availability of the on-lending funds seem to be the biggest hurdle and the external environment does not seem to be very conducive.

Many members demanded some doorstep income-generating or wage-earning opportunity so that most of the unemployed/under-employed women members of the SHG could get some avenue to increase their family income. Federations have not explored working on value-chains as this requires a different set of skill sets. Moreover, particularly for federations engaged in the provision of financial services, moving on to value-chains would be a graduation.

These federations with a very broad vision of holistic development of their members are prioritizing their focus on the basis of urgency. They are struggling to achieve the first milestone of being effective financial intermediaries.

Therefore, SHG federations were found to be primarily offering financial intermediation and capacity building services. Livelihood services were few and far between and were add on services rather than institutionalised services. There were a few federations which were offering livelihood advisory services, extension services, market linkages and vocational skill building services. These services were also offered by the promoting agencies and the members were not able to distinguish between the services of federation and promoting agencies. These services were found to be useful for the SHGs and SHG members and beneficial. However, the desire for credit services outpaced the demand for any other livelihood services by the SHG members. SHG members were found to be largely demanding credit services followed by skill development and support for enterprise development.

3.2.3. TOR 3 - Exploration of Sustainability of SHG Federations

Sustainability aspects of SHG federations especially federations not involved in financial intermediation and examine the support mechanism in place for such federations from all stakeholders.

3.2.3.1. Sustainability indicators of SHG federations – operational and financial

Of all the SHG federations that were studied, just one was engaged in non-financial services i.e. in value-chain intervention. BVS, the Chanderi federation is engaged in the weaving sub-sector where it now works as a social enterprise arranging orders from big retailers and delivering that with the help of its member weavers. While weavers get the work vis-a-vis wages, the enterprise makes a decent profit on the sales they make to their retailers. Other than delivering the orders, the enterprise also prepares items like curtains, ladies suit, *dupatta*, *stol*, table cover etc and sells it through various mediums including trade fairs. Vikramangala Panchayat level federation has facilitated establishment of garment manufacturing unit in the village. Infrastructure and machinery are provided by the promoting agency. Women get wages for the production. The production levels are too low to be a sustainable occupation.

Closely linked to the issue of sustainability is the ability to raise resources. APAM and IGS are examples which are not directly involved in financial intermediation. They do facilitate financial linkages and do get the service charges based on the loans that the SHGs get from banks.

An important aspect related to sustainability is the legal and regulatory framework. Panchayat Level Federations are registered as a society; it can not take part in any commercial activity. It is a not-for-profit society under the Indian regulatory framework is not the appropriate body to carry out any business activity.

Overall the study primarily covered the financial federations. However in case of non-financial federations, they were primarily involved in social intermediation and livelihood services. Influence of the promoting agency was found to be higher. Mission of the federation tended to be primarily oriented towards offering social services such as health, education, nutrition, women development services. Vocational skills and marketing services were also offered. Federations tried to extract support from the government departments, developmental agencies such as NABARD, agriculture and horticulture department, health department, education department etc. Some federations were also found to be engaged in value chains. But they were not oriented towards profitability.

The sustainability parameters considered for the study was as follows: -

Table: Sustainability parameters of SHG federations

Sustainability Parameters		
Financial Sustainability	Institutional Sustainability	Social Sustainability
<ul style="list-style-type: none"> Return on performing assets Financial cost ratio Loan loss provision ratio Operating costs ratio Donations and grants ratio Operating self sufficiency Financial self sufficiency Imputed cost of capital 	<ul style="list-style-type: none"> Governance process – (Meeting, Decision making, Election Process, Member participation) Statutory compliances (external) Mission Sustainability Programme Sustainability Human Resource Sustainability Legal policy environment sustainability Market sustainability 	<ul style="list-style-type: none"> Diversity of members Client centeredness of the products Client satisfaction (SHGs and members) Impact sustainability

The ratings of the SHG federations on the basis of sustainability dimensions are as follows: -

Table: Rating of SHG federations on the basis of sustainability parameters

S. No.	Name of the Federation	Financial Sustainability	Institutional Sustainability	Social Sustainability	Overall Sustainability
Madhya Pradesh					
1	Naman Sakh Sahakarita Maryadit	1	2	2	1.6
2	Nari Shakti Mahila Sangh	2	4	3	3
3	Samriddhi Sakh Sahkarita Maryadit	2	2	2	2

S. No.	Name of the Federation	Financial Sustainability	Institutional Sustainability	Social Sustainability	Overall Sustainability
Madhya Pradesh					
4	Sakhi Manch	1	1	1	1
5	Bunkar Vikas Sanstha	2	2	3	2.3
6	Narmada Mahila Sangh	2	2	3	2.3
7	Tejaswani	2	3	2	2.3
8	Shakti Mahila Sangh	3	3	2	2.6
9	Aparajita Mahila Sakh Sahkarita Maryadit	3	3	3	3
10	Bundhekhand Mahila Sakh Sahkarita Maryadit	2	2	3	2.3
Tamil Nadu					
	Name of the Federation				
1	Innuyir Grama Sangham	2	3	3	2.6
2	Varathupatty cluster level federation	3	4	4	3.6
3	Aasur Pagudi Aadhar Mayam	2	3	4	3
4	Kadayampatti Vattara Pengal Munnera Nala Sangam	2	2	3	2.3
5	Oddapatty Panchayat Level Federation	2	3	3	2.6
6	Palma women SHG federation	3	3	3	3
7	Kamaram palyam Panchayat level federation	2	2	3	2.3
8	Jai Hind Federation	2	2	3	2.3
9	Sri Jana Jagruti Resource Center	3	4	4	3.6
10	Vikramangalam Panchyat level federation	2	2	3	2.3

3.2.4. TOR 4 - Federations and Functional Autonomy of SHGs

Associating with federations constrain choices, decision making and the functional autonomy of the SHG?

3.2.4.1. Factors effecting SHG autonomy

In none of the SHGs surveyed, it was found that federations are affecting the SHG autonomy. All the SHGs which are associated with the federation are of the view that their association with the federation is not burdensome and these federations actually complement their quest of development. Even SHGs which are not part of the federation did not cite that 'membership in SHG federation restricts choices' as the reason for not being part of it.

Federations were normally formed after SHGs are promoted and norms related to meeting, savings, internal lending, interest rates are laid out. Only in PRADAN and Kalvi Kendra promoted SHG meetings there was savings on a weekly basis, the rest all were

meeting once in a month and this norm related to weekly meetings. Most of the SHGs who save with the federation have their own ratio how to ration their monthly savings between bank as well as federation; these SHGs save at both the places so that, if need arises, they can access credit from any of them. Therefore, of the limited number of SHGs and federations that were studied, a situation was not found where these groups were pressurized to follow the norms prescribed by their respective federation.

However, when it comes to their dealing with the federation, federations involved in financial services, for the sake of uniformity, have zeroed down on a norm that is being followed by all the SHGs under their fold. These norms are developed in a democratic manner as the governance of these federations has the representation from their member SHGs only. SHGs were having the system of lump sum repayment but as federation has zeroed down on monthly repayment system, the governing body, as well as the management, is persuading all its member SHGs to evolve a system of monthly repayment of even their internal loans so that there is a habit developed which is in sync with the federation's that may avoid any problem when federation lends to the members of these SHGs. However, these SHGs are not coaxed to adopt a policy suitable to the federation, as long as it doesn't create a problem in the way of federations' transactions with these SHGs; for their internal transactions, SHGs are provided with the full autonomy to decide what suits them best.

Even in federation involved in livelihood services such as in BVS, the federation involved in livelihood services, all the norms and procedures are developed through participation of all the SHGs unanimously.

3.2.4.2. Impact of Autonomy on SHG functions

The freedom that these SHGs enjoy helps them to differentiate between transactions within group and transactions with the federations. It was found that few SHGs, who have allowed to different sets of repayment schedule to their members for the loans accessed from SHG and loans from federation which is needed in situation where cash flow of certain businesses does not match with the repayment schedule that the federation recommends. This helps members in cases of consumption loans where because of higher size of loans members prefer to repay in bulk, banking on the income from agriculture or after returning from migration.

Additionally, particularly for SHGs who are part of the federations involved in financial services, the autonomy they enjoy provides them an opportunity to also look at banks as a possible credit supplier and that is the reason they ration their savings between federation as well as bank. This gives them a choice, to sometimes say no to their generous federations if their interest rates is higher than what is being offered by banks, however no such instance was found. This may be because of the issues these SHGs have to deal with, where on one side banks are not forthcoming and on the other limited resources available with their federations have never allowed them to be generous. With regard to livelihood services that BVS provides to its members, SHGs are free to

avail/offer services from/to anywhere which they find fitting their requirements whether it is raw material procurement, weaving job or marketing of the ready fabrics. So, broadly this autonomy facilitates decision-making at the level of SHGs that helps in their members' empowerment.

Overall the SHGs were found to be relatively autonomous in making decisions related to SHG operations. These could be related to its internal rate of lending, savings amount, periodicity of SHG meetings, pattern of distribution of loans, decisions on beneficiaries, offering of any specialized services or activities it would like to take up. SHGs found that the federations were beneficial as it added a layer in its list of supportive institutions it can approach. SHG federations ensured that the SHGs develop linkages with institutions such as banks, government departments and other resource agencies for getting benefit from these financial and technical institutions. SHGs expressed that Federations were complementary to their growth and progress. Even in instances when SHG federation wanted uniform norms to be set up, the decisions were taken in a democratic manner. SHG views were represented in the federation. Autonomy ensured that SHGs were flexible in developing their own norms according to the specific situations.

3.2.5. TOR 5 - Financial Intermediation Impeding / Facilitating Performance of Non-Financial Services

Financial intermediations by federated entities constrain and impede or facilitate its ability to serve as non-financial support service provider? (Financial intermediation as different from credit aggregation)

3.2.5.1. Delivery of Livelihood services

None of the SHG federations studied in Tamil Nadu and Madhya Pradesh are into provision of multiple livelihood promotion services. While IGS, VCLF, APAM, SJRC and NSMS have partly made their efforts in rendering livelihood services with the support of their promoting agencies and other federations engaged in financial intermediation services like savings, credit and insurance the vision does not go beyond the provision of financial services. The federations are not oriented towards rendering the livelihood services on its own. The staffs are well trained to deliver the financial intermediary services and not the livelihood services. The specific livelihood services being extended mainly depend on the support that the federations receive from the government departments, donor agencies and promoting agencies.

Another demarcation that can be found is the division of responsibility between the promoting agency and the federation. While federations take care of the financial needs of the members, the promoting agency takes care of the livelihood needs. Even the promoting agencies find it difficult in selecting value-chains and offering the right type of services that benefit large number of targeted clientele.

Another challenge before the federation would be even if it wants to come out with a revenue model in offering livelihood services, whether the targeted clientele is sufficient enough to achieve the same. Hence not only the vision, but also the capacity, existence of resources, lack of guarantee regarding feasibility of livelihood intervention model impedes livelihood intervention through a cost-covering model on a sustainable basis. The focus tends to be to primarily achieve a threshold in financial services. However, self-sustainable financial delivery is not an impediment on the way of offering livelihood services.

3.2.5.2. Delivery of Social intermediary services

Due to long term association the federation has with members, the staffs of the federations are found to be facilitating these services to their clientele. The genesis itself owes to a strong social intermediation system. Even if management tends to be more resolute towards pecuniary transactions, the governance still has its eye glued on the social issues. This was observed in the NGO promoted federations, while the governing body did decide unanimously to venture into financial intermediation after having successful social initiatives, it has delegated the task of financial intermediation to the management, under board's monitoring, the heart of the people's representative still lies in the social side of their initiative.

So, largely it can be said that financial intermediation need not encroach in the territory of social intermediation and impede it, however it has to be ensured that there are two different set of people overseeing them, primarily because both of it needs different attitude. While financial intermediation looks for faster result which is assessed numerically, social initiatives need lot of patience and have very complex measures to gauge their performance.

Overall, the federations lacked the vision to see themselves as livelihood support institutions. Financial intermediation somehow restricts the ability of the federations to look beyond the financial intermediation services. While the mission of the federation need not restrict federations from performing non-financial roles, the energies tend to be largely focused towards performing financial intermediary services. In the absence of other financial access services, need for credit seems to be the most important requirement. Federations are guided by the need for 'Minimalist Credit Approach'. Federations seemed to be less interested in building their institutions as livelihood support organizations. There was absence of any specialized staff for offering other livelihood support services. Even the federations which too some extent is into offering livelihood services are not willing to plunge into value chain approach to livelihood promotion. In relation to social intermediation services, the old timers were primarily guided by social intermediary services while the newly recruited more focused on financial services.

3.3. Conclusion

It can be said that the net incremental benefit of SHG federation has been positive primarily in getting access to financial services and partly in non-financial services. They have been providing livelihood services which need to be further institutionalised. The non-financial services of the federations also need to go a long way to move towards sustainability. The financial services of the federations while it may not necessarily impede in performing non-financial services however narrows down the focus on the same. Federations do not necessarily affect the autonomy of the SHGs. Moreover they are complementary to services offered by SHGs.

Chapter 4: Impact of SHG Federations

4.1. SHG Federations - Madhya Pradesh

4.1.1. Brief Profile of Madhya Pradesh state

The state of Madhya Pradesh has 51 districts with 53,587 villages and 23,051 Gram Panchayats. Madhya Pradesh covers a geographical area of 308,245 sq.km which is about 9.38% of the total area of India. The State is land-locked and at no point is the sea less than 300 km away.

4.1.2. Population

As per details from Census 2011 out of the total population of Madhya Pradesh state, around 72.37 percent live in the rural areas. In actual numbers, males and females were 27,149,388 and 25,408,016 respectively. Total population of rural areas of Madhya Pradesh state was 52,557,404.

Table 4.1: Madhya Pradesh State Population in 2001 and 2011

Madhya Pradesh has Population			
Year	Total	Male	Female
2001	60,348,023	31,443,652	28,904,371
2011	72,626,809	37,612,306	35,014,503

The population growth rate recorded for this decade (2001-2011) was 72.37%.

4.1.3. Socio-Economic Condition

Socio-economic parameters for Madhya Pradesh indicate 43.1percent of households fall in low income class and 47.5 percent of households fall in low middle class. Sehore district has the highest percentage of households (66 percent) falling in the category of low middle class followed by districts of Bhopal and Rewa (58.5 percent and 56 percent respectively). In Seoni district, highest percentage of households (56.3percent) are in low income class category followed by the districts of Umeria, Khandwa and Katni (55 percent, 51.5 percent and 50 percent respectively). Bhopal has the highest percentage of households (15.8 percent) falling in high middle class category.

4.1.4. SHG Federation Profile

In present study, ten SHG federations were studied at Madhya Pradesh which has representation of different region of the state – *Nimar, Mahakoshal, Malwa, Gird and Bundelkhand*. Table 4.2 shows brief profile of all ten SHG federations with information about its promoting agency, type of services provided by federation to its members, year of formation and its geographical location.

Table 4.2: SHG Federations Studied with Location and Region in Madhya Pradesh

S.No.	Federation	Promoter	Location	Category	Services	Region
1	NAMAN Sakh Sahakarita Maryadit	NAMAN SewaSamiti	Betul	<3 Years	Financial Services	Satpura
2	Nari Shakti Mahila Sangh	PRADAN/ Tejaswini	Balaghat	<3 Years	SHG Promotion, Rights & Entitlements	Mahakaushal
3	Tejaswnin Nari Chetna Sangh	NIWCYD	Dindori	<3 Years	Rights & Entitlements	Mahakaushal
4	Samrididi Sakh Sahkarita Maryadit	MPRLP/ NRLM	Barwani	3-7 Years	Financial Services	Nimar
5	SakhiManch	Samavesh	Dewas	3-7 Years	Financial Services	Malwa
6	Bunkar Vikas Sanstha	UNIDO	Ashoknagar	> 7 Years	Weaving Enterprise	Gird
7	Narmada Mahila Sangh	PRADAN	Hoshangabad	> 7 Years	SHG Promotion, Rights & Entitlements	Malwa
8	Shakti Mahila Sangh	BASIX	Jabalpur	> 7 Years	Financial Services	Mahakaushal
9	Aprajita Mahila Sakh Sahkarita Maryadit	FWWB/ BASIX	Indore	> 7 Years	Financial Services	Malwa
10	Bundelkhand Mahila Sakh Sahkarita Maryadit	SEWA/ BASIX	Chhatarpur	> 7 Years	Financial Services	Bundelkhand

Figure 4.1 shows the location of all ten SHG federations covering different regions in the state with their year category. The figure all shows the geographical variance of SHG federation covered under the study in the state. The table 4.2 shows the time-line graph

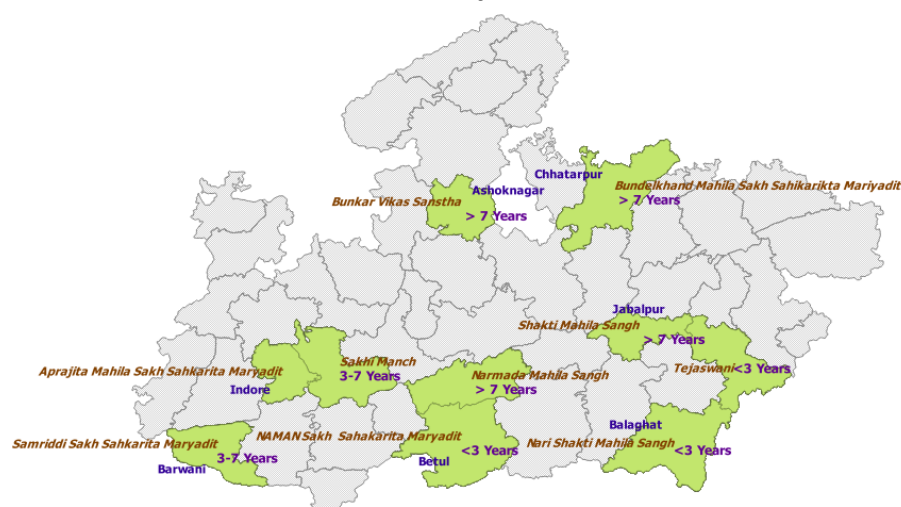


Figure 4.1: Location of Different SHG Federation in State of Madhya Pradesh

of all ten SHG federations with the year of their origin. The figure clearly shows three clusters of time-period for the year of formation of SHG federations. Firstly, from year 1995-2000 as cluster 1, secondly, 2005-2010, cluster 2 and lastly, 2010-2015,

cluster 3, the newly formed SHG federations. This also reflects gap in time-period of 2000-2005 as no SHG federations were formed during this period which were taken under study. This is also the case at state level as not many SHG Federations were formed in the state.

Table 4.3: Details of SHG Federations

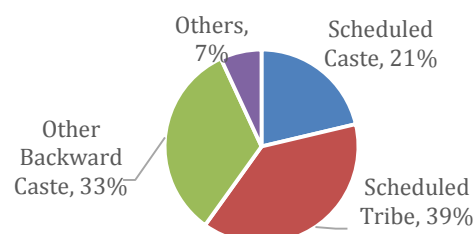
S. No.	Federation	No. of SHGs	No. of SHG members	No. of Villages	Year of Formation
1	NAMAN Sakh Sahakarita Maryadit	133	1,483	56	2012
2	Nari Shakti MahilaSangh	1,050	9,933	243	2015
3	Tejaswnin Nari Chetna Sangh	202	2,785	31	2008
4	Samrididi Sakh Sahkarita Maryadit	140	1,540	24	2011
5	Sakhi Manch	80	846	43	2011
6	Bunkar Vikas Sanstha	13	119	5	2004
7	Narmada Mahila Sangh	350	3,018	218	1998
8	Shakti Mahila Sangh	205	2,565	59	2007
9	Aprajita Mahila Sakh Sahkarita Maryadit	600	8,744	117	1997
10	Bundelkhand Mahila Sakh Sahkarita Maryadit	640	6,320	140	2000

4.1.5. Socio-Economic Status of SHG members

4.1.5.1. Caste

According to 2001 census the population of ST in state is 20%, SC is 15%. Graph 4.1 shows distribution of SHG members on the basis of their caste. The representation of ST (39%) member is highest along-with SC member (21%). These numbers are higher than their average state population percentages. It is to be noted that SC population in Madhya Pradesh is 15.6% and ST population is 21.1%.

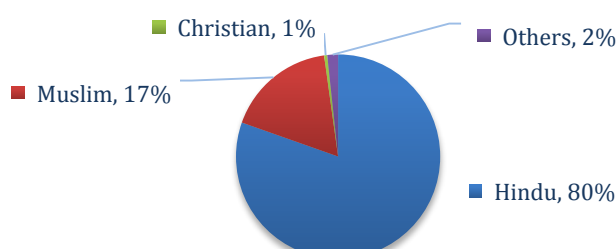
Graph 4.1: SHG Members on Basis of Caste



4.1.5.2. Religion

The majority of the members in the study were from Hindu ethnicity (80%) followed by Muslims (17%) and Christians (<1%). Graph 4.2 elaborates the distribution of SHG members by religion.

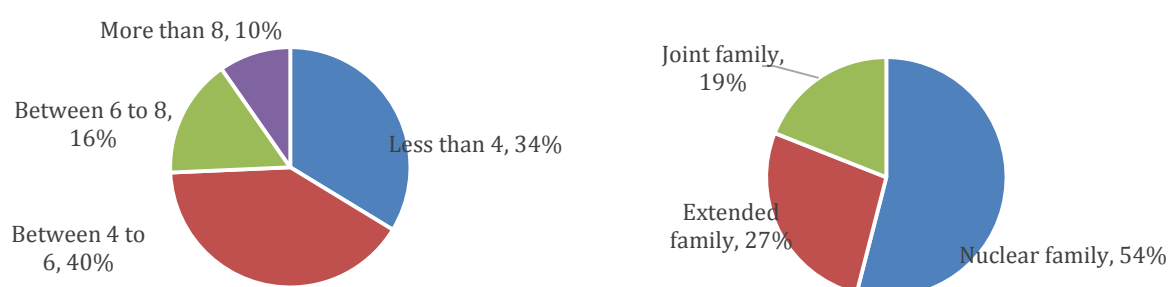
Graph 4.2: Distribution of SHG Members on Basis of Religion



4.1.5.3. Type and Size of Family

In the study it was found that about 54% of the SHG members belong to nuclear family, 27% to extended family and only 19% to joint family. The study clearly shows decline in joint family and growing trend in nuclear family. The growth in the number of nuclear families is also the result of food security benefits being provided to a larger section of population by the government. Poor households find it handy to access more subsidized grains by separating their married children. Graph 4.3 shows that the average size of family members is 4 to 6 members in 41% of the households while less than 4 members were 34%.

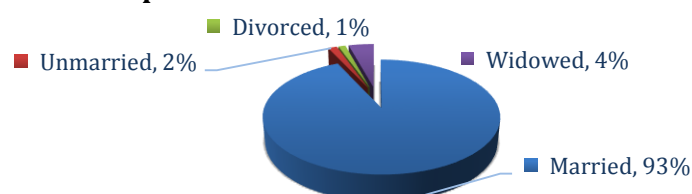
Graph 4.3: Distribution of SHG Members on Basis of Type and Size of Family



4.1.5.4. Marital Status of Member

Graph 4.4 shows that 93% of the women SHG members in study were married and less than 2% unmarried.

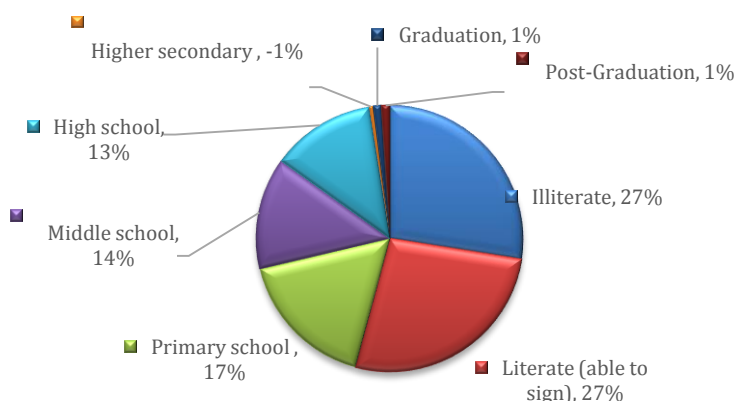
Graph 4.4: SHG Marital Status of Members



4.1.5.5. Educational Status

During the study, it was found that about 28% of SHG members of the sample study were illiterate, 27% of them barely able to write their names while only 2% are graduate or above graduate (Graph 4.5). Only 17% of the SHG member had studied upto primary level and 14% upto middle-school level showing high degree poor educational status among the sampled SHG members. It is to be noted that literacy level in MP as per census is 69.3%.

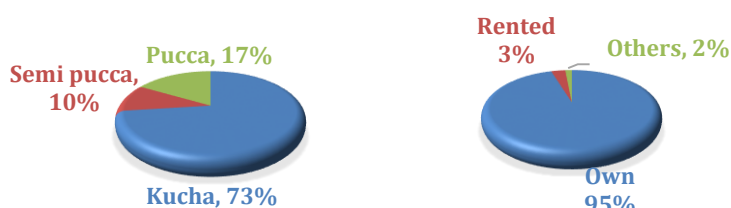
Graph 4.5: Educational Status of SHG Members



4.1.5.6. Housing Type and Ownership

During the study, it was found that most of the SHG members still live in Kucha houses without adequate facilities and that only 10% dwell in semi-pucca and 17% in pucca houses. Most of the members due to their poor economic condition cannot afford to live in semi-pucca/pucca household Table 4.9 shows that these kucha houses are mostly their own houses and very few 3% of household under study were living in rented house.

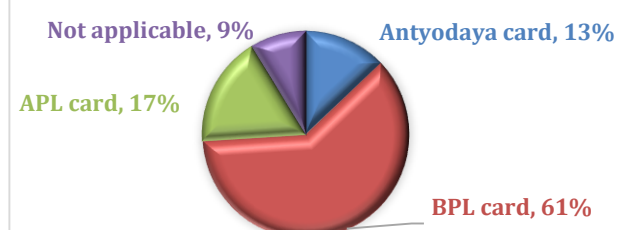
Graph 4.6: Distribution of SHG Members on Basis of Housing Type and Ownership



4.1.5.7. Ration Card Type

It was found that 61% of the SHG households are *below poverty line* (BPL) and 13% of the household had procession of Antyodya card.

Graph 4.7: Distribution of SHG Members on Basis of Type of Ration Card Held

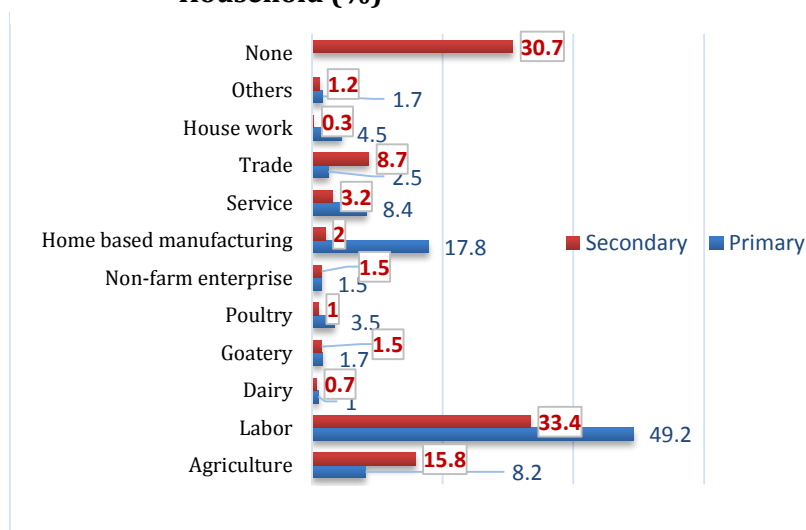


4.1.5.8. Primary and Secondary Livelihood Activity

During the study, it was found that the major primary activity of most of the SHG household sampled was found to be labour work (49.2%) while agriculture remained primary activity for only 8% household. Eighteen percent of household are engaged in small home-based manufacturing and 8% in service. The major livelihood portfolio of the SHG members was found to be Labour work and agriculture with mostly rainfed cropping.

Graph 4.8: Primary and Secondary Livelihood Activity of Household (%)

The secondary livelihood of the household after primary activity selection for the sampled SHG members was again found to be labour work (33%) while agriculture was second major secondary livelihood activity (16%). About 9% of the households are engaged in trading activity.



4.1.6. Livelihood Profile of SHG Members

4.1.6.1. Earning Members per Household

The majority of the sampled SHG members were engaged in manual labour work and agriculture as major livelihood activity. The average working member per household is 1.5 male and 1 female in sample study. Since, majority of the households are nuclear family, it means almost all adult members of the family are working. The percentage of frequency of male and female earning members per family is shown in Table 4.4. Seventy percent of household have single woman as earning person alongwith other male earners. Only 15% of households have women who are not directly participating in earning activity.

Table 4.1: Earning Members in a Family

S. No.	Male	Percent	Female	Percent
1	0	3.5	0	15.3
2	1	63.4	1	70.3
3	2	18.3	2	10.4
4	3	11.4	3	3.5
5	4	3.2	4	0.25
6	5	0.2	5	0.25
	Total	100	Total	100

4.1.6.2. Membership in SHG Federation

During the study, it was found that 63% of the SHG members were members of SHG federation while others were not been associated with any federation and it was found that only 7% of the SHG members were associated with producer company while their involvement in other cooperatives and associations was almost negligible.

Since one of the major objectives of the study was investigate the key reasons for not being a member of federation and that they are able to get all the benefits that a member of federation is getting compared to the one who is not the member of federation. The primary reasons for not being a member of federation are that the SHG has never been approached by any federation for agglomeration. Since most of the federations have been created by the promoter agencies, federation formation based upon the SHG member requirement has seldom been looked into.

Table 4.1: Reason for Non-Member in any Federation

S. No.	Reason Non-Membership	Percent
1	SHG not part of federation	42.0
2	Never approached by federation	21.5
3	Denial of benefit	31.5
4	Lose out on credit services	10.5
5	Lose out on marketing services	8.5
6	Lose out on business development services	9.5
7	Does not offer additional benefit	1.0
8	Do not see any benefit	2.5
9	Denial of benefit - do not receive capacity building trainings	12.0
10	Lose out on insurance services	4.5
11	Lose out on enterprise, skill development services	3.0

4.1.6.3. Nature of Livelihood Services of SHG Federation

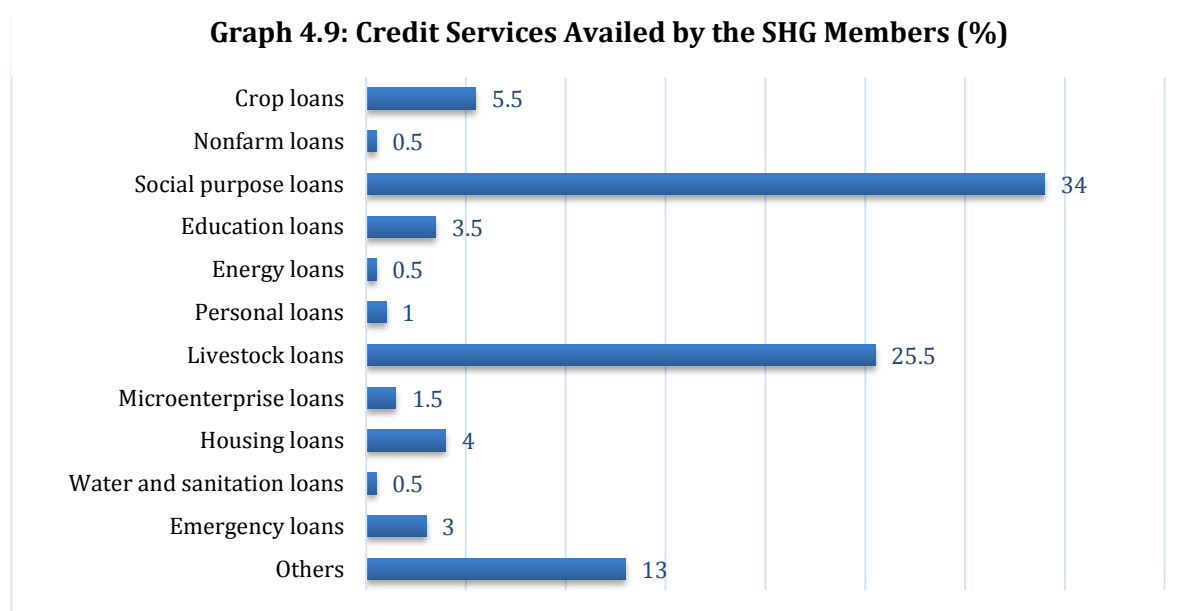
The ten SHG federation studied at the state of Madhya Pradesh is involved in various livelihood services ranging from SHG promotion, Rights and Entitlements to financial services (Table 4.6). While, most of the federations are involved in financial services some of the older federations *Bunkar Vikas Sanstha* is involved in promoting weaving enterprise and similarly Narmada Mahila sangh Sangh was involved in social intermediary services such as its work on rights and entitelements.

Table 4.1: List of SHG Federations and Services Offered by them

S.No.	Federation	Services
1	NAMAN Sakh Sahakarita Maryadit	Financial Services
2	Nari Shakti MahilaSangh	SHG Promotion, Rights & Entitlements
3	Samridi Sakh Sahkarita Maryadit	Financial Services
4	SakhiManch	Financial Services
5	BunkarVikasSanstha	Weaving Enterprise
6	Narmada MahilaSangh	SHG Promotion, Rights & Entitlements
7	Tejaswnin Nari Chetna Sangh	Rights & Entitlements
8	Shakti MahilaSangh	Financial Services
9	AprajitaMahilaSakhSahkaritaMaryadit	Financial Services
10	BundelkhandMahilaSakhSahkaritaMaryadit	Financial Services

4.1.6.4. Credit Services Availed by Members

As a *bona fide* member of the SHG federations the members were able to get access of various services of which 34% of the members took credit for social purpose and 25% took credit for livestock purchase while only 5.5% took credit for crop loan and 3.5% for educational purpose.



Health Insurance

About 53% percent of SHG members in the study availed life insurance service while only 0.5% took health insurance. There is awareness among the members about the importance of life insurance and health insurance.

Table 4.1: Insurance Services Availed by SHG Members

S. No.	Insurance service	Percent
1	Life insurance	53
2	Health insurance	0.5
3	None	34.5

4.1.6.5. Saving Products

Table 4.8: Savings Products Received Directly by SHG Members

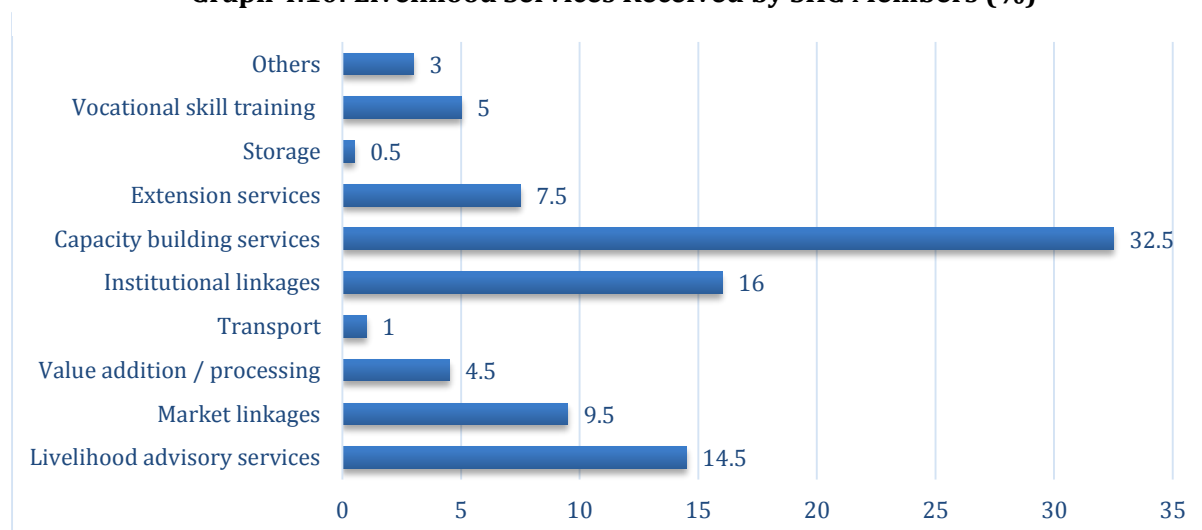
S.No.	Savings Products	Percent
1	Weekly	36
2	Monthly	45.5
3	Seasonal	0.5
4	Long term FD	0.5

Federations offer different saving products to individual members of SHGs. Saving products utilized by members were found to be maximum for monthly savings (45%) and weekly savings (36%). The utilization of the long term fixed deposit product was found to be very low (<1%).

4.1.6.6. Livelihood Services Received SHG federation

During the study, it was found that SHG federation played a big role in facilitating their members with different services. The most prominent service provided by the federation to SHG was capacity building and livelihood advisory services. The different institutional linkage was been provided by federation to SHG (16%). While market linkage service was limited to only 10% and extension service to 8%.

Graph 4.10: Livelihood Services Received by SHG Members (%)



4.1.6.7. Agricultural Extension Services

The majority of the SHG members have manual labour as primary or secondary choice for livelihood activity. The SHG federations provided *high yield variety* (HYV) seeds to their members. The usage of HYV directly gives benefit to farmers with higher productivity of 20-25%. The federation was also able to provide support for its services regarding fertilizer application procedure, seed treatment, soil testing and awareness about adoption of new agro-technology.

Table 4.9: Agricultural Extension Services Received from SHG Federation

S. No.	Agricultural Extension Services	Percent
1	HYV seeds	44
2	Fertilizer application	3.0
3	Seed treatment	3.5
4	Soil testing	3.5
5	Awareness about use & purchase of farm machinery	0.5

4.1.6.8. Livestock extension services

Livestock extension services received from SHG federation was mainly for cattle, sheep, goat and poultry production which included 22% while for poultry alone, selection, management and reproduction 6.5% members received the direct benefit.

Table 4.10: Livestock Extension Services Received from SHG Federation

S. No.	Livestock Extension Services	Percentage
1	Cattle/Sheep/Goat/Poultry production	22.0
2	Health checkup	0.5
3	Poultry	6.5
4	Vaccination	1.0
5	Artificial insemination	0.5

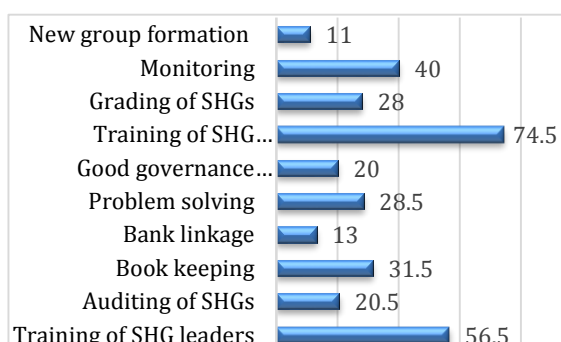
4.1.6.9. External financial agencies linked

The federation facilitated linking up of banking services to as many as 61% of SHGs. It also helped linking 15% of credit cooperatives to SHG and 16% of other financial services in the market, while linking with micro-finance institutions remained low to only 3%.

Table 4.11: External Financial Agencies Linked with SHG by Federation

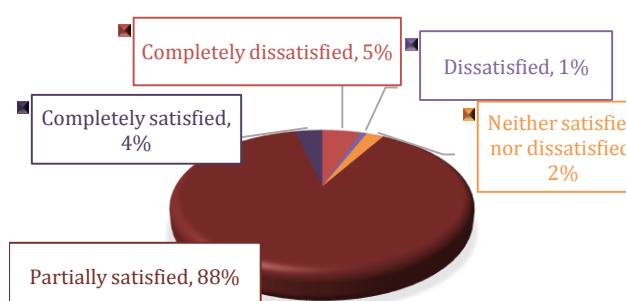
S. No.	External Financial Agencies	Percent
1	Banks	60.5
2	Microfinance institutions	2.5
3	Credit cooperatives	14.5
4	Others	15.5

Graph 4.11: Services Received Through SHG Federation (%)



The direct services which SHG federation facilitated to SHGs was training of SHG members (75%) and training of SHG leaders (57%). The training received for monitoring (40%), book-keeping (32%), grading SHGs (28%) and problem solving (29%) among sampled members.

Graph 4.12: Satisfaction with Financial Services



The financial services been offered/facilitated by SHG federation to the SHGs, only 4% of the members are completely satisfied with federation initiatives, while 88% of them are somewhat satisfied with the federation work. About 6% of the members are dissatisfied with federations' initiative regarding financial services.

Table 4.12: Credit Services Availed

S. No.	Credit Services	Percentage
1	SHG	55.0

2	NGO	7.5
3	Producer group	2.0
4	Bank	6.0
5	Government department	3.5
6	Gram Panchayat	1.0

The members were able to avail credit services mainly through SHG (55%) and through NGO (7.5%). The

credit services received through bank staff was low 2% only.

Similar to credit service members offered to the members, the saving services were received mainly from SHGs (51%) and through NGO (7%). The saving services offered by bank are still limited to only 4% members.

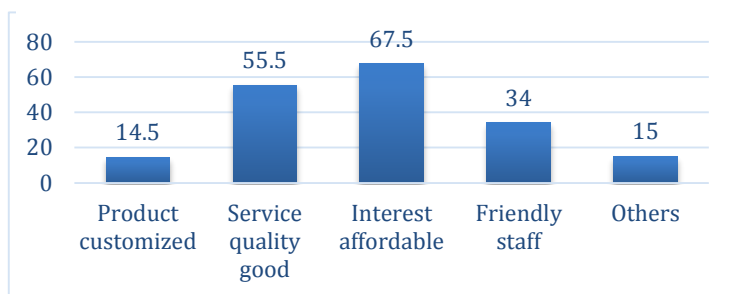
Table 4.13: Savings Services Received

S. No.	Saving services	Percentage
1	SHG	50.5
2	NGO	6.5
3	Bank staff	4.0
4	Gram Panchayat	1.0
5	Government department	4.5

Regarding additional information for agricultural extension services, members received help from village extension officer in 3% of case.

The services been received by SHG federation to the SHG members were satisfactory among majority of the members due to various reasons. For

Graph 4.13: Reason for Satisfaction with Services (%)



financial services most of the members found the interest rates for loans affordable (67.5%) while 56% of the members were satisfied with good quality service been offered to them. The

friendly staff of financial institutions is also among major reason among members satisfaction for federations' services.

Also the dissatisfaction which was very low among the members regarding financial services been offered by federation to them. Less than 1% member found location of federation was far from their village and also less than 1% members found interest rate too high for the loans been offered by federation to them.

Among the livelihood services been offered to the members by the SHG federation, about 19% of them were satisfied with the capacity building training of members and leaders of SHG, 14% of them were satisfied with livelihood advisory services been offered to them time-to-time. About 11% of them were satisfied with SHG been linked to different institutions to benefit the members.

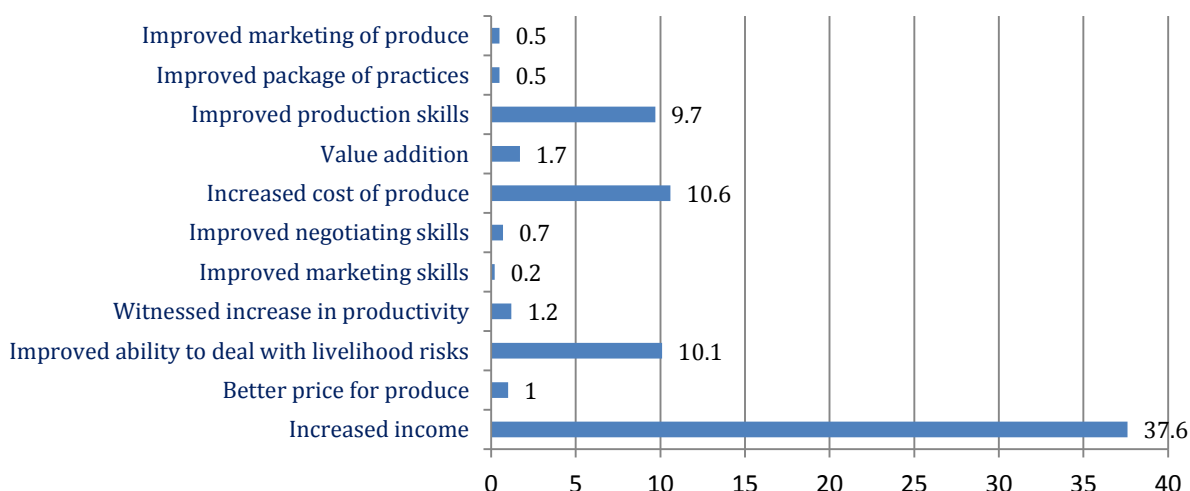
Table 4.14: Livelihood Services with which Members were Satisfied

S. No.	Livelihood services	Percent
1	Livelihood advisory services	13.4

2	Market linkages	5.2
3	Value addition / Processing	3.0
4	Transport	1.7
5	Vocational skill training services	0.2
6	Capacity building services	18.8
7	Extension services	3.5
8	Storage	1.0
9	Vocational skill training services	0.2
10	Institutional linkages	10.9
11	Others	1.2

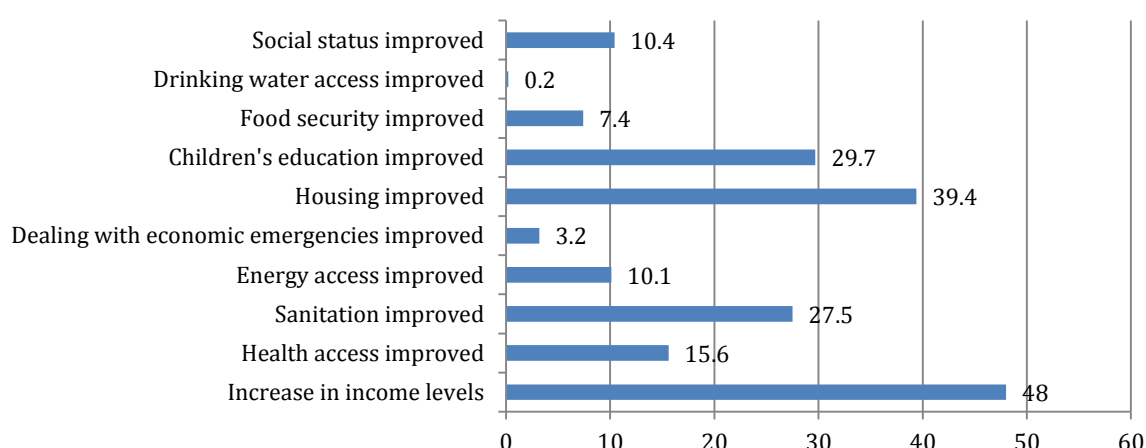
The incremental benefit in income which was been directly gained by the SHG member though membership in SHG federation is summarized in table 4.28. About 38% of the SHG members reported increase in their income after becoming a member of federation and there is significant gain through various services- financial and non-financial in incremental benefit to their income. It had also improved their capacity and ability to cope up with livelihood risks. They are also able to get more value for their produce through their improvement in skill for production and marketing.

Graph 4.14: Incremental Benefits Through Membership in SHG Federation (%)



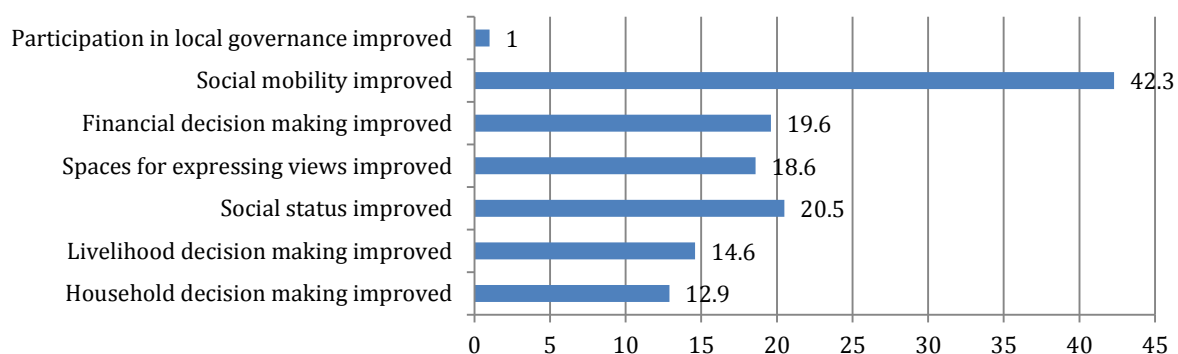
Although the exact impact due to membership is very difficult to define in quantitative terms as members had also gained multiple qualitative benefits related to their social and livelihood status. In Graph 4.15 some of the prominent impact seen during the study is described. The most significant impact had been felt as change was increase in income levels of the member. Almost half of the members studied had got benefitted with increased level of income and due to which there is significant improvement in health access among 16% of members; improve housing condition among 40% of members and improved children education among 30% of household. Food security got improved among 8% of household and 11% feel improved social status due to above mentioned reasons of improvement.

Graph 4.15: Impact Due to Membership in SHG Federation (%)



As discussed in above graph 4.15, the membership of SHG with the SHG federation not only benefitted them with financial gains but also helped them in improving their social status. It gave them the confidence to take decision in different spheres of their life including – household and society level decisions, financial and non-financial planning and improved participation in local governance. Table 4.30 describes percentage-wise various empowerment effects witnessed by members due their membership in SHG federation. The maximum members 42% witnessed more social mobility due to their membership in federation, which means it provided them more social status, as mentioned by 21% members. 20% members witnessed that they have better financial decision making capability as member of federation. The capacity building training provided by federation to members and SHG leaders played important role in improving their decision making capability.

Graph 4.16: Empowerment Effects Witnessed Due to Membership in Federation (%)



About 27% of the members were able to start agricultural allied enterprise with support from SHG federation, while 1.5% members were able to start enterprise related to agriculture and 0.5% members in non-agricultural sector.

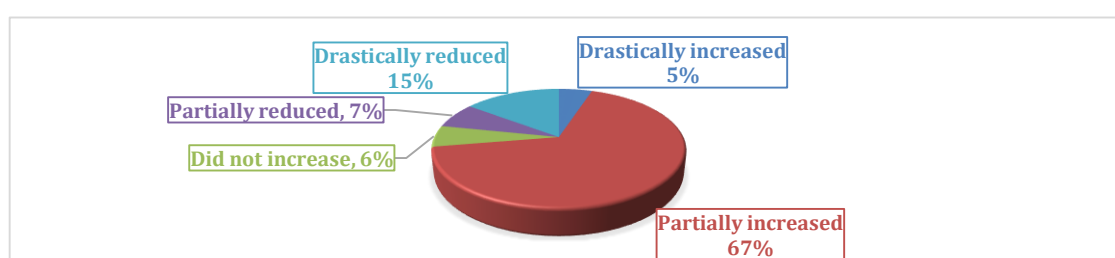
Table 4.15: Enterprises Started after Support from SHG Federation

S. No.	Enterprises	Percent
1	Agricultural	1.5
2	Non-farm enterprise	0.5

3	Agriculture allied	26.7
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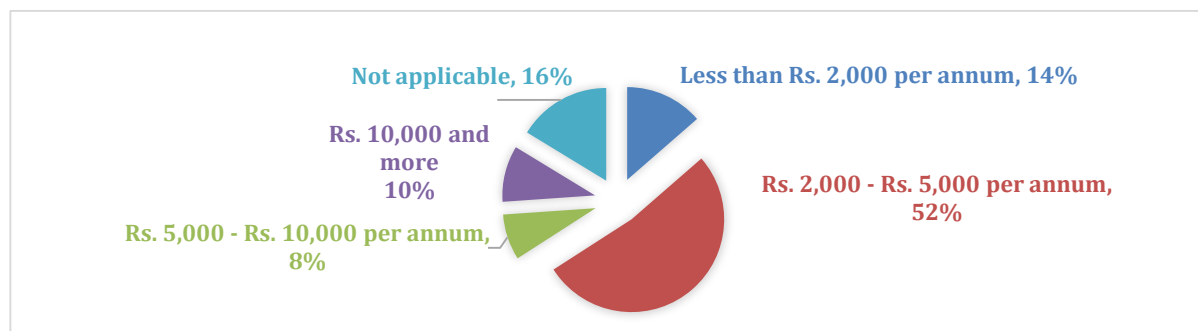
The various services been offered by the SHG federation discussed in above section reflects a significant qualitative difference or change in positive direction been witnessed by the members sampled in present study. As reported by the members themselves, 67% of them witnessed partial positive change while 5% felt high positive change due to benefits received as membership of SHG federation. About 15% of the members reported that they witnessed negative benefit due to SHG federation membership. This number is higher than those favored positive increase (6%). The average results which is laid with majority of the members witnessed is partially positive increase in benefit among 67% members.

Graph 4.17: Change Witnessed After Receiving Support from SHG Federation

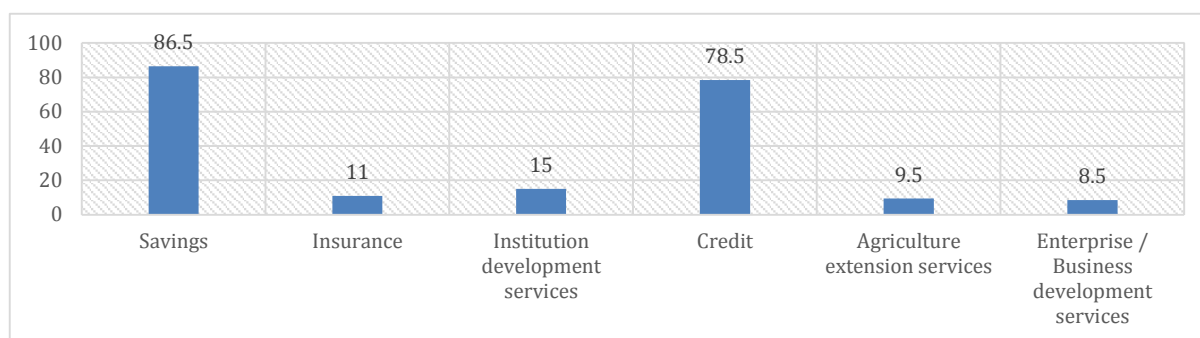


As represented in qualitative terms for the benefits received by the members in increase in income level, graph 4.18 signifies that about half of the members benefitted with increase in per annum with Rs 2000 to Rs 5000.

Graph 4.18: Income Level Increase Witnessed



Graph 4.19: Services Availed from SHG Federation



4.1.7. Member benefits with financial and non-financial services

This section deals with the perceptions on benefits of Members vs. non-members vis-à-vis income, costs, expenditure patterns, risk mitigation, agriculture and business practices, changes in well-being, empowerment etc.

It has been a common observation that being members of the federation, the community perceive themselves as empowered, strengthened and in a better position to assert for their rights. Below are their perceptions regarding financial and non-financial services separately.

Financial services: The primary reason behind members grouping themselves as self-help groups, was to access financial services from the mainstream banks. But the only source they had access to was through their SHGs; and savings being the only source of resource availability at these SHGs, the credit fund available was very low and in a very few cases the SHG savings have been supplemented with the bank loans. In such a scenario, the source of credit for economically-active members of these SHGs has been the informal sources who charge a higher cost. That was the time when federations came to their rescue and provided loans at a very reasonable rate in a user-friendly way. This has saved a lot of their time and has increased their income level by reducing the cost burden. The increased availability of fund at the household level has provided them the freedom to spend on the other necessities of life such as education of their children and health of their family members which to a very great extent has mitigated the risk for families with labor as the main source of their household income.

Financial federations particularly in the tribal areas are perceived to be a God-gift for the otherwise financially-exploited community by local money-lenders, for generations.

Non-financial services: Empowerment is articulately evident. Members feel their social status has increased not only due to the empowerment but also due to increased opportunities to voice their opinions in the matters that concern them. They increasingly experience recognition and a separate identity in the society, other than being 'wives of their husbands' and they seem to be enjoying the same. One SHG member cheekily described it by saying '*pahle gaon ke log hame kisi ki patni, kisi ki maa ke naam se jaante the, ab wo hame hamare naam se hamamre samuh ke sadasya/padnam ke taur par jaante hain. Pahle baithne ko nahin pucchte the, ab kursi dete hain*'. 'Earlier villagers used to know

us as wives of our husbands or mother of our sons. Now they know us by our names, as members/office-bearers of our groups. Earlier we were not being asked to sit, but now are offered chairs. This has built a confidence that displays when they voice their opinion during gram sabhas (village assembly). Besides, this built-up confidence and the support of the promoting agencies, the result of the institutional linkages of the federations, has also brought the entrepreneurs inside few of them which again has helped them financially, resulting into overall well-being.

The non-financial services being provided by BVS has changed the entire livelihood scenario of the area, whose benefits has not only restricted to the members of BVS but also to non-members, covering the entire weaving community of the area.

4.2. SHG Federations – Tamil Nadu

4.2.1. Background

In Tamil-Nadu, the study was conducted with 10 SHG federations representing 9 promoting organizations from 8 districts. These represented southern, north-western, north-eastern and western regions of Tamil-Nadu.

The list of federations, the promoting agencies, the concerned geographies and respective services are as given below: -

Table 4.16: Details of SHG Federation Studied in Tamil Nadu

S. No.	Name of the Federation	Promoting Agency	District	Services
Tamil Nadu				
1	Palma Federation	PWDS	Kanyakumari (Southern)	Financial services, Social services
2	Vikramangalam PLF	Mahalir Thittam	Madurai (Southern)	Financial services, SHG Promotion
3	SJJRC	Myrada	Krishnagiri (North western)	Financial services, SHG Promotion
4	Varatupatti CLF	IVDP	Krishnagiri (North western)	Financial services, SHG Promotion
5	Oddapatty PLF	Mahalir Thittam	Salem (North western)	Financial services, SHG Promotion
6	KVPMS	World Vision	Salem (North western)	Financial services, SHG Promotion
7	Innuir grama sangham	MSSRF	Puducherry (North eastern)	Financial services, SHG Promotion, Agriculture extension
8	Aasur paguthi adhar maiyam	Kalvikendra	Villupuram (North eastern)	Financial services, SHG Promotion
9	Jaihind	REAL	Cuddalore (North eastern)	Financial services, SHG Promotion
10	Kemmarapalli PLF	Good Shepherd	Coimbatore (Western zone)	Financial services, SHG Promotion

4.2.2. Socio-Economic status of SHG members

About 400 respondents who were SHG members were covered from 7 districts of Tamil-nadu and the union territory of Pondicherry representing 21 blocks.

4.2.2.1. Religion

About 91.4% of the SHG respondents covered were Hindus. About one-fourteenth (7.1%) were Christians.

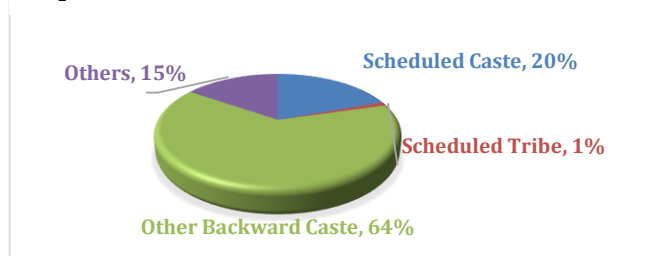
Graph 4.10: Distribution of SHG Members on Basis of Religion



4.2.2.2. Caste

About two-third (64.1%) of the respondents who were covered were from other backward classes (OBCs). About one-fifth (19.5%) belonged to scheduled caste (SC) community. About one-sixth (15.4%) were from other communities. About 1% was from scheduled tribe community. It is to be noted that SC population in Tamilnadu is 20% and ST population 1.1%.

Graph 4.211: SHG Members on Basis of Caste



4.2.2.3. Type and size of family

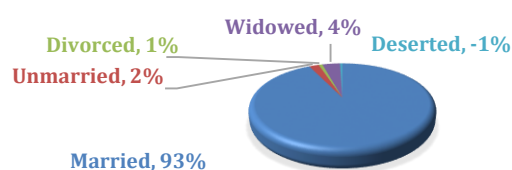
About four-fifths (78.4%) were nuclear families. About one-eighths (13.3%) were joint families. One out of twelve (8.3%) belonged to extended families. In less than one-third (30.6%) families, the family size was less than four. In three-fifths (59.6%) of the families, the family size was between four and six. In one-tenth (9.8%) of the families the family size was above 6.

Graph 4.12: Distribution of SHG Members on Basis of Type and Size of Family



4.2.2.4. Marital status of the members

Graph 4.13: Marital Status of SHG Members

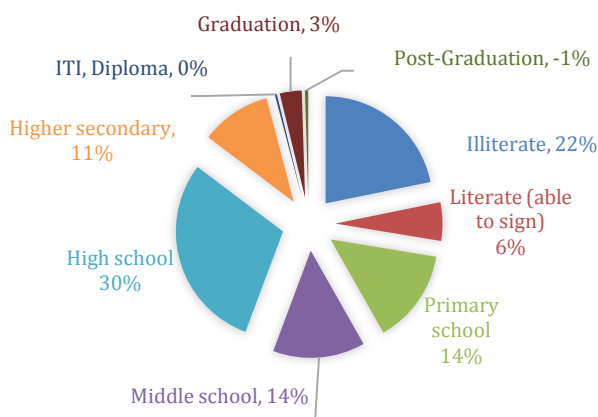


Over nine-tenth (92.8%) of the SHG respondents were married. One out of 17 (5.1%) were women headed households who were divorced, widowed or deserted. One out of fifty (2.3%) were unmarried.

4.2.2.5. Educational status of the members

About one-fifth (21.8%) of the respondents were illiterate. One out of sixteen (5.8%) were just literate. One-seventh (14.2%) were educated only up-to primary school. About one-seventh (13.9%) were educated up-to middle school. About three-tenth (29.6%) were educated up-to high school. Only about one-seventh (14.7%) were educated beyond high school. It is to be noted that literacy rate in Tamilnadu is 80.1%.

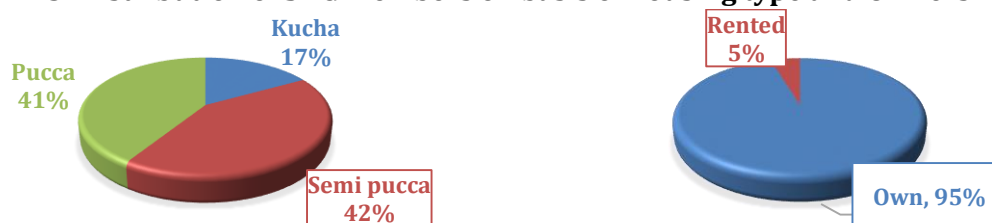
Graph 4.14: Educational Status of SHG Members



4.2.2.6. Housing type and ownership

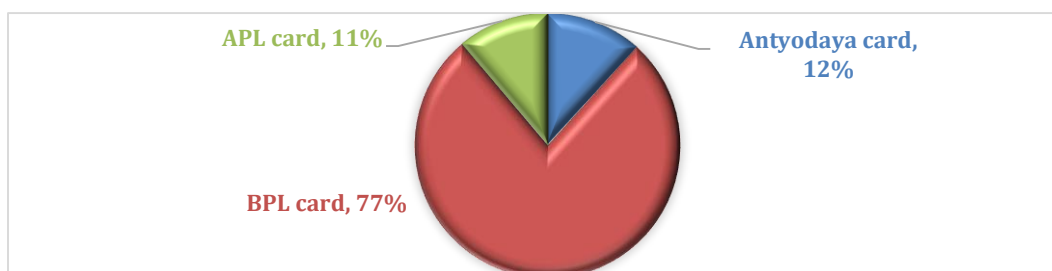
About three-fifth (59%) were residing in either kucha or semi-pucca houses. About two-fifth (41%) were residing in pucca houses. Almost all (95.4%) households have own house. Only a negligible (4.6%) have a rented accommodation.

Graph 4.15: Distribution of SHG members on basis of housing type and Ownership



4.2.2.7. Ration card type

About three-fourth (77.2%) SHG respondents had a BPL card. One out of eight (11.7%) had an antyodaya card signifying extreme poverty. One out of nine (11.1%) had an APL card, signifying their economic status as above poverty.



Graph

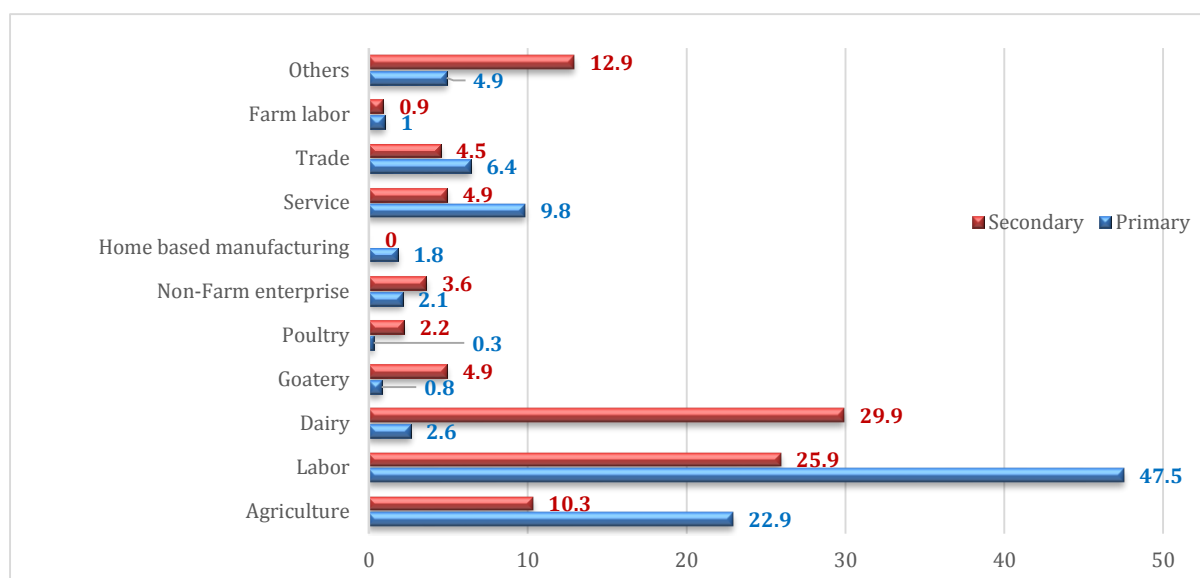
4.16: Distribution of SHG Members on Basis of Type of Ration Card Held

4.2.2.8. Livelihood status of the Household

In terms of primary source of livelihood, little less than half (47.5%) households were dependent on labor (agricultural or non-agricultural labor) as the main source of livelihood. Agriculture was the primary source of livelihood for a quarter (22.9%) households. For one-tenth (9.8%) households, service sector was the key source of livelihood. For one-sixteenth (6.4%) households, trade was the main source of livelihood. For one out of twenty eight (3.7% households) animal husbandry in the form of dairy, Goatery or poultry provided the primary source of income.

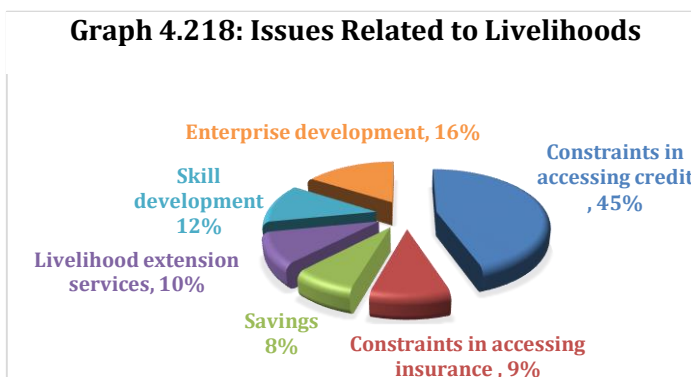
In terms of secondary source of livelihood, for over one-third (37%) households dairy was the key secondary source of livelihood. For over a quarter (26.8%) households, labor was a secondary source of livelihood. For one-tenth (10.3%) households, agriculture was the key secondary source of livelihood. Little less than 5% households (4.9% for service and 4.5% for trade) had service and trade as secondary livelihood activities.

Graph 4.17: Primary and Secondary Livelihood Activity of Household (%)



4.2.2.9. Issues related to livelihoods

Over half of the respondents pointed out that they face credit constraints in relation to their livelihoods. Among the constraints related to livelihoods, credit was at the top with over half (56.2%) pointing towards the same. Similarly one-eighth (12.1%) expressed the need for insurance and one-eighth (12.1%) expressed the need for extension service. About one-fifth (20%) expressed the need for enterprise development services and one-tenth (15.3%) the need for savings services. This shows that there is a strong demand for livelihood services.



4.2.2.10. Earning members per household

Table 4.17: Earning Members in a Family Percentage-Wise

S. No.	Male	Percent	Female	Percent
1	1	88.8	1	94.0
2	2	8.0	2	3.4
3	3	2.2	3	1.9
4	4	0.3	4	0.7
5	5	0.7	5	0.0
	Total	100	Total	100

4.2.3. SHG Membership Profile

4.2.3.1. Membership in SHG federation

All the members were part and parcel of SHGs and SHG federation. In other associations, 2.7% had membership in agriculture cooperatives; 3% in credit cooperatives; 6.2% in dairy cooperatives.

About half (47.8%) were part of SHGs from over 8 years. About one-fifth (20%) were members from four to eight years. Over a quarter (27.8%) were members of SHGs from two to four years.

Table 4.18: Period with SHG and SHG Federation

S. No.	SHG	Percent	SHG Federation	Percent
1	<2 years	4.4	<2 years	6.1
2	2-4 years	27.8	2-4 years	37.9
3	4-8 years	20.0	4-8 years	34.8
4	>8 years	47.8	>8 years	21.2
	Total	100	Total	100

In terms of membership in SHG federation, over one-fifth

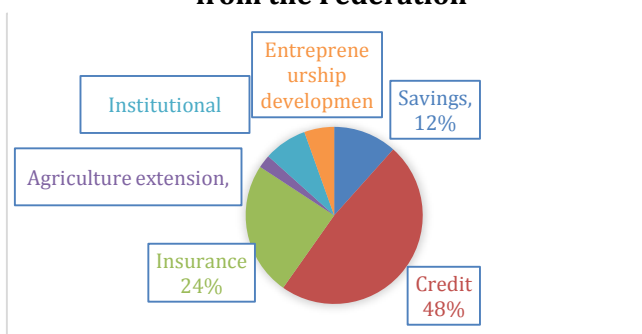
(21.2%) were part of SHG federation from more than eight years. Over one-third (34.8%) were members of SHG federation from four to eight years. Close to two-fifth (37.98%) were members of the federation from two to four years and less than one out

of sixteen were members from less than two years. Hence this shows that a majority are exposed to federation.

4.2.4. Services from SHG federation

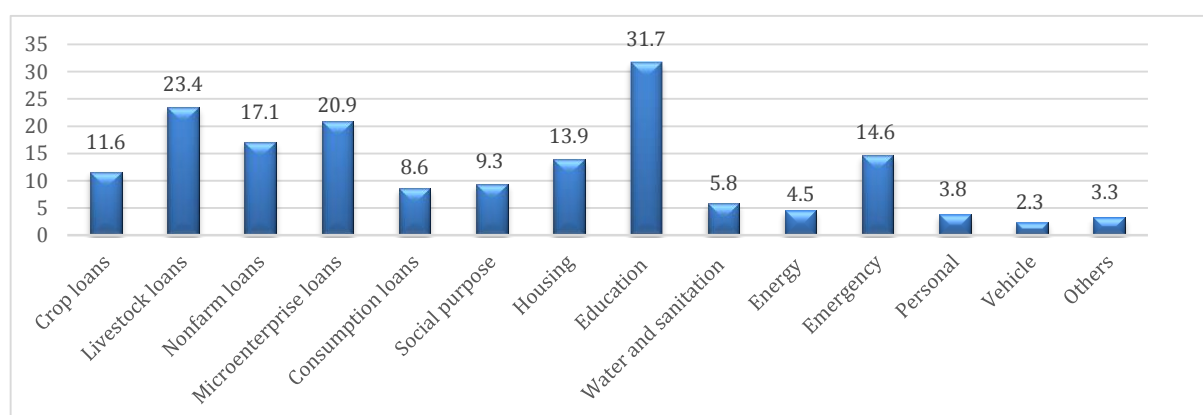
Among those who pointed that they availed services from SHG federation, about one-sixth (19.3%) pointed that they availed savings services. About four-fifths (80.0%) pointed that they received credit services. About two-fifth (40.6%) stated that they received insurance services. One out of twenty five (4.0%) received agricultural extension services. One out of seven (13.1%) received institutional development services. One out of eleven (9.1%) stated that they received entrepreneurship / Business development services.

Graph 4.19: Proportion of Service Receptivity from the Federation



4.2.4.1. Credit Services Availed by Members

Among the purpose for utilization of loans, it was for both livelihood and social purposes. About one-ninth (11.6%) utilized loans for agricultural purposes; (one-fourth) 23.4% for livestock purposes; about a one-sixth (17.1%) for non-farm purposes; about one-fifth (20.9%) for micro-enterprise purposes. About one-twelfth (9.3%) used the loan for social purposes; one-eighth (13.9%) for housing purpose; three-tenth (31.7%) for education purposes; one-sixteenth (5.8%) for water and sanitation purposes; one-twentieth (4.5%) for energy purposes. About one-seventh (14.7%) utilized the loan for emergency purposes; 2.3% for vehicle and 3.3% for other purposes.



Graph 4.20: Credit Services Availed by the SHG Members (%)

4.2.4.2. Savings services availed by members

About two-fifth (39.8%) pointed that they were doing savings activity with federation. One-sixth (16.9%) were doing either doing weekly or monthly savings; one-ninth (11.3%) were into seasonal savings and one tenth (10.8%) into other savings.

Table 4.19: Savings Services Availed by the SHG Members

S. No.	Savings Service	Percent
1	Savings (Weekly)	3.3
2	Monthly	13.6
3	Seasonal	11.3
4	Fixed Deposit	1.3
5	Others	10.8

4.2.4.3. Insurance services availed by members

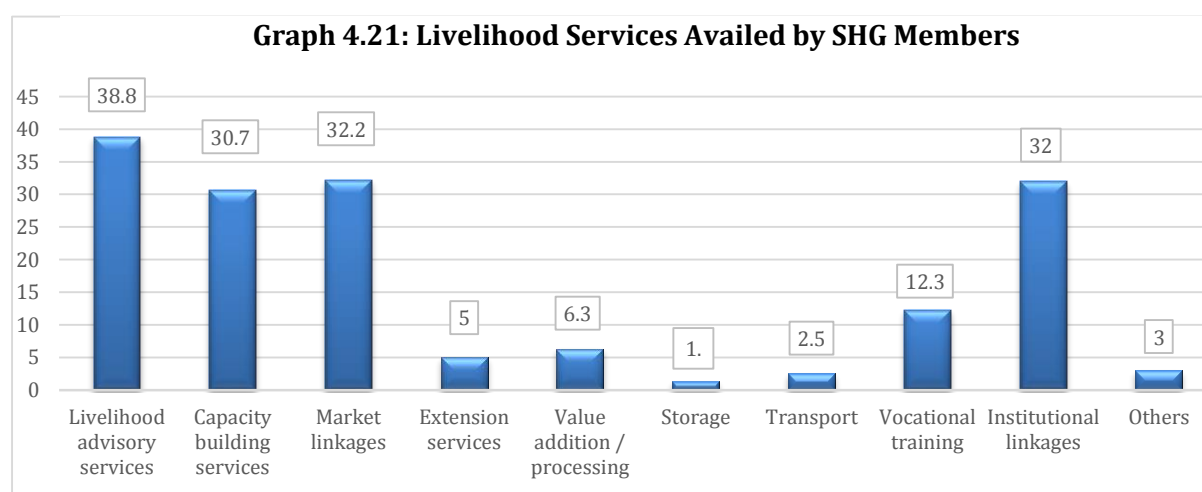
In relation to insurance services, less than half (47.6%) pointed that they had access to life insurance through SHG federation; one-eleventh (11.6%) pointed that they had access to health insurance; one-sixteenth (5.8%) pointed that they had access to livestock insurance; 9.1 % had access to other types of insurance.

Table 4.20: Insurance Services Availed by SHG Members

S. No.	Insurance Service	Percent
1	Life insurance	47.6
2	Health insurance	11.6
3	Cattle insurance	5.8
4	Crop insurance	0
5	Enterprise insurance	0.8
6	Asset insurance	0.5
7	Others	7.8

4.2.4.4. Livelihood Services Availed by Members

In relation to livelihood services, two-fifth (38.8%) pointed that they received livelihood advisory services; one-third (30.7%) stated that they received capacity building services and one-third (32.2%) market linkage services; one-tenth (10.1%) received value



addition, transport and storage services; one-twelfth(12.3%) received vocational education services; about one-third (32%) received institutional linkage services. It is to be noted that not all the services were received from federation. Members were not able to distinguish between the services offered by federation and the promoting agency.

4.2.4.5. Agricultural Extension Services Availed by Members

HYV seeds and seed treatment were the two key services received by the members. HYV seeds were received by 7.8% of the members; fertilizer by 4% members; 12.1% received seed treatment services; 1% received soil and water conservation services.

Table 4.21: Agricultural Extension Services Availed by Members

S. No.	Agricultural Extension Services	Percent
1	HYV seeds	7.8
2	Fertilizer application	4
3	Seed treatment	12.1
4	Soil testing	3.8
5	Soil and water conservation	1
6	Insect control & pesticide application	1
7	Awareness about use & purchase of farm machinery	1.5
8	Disease and parasite control	0.8
9	Post-harvest technology	0.8

4.2.4.6. Livestock Extension Services

The key services in relation to livestock were related to production by one-third (33.8%)

Table 4.22: Livestock Extension Services Availed by Members

S. No.	Extension Services	Percentage
1	Cattle/Sheep/Goat/Poultry production	33.8
2	Vaccination	16.6
3	De-worming	18.4
4	Health checkup	18.4
5	Pregnancy checkup	12.8
6	Artificial insemination	11.6
7	External parasite spray	9.8
8	Use of Azolla / silage	5.5
9	Fishery	3.5
10	Poultry	0.5
11	Duckery	0.8
12	Sericulture	

members. About one-sixth (16.6%) were receiving vaccination services; one-fifth (18.4% each) de-worming and health checkup services. About one-eighth (12.8%) were receiving pregnancy checkup services. Other services related to livestock extension received by members included external parasite spray (9.8%), artificial insemination (11.6%), and use of azolla (5.5%). Though the figures suggest that members have availed of extensive extension services, in reality much of these were offered by the promoting agency. Members were not able to distinguish

between services of federation and promoting agency.

Institutional Linkages

4.2.4.7. Linkages with External financial agencies

In terms of establishment of linkages with institutions by the federation, 94.7% got linked with banks through federations; 17.1% got linked to Microfinance institutions and 12.3% to government departments. About one-twentieth (5.3%) got linked to cooperatives (credit and agricultural).

Table 4.23: Linkages with External Financial Agencies

S. No.	External Financial Agencies	Percent
1	Banks	94.7
2	Credit cooperatives	3.3
3	Agricultural cooperatives	2
4	Microfinance institutions	17.1
5	Government departments	12.3
6	Chit funds	0
7	Sahara savings	0
8	Others	0.5

4.2.4.8. Linkages with External technical agencies

Table 4.24: Linkages with External Technical Agencies

S. No.	External financial agencies	Percent
1	Krishi vigyan kendras	10.3
2	Private extension providers	0.8
3	Department of Agriculture	2.3
4	Department of Horticulture	8.8
7	Department of Animal Husbandry	7.6

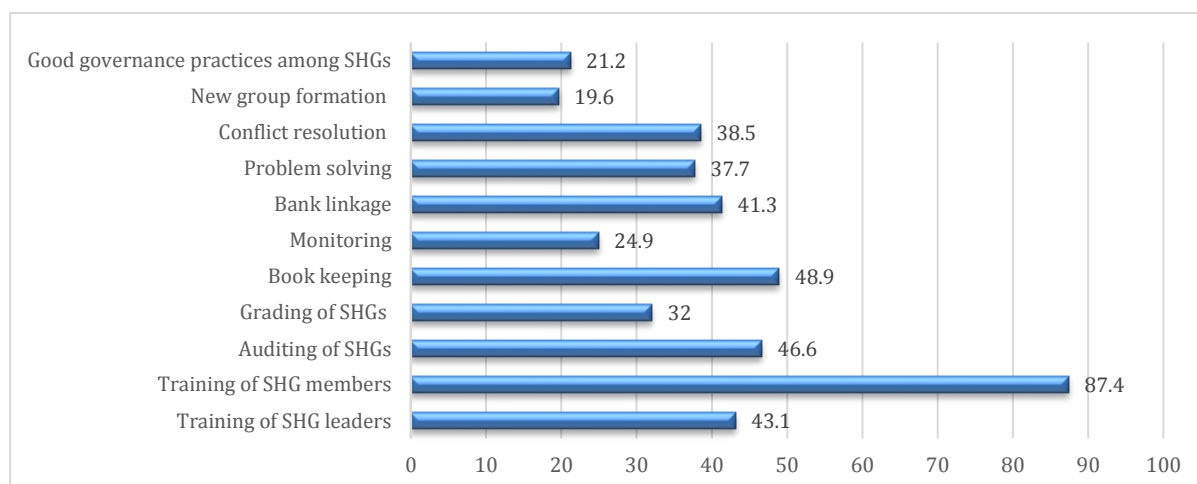
and 7.6% to Department of Animal husbandry.

In terms of establishment of linkages with technical institutions by the federation, 10.3% got linked to Krishi vigyan kendras (KVKs), 8.8% to Department of Horticulture

4.2.5. Capacity Building Services of SHG Federation

About the capacity building services received from SHG federation, 87.4% received training as SHG members, 43.1% as SHG leaders, 48.9% in book-keeping, 41.3% received bank linkage services, 37.7% received services in addressing problem solving, 38.5% in conflict resolution and 19.6% in new group formation.

Graph 4.22: Services Received Through SHG Federation (%)

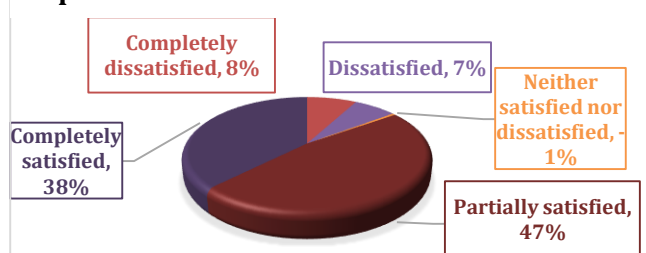


4.2.6. Satisfaction

4.2.6.1. Satisfaction with Financial Services

About 84.8% of the members expressed either partial satisfaction or complete satisfaction with the financial services. About 14.7% were either partially or completely dissatisfied with the financial services.

Graph 4.23: Satisfaction with Financial Services



Among those who were dissatisfied, the primary reasons were non-customization of the products, distant location of the federation and inadequate loans.

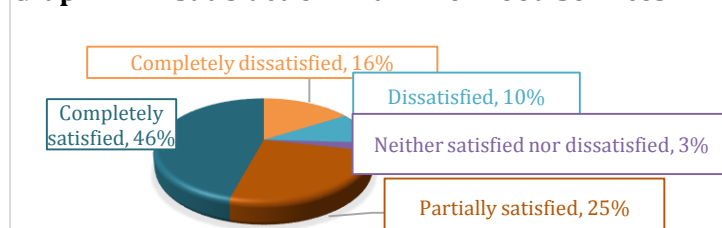
Among those who were satisfied with the financial services, the primary reasons attributed for satisfaction were affordable interest (71.5%), good quality of service (60.9%), customization of the product (27.6%) and friendly staff (24%).

Table 4.25: Reason for Satisfaction with Financial Services

S. No.	Reason for Satisfaction with Financial Services	Percent
1	Product customization	27.6
2	Service quality is good	60.9
3	Interest affordable	71.5
4	Friendly staff	24
5	Others specify	5.4

4.2.6.2. Satisfaction with Livelihood Services

Graph 4.24: Satisfaction with Livelihood Services



About three-fourth (71.4%) were completely or partially satisfied with the livelihood services and 25.9% were either completely or partially dissatisfied.

dissatisfied the primary reasons were non-customization of the product and irregularity of service. Among those who expressed satisfaction with livelihood services, 62.5% pointed that service fee was affordable. 53.4% felt that quality of service is good. 50.5% felt that regularity of service was a major reason and 36.7% felt that service was at their door steps.

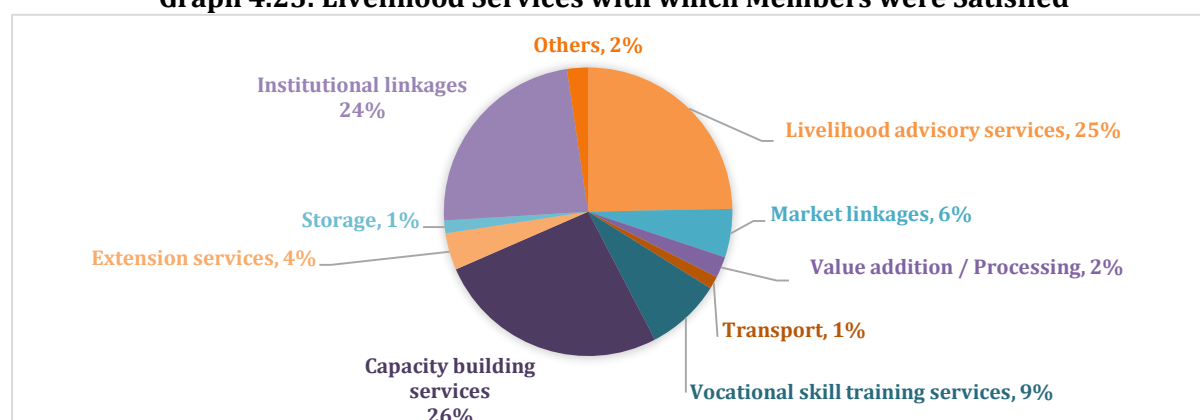
Among those who were

Table 4.26: Reason for Satisfaction with Livelihood Services

Satisfaction with livelihood services	Percent
Quality of service is good	53.4
Regularity of service	50.5
Service at doorsteps	36.7
Service fee is affordable	62.5
Product customization not done	17.3
Friendly staff	27.2
Others,	3.9%

The satisfaction levels with various types of livelihood services were livelihood advisory services (34.5%), capacity building services (36.5%), institutional linkages (33%), market linkages (7.6%) and extension services (5.8%).

Graph 4.25: Livelihood Services with which Members were Satisfied

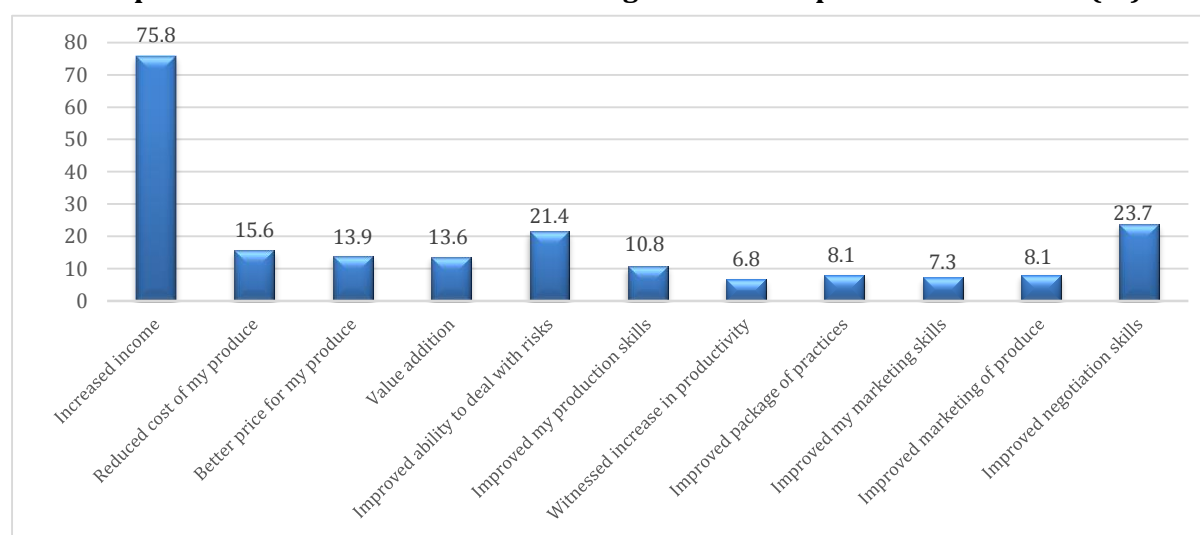


4.2.7. Incremental benefits

4.2.7.1. Incremental Benefits Through SHG federation

Among the major incremental benefits attributed to the federation on livelihoods by SHG members included increased income (75.8%), reduced cost of produce (15.6%), improved ability to deal with livelihood risks (21.4%), value addition (13.6%), improved negotiating skills (23.7%), improved production skills (10.8%), increased productivity and improved marketing of produce (8.1%) and improved package of practices (8.1%).

Graph 4.26: Incremental Benefits Through Membership in SHG Federation (%)

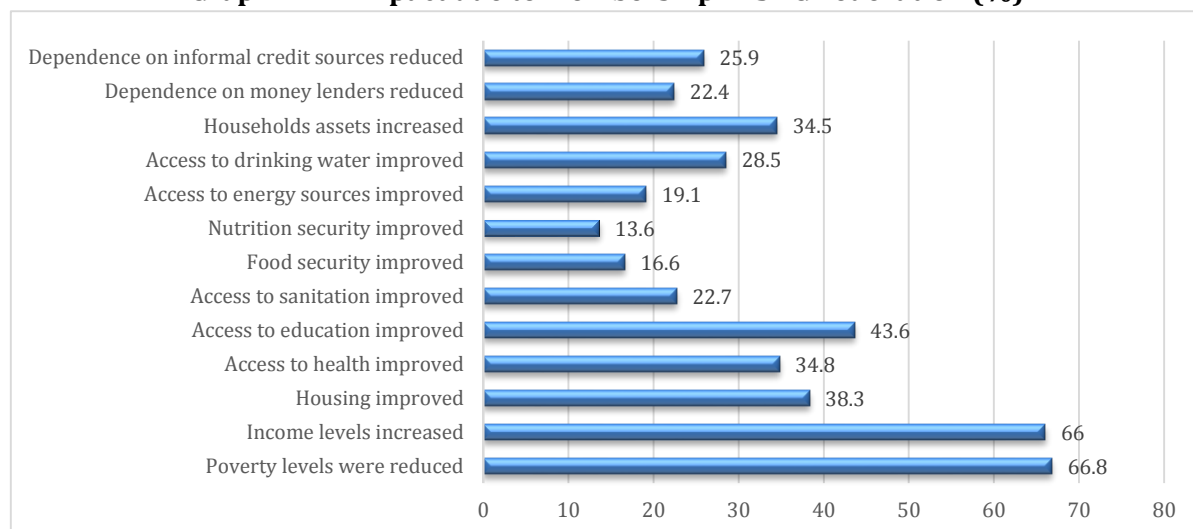


4.2.8. Impact due to membership in SHG federation

The impact due to membership in federation among SHG members included: reduced poverty levels (66.8%) increased income (66%), improved housing (38.3%) health access (34.8%), improved children's education (43.6%), improved sanitation (22.7%), improved access to drinking water (28.5%), improved household assets (34.5%),

reduced dependence on money lender (22.4%) and reduced dependence on informal source of credit (25.9%),

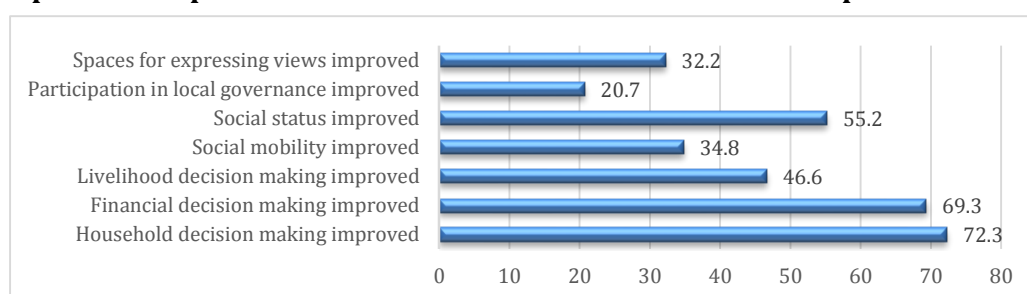
Graph 4.27: Impact due to Membership in SHG Federation (%)



4.2.8.1. Empowerment effects due to membership in SHG federation

Among the empowerment effects that were witnessed by being part of the federation included improved ability to make household decisions (72.3%), improved financial decision making (69.3%), improved decision making on livelihoods (46.6%) and improved social status (55.2%).

Graph 4.28: Empowerment Effects Witnessed due to Membership in Federation



4.2.8.2. Enterprises started after membership in SHG federation

Among those who stated that they were able to start new enterprises after membership in SHG federation included: non-farm enterprise (34.3%), agricultural enterprise (14.6%) and agri-allied enterprise (9.6%).

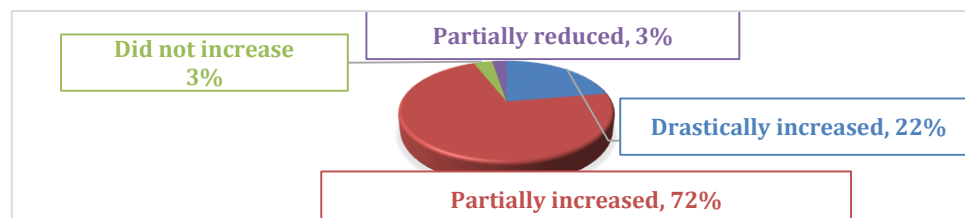
Table 4.27: Enterprises Started after Support from SHG Federation

S. No.	Enterprises	Percent
1	Agricultural	14.6
2	Agriculture allied enterprise	9.6
3	Non-farm enterprise	34.3
4	Not applicable	17.6

4.2.8.3. Change Witnessed in Income After Support from SHG Federation

Graph 4.29: Change Witnessed After Receiving Support from SHG Federation

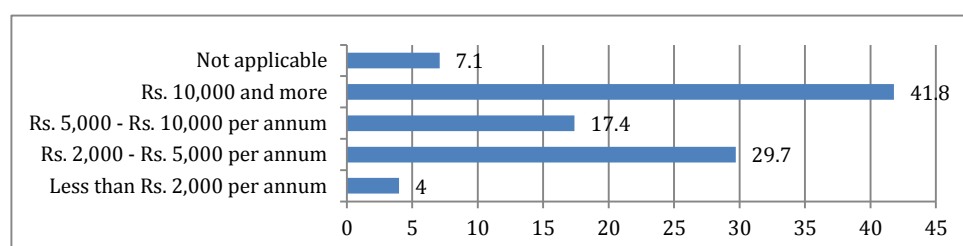
About 71.6% stated that they witnessed a partial change after membership with SHG federation. 22.3% pointed towards a drastic change.



4.2.8.4. Change Witnessed in Income Level After Membership in Federation

About 41.8% stated that their income level increased by over Rs. 10,000 and above per annum after membership with SHG federation. 17.4% witnessed an increase in the range of Rs. 5,000 to Rs. 10,000 per annum. 29.7% witnessed an increased income in the range of Rs. 2,000-5,000.

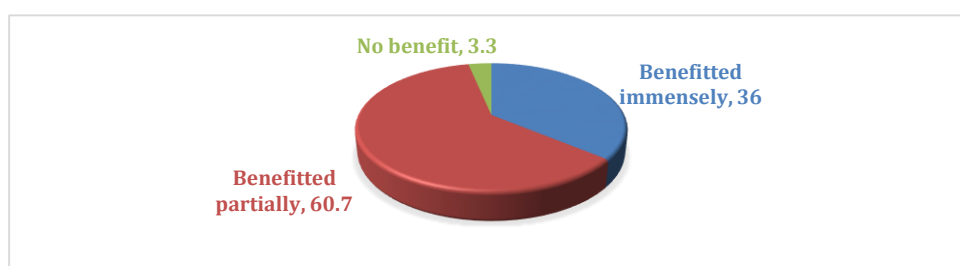
Graph 4.30: Income Level Increase Witnessed



4.2.8.5. Perception on benefit after membership in SHG federation

In relation to overall benefit through membership with federation, 60.7% pointed that they benefitted partially. 36.0% stated that they benefitted immensely.

Graph 4.31: Perception on Benefit from Federation



4.2.9. Conclusion

From the above it can be concluded that the federation has provided good amount of financial and non-financial services to the SHG members. It has also had a positive impact on the members both in terms of economic and social wellbeing and empowerment of SHG women. The co-relation of membership in SHG federation and livelihoods seems to be positive. The incremental benefit through membership in federation over others is the additional services gained such as insurance, marketing linkages, extension services etc. However, it is to be noted that most of the non-financial services are mostly provided by the promoting agency rather than the federation. SHG women have not been able to make a distinction between the services received from SHG federation and promoting agency. Hence non-financial and livelihood services seems on the higher side. Overall it can be concluded that livelihood initiatives started by promoting agencies in a smaller scale needs to be formally integrated into the basket of services offered by SHG federation for a larger social impact.

Chapter 5: Recommendations and Conclusions

From the study it was observed that SHG federations have come to occupy an important place in the efforts towards financial inclusion, poverty reduction and livelihood promotion of the SHG members. However, there is still a long way to go before SHG federations become more effective institutions for financial inclusion and livelihood promotion of the poor. Among the factors which determine the effectiveness of the SHG federations the most important are issues related to its internal governance, management systems, quality and sustainability. It is here that NABARD needs to make critical interventions to address the same.

5.1. Quality of the Federations

The federations no doubt have contributed to the socio-economic development of women, and indirectly supported livelihood promotion. Despite the remarkable achievements, there are clouded and hidden deficiencies, which have worked against the established goals affecting sustainability of the federation and other issues. The loss making microenterprises, the cross borrowing practices, the mis-utilization of funds darkens the shining image of the federations.

It was seen that the quality of the SHGs forming part of the federation and with a longer tenure of association with the federations was better than the ones which did not form part of the federation or had lower access to services of the federation. This was taking into account parameters such as regularity and frequency of meetings, savings, linkages with banks and other institutions, book keeping, disbursement and recovery of loans, utilization of loan amounts and rotation of leadership. Federations offered capacity building services to SHGs and ensured they performed as effective channels for distribution of credit to SHG women.

The quality of the federations however seemed to be largely affected by lack of demarcation in responsibilities between governing board and the promoting agency, governing board and the management, lack of accounting systems, lack of institutionalization of norms in its relationship with SHGs.

- From the governance perspective, it is important to have a demarcation of boundaries between the promoting agency and the governing body, between the governing body and the management. However, in some instances it was found that promoting agency sometimes called the shots and influenced the decision making of the board. There were also instances when persons were part of both the board and the management. This was against the principle of division of responsibilities. This was often leading to clash of interest. There was little motivation to improve the governance as the stakeholders too gave preference to business performance of the federation a priority over the internal governance.

Governance Parameters	
Indicators	Means of verification
Quality of the Board	Commitment to vision, mission, goals of the federation Competence in providing strategic guidance and direction Handling of roles and responsibilities as Board members Diversity of Board (gender, caste, representation from oppressed classes)
Leadership	Tenure of leadership (annual) Tenure in change of office bearers (annual) Process of leadership selection (election/selection) Procedure for selection of leader (Against a set of characteristics) Type of leadership (decision making democratic & participatory or dominating) Representation of leaders (group/individual interest) Integrity of the board members Composition (kith & kin or open membership of community members)
Decision making & Control	Autonomy of board in decision making (from the promoting agency) Autonomy of management in decision making (from the Board) Control over management of funds (Staff or Board members)
Awareness of Board	Objectives of the federation Rules and regulations of group functioning Roles and responsibilities of board of directors Responsibilities of group members Financial status of the federation
Meeting procedure of the board of directors	Regularity of board meeting (percentage of attendance)! Agendas of the meetings – policies & issues Quality of the discussions Follow up of Board decisions Compliance with Board decisions by Chief functionary

S. No.	Name of the Federation	Quality of the Board	Leadership	Decision making & Control	Awareness of Board Members	Meeting procedures of Board of Directors	Overall Ratings
Madhya Pradesh							
1	Naman Sakh Sahakarita Maryadit	2	2	2	2	2	2
2	Nari Shakti Mahila Sangh	4	4	4	4	3	3.8
3	Samriddhi Sakh Sahakarita Maryadit	2	2	2	1	2	1.8
4	Sakhi Manch	1	1	1	1	1	1
5	Bunkar Vikas Sanstha	2	1	1	2	2	1.6
6	Narmada Mahila Sangh	2	2	3	2	2	2.2
7	Tejaswani	3	4	3	3	2	3
8	Shakti Mahila Sangh	3	2	2	2	2	2.2

S. No.	Name of the Federation	Quality of the Board	Leadership	Decision making & Control	Awareness of Board Members	Meeting procedures of Board of Directors	Overall Ratings
Madhya Pradesh							
9	Aparajita Mahila Sakh Sahkarita Maryadit	3	3	3	4	3	3.2
10	Bundhekhhand Mahila Sakh Sahkarita Maryadit	3	2	2	2	2	2.2
Tamil Nadu							
	Name of the Federation						
1	Innuvir Grama Sangham	2	2	3	3	3	2.6
2	Varathupatty cluster level federation	3	3	4	4	4	3.6
3	Aasur Pagudi Aadhar Mayam	2	3	2	3	3	2.6
4	Kadayampatti Vattara Pengal Munnera Nala Sangam	2	2	2	3	3	2.4
5	Oddapatty Panchayat Level Federation	3	2	3	3	3	2.8
6	Palma women SHG federation	3	3	3	3	3	3
7	Kamaram palyam Panchayat level federation	2	2	3	3	2	2.4
8	Jai Hind Federation	2	3	3	3	2	2.6
9	Sri Jana Jagruti Resource Center	3	4	3	4	4	3.6
10	Vikramangalam Panchyat level federation	2	2	3	3	2	2.4

- A robust accounting system is important for a well-functioning federation. However, this was found to be missing either manual or automated. This meant that it needs to have proper books of accounts which is well maintained, have regular audits performed – both internal and external. However, this was badly missing.
- SHG federations too lacked uniformity in its norms. The motivation for SHGs to join the SHG federation primarily tended to be the desire to get better access to credit. However, it was found that the norms for making SHGs part of the federation were uniformly not being applied by the federation. Even in instances of providing loan to SHGs, lesser performing and newly created SHGs sometimes got preference over the old and well performing SHGs. The uniformity of giving loans depends on the repayment history of the SHGs to the bank as well as from members to SHGs. There are instances of same aged SHGs having same level of savings received different

loan amounts. The reasons found are depend on the period of association with the federation, regularity of members in savings and loan repayment history of the members to the SHG and members' adherence to the compliance as laid out in the norms of behavior within the SHG.

It is observed that different districts insist on different norms about the distribution of the loan amount that SHGs receive from banks. For example, all the SHGs in Pondicherry district distribute the loan amount equally by all members irrespective of the need, whereas the SHGs in Villupuram district distribute the loan on need basis.

The uniformity also depends on the bankers' awareness and priority on the SHG- Bank linkage drive. There are few instances that the bank linkage gets deferred indefinitely the moment the bank manager/officer gets transferred. The rules of repayment period and EMI that is to be paid by SHG vary from loan from federation and from bank. The federation has little or no control on the loan amount that the SHG gets from the bank or government schemes.

Due to constraint of funds within the federation, it is not able to meet the credit demand of the SHGs. Hence, federation has to depend either on banks, promoting agencies for bridge loans or government schemes like revolving funds/matching grants. The rules of each agency varies and so with the federation also.

Many of the federations do not evolve either operational policy/standard operating procedures or loan products, which guides the federations in regard to credit disbursement. They do follow the rules of the supporting agency and hence the federation has separate rule to each supporting agency.

Hence given this situation, it is important for NABARD to focus its efforts towards strengthening the internal systems of SHG federation. This may mean that it needs to invest resources for institutional building and capacity building of SHG federation. Capacity building needs to be both towards making them effective financial intermediaries and livelihood promotion institutions.

5.1.1. Developing uniform norms

NABARD needs to come out with norms compliance index for SHG federations which mention some of the rules, precepts and norms to be complied by SHG federations. Compliance to norms should become one of the parameters for NABARD / Banks / Other stakeholders a basis of making investment / lending decisions with the federation. The norms could be related to the processes followed for integrating SHGs into the federation fold, process for extension of credit to the SHGs, indicators which point toward division of responsibility of the role of federation and the promoting agency. Such guidelines on norm compliance may assist in ending some of the process deviations related to SHG integration into federation fold, lending norms to SHGs, ending preference for kith and kin over others in federation decisions, creating equity in influence of SHGs in federation

matters, ensuring participation of Federation / Governing board in regular appraisal of SHGs. Such norms compliance index can assist the monitoring quality of the federations and taking corrective actions.

5.1.2. Strengthening democratic practices

Guidelines which indicate democratic practices to be followed by SHG federation should be evolved. The democratic practices could be in relation to selection / election of members, frequency of elections, election processes followed, decision making processes in village development committees and cluster level federations.

5.1.3. Strengthening governance

Guidelines on governance practices to be followed by SHG federations are required. These guidelines may be related to federation autonomy vis-à-vis promoting agency, membership norms for being members of the board and management, division of responsibilities between the board and the management, norms for maintaining independence of management and the board etc. Compliance to such guidelines / norms could help SHG federation strengthening its governance. Once such guidelines are made, the stakeholders too may start preferring federations which have strong governance practices and thus start influencing change within federations. It would be useful if a new rating template could be designed where the highest weightage is given to the governance or if a federation doesn't score satisfactorily on governance, it should suggest no need of further rating till issues at a level of governance are resolved.

5.1.4. Institutional structures for financial / social / livelihood needs

Suggestive guidelines may also incorporate the need for creating systems within the SHG federation for addressing social and livelihood needs of the members apart from the financial needs. This could mean there could be staff, division, products within the SHG federation which specially address these non-financial needs of the members.

5.1.5. Strengthening intermediary institutions

Strong intermediary institutions which are democratised can go a long way in creating efficient institutions at federation level. NABARD needs to place emphasis on strengthening intermediary institutions namely village level institutions and cluster level institutions. Capacities of the intermediary level institutions need to be built up to take village and cluster level decisions. Strategic guidance for the same can be provided by the Board.

5.1.6. Building robust accounting and internal control systems

Strong and robust accounting systems are essential for smooth and disciplined functioning of the federations and efficient management and utilization of resources. Guiding practices on processes and steps to be followed by the federation which ensure strong and robust accounting procedures and internal control systems. Auditing can be

made mandatory for extension of support to the federation. There could be quarterly internal auditing and yearly external auditing.

5.1.7. Creating Management Information Systems:

A major weakness with the SHG federation is the inadequate information systems. They do not have full-fledged credit disbursement information on SHG lending to members. This is also true in relation to many aspects of SHG functioning and federation's performance. Absence of a robust MIS prevents in analysis and taking corrective actions. Hence an automated MIS needs to be put into place. NABARD may extend support to SHG federations in developing an efficient MIS through introduction of IT. In fact, since such software are already available in the market, NABARD could incentivize few well-performing federations by the way of providing such software as well as capacity-building support related to software-handling.

5.1.8. Deploying quality human resources

The purpose of the federation is served if it deploys capable human resources. Investments on capacity building of communities in knowledge, skills, and attitude of the SHG members, office bearers and staff can provide long term benefits. Capacity building is the most crucial factor in the institution building process. The promoting agencies need to invest their resources in sending the federation staff to various NGOs and Livelihood Promoting Organizations (LPO) for exposure that will help them up-scaling their field operations both horizontally and vertically. NABARD may extend support to federations which enable in capacity building of the federation staff through trainings and exposure visits.

5.2. Self-Management

As mentioned earlier, while federations were largely self-managed there were instances of involvement by promoting agency. Federations built up their own systems of administration, auditing and management. Though promoting agency theoretically agreed on autonomy of the SHG federation, instances of its involvement was found. Sometimes functionaries of federation were paid by promoting agency which in a way affected loyalty of the functionary to the federation. The functionaries also tended to work for the promoting agency and the federation. Such instances needed discouragement and for ensuring autonomy of SHG federation. Given this, there is need to give primacy to the autonomy of the federation.

5.2.1. Primacy to Autonomy of the Federation

For federations to emerge as people's institutions it is important that promoting agency gradually withdraws itself from the functioning of the federation. It is important to comply with division of responsibilities between the management of the federation and the promoting agency. However, it was found that promoting agency tended to cross over its role and influence in the functioning of federation. This was resulting in management

remaining under the control of the promoting agency. It is important that management should be free from the influence of promoting agency and answerable to the board in letter and spirit. It is here that NABARD needs to frame guidelines which make it mandatory for the promoting agency to have a clear withdrawal strategy and comply with the same.

5.2.2. Encouraging Participation of Members

While participation of members was an important dimension in the democratic functioning of the SHG federation, this was found to be lacking. To inculcate member participation there is need to extend their role beyond the election and annual general body meetings. Awareness levels also had to be raised to ensure that they feel part of the governance structure of the federation.

To ensure that federation develops as a democratic organization, member's involvement in the federation which is beyond mere selection / election of representatives need to be encouraged. Decision making from below need to be encouraged starting from SHGs, Cluster federation to SHG federation level. Encouraging participation and regular interaction among the members can enable it to become effective democratic institutions. This will also inspire in taking more democratic decisions through increased vigilance.

It is also important to ensure that there is regular rotation of leadership starting right from the SHG level moving up to village, cluster level and federation level. An important means of strengthening the democratic structure of the federation is also through strengthening village-development committees and cluster federations by improving people's participation in the same.

5.3. Sustainability

Calculating the sustainability of the federations was found to be difficult in the absence of data. While there was financial data related to income and expenditure, receipts and payments and balance sheet which depicted the financial health of a federation, this did not depict the state of financial sustainability. Loan loss provisioning in most instances was absent. It was found that share capital tended to be low. Savings range remained limited despite potential for increasing the same. Sustainability needs to be raised by raising the share capital and the savings amount. Cap limit on member's savings need to be either increased or removed. The federation also needs to charge service fee from its members. Such a diversified basket of revenue resources can help federation to increase its financial strength. This will also result in creating its own internal funds. An increased capital base will also ensure that the amount will make a good equity to leverage external funds. Increased capital at the disposal of federation will also ensure that livelihood financing needs of the members are met.

Federation also needs to monitor the impact of federation services on its members. In order to ensure that services of the federation are proving beneficial and impactful, impact of federations need to be monitored on a regular basis.

5.4. Livelihood Support Services

Livelihood promotion demands that members receive services beyond credit. E.g., a farmer needs Forward and backward linkages in agriculture and allied activities. For running an enterprise the members need entrepreneur skills. 70% of the enterprises fail due to lack of entrepreneurs skills. Under such a situation only a basket of services by SHG federation can enable them to handle livelihood challenges. Since credit is a necessary but not sufficient means for improving the livelihoods of its members, SHG federations need to go beyond the role of financial intermediaries and start provided larger range of livelihood support services. The range of livelihood triad services to be provided by the federation is depicted in the figure below:

Financial Support Services	Technical, Entrepreneurial and skill development service	Institutional Strengthening Support Services
Financial services, including savings, credit, insurance, and investment in natural resources, human capital, or infrastructure, among others, necessary for various activities required to support livelihoods.	Various services required for enhancing productivity, mitigating risk, or adding value at local level, or linkages to markets, or building infrastructure, which help the member enhance their income	Services necessary for improving the performance of federation and associated SHGs and CBOs such as collectives of producers, Village organizations who need to aggregate their demand or production for effectively participating in economic activities in the market.
<ul style="list-style-type: none"> ▪ Savings 	<ul style="list-style-type: none"> ▪ Productivity enhancement 	<ul style="list-style-type: none"> ▪ Formation of groups, strengthening of SHGs, task force committees, cluster level federations
<ul style="list-style-type: none"> ▪ Credit for consumption as well productive needs 	<ul style="list-style-type: none"> ▪ Risk mitigation (non-insurance) 	<ul style="list-style-type: none"> ▪ Accounting and management information systems, performance management systems using IT
<ul style="list-style-type: none"> ▪ Insurance, for lives and livelihoods 	<ul style="list-style-type: none"> ▪ Local value addition 	<ul style="list-style-type: none"> ▪ Building collaborations to deliver a wide range of services
<ul style="list-style-type: none"> ▪ Financial orchestration (arranging funding from multiple sources) 	<ul style="list-style-type: none"> ▪ Market linkages - Input supply, output sales 	<ul style="list-style-type: none"> ▪ Sector and Policy work to bring together various stakeholders on a common

Financial Support Services for the same sub-sector)	Technical, Entrepreneurial and skill development service	Institutional Strengthening Support Services platform and advocacy for changes/reforms.
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Taking into consideration the existing gaps, NABARD may provide the following services to the federations: -

- Coming out with a set of Guidelines to be followed by SHG federations
- Placing emphasis on SHG federations as livelihood triad agencies rather than financial intermediary agencies
- Institution building services for federation – Governance, Management Systems, Financial Management
- Assistance in Business planning of SHG federations

Training and orientation on livelihood promotion for the SHG federation board and staff

- Grant for deployment of resources – human and financial – for livelihood services by SHG federations
- Grant support to federations for launching livelihood initiatives and setting group enterprises by SHG federations

The mentioned recommendations can go a long way in improving the quality of the federations, improve self-management in federation, strengthen sustainability and position federations as livelihood triad agencies. The study concludes that SHG federations have emerged as important agencies for provision of financial intermediary services. They have also been providing some amount of livelihood services such as skill building, market linkage, extension services etc. However, these are at present not considered to be integral to the services provided by SHG federations. While they happen as additional activities, they have not integrated in the overall activity portfolio of SHG federations. Hence it is important to focus efforts to build SHG federations as effective livelihood support organizations. NABARD can support the initiative through provision of grant cum loan support to build SHG federations as livelihood support organizations. SHG federations also need to be provided institution building services to strengthen its internal governance and management systems.

Chapter 6: Policy Takeaways

The study shows that SHG federations have established themselves as financial intermediaries. However, for them to graduate into livelihood support organizations there is need for framing guidelines for SHG federations in the stated direction. Besides, guidelines are also required for adequate governance systems within federations, incorporation of sustainability dimensions, resource mobilization, incorporation of livelihood support functions etc. The chapter suggests for such guidelines.

6.1. Policy Takeaways

The following Policy takeaways are recommended based on the findings of the study.

6.1.1. Guidelines for Federations to be developed and circulated by NABARD

It should include:

Eligibility Conditions for the formation of a Federation

- There should be a clear expression of demand by the SHGs (no top-down target driven approach; only bottom-up organic approach)
- Establishment and registration of a Federation should be done only after a thorough institutional assessment that envisages institutional and financial sustainability over a period of time
- A participatory process must be mandated in the formation of the Federation where SHG members and office bearers are involved, to ensure and imbibe a sense of ownership. Mobilization of resources both financial and human resources from within the SHGs should be encouraged and supported

Functions of a Federation

- Promotion of new SHGs and facilitating training of SHG leadership and management functionaries.
- To offer financial intermediation services to SHGs under these circumstances:
 - Geographical areas where the SHG Bank linkage program is not functional (weak or ineffective)
 - The quantum of credit being accessed by SHGs from the Banks under the SHG BLP is inadequate

Corollary: The Federation should not offer competing financial services to its constituent SHGs, placing them in a catch-22 situation

- Implementation of Livelihood Promotion Schemes of the Government/ Government departments. A circular to this effect that gives legitimacy and recognizes the identity of SHG federations to play the role of Livelihood Promotion Organizations
- Policy which encourages SHG federations to directly take up contract works in relation to implementation of social intermediation and livelihood intermediation functions (like NGOs) from agencies can be useful. This could be related to social functions of government such as public distribution system, insurance provisioning, old age pensions, housing etc. and livelihood functions such as implementation of NREGA, partnership in NRLM schemes etc.

Structure and Governance

- A policy guideline encouraging the setup of a financial inclusion committee, social intermediation committee and livelihood promotion committee as board committees
- A democratic means and system to evolve leadership from the SHGs and secure mechanisms to ensure rotation of leadership
- Regular meetings, Annual General Body meetings and compliance with regulatory aspects to be maintained (in alignment with the nature of incorporation of the Federation)
- A system for the rating of SHG federations emphasizing on succession planning (for rotational leadership) to be introduced in the federation, with weightage on institutional sustainability over financial sustainability and making rating mandatory every two years which gets integrated into the lending and other decisions to SHG federations

Resources

The policy guideline should mandate SHG Federations to have a mix of share capital, savings, membership fee, interest/ commission on services, service charges and monitoring fees. SHG Federations can also expand its capital base through inclusion of new streams such as public donations, corporate funds, CSR funds, and grant funds directly from donor agencies.

6.1.2. Policy recommendations for SHGs

NABARD should ensure that the banks participating in the SHG Bank Linkage program follow the *existing policy* guidelines and circulars related to SHG Bank Linkage program

- Cash credit limits for SHGs

The NABARD SHG2 Circular² clearly articulates the need for banks to sanction cash credit / overdraft based system of lending for SHGs. However in all of the 20 Federations studied we did not find a single instance of this. Hence the guidelines may be made clearer to the participating banks to encourage this.

- Ratio of savings to credit: As per the guidelines, banks are encouraged to increase the limit of bank lending to SHGs over a period of time- from 1:1 to 1: 4 and 1:10 also. As a result of insufficient credit from banks and the method of equal distribution of loan, members are receiving less credit than their requirement. Members who borrow less than adequate amount as loan either borrows the deficit from costlier and less transparent private sources or worse still, deploys the money to cover some other non-economic expenses. Indebtedness increases with no significant improvement in asset base. It is more efficient if the lending norms are established after more local consultation with federated structure and the NGO (if any) and the NGOs made more accountable.

6.1.3. Proposed trajectory for emergence of SHG Federations as LPOs

The figure below is indicative of the growth phases a typical SHG Federation would undergo with recommended timeframe. The changing role of the Federation over the years in tandem with that of the Promoting NGO (which changes from doer to facilitator), the products and services, the systems, management aspects, governance and sustainability aspects are presented here. The support necessary from NABARD to effect this transformation is also indicated.

² Circular No:65 (A)/MCID-04/2011-12

	Nascent (Time: 0 to 2 years)	Emergent (Time: 2 to 5 years)	Mature (Time 5 and above)
Role of SHG Federation	<ul style="list-style-type: none"> • Focus primarily on financial intermediation • Formation of SHGs 	<ul style="list-style-type: none"> • Financial intermediation + Facilitation of SHG-bank Linkage • Formation, nurturing, grading and auditing of SHGs • Identification and Action to be taken on social issues • Identification of livelihood related needs of SHG members and start collective livelihood activities • Generate awareness on govt. schemes and programs and process of claiming entitlements. 	<ul style="list-style-type: none"> • Financial intermediation only when absolutely necessary • Livelihood activities, market linkages, facilitating input-output linkages • Training on financial literacy
Products and Services	<ul style="list-style-type: none"> • Financial Services largely savings and credit • Data sharing with banks to be initiated • Compulsory savings by the members should be focussed on 	<ul style="list-style-type: none"> • Financial Services (Savings, credit, Insurance, diversification of loan products) • Non-financial Services (rights and entitlements) • Institutional linkages with livelihood players 	<ul style="list-style-type: none"> • Financial services (broad range of savings, recurring and fixed deposits, insurance and pensions, different kinds of loans – livelihood related loans) • Livestock and Agriculture extension services (direct / indirect) • Business and Micro-enterprise development advisory services • Market linkage and Value addition services • Storage and Value addition services • Skill development and vocational training • Implementation of government schemes – social programs including income generation

Governance	<ul style="list-style-type: none"> • Board members are new and dependence on promoting agency is high • Board members not aware of their roles and responsibilities 	<ul style="list-style-type: none"> • Initiating board meeting on a regular basis • Influence of promoting agency is reduced in decision making • Rotation of board members is initiated • Compliance with statutory processes 	<ul style="list-style-type: none"> • Full-fledged governing board, regular board meetings, well informed members, autonomy in decision making • Rotation of board members in compliance with the norm • Nil influence or at best, promoter agency only in advisory role
Management systems	<ul style="list-style-type: none"> • System should aim at evolving • Strong mechanism to ensure members involvement • Operational processes should be hand-held 	<ul style="list-style-type: none"> • Professional staff is be hired and trained to work in the federation • Setting up MIS and accounting systems • Starting-off financial and livelihood activities 	<ul style="list-style-type: none"> • Robust operational financial information (MIS) and accounting systems • Regular external audits • Systems of Monitoring and Internal Audit • All systems mentioned above in place for both financial and livelihood related activities
Sustainability	<ul style="list-style-type: none"> • Developing a strong support base • Should aim at increasing in the number of clientele, savings, recovery rate • Continuous support by promoter agencies 	<ul style="list-style-type: none"> • Institutional sustainability should involve a process of hand-holding by promoter agency • Cultivating faith-based relations with financial institutions and SHG members 	<ul style="list-style-type: none"> • Institutional sustainability is ensured through (a) member-centric products and services, (b) good democratic governance and (c) management practices • Financial sustainability ensured through a healthy and steady mix of financial resources and ownership • Social sustainability ensured through long term social impact on members through client centric products and services

Role of NGOs	<ul style="list-style-type: none"> • Guide the federation formation process • Training to office bearers, community cadre • Bank account be opened • Institute mechanisms to assess the quality of SHGs • Conduct training needs assessment for SHGs and organise the required training programmes 	<ul style="list-style-type: none"> • At this stage, a demarcation of boundaries between the NGOs and the board and management of federation should be maintained • Division of responsibilities should be made clear and pushing the federation to fund raising activities for themselves to be initiated • Initiate insurance, pension schemes, etc. 	<ul style="list-style-type: none"> • Provide support for setting up linkages for livelihoods activities • Facilitate the process of linkage with financial and livelihood promoting institutions • Facilitate linkages with government departments and schemes
Support from NABARD	<ul style="list-style-type: none"> • Funds like capacity building for NGOs to support federations to move to the emergent stage from the nascent stage 	<ul style="list-style-type: none"> • Convergence with various schemes available to federations • Capacity building funds to be provided to federations • Funds for trainings on IT, MIS, financial and livelihood management systems • Grant funds to federations for inculcating in them capacities as livelihood support organisations 	<ul style="list-style-type: none"> • Funds from NABARD to initiate exposure visits by the promoting agency to the federation, along with funds for leadership training • Provide grant cum credit support for SHG federations for undertaking livelihood support services

6.1.4. Rationale behind the Policy takeaways:

The promoter organizations (most often NGOs) play a far more critical role in the existence and survival of federation than we think. It is so much so that in most cases where this study was done, the NGO was synonymous with federations. This is worth examining the real quantitative and qualitative contribution that NGOs make through shouldering much of Federations' livelihood support services. After such a study, it is more prudent to acknowledge the limited HR capability of new federations to be able to not only maintain operations but also grow and capitalize on opportunity offered by captive SHG members through innovative services. If the services are better delivered by NGOs, the current practice of being a proxy for the federation should be discontinued and NGOs given more resources and autonomy to focus on delivering efficient services during the initial years even as they also build capacity.

SHG federations combine a variety of roles into one – financial intermediary, social intermediary and livelihood promotion. A single structure to perform multiple roles is found as a difficulty for SHG federations. Introduction of different committees to take care of the multiple needs of the SHG federations can go a long way for SHG federations to

perform the same. This will mean that SHG federations will have a separate financial inclusion committee, social intermediation committee and livelihood promotion committee. A policy which encourages the same will be useful.

The function as a financial intermediary (between banks and the SHGs) is rather perfunctory. That is, the banks considers it a legitimate conduit to lend money at cheaper cost and not necessarily because the federations add any value to the credit supply chain. If federation's role as intermediary is non-negotiable, it is understandable that the SHGs consider the federation an essential body for their interests. Absence of any value addition at the federation level in the credit supply chain only makes the chain longer, less nimble and less cost effective. If federation do indeed become necessary, NABARD can provide support to transfer some of the servicing responsibilities to the federation.

Policy which encourages SHG federations to directly take up contract works in relation to implementation of social intermediary and livelihood intermediary functions (like NGOs) from agencies can be useful. This could be related to social functions of government such as public distribution system, insurance provisioning, old age pensions, housing etc. and livelihood functions such as implementation of NREGA etc.

As SHG Federations mature and take on more roles, the structure should be flexible to govern and manage all these functions. Introduction of different committees to take care of the multiple needs of the SHG federations is necessary.

Financial Sustainability

The resources that the Federation generates (plans to generate) should have a mix of share capital, savings, membership fee, interest/ commission on services, service charges and monitoring fees. The capital base of SHG federations at present is limited. A policy which encourages it to expand its capital base through inclusion of new streams such as public donations, corporate funds, CSR funds, and grant funds directly from donor agencies can be useful.

Institutional sustainability is the pattern of governance within federation and the extended role of the promoting agency. Though guidelines suggest and emphasize rotational leadership, there have been instances of continued role of dominant leaders within federation and extended role of promoting agency in decision making. A rating system of SHG federations needs to be developed which emphasizes on succession planning (for rotational leadership) to be introduced in the federation. A rating system with higher weightage to institutional sustainability dimensions (practice of rotational leadership / succession planning and federation takeover of NGO role) can assist in promoting dimensions of institutional sustainability within federations. A rating system with weightage on institutional sustainability over financial sustainability and making rating mandatory every two years which gets integrated into the lending and other decisions to SHG federations can help in building institutional sustainability in SHG federations.

Encouraging transition from primarily financial intermediaries to livelihood support organisations

While SHG federations may during the initial years primarily act as financial intermediaries, in the long term this role need to be transferred to banks. SHG federations with support of promoting agencies and NABARD may sensitise the banks to play a more active role in lending to SHGs even in non-southern states as in southern states banks have been comparatively doing well in lending to SHGs. While continuing to partly handle financial intermediary role, this role needs to be reduced in favour of providing livelihood support services.

Inbuilt capacity building components as LSOs into the withdrawal Strategy

An inbuilt capacity building component as LSOs need to be an integral part of the withdrawal strategy. Promoting agencies should aim to increase federations role beyond financial intermediaries into that of livelihood support organisations. This would mean that it needs to invest resources in orienting federations in varied dimensions of livelihood promotion – identification of livelihoods, value chains, micro-enterprise development, product management, marketing, business planning and management etc. NABARD should provide grants to promoting agencies for capacity building of federations as LSOs.

Creating SHG Federation capacity building fund with NABARD

A separate SHG federation fund needs to be created under NABARD which funds directly to SHG federations. A division within NABARD needs to look into the same. The funds could be both of grant cum credit nature. The division could: a) process requests by SHG federations for lending support for livelihood and social purposes; b) evaluating the feasibility of the lending proposals; c) onsite visits to SHG federations; d) holding meetings of loan sanctioning committee; e) approval of the loans based on potential benefits from the projects; f) monitor loan usage by SHG federations etc.

The District Development Manager (DDM) could be the key person at District level that would review the proposals by SHG federations and forward the same to SHG federation fund division. It shall review the forwarded proposal by DDM with her / his comments and thus take decisions on lending issues.

The purpose for lending SHG federations could be for multiple purposes: on-lending to SHGs (in remote areas), for undertaking production and marketing activities, for construction of socially relevant infrastructure such as community halls where livelihood activities can be carried out, direct engagement in livelihood activities for aggregation and storage of produce, processing activities etc.

6.2 Conclusion

It can be concluded by stating that SHG federations have come to occupy an important place in financial inclusion space in India. While this is appreciable, it needs to graduate into livelihood support organizations. While there have been guidelines for SHGs in the country, there is absence of clear cut guidelines when it comes to SHG federations. Such a set of guidelines with clear cut directions on the role and functions the federations need to take up, the processes which it needs to comply with, the sources from where it can raise capital resources, steps it needs to take for strengthening governance and participation of members, steps it needs to take for inclusion of livelihood promotion tasks etc. – all these will go a long way in strengthening SHG federations as livelihood support organisations.

Annexure – 1: Sri Janajagruti Resource Center (SJRC)

1. Background of the Federation:

Sri Janajagruti Resource Center (SJRC) has been promoted by Mysore Resettlement and Development Agency (MYRADA) in Jibanagar village of Kelamangalam block of Krishnagiri district of Tamil Nadu. SJRC was established in the year 2003 and was registered in the year 2008 under societies act, 1975. MYRADA facilitated the formation of Credit Management Groups (CMGs) in 1985 after the breakdown of the large cooperatives organized by it. Members of cooperatives refused to be part of the cooperative which was dominated by few individuals and hence smaller groups that were managed by the members were formed. These CMGs were later named as Self Help Affinity Groups (SAGs) owing to the affinity that the members had with each other.

In year 1989-90, MYRADA entered in to partnership with plan international to work in 542 villages of Dharmapuri and Krishnagiri districts of Tamil Nadu for children, their families and communities. From the year 1996 onwards, MYRADA began to form federations as the number of SAGs were growing rapidly and an entity to support SAGs in monitoring, conflict resolution, social and governance issues etc. was essential. As time progressed, the federations felt the need for full time staff, office and other infrastructure to cope with the increasing demands from SAGs. Also, in order to fund these requirements, they required higher member base. The activities that members were taking up required members from different federation coming together to take up common activities.

Hence a secondary institution covering 2-3 blocks to support the needs of the poor was required, taking in to consideration support withdrawal of MYRADA. Hence SAGs and MYRADA decided to form a bigger institution with 100-150 SAGs, appoint staff, elect board and register the entity. It was also decided to name the federation generic name as Community Managed Resource Center (CMRC) in order to avoid confusion with the federation responsibilities of Resource Centers included creating linkages of SAGs with banks and financial institutions, private and government institutions, capacity building, conflict resolution, information dissemination on agriculture, markets, health, organize health camps for aged, children, orphans etc.

In Krishnagiri district, SAGs (40-45 SAGs each) from three of the federations from Kelamangalam and Uddanapally clusters with around 40-45 SAGs each came together to form Srijana Jagruti Resource Center (SJRC). Though the federations existed till the year 2008 and would conduct monthly meetings and discuss SAG performance regularly, after the registration of SJRC, the federations ceased to exist and SJRC has taken over the roles that the federations were taking up earlier.

2. Outreach

The federation covers SAGs from two blocks of Krishnagiri district of Tamil Nadu – Kelamangalam and Uddanapally. The federation covers 12 panchayats, 32 villages and 180 SAGs, with 20 farmers clubs and rest of them are women SAGs. Among the women SAGs, 89 are from Kelamangalam cluster and the remaining are from Uddanapally. There are 2545 women SAG members and 291 members in the farmers clubs. Among women SAGs, 21% belong to Scheduled Caste category, less than 1% from Scheduled Tribe category and remaining are from other communities. Similarly, among farmers clubs, 7% of the members belong to Scheduled Caste category and remaining are from other categories.

3. Financial Profile

SJRC acts as Business Correspondent for NABFINS, in addition to linking SAGs with Sanghamitra, a Microfinance Institution (MFI) promoted by MYRADA. Also, SJRC supports SAGs in establishing linkages with banks. In order to link banks with Sanghamitra and NABFINS, service charge is collected from SAGs.

Table: Loans facilitated by SJRC till 31st March 2013

Institution	No. of SAGs	Loan amount (Rs.)
Bank		
Revolving Fund	11	660,000
Direct Linkage	12	2,000,000
Economic Assistance Loan	16	8,000,000
Total	39	10,660,000
Sanghamithra		
General loan	8	1,070,000
Housing Loan	4	1,000,000
Total	12	2,070,000
NABFINS	85	29,595,000
Total	85	29,595,000
Grand total	136	42325000

4. Services

4.1. Financial services

There are no savings or loan products that SJRC offers to its members. In coordination with Life Insurance Corporation, Janashree Bima Yojana was provided to members. However, the same has been discontinued two years back. Members were not so willing to pay the insurance premium after the scholarship component was discontinued by LIC. SJRC, in coordination with animal husbandry department is providing cattle insurance.

4.2. Capacity building services

SJRC provides training to SAG members on book keeping, SAG management, Credit management etc. There are three standard modules on SAG management along with another module on book keeping. All the SAGs are taken through these modules.

4.3. Skill based trainings

SJRC provided skill based services such as embroidery, soft toys making, tailoring, tamarind processing, and agarbatti making etc. Both women and their adolescent children (especially girl child) were provided these trainings.

4.4. Health camps

SJRC conducts health camps (eye camp, general health checkup camp, animal husbandry camp etc.) from time to time. These camps are held in coordination with various hospitals in the vicinity. Camps pertaining to animal husbandry are taken up in coordination with the local veterinary hospitals.

4.5. SAG auditing services

Three of the women from the blocks of Kelamangalam and Uddanapally have been trained by a chartered Accountant on auditing of the groups. These women audit the accounts of SAGs on a yearly basis and the report is certified by the Chartered Accountant. A part of this amount is retained by SJRC as service fee and the remaining is paid to the Chartered Accountant.

4.6. Government schemes

In coordination with the Gram Panchayat and Block Development Offices, SJRC brings various government schemes closer to their members. In coordination with Mahalir Thittam, revolving fund and economic assistance loans are provided to the eligible SAGs.

5. Quality of Livelihood Services

Credit linkage is being facilitated by SJRC with the support of government, various banks, Sanghamitra and NABFINS. On an average, SAGs received Rs.3, 00,000 as loan with the active facilitation of SJRC. Though the entire amount has not been used by SAGs for livelihood purposes, based on the quality of SAG, SJRC is providing the essential credit support to these SAGs. However, credit requirement of SAGs is far more than what is being offered to them.

SJRC supported SAGs in providing training on processing of tamarind, washing powder and phenol making, soft toys making etc. Extensive training programs with the support of DRDA and Mahalir Thittam were provided in this regard. However, these product trainings were not supported by input and output linkages and hence these trainings ended up to enhance the skill of SAG members without providing any additional revenue to the family. Though tamarind processing has been taken up as an economic activity and SAGs have been provided economic assistance loans, the activity could not be continued by SAGs owing to lack of marketing support. Also, except for one of the SAG members who is making phenol and washing powder and supplying to one factory in Bangalore, no

other members are taking up this activity as all the inputs are to be bought from Bangalore and efforts are to be put forth in marketing the product. Also, owing to competition from various companies, manufacture of these products by SAGs is an unviable option.

Training on tailoring and embroidery has been provided to SAG members and some of the members have benefitted from this intervention. In addition to the training, SAG members also received sewing machines with the active facilitation of SJRC with various government departments and are taking up tailoring as a part time job.

SAG members have bought Cows from the loan amount that they have been receiving with the active facilitation of SJRC. Also, SJRC has provided the essential cattle insurance support with the collaboration with animal husbandry department. However, there are other members from newly formed SAGs who are keen to attend training on tailoring and embroidery and not able to attend the program owing to the distance between their village and training location.

With the support of Society for Non-Formal Technical Training and Education (SNFTTE) at Thally, trainings are being provided to youth on various technical trades such as electrician, fitter, computer operation etc. The youth who were equipped with technical trades from this institute are holding jobs in the nearby factories and establishments. However, recently, owing to increase in importance given by the villagers to education, most of their children have completed graduation. Hence SAGs are requesting support of SJRC in getting their children meaningfully employed.

Members from farmers clubs have been receiving training on organic agriculture, productivity enhancement, and improved package of practices etc. with the active facilitation of SJRC and have been slowly utilizing their learning in improving the production.

With active support from ITC, SJRC established three Agarbatti manufacturing units in order to provide employment of village women within their village. Women can work in these units at their convenience and are paid based on number of kilograms of Agarbattis made and not number of hours (bonus for good attendance is implemented to encourage regularity in work) The first Agarbatti unit was established on April 15th 2013 under Sree Janajagruti Women empowerment Project in Birjepally. Subsequently, two more units have been established in Denkanikotta and Thally.

Under the agreement of SJRC with ITC, machinery and raw materials are being supplied by ITC with a buy back arrangement. Agarbattis are made in the units, dried and then transported to Anandagarbattis and Siddhi aromas, where the agarbattis are dipped in various fragrances, dried, branded and then supplied to ITC. Salaried of personnel and other management costs are taken care of by MYRADA in addition to provision of awareness and training programs. At times, even ITC provides required training and

support under its CSR project. Women are happy to work in these units which are providing them the flexibility to work.

6. Governance

Five members from every SAG represent SAGs in the SJRC and these representatives are considered as the General Body of the SJRC. A general body meeting is conducted once in a year and annual account statements along with annual progress of SJRC are discussed. Among these representatives, nine board members are selected who manage SJRC. Usually, one board member is selected from each of the bigger Panchayats. Quality of board members in terms of their understanding on SJRC, communication and training skills is good. Almost all the board members are well trained on all the SAG modules and run training programs for SAG members actively. There are two Community Resource Persons at the SJRC level who take care of the day to day operations of SJRC. However, as the SJRC has initiated an Agarbatti unit, one of the CRPs has been designated as the in charge of Agarbatti unit at Birjepally and hence mostly only one CRP is responsible for the administration of SJRC currently. However, both the CRPs take care of SAG monitoring and loan assessment activities.

Till the year 2008 a manager was in charge of the SJRC and later on the position is no longer in existence and SJRC is now managed by 9 board members and two CRPs. President, secretary and treasurer are the office bearers and the signatories of SJRC. Though the board of directors has not come up with any vision document for the SJRC, they take issues as they come up. They are particularly involved in resolving conflicts within SAGs and are also involved in loan assessment before sanctioning the loan. Also the boards of directors ensure that defaulters if any pay back loans at the earliest by counseling them on the importance of on time repayment.

The Board of Directors meets once in a month along with CRPs and book writers and look at the monthly financial statement. Also, any conflicts within the groups and any delay in repayment of external loans within groups are discussed. Based on the same, action plan for the month for the board is decided, who visit the SAGs, counsel them and solve their problems. In the monthly meetings, audit reports of SAGs are discussed and based on need, SAG members are sent for appropriate training programs on strengthening the group and book keeping. Also, during these meetings, monthly budget of the SJRC is approved by the office bearers and required cheques are signed. No expenditure whatsoever is taken by up the SJRC without prior approval of the board. Every year half of the board members or at least two of them have to be replaced and from the year 2008. However, for the last three years president, secretary and treasurer remained unchanged.

7. Resources

7.1. Human resources

There are two Community Resource Persons, who take care of day to day operations of the SJRC. The Community Resource Persons are responsible for coordination with banks/Sanghamitra/NABFINS and SAGs who are in need of loan for loan assessment. After the loan is sanctioned, these CRPs are responsible for collection and deposition of the collected amount in case of NABFINS. In case of banks, SAG members take care of repayment, where as in case of Sanghamitra, staff of Sanghamitra are responsible for repayment collection. All the board members are well educated and are trained on all the SAG concepts and hence have the ability to train the SAG members. In addition, the SJRC has four trainers who are also trained on SAG concepts, tailoring, embroidery and other skill building activities. SAGs either have one of their members as book keeper or hire the services of a book keeper and pay for their services.

7.2. Financial resources

Every SAG is a member of the SJRC and pay Rs.100 as entry fees and Rs.50 per month (Rs.600/SAG/year) as subscription fees to avail the services provided by the federation. As SJRC provides support in availing loans from banks, 1% of the loan amount is charged by the SJRC as handling fees from the SAGs. As SJRC acts as Business correspondent for NABFINS, it charges 1% of loan amount as service fee to NABFINS at the time of sanction and 1% during complete loan recovery. Sanghamitra pays 0.25% of the loan amount to SJRC as service fee at the time of loan disbursement and 0.25% at recovery. SJRC intervenes whenever there is any problem with the loan recovery. Also, in case of bank linkage, SJRC receives 0.5% to 1% of the bank loan amount from Mahalirithittam as an encouragement to improve bank linkages. SJRC has deposited a sum of Rs.6, 05,000 as Fixed Deposit with various banks such as Indian bank (Kelamangalam and Uddanapalli) and at State Bank of India at Kelamangalam to take care of day to day expenditure of SJRC.

8. Asset Quality

SJRC is not involved in financial intermediation directly and hence does not have any Portfolio at Risk (PAR). However, SJRC takes care of repayment of SAGs to any of the financial institution with whom SJRC has facilitated for the loan release in case of any delay or default to banks, Sanghamitra or NABFINS. The current repayment rate to all these institutions is 100%.

9. Systems

At the SJRC level, Cash book and general ledger are maintained in addition to minutes book. At the end of every financial year, accounts of SJRC are audited. The book keepers at the SAG level come up with Monthly Financial Statement which contains details such as member wise savings and loans, monthly repayment of internal and external loans along with further loan requirement of the SAGs if any. In case of any conflicts or any problems with loan repayments, the same is discussed during this meeting and board members along with the Community Resource Persons and resolve the same.

Based on the credit requirements of SAGs, statement pertaining to credit requirement for the month is prepared and discussed with NABFINS and Sanghamitra. Similarly, discussions are also taken up with bankers. Based on the fund availability and willingness of these financial entities to provide loans, loan assessment dates are fixed and the activity is coordinated by the Community Resource Persons. Once the loans are approved, CRPs coordinate with the financial institutions till the loans are issued to SAGs. Also, training needs of the SAG members if any are discussed during this meeting.

Several training programs that are either based on need of SAG members or those offered by various government line departments as part of various projects is conducted by SJRC. Based on the requirement of the government department, reports are made and sent to the departments.

10. Efficiency and Profitability:

Every SHG that is a member of the CMRC pays Rs.100 as entry fees and Rs.50 per month (Rs.600/SHG/year) as subscription fees to avail the services provided by the federation. As CMRC provides support in availing loans from banks, 1% of the loan amount is charged by the CMRC as handling fees from the SAGs. As CMRC acts as Business correspondent for NABFINS, it charges 1% of loan amount as service fee to NABFINS at the time of sanction and 1% during complete loan recovery. Sanghamitra pays 0.25% of the loan amount to SJRC as service fee at the time of loan disbursement and 0.25% at recovery. SJRC intervenes whenever there is any problem with the loan recovery. Also, in case of bank linkage, SJRC receives 0.5% to 1% of the bank loan amount from Mahalir thittam as an encouragement to improve bank linkages. The percentage received by SJRC improves with the number of times any single group has been linked with banks. CMRC has deposited a sum of Rs.6,05,000 as Fixed Deposit with various banks such as Indian bank (Kelamangalam and Uddanapalli) and at State Bank of India at Kelamangalam to take care of day to day expenditure of CMRC.

The operational cost of SJRC in the years 2012 and 2013 are Rs.3,99,758 and Rs.4,32,322 respectively. The Resource Center is able to cover its operational expenses and the Operational Self Sufficiency (Operating income/Total Operating Expenses) for SJRC is 139% and 128% in the year 2012 and 2013.

11. Sustainability

In terms of institutional sustainability, the first line of leadership is vibrant and efficient in delivering their responsibilities. However, the first line of leadership (office bearers) has not been changed for the last three years. Book keeper along with one SAG member attends monthly meetings of SJRC. Governance, staff and SAG information system is in place. SAGs who have received good credit support are willing to paying the service fee of SJRC. However, there are SAGs who feel that they are not getting need based and customized services such as providing trainings at the vicinity of the members and loans as per requirement. Though the quality of SAGs is also one of the reasons for not getting

credit support from SJRC, appropriate training and follow up of SAG performance is yet to be strengthened. Capacity of SJRC to offer fee based services that could enhance the income generating capacity of SAG members is still to be strengthened. Though skill improvement services are provided to SAGs, the utility of these training programs, particularly in generating additional income to the family is not being monitored. SJRC is able to cover its operational expenses and the Operational Self Sufficiency (Operating income/Total Operating Expenses) for SJRC is 152%, 139% and 128% in the year 2011, 2012 and 2013.

12. Satisfaction Level

Younger SAGs are of the opinion that SJRC has been providing them much needed financial support by providing loans through Sanghamitra and NABFINS. Older groups however have good relationships with bankers owing to excellent credit record and hence receive loans directly from banks and hence are not dependent on SJRC for loans. SAGs are extremely satisfied with the loan that they received from Sanghamitra (facilitated by SJRC) recently for construction of toilets and for buying water filters.

Adolescent boys and girls from older SAGs were trained on various trades in Society for Non-Formal Technical Training and Education (SNFTTE) at Thally and were placed in decent organizations in 1990s. However, owing to the support of MYRADA and various projects implemented by the NGO, the standard of living of poor women has improved and they have educated their children very well. Hence they are of the opinion that their children are better educated and are no longer interested in the trades of ITI. Hence they are seeking support of SJRC in providing meaningful employment for their educated children who are jobless.

Some of the SAG members are of the opinion that earlier, there was a manager and four staff in SJRC who were reporting to the manager and hence they would visit the villages more often and listen to their concerns. However, they feel that currently due to scarcity of staff, the only staff that is available is overburdened and hence SJRC is not functioning as efficiently as it were functioning few years back.

SJRC has been providing trainings with respect to prenatal and post natal care, HIV/AIDS, its spread and myths associated along with trainings on sanitation. These trainings have been extremely informative to the SAG members.

SJRC in coordination with the animal husbandry department has provided training to women on feeding of milk animals and women who have attended the training have found the training to be extremely useful. According to them, owing to the training, they have started feeding the cow as per the requirement and are getting good fat and SNF percentage without any wastage of fodder.

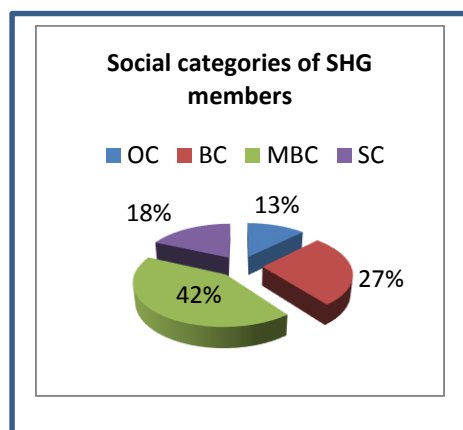
SAG members were trained on manufacturing of soap powder and phenol. However, owing to lack of marketing support, members could not take up manufacturing of soaps

and phenol. Similarly, members were trained on making of soft toys, small cradles with plastic wires, golden flowers and so on which are mostly used for display at their homes and have not served any commercial purpose. Also, economic assistance loans were provided through banks for processing of Tamarind and SAG members were trained on the same. Though the activity went on for some time, women are no longer taking up the activity and the machines are lying idle owing to lack of marketing support.

Most of the SAG members of SJRC are dependent on agriculture and owing to lack of proper rainfall; they have been suffering for the last two to three years. Department of agriculture has been providing subsidies for setting up green houses for growing vegetables and construction of these greenhouses is in demand. Mostly, men who would earlier work as laborers have taken up the construction activity. Their spouses who are part of SAGs are of the opinion that they should be provided loans so that they could support their husbands in further improving their business which would also boost the productivity in agriculture. Similarly, those with agricultural lands are in need of loans of about 2- 2.5 lakhs for digging bore wells and feel that small loans that are being provided through NABFINS and Sanghamitra are inadequate to meet their demands.

13. Quality of SAGs – Federated and Non-Federated

A large portion (42%) of SAG members belong to Most Backward Castes category, followed by backward caste (27%), Scheduled caste (18%) and Other Caste (13%). Most of the groups conduct weekly meetings and save weekly. Mostly, the agenda of meetings includes financial agenda such as collection of savings and loan repayment, both internal and external.



Awareness of members on various services offered by the SJRC, trainings attended and various institutions that SAGs and SJRC are linked with seem to be good among the book keepers and that of board members. Also, certain elderly members in SAGs that were started in early 90s are more aware of these issues.

SAGs only offer savings and credit services and are dependent on SJRC for livelihood services. Some of the SAGs have taken up social initiatives for their village such as distribution of books to school children, supporting poor in educating their kids, construction of kitchen and other infrastructure for schools etc.

Average amount saved by the SAGs varies from SAG to SAG and 30% of the SAGs visited have fixed minimum savings amount as Rs.50 to Rs.100, whereas the maximum amount depends upon the ability of SAG member to save. Among the groups visited, 10% of them save as high as Rs.300 per member per week. Hence 80% of the SAGs visited save around Rs.200 to Rs.400 per month, whereas 10% of them save Rs.800 to Rs.1200 per member per month.

SAGs are linked with nationalized banks such as State Bank of India for loans. Around 50% of the SAGs visited were linked to nationalized banks twice. In addition, SAGs take loans from Sanghamitra, an MFI promoted by MYRADA and also from NABFINS.

Some of the older SAGs are taking loans as high as one lakh rupees per person from SAGs and are not dependent on money lenders for their household needs. One of the older SAGs (formed in 1993) visited has provided loans worth six lakhs twenty five thousand for the purpose of agriculture during 2012-2013. However, when it comes to younger SAGs formed in early 2000, mostly they are taking loans for consumption purposes and are improving their living conditions and are yet to reach the stage of livelihood development.

14. Findings of the Study

14.1. Financial benefits:

SJRC promoted by MYRADA does not provide financial services such as savings, credit and insurance directly. Credit facilities are provided through banks, Sanghamitra (an MFI promoted by MYRADA). Direct linkage, Economic loan assistance and Revolving Fund assistance are provided through banks and service fees are charges from SAGs. With respect to NABFINS, the service charge is paid by NABFINS during loan disbursement and recovery. In coordination with Sanghamitra, SJRC provides general loan and housing loan. Sanghamitra also pays service charge to SJRC.

Though Life Insurance was being provided with the support of Life Insurance Corporation (2007-2010) and Birla Sun life (before 2007), owing to lack of interest from the members, the insurance facility has been discontinued. However, cattle insurance with the support of animal husbandry department is being provided.

In coordination with MahalirThittam, revolving fund and Economic Assistance loans are provided to the eligible SAGs.

14.2. Livelihood benefits:

14.2.1. Skill based trainings: SJRC has been providing skill based services such as tailoring, *embroidery*, soft toys making, tailoring, etc. Both women and their adolescent children (especially girl child) were provided these trainings. SJRC has been providing trainings to SAG members on Tamarind processing, Agarbatti making, making of phenol detergent powders.

14.2.2. Technical training: With the support of Society for Non-Formal Technical Training and Education (SNFTTE) at Thally, trainings are being provided to youth on various technical trades such as electrician, fitter, computer operation etc.

14.2.3. Agarbatti manufacturing unit: With active support from ITC, SJRC established three Agarbatti manufacturing units in order to provide employment to village women within their village.

15. Demand vs. Gap Assessment in Livelihood Services:

Members of SJRC are either dependent on agriculture as the main occupation of the household or they take up daily wage labor. Mostly, they take up vegetable and flower cultivation in addition to agricultural crops. However, owing to lack of sufficient rainfall in the last few years, they are in need of loans for digging bore wells for providing irrigation at least during critical growth stages of crops and hence loans amounting to Rs2 lakh are required. However, average loan per SAG facilitated by SJRC is around 3lakhs and hence there is a need for designing specific loan products for needy farmers in coordination with the financial institutions in addition to supporting farmers in accessing subsidies from agriculture department.

Women SAG members bought cows with the credit extended by various financial institutions with the active facilitation of SJRC. Also, with the support of animal husbandry department training has been provided to women on diary management. Women are supplying milk to local diaries and are requesting for the support of SJRC in establishing a diary of their own. As women have been traditionally taking up diary activities, further promotion of diary as an enterprise and establishing key linkages with private diaries on a competitive basis or establishment of a cold chain of their own could be thought about by the SJRC.

There are several educated youth in villages that are unemployed. Providing those required skills and establishing linkages with various training agencies for providing training and placement services would be an important service that SJRC could provide. This service is in much demand as most of the SAG women from villages were concerned about their youth who are educated and unemployed.

16. Non-Financial Service Delivery of Financial Intermediaries

- 16.1. *Delivery of Livelihood services:* Agarbatti units are providing much required flexible employment to women. Livelihood services in terms of product knowledge and skill *building* are being provided to SAG members. However, input and output support would be further required in this regard. Also, it would be essential to provided essential business support services.
- 16.2. *Delivery of Social intermediary services:* In coordination with the Gram Panchayat and *Block* Development Offices, SJRC brings various government schemes closer to their members. In coordination with MahalirThittam, revolving fund and Economic Assistance loans are provided to the eligible SAGs.
- 16.3. *Capacity building services:* SJRC provides training to SAG members on book keeping, SAG *management*, Credit management etc. The delivery of these services has been good and SAGs that have been visited are highly disciplined in their activities owing to good capacity building support that they have received.

- 16.4. *Skill based and product based trainings:* SJRC has provided skill based services such as embroidery, tailoring, tamarind processing, and agarbatti making etc. Both women and their adolescent children (especially girl child) were provided these trainings. However, except for tailoring skills, no other skills have been really useful for improving household income of SAG women. Though the quality of training has been good, the utility of such training programs without input and output linkage support would not be of much use.
- 16.5. *Health camps:* SJRC conducts health camps (eye camp, general health checkup camp, animal husbandry camp etc.) from time to time. These camps are held in coordination with various hospitals in the vicinity. Based on these camps, patients who require surgeries and further treatment have been referred to bigger hospitals and SJRC has coordinated with the hospitals for the required treatment.
- 16.6. *SAG auditing services:* SJRC provides SAG auditing services to the SAGs. Three of the women from the blocks of Kelamangalam and Uddanapally have been trained by a chartered Accountant on auditing of the groups. These women audit the accounts of SAGs on a yearly basis and the report is certified by the Chartered Accountant. This service has been highly useful for the functioning of SAGs.

17. Conclusion and Recommendation:

Most of the SAGs in SJRC are of good quality and have been promoted by MYRADA more than 20 years back. Owing to the involvement in SAGs, their standard of living has improved mostly because of savings and credit. Though livelihood support has been provided in terms of trainings, end to end support is essential for the functioning of an enterprise. The latest intervention of SJRC – Agarbatti unit set up with an intention of providing employment within the village is a good intervention. However, the intervention being heavily subsidized by ITC and MYRADA needs to put forth diligent efforts to breakeven.

17.1. Recommendations for improving quality:

There is no annual action plan for SJRC and activities are planned according to the credit requirement of SAGs along with any problems that may arise within the SAGs. However, an annual action plan along with preparation of annual budget would be essential for the efficient functioning of SJRC. Annual action plan could be prepared taking in to consideration, credit requirement of people, government schemes that are required by people along with targets of government departments, training requirements based on auditing reports and grading taken up by various financial institutions etc.

Product, skill based and technical trainings are being provided to SAG members. Also, there are several educated youth in the village, who are looking for employment opportunities. However, SJRC is not looking at either placement of the trainees or educated youth in the village, nor providing necessary business support of initiating

enterprises. All these services would improve income of the household, in addition to bringing about improvement in annual income of households.

17.2. Recommendations for improving self-management

It has been observed that the book keepers of the SAG have good knowledge of the products, services and functions of federation rather than any other members of SAG. Book keepers along with one SAG member attend monthly meetings of federation and hence are more informed when compared to others. SJRC could ensure that two of the SHG members visit SJRC for meeting on rotation basis along with the book keeper. The monthly meetings should stress on the importance of discussing about the monthly meeting discussions with the SAG women. Minutes of monthly meetings could be prepared and a copy could be sent to SAGs along with the book keeper.

Monthly meetings at SJRC are mostly discussing about the Monthly Financial Statement of the SAG. Along with this, it would be essential to discuss problems and opportunities pertaining to livelihoods of SAG women and their families. Interventions in the area of livelihoods would only be possible when these issues are discussed regularly at monthly meetings.

17.3. Recommendations for improving sustainability:

As on March 31st 2013, only 139 SAGs were linked to various financial institutions with the active facilitation of SJRC. However, the credit requirement of SAGs is quite high taking in to consideration, input requirements in agriculture. Hence, further efforts could be put forth by SJRC in increasing the credit linkage (both number of SAGs and amount of credit per SAG) both by improving quality of SAGs, providing support in input and output linkages and also by negotiating further with the financial institutions.

Staff of SJRC is inadequate to cater to various requirements of SAGs and many of the SAG members visited acknowledged the same. Hence increasing the staff of SJRC is essential in addition to providing other need based services to SAG members which would bring in additional revenue to SJRC. As SJRC is in a good position as far as Operational Self Sufficiency is concerned additional staff could be hired by SJRC.

Annexure – 2: ODDAPATTY Panchayat Level Federation

1. Background:

Oddapatty Panchayat Level Federation has been registered under Tamil Nadu societies Registration act, 1975 in the year 2009. The federation has been promoted by Tamil Nadu Pudhu Vaazhu Project (TNPVP), an empowerment and poverty reduction project implemented in fifteen districts of the state by rural development and Panchayat Raj department of government of Tamil Nadu. The project covers 4170 village panchayats in 120 Backward Blocks in 16 districts of Tamil Nadu and has an outlay of Rs.950crore. The project is being implemented with the support of The World Bank from November 2005 to September 2014 and is likely to be extended for two more years. The project targets poor and vulnerable households in addition to physically challenged and marginalized communities and emphasizes that 90% of project funds reach the target group.

The project adopts a twin pronged strategy and emphasizes on implementation and monitoring of the project by the community members in addition to the livelihood focus, providing technical and marketing support to the livelihood activities taken up by the community. Following are the objectives of the project:

- Developing, strengthening pro poor local institutions at various levels such as Village Poverty Reduction Committees (VPRCs), Social Audit Committees (SAC), Self Help Groups (SHGs), Panchayat Level Federations (PLFs), Common Livelihood Groups (CLGs) and Economic Activity Federations (EAFs).
- Building the skills and capacities of poor
- Enhancing their livelihoods by financing demand driven sub project investments

A state level society, headed by Chairman-principal secretary to the government, RD and PR with separate divisions for Microfinance, Livelihoods, Institution Building and Program support is operational at the state level. A district level committee headed by the district collector with separate divisions for livelihoods, Institutional Building and Program support is seen. At the cluster level³, project facilitation team is available and is headed by a team leader and has separate divisions for business finance, social mobilization, livelihoods, accounts and monitoring.

In order to implement the project at the village level, the project promotes pro-poor, autonomous and accountable institutions with representation from target people. The project formed Village Poverty Reduction Committee (VPRC) in October 2007 with

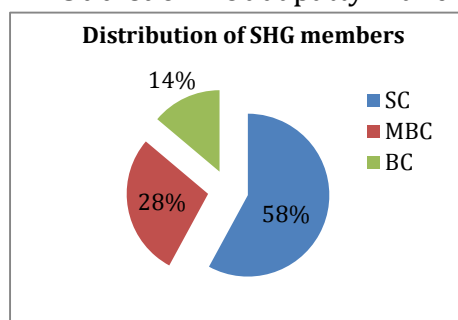
³ One cluster per 10-15 village Panchayats

twenty representatives from the community. Members of Village Poverty Reduction Committee along with the project staff have facilitated the formation of other two Community based Organizations - Panchayat Level Federation (PLF) and Social Audit Committee in the year 2009.

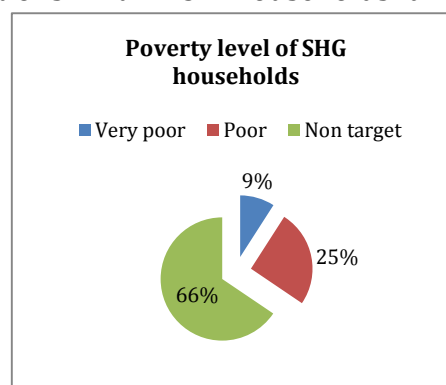
Village Poverty Reduction Committee (VPRC) is the socio economic development wing of the project that concentrates on the development of targeted communities, while Panchayat Level Federation (PLF) acts as microfinance wing of the project and provides loans both for the targeted and non-targeted communities. Self Help Groups which are federated at habitat level come together to form Panchayat Level Federation. The Social Audit Committee which is also constituted by the members of the community ensures that the activities of VPRC and PLF are taking place in accordance with the rules and regulations framed by the project. In addition, SHG women involved in similar activities come together to form Common Livelihood Groups (CLGs) and several such CLGs from different habitations taking up similar activity are federated to form federations.

Oddapatty Panchayat Level Federation comes under Pethanaickenpalayam block of Salem district. Oddapatty Panchayat has six habitations – Keelur, Taraipalem, Melur, Uthukadu, Muslimstreet and kudidheru with a total of 737 households. The project activities in the Panchayat were initiated from February 22nd 2007 onwards and the left over women, differently abled members along with vulnerable members were identified through participatory methodologies such as wealth ranking and social mapping and the final list of beneficiaries has been approved by Gram Sabha. The project is being implemented in close coordination with the Gram sabha. Some of the SHGs that were promoted by an NGO called Community Services Guild⁴ (CSG) during early 2000 were also included under the project umbrella.

2. Outreach: Oddapatty Panchayat has six habitations with 737 households and



majority of the households are dependent on agriculture and wage labor. In addition, some of the households also take up diary



activities. The PLF has a total of 187 targeted households (67 very poor households and 187 poor households) which include 54 differently abled persons and 39 vulnerable persons. Before the project initiation in the Panchayat, SHGs formed by an NGO called Community Services Guild existed.

⁴ The Community Services Guild (CSG) is an independent voluntary organization registered in 1975. The focus of its work has been the development of rural, tribal and urban poor, particularly women and children. CSG's approach is holistic to tackle the multiple problems in social, economic, health, educational and environmental spheres. (<http://nfidel.tripod.com/gender.html>)

However, some of the poor households were left out by the NGO and based on the Participatory Identification exercises that the project has taken up, all the poor and very poor households were brought together to form SHGs. In addition, differently abled and vulnerable people along with youth were also grouped under SHGs. A total of 30 groups have been formed in the Panchayat – 22 women SHGs, 3 differently abled SHGs and 5 youth groups. In addition, a cotton seed federation (Jayam Common Livelihood Federation) and four Common Livelihood Groups have also been promoted. There are 404 members in 25 SHGs (excluding youth groups that are not part of the PLF) with 234 members from SC community, 114 from MBC and 56 from BC communities.

3. Financial profile of Panchayat Level Federation and Village Poverty Reduction Committee:

Most of the funds available with PLF or VPRC have been provided by the project based on village vision documents developed by the project staff and VPRC at the Panchayat level. ADFT (Agriculture Development Finance Tamil Nadu Limited) disbursed Bulk loan of two hundred and five crores to the eight of the best performing PLF's towards the promotion of dairy activity.

Target communities receive 80% of the loan amount from PLF and 20% of the amount is provided to non-target population. Also, among the loans issued, 70% of the amount is to be issued for livelihood related purposes and 30% for other consumption purposes. The membership amount per member per year is Rs.60 along with an entrance fee of Rs.10/member/SHG.

Following are the various funds available with Oddapatty Panchayat Level Federation towards providing financial services for the member SHGs:

- **Corpus Fund to PLF (Amudha Surabhi Fund):** After the appraisal of Regional Appraisal and Monitoring Team RAMT), Rs.13, 38,250 was released by the project to Oddapatty PLF for providing loans for taking up economic activities. Based on the requirement for livelihood activity, loans amounting to Rs.10,000 to Rs.25000 are provided to the beneficiaries.
- **Agriculture Development Finance Tamil Nadu Limited (ADFT):** Bulk loan of Rupees forty five lakhs has been provided by ADFT towards promotion of dairy activity. Loans amounting to Rs.20,000 to Rs.25000 are being provided to SHG member towards buying milch animals.
- **Subscription fee:** Every SHG member pays Rs.60 per year as subscription to the PLF

VPRC received Rs.10, 96, 310 from the project in three installments based on the number of target poor and household level vision document prepared by each and every

household with the active facilitation of the project staff and VPRC. 20% of the funds are earmarked for providing skill development for youth, 40% for building the capacities of SHGs and remaining 40% is used for disabled and vulnerable people by way of provision of individual loans. VPRC has deposited Rs.

4. Products

PLF and VPRC provide financial products such as loans and insurance, livelihood products such as skill development services and marketing support, social activities such as providing oldage pension, identity card for the differently abled etc.

A. Financial products:

Following are the loan products available for the SHG members from VPRC and PLF:

- **VPRC seed money:** Seed money ranging from Rs.8000 to Rs.10, 000 is provided for targeted SHGs after three months of formation and after receiving satisfactory rating. The seed money aims to strengthen the corpus of SHGs in order to facilitate credit linkage with banks.
- **Livelihood loans to differently abled:** Livelihood loans ranging from Rs.10,000 to Rs.15000 is made available by VPRC to the members from differently abled SHGs.
- **Amudha Surabhi Fund (ASF):** Oddapatty PLF received Rs.13, 30,600 as Amudha Surabhi Fund to improve the livelihoods of people. 80% of this fund is provided for target population and 20% for non-target population. Also, 70% of the fund is to be used for livelihood related activities. PLF charges 12% rate of interest on this fund for SHGs, who in turn charge 15% interest to members.
- **Agri Development Finance (Tamil Nadu) Ltd (ADFT):** PLF has received Rs.49, 50000 as loan from ADFT, out of which loan outstanding as on March 31st 2014 is Rs. 39, 00,758. The loans are being issued both for target and non-target beneficiaries for livelihood purposes. The rate of interest charged by ADFT to PLF is 15% and similar rate of interest is charged by SHGs to their members.

In addition, with the support of Community SHG Trainers, following are the loans that are made available to the SHGs through banks:

- **Revolving Fund:** Banks provide Revolving Fund assistance consisting of cash credit facility ranging from 40,000 to 60,000 with a subsidy of Rs.10, 000 for six month old SHGs, who have passed the first credit rating. However, Revolving Fund Assistance has been discontinued now.
- **Economic Assistance loans:** SHGs receive economic assistance loans for Rs.3 lakhs under SGSY scheme from banks with a subsidy of 1 to 1.25 lakhs. SHGs, with

the support of staff of PLF provide proposal for an economic activity to be taken up by the SHG, based on which loans are provided.

- **Direct Linkage from Banks:** SHGs that are functioning well receive assistance from banks based on grading that the SHG has received along with the credit discipline.

PLF is also providing Life insurance to the SHG members through Janashree Bima Yojana of Life Insurance Corporation of India. Health insurance is being provided to the members and their families through United India Insurance.

B. Livelihood services

- VPRC has adopted a Public Private Partnership model and is entering in to partnerships with various private training institutions in providing job oriented trainings. VPRC provides skill training for the youth in tailoring, centring, driving, mobile repairing, and training for bed side assistants etc. Placements are also provided to the trainees with the support of the training institutions. 10% of the training cost is borne by the beneficiary and remaining is taken care of by VPRC.
- Job fairs are organized by the project in order to bring the trained youth face to face with employers in order to get required placements.
- In coordination with department of animal husbandry and National Dairy Development board, PLF has provided training to few of the CLG members on steps in identification of Cow breed, feed and fodder for cows, importance of preventive measures such as vaccination etc.
- With the support from department of animal husbandry vaccinations to prevent foot and mouth disease in cattle are being provided to the cattle.
- Mavatta Magamai⁵ provides training support to other CLGs such as Coconut CLG, Areca nut CLG and Cotton Seed Processing federation on technical and business aspects.
- PLF provides market linkages to Common Livelihood Groups on Dairy and have linked the groups to various private dairies such as Hut sun, Tirumala etc.
- Cattle insurance is being provided by PLF through United India Insurance with a premium of Rs. 750 per Cow and sum assured is Rs.25000.

C. Social initiatives

⁵ In order to ensure sustainability of the primary institutions (VPRC, PLF, SAC, CLG, CP) the secondary level institution called as "Mavatta Magamai" is formed with the representation of each primary institution and that of CSTs from Panchayats. Mavatta magamai has a village level and block level units which have come together to form district level unit called Mavatta Magamai.

- VPRC puts forth efforts along with the project team to bring in left over poor in to the SHG fold. Left over target group such as women, disabled and youth are brought in to the fold of the project after taking up appropriate PRA exercises and getting the list approved by Gram sabha.
- VPRC provides training to SHG members on three modules which support the SHG members in management of SHGs, book keeping, grading, bank linkages, benefits from the government schemes etc.
- Under SHG module-3, VPRC supports SHGs to come up with a Micro Credit Plan for a year, where in each SHG plans for consumption and livelihood credit for a period of a year.
- VPRC supports differently abled persons in providing ID cards with active facilitation with government departments. Also, VPRC gives applications to various government departments for providing aids and appliance for the differently abled.
- VPRC actively coordinates with the government and ensures that Old age Pensions reach the poor on time.
- VPRC provides regular health checkups for the community and also refers those diagnosed with different ailments to nearby hospitals. Periodic monitoring of women with low hemoglobin content is taken up by VPRC. In addition, trainings on mother and child health, nutrition, Body Mass Index etc. are provided by VPRC.
- VPRC runs e-seva project and has all relevant application forms for availing government schemes along with various books supporting villagers to apply for these schemes. In addition, VPRC maintains village knowledge center which as a computer, internet connection and printer and provides services such as ticket booking, chatting with web camera, results of various exams etc. Also, the center maintains various books required for state level and central level competitive exams to support youth.
- Appropriate appliances for digging and carrying of soil to be used while taking wage labor under MGNREGA has been provided by VPRC to the members.

5. Quality of livelihood services (input / output linkages, training, collaborations, extension, value addition, productivity enhancement, credit, insurance etc.)

Skill based training is being provided to youth by entering in to agreements with several institutions who also take care of the placements of these youth. VPRC has put forth efforts to train 110 youth from the panchayat and more than 90% of those trained have been placed with various institutions.

Owing to the loans provided by PLF and VPRC, most of the members of SHGs and disabled groups bought one to two cows and have started supplying milk to the milk diaries. Output linkages with milk private diaries such as Hut sun, Tirumaala, etc. have been established with the active support of project staff. These milk diaries have provided training to women from CLGs in use of milk testing equipment and have also provided this equipment to women and established diary sub centers in the villages. On an average woman earn Rs.1500 to Rs.2000 per Cow per month as profit. Also, because of training provided by PLF in coordination with Mavatta Magamai, women are aware of amount and quality of feed required for getting good fat and SNF percentage in milk thus minimizing wastage of fodder. With the efforts put forth by PLF and VPRC, all the cattle procured with the loan provided by PLF and VPRC have been insured. However, owing to lack of proper rainfall, for the last two to three years, there is shortage of fodder in the village and hence some of the women are not too keen to buy cattle from ADFT loans. Hence efforts are further required from PLF and VPRC to take up the problem of fodder shortage and ways and means to bridge the fodder gap.

Jayam Cotton Seeds Economic Activity Federation has been promoted by Panchayat Level Federation based on the initial livelihood mapping activity taken up by the project. The project has provided subsidy of Rs.1,89,000 to the federation for taking up the activity and women from landless communities who were members of the CLG have taken up the activity and have taken three acres of land on lease in the year 2012. Women have taken up Cotton cultivation in the first 4-5 months followed by cultivation of Maize and Paddy. These women have entered in to an agreement with Raasi seeds which provided all required inputs for Rs.1, 10,000 and excluding these inputs, women earned a profit of Rs.25000 for five months. However, Cotton seed production is highly labor intensive and every woman had to spend at least one month in the field for taking up all the required operations of seed production. Hence around 300 labor days were involved in Cotton seed production alone. However, as the seed production activity was a common activity taken up by the federation/CLG labor charges were not paid to the women. A profit of Rs.9000 was earned on Maize and 30 bags of rice were produced which was equally shared by the women. Excluding lease amount of Rs.10,000 per acre per year, women earned a profit of Rs. 49000. However, if own labor invested by these women is taken in to consideration, each women has invested around 45 days of work on Cotton, Maize and Paddy and should have collectively earned Rs.67500 for their own labor and hence this particular cotton seed federation is a loss making entity.

Land has been taken on lease and Rs.10,000 has been paid for the entire year for an acre of land. However, owing to scarcity of water, crops could be grown only for 6-7 months and the land remained fallow for the remaining period. As the federation is heavily subsidized and the project has taken care of almost all the expenses, women still consider that the activity as a profit making one. Close monitoring of such interventions is to be taken up and appropriate support is to be provided in a timely manner in order to avoid such losses.

6. Governance:

A. Village Poverty Reduction Committee (VPRC):

There are six habitations in Oddapatty Panchayat and VPRC has representation from all the six habitations and the members are predominantly from the target community. The committee is represented by one women SHG member from the target population per habitation. A vulnerable person, differently abled person and two youth members are nominated to VPRC by Gram Sabha. The village Panchayat leader is Ex-officio chairperson of the VPRC. VPRC is the monitoring body for other Community Based Organizations such as PLF, CLG and EAFs. Two of the members from VPRC monitor the activities of PLF and secretary of PLF is the member of VPRC.

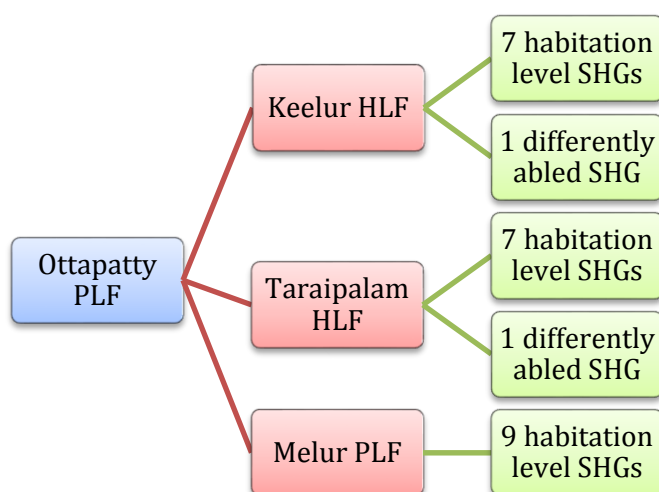
Table: Office Bearers of VPRC

S. No	Name	Designation
1	Thiru Sadiyan	President
2	R. Kavita	Secretary
3	Kamala	Treasurer
4	Sampoornam	PLF secretary

VPRC has various sub committees for procurement, youth development, livelihoods and monitoring and takes decisions accordingly. All the funds allocated to a Panchayat either by the state or by banks or any other institutions are received by VPRC and then routed to institutions such as PLF, CLG and EAF.

B. Panchayat Level Federation:

Self Help Groups from various habitations come together to form Habitat level federations, who in turn come together and form Panchayat Level Federation. Panchayat Level Federation is a pro poor MFI located at the panchayat level which caters to the financial needs of SHG members.



Two of the representatives (leaders) from SHGs are members of Habitat Level Federation and these representatives elect two office bearers – Secretary and treasurer. Three representatives from each HLF become members of PLF and elect 9 Executive Members (One member compulsorily disabled and one member from general body of PLF). Four office bearers (President, Secretary, Joint

secretary and treasurer) are elected by the Executive committee. Cheque signing authority lies with secretary, joint secretary and treasurer who come from targeted community with one member from very poor household as per the rules and regulations

framed by the project. Also, as per the rules framed by the project 50% of members in HLF and PLF should be from targeted communities.

Each PLF has four sub committees – group formation and strengthening, loan monitoring, livelihood and social development. Each subcommittee has five members with three members from targeted communities. Group formation and strengthening committee monitors inclusion of poor in to SHGs, strengthening process of SHGs and also looks in to revival of defunct groups. Livelihood subcommittee looks at appropriateness of loan amount quoted in the loan requisition forms, whereas loan and monitoring committee looks at loan repayments and amount available with the PLF for issuing loans. Also, loan monitoring committee visits various members who have taken loans and ensure that loans are used for purpose as quoted in the loan application. Similarly, the committee also visits defaulters and ensure that the loans are repaid. Based on the reports of all these committees PLF takes decision pertaining to issue of loans, group formation and strengthening.

C. Social Accountability:

Social accountability is key to the success of the project and hence the project adopts several measures in order to ensure that the activities of the project are going on according to the framework set forth for the respective institutions.

Social Audit Committee (SAC):

Social Audit Committee is constituted by Gram Sabha and reports to Gram sabha on a regular basis. Social audit committee consists of five members – president, vice president, secretary, reporter and report writer and takes up social audit of VPRC, PLF and CLGs. VPRC is audited on regularity and member participation in meetings, Income and expenses, record maintenance, display of information in all the habitations, quality of trainings etc. PLF is audited on regularity and member participation in meetings, purposes for which loans are issued, loan defaulters, activities taken up for collecting loans from defaulters along with verification of all the records. CLGs are audited on regularity and member participation in meetings, repayment of bank loan, assets created, regularity of payment of milk collection units and profit sharing.

Table: Office Bearers of SAC

S. No.	Name	Designation
1	Sivagami	President
2	Valli	Treasurer
3	Kalaiselvi	Secretary
4	Devan	Clerk
5	Palanisamy	Reporter

Compliance Monitoring:

Regional Appraisal and Monitoring Team (RAMT) along with CSTs from another PLF take up compliance monitoring as per Community Operational Manual (COM) before the release of VPRC and ASF.

Community Assessment Process:

The process is taken up periodically with the involvement of community level stakeholders periodically in order to seek direct feedback from the community on the services that are being delivered by PLF and VPRC.

Internal Learning Forum:

This forum helps the Community Level Institutions in identifying periodic problems and bottle necks that they have been encountering and also in documenting the process adopted in solving the same. The forum supports the community level institutions in dealing with the problems as when they are encountered and also in taking measures in avoiding the problems and bottle necks further.

D. Human Resources:

A book keeper, two Community Self Help Group trainers and a Community Differently abled Facilitator (CDF) are the staff of Panchayat Level federation. One CST works with 10-15 SHGs and monitors the groups, takes up grading and enters the reports regularly in Tally. The CST also supports the SHGs in approaching the banks for bank linkage. CSTs and the book keeper are paid by the Panchayat Level federation. Book keeper gets a fixed salary, while CSTs get Rs.100 per SHG per month. All the staff of the federation along with the office bearers receive various training programs and are also sent for exposure visits in order to capacitate them to manage their institutions.

7. Asset quality (Repayment rate, Portfolio at Risk):

All the loans taken either from VPRC or PLF or banks have been repaid fully by the members owing to the efforts taken up by the office bearers of VPRC and PLF. The repayment rate is 100% and no portfolio is under risk.

8. Systems (Accounting and Documentation, Information, Internal control, Operational process):

Separate books of accounts are maintained for PLF and VPRC. Also, within PLF, separate cash book and general ledger is maintained for ASF, ADFT and other development funds. Community SHG trainer maintains separate reports for SHG accounts for the month and the same is entered in to Tally maintained at the Village Information Center. Reports for each and every activity taken up by the VPRC and PLF are available with the PLF and VPRC. All the activities are taken up based on the village visioning document and annual activity plan developed for the panchayat. Following are the books that are physically maintained by VPRC and PLF other than those maintained in the system in Tally.

S. No.	VPRC	PLF
1	Cash book	PLF minutes register
2	General Ledger	HLF meeting minutes register
3	Cash book and general ledger for Development Fund	Meeting minutes register for all sub committees
4	Target people register	Receipts and vouchers separately for ADFT, development fund and ASF
5	Individual loan register	Asset register
6	Training register	Cash book – ASF
7	Minutes book	Cash book – ADFT
8	Beneficiary records register	Cash book – Development fund
9	CLG register	General ledger – ASF
10	Cheque issue register	General ledger-ADFT
11	SHG consolidation - Grading and rating register	General ledger – development fund
12	Youth skill training register	ADFT loan register
13	Youth skill training application register	ASF loan register
14	Staff register	Demand collection register
15	Social audit committee report	Cheque register
16	Internal learning forum register	Livelihood loan register
17	Governance and accountability register	Target beneficiary register
18	Procurement subcommittee register	Training register
19	Youth development subcommittee register	Challan register for ASF and ADFT
20	Livelihood and monitoring subcommittee register	ASF loan application register
21	Skill training accounts book	Livelihood subcommittee minutes
22	HLF register	

Most of the books that are physically maintained by the book keeper are available in Tally. However, separate books are also being maintained at PLF and VPRC level there by causing redundancy of work. For example, demand collection sheets can be obtained from Tally with the help of a printer that is also provided at the village information center. However, separate register for demand collection is maintained at the PLF level. In all the Board meetings activities and expenditure are reviewed. However, activities are not reviewed against plan and expenditure is not reviewed against budget.

Requirement of skill development training and loans is collected during SHG meeting and is sent to the HLF for further discussion. From the HLF, loan requirement is and skill based training is sent to PLF and VPRC.

9. Efficiency and Profitability:

The Operational Cost ratio for the PLF for the year 2013-2014 is 3% as salary is being paid only for the book keeper, CSTs and CDF, whereas various activities of PLF and VPRC are supervised by the office bearers who do not receive any honorarium. However, there are other project staff such as team leader and who provide support the staff and office bearers in terms of handling loan portfolio and are paid by the project and hence their

salaries and expenses have not been considered in the calculation of OCR. In case their salaries are also included in the calculation, OCR would be higher.

The operational expenses are lower owing to salaries and travel expenses of staff providing technical support paid by the project; Operational Self Sufficiency is 116% in the year 2013-2014 and 119% in the year 2012-2013 for Panchayat Level Federation at Oddapatty.

10. Sustainability:

In terms of institutional sustainability, the first line of leadership is vibrant and efficient in delivering their responsibilities. However, second line of leadership is yet to be nurtured. Also, it appeared that the PLF is mostly playing the role of a Microfinance institution providing loans to the SHG members taking in to consideration strict rules and regulations that have been provided by the project/state. Hence it is becoming difficult for the SHGs and its members to own up the federation. Also, when it comes to sending representatives to the PLF and VPRC, those SHG members who are elderly and who do not have much responsibility at home were sent by some of the SHGs rather than those who have good communication skills and who could represent the SHG well in HLF and PLF. Also, sharing of concerns of SHGs members at HLF and PLF and sharing the responses of with SHG members is not done properly and hence information gap between SHG members and PLF/VPRC has been observed.

11. Client Satisfaction (SHGs, SHG Members):

- The project has established linkages with National Diary Development Board at Erode and has sent members for training on maintenance of milch animals which has been useful for the management of milch animals. The project has established linkages with private diaries and milk sub centers have been established. Oddapatty Panchayat collects around 1300 liters of milk per day across all sub centers. However, members are of the opinion that project should support them in establishing bulk milk coolers in order to improve the shelf life of milk. Also, SHG members were of the opinion that the veterinary hospital is around 5-7 kms from the panchayat and hence veterinary services are to be made available in the village. They were of the opinion that owing to availability of loans to buy milk animals, more and more members are opting for the same and hence the population of Cows is increasing in the village there by increasing the demand for veterinary services.
- Skill based trainings for youth along with placements have been extremely useful to the members along with that if their children. However, members were of the opinion that some more training is required for their youth who are facing the problem of unemployment in spite of completion of their studies till graduation.
- Services of PLF to differently abled SHGs has been noteworthy and one of the members who lost both her legs to Polio underwent 12 surgeries in the past one

year owing to the support extended by VPRC and PLF, both in providing quintessential loans along with extending support with active interactions with government departments.

12. SWOT analysis of SHG federations:

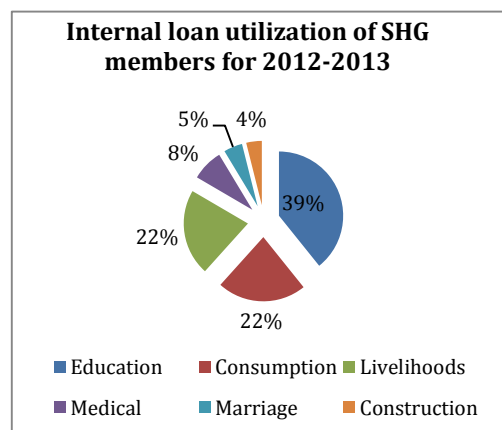
<p>Strength</p> <ul style="list-style-type: none"> • Support from the project staff • Dedicated Office bearers of VPRC and PLF • Availability of marketing support for diary interventions • Strong systems and operational processes • Use of Tally as an MIS system • Good infrastructure – Own office, furniture, Computer with internet facility and printer 	<p>Weakness</p> <ul style="list-style-type: none"> • Systems and operational processes framed by the project and not by the members • Differential treatment to targeted and non-targeted members • Very low ownership of members on VPRC and PLF owing to rules framed by the project. • Second line of authority not strengthened • Too many record books being maintained – both at VPRC and PLF levels • Members participating in too many committees and meetings which are overburdening them.
<p>Opportunity</p> <ul style="list-style-type: none"> • Development of customized software by an external agency both to reduce the burden of maintaining several records and also for providing appropriate reports as and when needed. 	<p>Threat</p> <ul style="list-style-type: none"> • NGO existing in the area taking deposits from SHG members especially those from the non-target group • Phasing off of the project likely in the next two years

13. Quality of SHGs – Federated and Non-federated

- **SHG composition:** A total of ten SHGs who are members of PLF have been studied and the average number of members per group is 16.7, with 55.8% of the members from Scheduled Caste category, 29.5% from Most Backward Classes and 14.7% of the members belong to Backward classes.
- **SHG meetings:** Seven of the 10 SHGs visited were promoted by an NGO called Community Services Guild and these SHGs were earlier taking up weekly meetings. However, currently except for one SHG which takes up weekly meetings, most of the SHGs meet twice a month. Though some of the SHGs save every time they meet, rest of them only save once and discuss about the external loans and collect external loan repayments during second meeting. Member attendance during the

meetings ranges from 80% to 90%. Meetings mostly involve discussions on financial matters such as savings and loans.

- Awareness level of members on institutions:** The awareness level of members on PLF and VPRC as institutions supporting the poor is very high among the members. However, awareness levels on rules and regulations framed by the institutions seem to be on the lower side. Also, members expressed discontent on overemphasis of the PLF on providing loans from ADFT and ASF mostly for purchasing milk animals. Owing to scarcity of rainfall, members are facing problems in purchasing fodder for the animals. Also, some of the members/spouses of members are surviving on other livelihood options such as photography shops, tailoring shops etc. and hence are keen to take loans for those purposes. Also, SHG members are putting forth efforts to educate their children and particularly their girl child and hence are in need for loans for education loans. Owing to the cap imposed on loans for consumption purposes, members are not getting adequate loans for education purposes and hence are discontented. It has also been observed that the discontentment is partly because of rules and regulations imposed on them rather than setting rules and regulations in a participatory manner.
- Services provided by SHGs:** The services provided by SHGs are mostly financial in nature. Only savings and loan services are provided and members are dependent on PLF and VPRC for other services such as insurance, Capacity Building, marketing linkages etc.
- Savings:** Members of Self Help Groups are saving Rs.100 to Rs.400 per month on an average. Almost all the SHGs visited have provided variable savings service and hence members can save any amount that they are willing to save with SHG fixing a minimum savings amount. The highest amount of savings per SHG is Rs.3,95,000 for an SHG that is 12 years old and the lowest amount of savings per SHG is Rs. 35350 for an SHG that is less than 2 years old. The average savings amount per SHG is Rs.1,25,344. On average, SHGs have an idle balance with banks for the past one year ranging from Rs.3500 to Rs.27000. Those SHGs who have higher idle balances have been waiting for the academic year of their children to start when they would require amount to take care of educational expenses. On an average, SHGs have been maintaining idle balance of Rs. 14886 in their savings accounts.
- Lending:** Mostly, internal funds are used for education (39%), Consumption (22%), Livelihood (22%) activities such as agriculture and dairy. Around 17% of the internal funds are used for medical,



marriage and house construction purposes. As livelihoods require large amount of funds, SHG members depend on external institutions such as banks, PLF and VPRC for such requirement. SHGs charge 12% rate of interest internally and all the SHGs have 95% to 100% repayment rate. All the SHGs pay principal and interest on a monthly basis and loans are not equally distributed among members. SHGs however, do not strictly follow internal norms for late payment of loans and are considerate towards late payees who usually pay the amount within one to two months interval.

- **Linkages:** SHGs have not established any other linkages other than linkages with nearby bank branches that have provided them Economic loans. Rest of the linkages for the SHGs has been established by VPRC and PLF.
- **Impact:** SHG members who have bought Dairy animals have increased their annual income by Rs.20,000 to Rs.25000 and all the members have expressed that their condition in terms of loan availability and other marketing and training services have improved after the formation of PLF and VPRC. The differently abled SHG members are particularly satisfied owing to the benefits that they have received with the support of VPRC and PLF.

14. Findings of the study:

- **ToR-1: SHG federation and member benefits:**

- **Financial benefits:**

Targeted and non -targeted members are getting financial support from PLF and VPRC. Members are also getting insurance support (Life and health) through other insurance agencies with the active facilitation from PLF and VPRC. However, members require specific loan products particularly for education purpose of their children who are pursuing courses such as engineering.

- **Livelihood benefits:**

PLF and VPRC are supporting SHG members in providing loans for initiating livelihood option such as dairy, taking areca nut and coconut plantation on lease, taking up seed production of cotton and rice processing. Small portion of the loan portfolio has also been provided to activities such as tailoring. Insurance for cattle has been facilitated through PLF and all the cattle bought by SHG members have been insured. Also, services such as deworming and vaccinations for cattle are being provided in convergence with department of animal husbandry. Marketing support is being provided and linkages with private dairies such as Hut sun, Tirumala etc. have been established. However, most of these activities are being taken up with the active support of the staff from PVP. Capacities of staff, office bearers and that of Mavattam Magamai in providing such services is insufficient taking in to consideration project phase off in the next two years.

- **ToR 2: SHG Federations and Livelihood services**

- **Demand Vs. gap assessment in livelihood services:**

Essential services such as capacity building, skill building, marketing support and financial support for diary activities are provided by PLF and VPRC. Fodder scarcity is apparent in diary owing to water scarcity and hence support from the higher institutions in chalking plans to tackle fodder scarcity is essential. SHG members who are involved in diary activity require support for establishing bulk cooling unit at village level. Also, owing to increasing number of Cows being bought with the funding support from PLF, veterinary services are in demand. For other livelihood options taken up by SHG members with the support of loans from PLF and VPRC, such as leasing of plantations and Cotton seed farms are not making good profits and close handholding support is required for such activities. SHG members require loans for developing other existing livelihood option such as tailoring and photography units. However, loans available for such livelihood options are limited. SHG members mostly take up Paddy, Maize and Cotton and Sorghum for fodder. They are facing several problems with respect to marketing and according to them prices are unpredictable and they have to wait for days together in markets of Atur, Valapadi and Konganapuram for selling Cotton. Middle men come to villages to buy Maize and farmers are paid very less by middle men. Hence marketing support to agricultural products is also in demand.

- **ToR 3: Sustainability of non-financial SHG federations:**

- **Sustainability indicators of SHG federations – operational and financial:**

The Operational Cost ratio for the PLF for the year 2013-2014 is 3% as salary is being paid only for the book keeper, CSTs and CDF, whereas various activities of PLF and VPRC are supervised by the office bearers who do not receive any honorarium. However, there are other project staff such as team leader and who provide support the staff and office bearers in terms of handling loan portfolio and are paid by the project and hence their salaries and expenses have not been considered in the calculation of OCR. In case their salaries are also included in the calculation, OCR would be higher. In terms of institutional sustainability, the first line of leadership is vibrant and efficient in delivering their responsibilities. However, second line of leadership is yet to be nurtured.

- **Revenues from key economic activities including value chain activities:**

The federation does not earn any revenue from any of the economic activities. Though the federation is planning to set up a producer company for marketing agricultural produce, it is still at the deliberation phase. Following are the details of revenue generated for the beneficiaries who have been supported by the federation in taking up diary and cotton seed production activities:

- Owing to the loans provided by PLF and VPRC, most of the members of SHGs and disabled groups bought one to two cows and have started supplying milk to the

milk diaries. Output linkages with milk private diaries such as Hut sun, Tirumala, etc. have been established with the active support of project staff. These milk diaries have provided training to women from CLGs in use of milk testing equipment and have also provided this equipment to women and established diary sub centers in the villages. On an average woman earn Rs.1500 to Rs.2000 per Cow per month as profit.

- Jayam Cotton Seeds Economic Activity Federation has been promoted by Panchayat Level Federation based on the initial livelihood mapping activity taken up by the project. The project has provided subsidy of Rs.1,89,000 to the federation for taking up the activity and women from landless communities who were members of the CLG have taken up the activity and have taken three acres of land on lease in the year 2012. Women have taken up Cotton cultivation in the first 4-5 months followed by cultivation of Maize and Paddy. These women have entered in to an agreement with Raasi seeds which provided all required inputs for Rs.1, 10,000 and excluding these inputs, women earned a profit of Rs.25000 for five months. However, Cotton seed production is highly labor intensive and every woman had to spend at least one month in the field for taking up all the required operations of seed production. Hence around 300 labor days were involved in Cotton seed production alone. However, as the seed production activity was a common activity taken up by the federation/CLG labor charges were not paid to the women. A profit of Rs.9000 was earned on Maize and 30 bags of rice were produced which was equally shared by the women. Excluding lease amount of Rs.10,000 per acre per year, women earned a profit of Rs. 49000. However, if own labor invested by these women is taken in to consideration, each women has invested around 45 days of work on Cotton, Maize and Paddy and should have collectively earned Rs.67500 for their own labor and hence this particular cotton seed federation is a loss making entity.

Land has been taken on lease and Rs.10,000 has been paid for the entire year for an acre of land. However, owing to scarcity of water, crops could be grown only for 6-7 months and the land remained fallow for the remaining period. As the federation is heavily subsidized and the project has taken care of almost all the expenses, women still consider that the activity as a profit making one. Close monitoring of such interventions is to be taken up and appropriate support is to be provided in a timely manner in order to avoid such losses.

- **Project economics - Contribution and Break even analysis:**

Cotton seeds federation is a onetime activity that the women have taken up and hence working on the break even analysis is not possible. Break even analysis for diary unit with two Cows is given below:

Following are the fixed costs for purchase of two cows:

A	Fixed costs	Amount (Rs.)
1	Cost of purchase for two cows	50000
2	Cattle insurance	1500
3	Cost of construction of shed	10000
Total fixed costs		61500

Following are the variable costs per month for maintenance of two cows:

B	Variable costs	Amount (Rs.)
1	Fodder cost per month	5000
2	Miscellaneous expenses (veterinary, water etc.) per month	200
Total variable costs per month		5200

The above variable costs do not involve labor costs as mostly, own labor is involved. In terms of milk production, during summer months, average production per Cow is 7 liters and during other months it is around 14 liters. Considering 150 days of milk production per Cow, average milk production per day for two Cows is 8.6 liters. Hence no of months to break even is $\text{Fixed costs}/(\text{Sales Revenue}-\text{Variable costs}) = 61500/(6192-5200) = 62$ months or five years nearly.

However, the above calculation does not take in to consideration the calves that would be born in these five years and the milk that they would yield eventually. Taking that in to consideration, number of months to break even would come down.

- **ToR 4: SHG Federation and SHG Autonomy:** SHG federation does not interfere in the internal dealing of the Self Help Group. Only in case of any conflict within a group, the Community Self Help Trainer supports the members.
- **Non-financial service delivery of Financial Intermediaries**
 - **Delivery of Livelihood services:** The federation is providing skill based trainings to youth with placements, capacity building in strengthening diary activities, market linkages in diary, cattle insurance and is also building capacities of Common Interest Groups in activities such as Arecanut farming, Coconut farming etc. Federation with the support of the project has linkages with private training institutions and hence the quality of trainings and placements are good. In order to build the capacities of the members on improving milk production and other input services, federation (with the support of the project) has linkages with National Dairy Development Board and Animal husbandry department of government of Tamil Nadu and has provided useful trainings to the women and differently abled members. However, with respect to providing training on package of practices and post-harvest technology of plantation crops, the capacities of Community Professionals are to be built further. In addition, follow up on aspects dealt with during training is

imperative in order to achieve progress. This would also support the Community Professionals in identifying ground level realities and issues and support them in channelizing their training programs accordingly.

Supporting farmers in marketing of agricultural produce and also in growing water efficient crops is essential in the project area. However, required capital for establishing Producer Company and required linkages for bulk marketing is essential. In this regard, federation would require extensive handholding support.

- Delivery of Social intermediary services:

Mostly, VPRC provides these services and puts forth efforts to bring left over poor and disabled in to the fold of institutions. VPRC provides extensive training programs to SHGs in book keeping, grading, bank linkages, and benefits from the government schemes etc. VPRC supports differently abled persons in providing ID cards with active facilitation with government departments. Also, VPRC gives applications to various government departments for providing aids and appliance for the differently abled. VPRC actively coordinates with the government and ensures that Old age Pensions reach the poor on time. VPRC provides regular health checkups for the community and also refers those diagnosed with different ailments to nearby hospitals. Periodic monitoring of women with low hemoglobin content is taken up by VPRC. In addition, trainings on mother and child health, nutrition, Body Mass Index etc. are provided by VPRC. VPRC runs e-seva project and has all relevant application forms for availing government schemes along with various books supporting villagers to apply for these schemes. In addition, VPRC maintains village knowledge center which as a computer, internet connection and printer and provides services such as ticket booking, chatting with web camera, results of various exams etc. Also, the center maintains various books required for state level and central level competitive exams to support youth. VPRC has good capacities in running the social initiatives and is geared up to support the poor socially.

- Appropriate appliances for digging and carrying of soil to be used while taking wage labor under MGNREGA has been provided by VPRC to the members.

- Delivery of other services

Cattle insurance is being provided by PLF through United India Insurance with a premium of Rs. 750 per Cow and sum assured is Rs.25000. In addition, health and life insurance is being provided with the support of United India Insurance and LIC.

15. Conclusion and recommendations:

Following are the recommendations made for Oddapatty PLF and VPRC:

- PLF need to put forth efforts to design new products based on the needs of SHG members. Though, ensuring that project funds are utilized for the livelihood (diary in particular) activities are essential, SHG members are spending a lot of their funds

on education of their children. Hence designing separate loan products for education is essential.

- It would be essential for PLF to identify credit needs of its members and put forth efforts to pool in financial resources from banks and other financial institutions to cater to the needs of its members rather than depending on project funds alone.
- Though Community Professionals from Mavatta Magamai are providing training to the SHG members particularly on development of livelihoods, close follow up and monitoring of the activities taken up by SHG members is essential.
- Community Professionals could come up with a strategy in coordination with the agricultural consultant of the project for dealing with El Nino predictions which have warned meager rainfall in the coming rainy season. By taking up such proactive initiatives, livelihoods of the people from the Panchayat could be further strengthened.
- Forward and backward linkages are essential in agriculture and PLF could provide such support with active facilitation from the project.
- From the project side, clear exit strategy and strengthening of Community Professionals and board members of PLF and VPRC is essential in order to ensure sustainability of the institutions.
- Youth from the community could be trained as paraprofessionals in veterinary sciences to provide essential veterinary care to the cattle. This would ensure provision of timely veterinary care in addition to providing employment to the village youth.
- It is essential to take up discussions with the NGO Community Services Guild to come up with areas in which support could be taken from the NGO in order to avoid conflicts among SHG members owing to the activities of PVP and that of the NGO.

Pudhu Vaaazhvu Project has efficiently brought together all the poor, vulnerable and differently abled members in to the fold of SHGs and other institutions. Excellent support has been provided by the institutions and the project to differently abled and vulnerable people of the panchayat. The institutions nurtured by the project are providing financial, livelihood and social services to members. These institutions are mostly working based on the processes framed by the project. However, periodic evaluations and feedback from members on the activities and services of the institutions is required and appropriate changes are to be made in order to bring about ownership among members.

Annexure – 3: NAMAN Swayatta Sakh Sahkarita Maryadit (Athner, Betul)

1. Background of the Federation

NAMAN Swayatta Sakh Sahkarita Maryadit (NSSSM), is a mutually-aided cooperative society registered under Madhya Pradesh Mutually-aided Cooperative Society Act '1999 during September '2012. The registration was the result of a uniform decision taken by the Promoting Agency, NAMAN Sewa Samiti (NSS) and the SHGs promoted by it under various projects, particularly related to health in the adjoining areas of Athner block in the district of Betul of the state of Madhya Pradesh. Since, these SHGs while were taking up savings and the internal credit activity well but were not getting linked with the mainstream banks to access credit for the livelihood promotion, with the support of NSS, under the guidance Indian Grameen Services through a Rabo Bank Foundation-supported project, they came together and formed a cooperative where all the interested groups now not only deposit their savings but are being lent to assist them in their quest of promoting their livelihood. Besides, as cooperative are made of individual membership, few SHG members have opened also their individual accounts with the cooperative. As a sign of promoting inclusiveness, this cooperative also gives priority to Persons with Disability (PwD) and their groups, as a result are supported by CBM, a funding agency which supports PwDs, through NSS.

2. Outreach

The cooperative covers around 56 villages from 3 clusters and has around 133 groups with a total membership of 1483 that includes 172 males, in other words 12%, by the end of February '2014 and is incessantly intensifying its outreach. As has been said earlier apart, from 1231 members who are grouped in SHGs there are 252 individual accounts as well which are operated separately by the individual accountholders.

3. Financial profile

While all the 133 SHGs and 252 individuals are regular savers with the cooperative which has accumulated a total savings of INR 794,158; the number of total borrowers by the end of February '2014 has been 133, comprising of 105 members through SHG accounts, 21 SHG members individually and 7 individual members who are not part of any SHG, against a loan portfolio of INR 858,833.

4. Products

The cooperative offers financial services, specifically, in the form of compulsory/optional savings as well as loans in the form of Production Loans such as Agriculture Loan, Agri-allied Loan, NFS Loan and Consumption Loans categorized as General Loan. While the

tenure for all loans is between 6 to 24 months; the maximum size for the General and NFS loan is 10,000 and 15,000 respectively while the maximum size of Agriculture and Agri-allied loan is 20,000. The organization is yet to get linked with an insurance service provider to be able to offer insurance services to its members. As far as Livelihood and Social Initiatives services are concerned, the cooperative doesn't technically offer it through its own channel however cooperative members do get priority in accessing these services from the promoting organization which caters to a larger contingent under various projects it run, having livelihood promotion as one of their components; thus cooperative can be said to be providing services related to institutional linkages. Having said that, the cooperative itself has organized health camps sometimes besides taking part in few government programmes for the purpose of generating awareness among its members with regard to government schemes and policies, leveraging its people's organization status.

5. Quality of livelihood services

As has been noted earlier, the only sort of service that the cooperative provides is financial services that too only savings and credit. With regard to the savings services, one can say that their service is highly user-friendly however it's still evolving. As far as credit services are concerned, savings being the only significant source of inflow for this federation they are not in a position to cater to the demand of large section of their membership base besides, sometimes being able to fulfil only a part of the requirement of the members whom they are lending. Gradually, either if their savings swell or they successfully get some on-lending support from some other sources, the system that they have built up over the years can take the load of ten-times of the current portfolio.

6. Governance

The first Board was elected but the next one was nominated based on the recommendation of Animators who are actually the staff of NSS, the promoting organization. Thus, notwithstanding the larger strength is still the old one that was elected, one can say that the Board is not the result of a democratic process which might, in some way, be a practical attribute, given the cooperative has not yet completed its second year of existence. This is also seconded by the fact that of the five linked SHGs that we surveyed, none of them raised any question over the nomination but as an outsider we observed that the presence of NSS staff in the Board may not prove to be good for the federation's autonomy. By now, the member SHGs are satisfied with the services being provided by the federation and more than 60% are of the opinion that the federation's credit support fulfils their requirement.

Though the cooperative is gearing up but as of now, it's not up-to-date as far as compliance to the legal procedures are concerned; audit process for the FY 2013 is not yet over. But thanks to the support of CBM, for whom as well, cooperative is an attractive institution, the governance and management team has decided to expand its outreach at

a robust speed but it would be good if the governance is strengthened and the expansion happen to be more federation-driven than to be promoting organization-driven.

7. Resources

The picture related to human resources is a bit hazy as technically cooperative as of now pays only for the Finance Officer however it's also being supported by a Manager, a Coordinator in addition to a battery of Animators, who all are on the pay-roll of NSS and are not paid by the cooperative. Though they are also responsible for various other works for their employer, except the Coordinator, who is a lady and devotes her 100% for the federation, a significant portion of their time is devoted to Cooperative.

Financial resources of the federation is also very limited as registration fees, loan processing fees and interest are the only sources of income for the federation which are not sufficient to maintain a portfolio of around one million. The other sources of fund for the federation are members' savings and share capital. But there is an expectation that the federation may get some revolving fund for financing PwDs from CBM via NSS; that would be a great support as far as financial strength of federation is concerned.

To the extent that asset quality is concerned, the federation for now is maintaining a 100% repayment rate with no Portfolio at Risk, which is quite natural with new operations but based on the strength of its system, one can say if they run their operation in the same way they would always be maintaining a healthy asset quality.

8. Systems

The system is strongly built and is also steadily being put to test. Documentation is well-designed and operational process being hand-held by Indian Grameen Services is well-tested. As far as Internal Control is concerned, it's comprehensive for the moment but informal in nature so has to be formalized to take the load of a higher portfolio. Financial Accounting and Management Information System is maintained with the help of software 'Delphix' being provided by BASIX. Besides, they also maintain manual accounting for now but gradually, they plan to completely shift to the online system.

9. Efficiency and Profitability

As has been mentioned above, since the picture related to denominator (staff strength) is hazy, the calculation of staff productivity, technically, is bound to be hazy. So, it's better to determine the same on practical terms, considering staff strength of 4; which results into around 33 per staff which suggests that the staffs still have some idle capacity lying with them. Operating Cost ratio as per the available data is as high as 12% against an ideal 6-8%.

On the profitability and financial sustainability front, though in absence of the verifiable data, it's difficult to assess but broadly it can be said that the organization has to go a long way to be operationally self-sustainable, as it's OSS lies somewhere in the range of 30%

(though the limited data that could be made available shows OSS at 134%, considering LPF and Membership Fees as Operating Income and Office Expenses and Commission as Operating Expenses; that lacks analysis of data like interest on loan, financial cost and loan loss provisions et al) and needless to say, FSS would be far lower as the entire programme is highly cross-subsidized since its inception. The rationale behind saying so is; an operation like what the federation has now needs an operating cost of around INR 25,000 per month, at least, that is around 300,000 a year but with an average portfolio of INR 414,695, if we broadly take 21% as margin available to the federation (24% interest+2% LPF-5% financial cost), it comes to around INR 87,086 only which is just 29%.

10. Sustainability

It would be too early to assess the sustainability of the federation is it not even 2 years old since its registration however had started operations during FY 2011. But based on the current scenario, there seems not to be any reason to believe why it can't go ahead that road, provided it takes a balanced route. Though, as of now, the governing mechanism is a bit on lower side than the management so a balance has to be stricken out there, through a focused approach. It generally happens in an institution like this and especially with an institution that gets itself engaged in financial services that the technicalities of the financial system dominates each and every thing around and the very soul of the institution itself takes a backseat. The focus happens to be so much on building the operating and delivery system that sometimes even the best of promoting and hand-holding organizations do not take enough care of the very foundation, the member's participation.

But now, as the federation has successfully developed a robust operating system and has tested it, it needs to have a strategy in place to rejuvenate members' involvement with the entity which will also guarantee its social sustainability. Additionally, the renewed focus on PwDs would enhance its social acceptability as well as inclusiveness of its offerings. On the financial front, the federation is over-leveraged as its share-capital fund is almost negligible i.e. a meagre INR 7,500 only while the membership fees is ten times higher than that. Federation has to take its members along and communicate with them more frequently so that it at least gets all of them paying for their share-subscription, the rolling out of which would cover a lot of its operating costs requirement.

11. Client satisfaction

The SHGs that we met were satisfied with the federation as per their level of association with it. Of the 5 SHGs that we surveyed, all five are happy with the savings services that they get through federation as well as with the livelihood and other services that they get through the institutional linkages that the federation has with NSS. As far as credit services are concerned, three SHGs agreed that the federation fulfils their credit requirement while the one responded that only a part of their requirement is fulfilled. One SHG which is newly-promoted was not in a position to give a response in this regard

as credit operations has not yet started with them. Overall, the level of satisfaction with the federation as of now is fine.

More about members' satisfaction has to be added from the data of Members.

12. SWOT analysis of SHG federation

<p><u>Strength</u></p> <ul style="list-style-type: none"> • Large SHG base to choose from • Support of the Promoting Agency • Enterprising Community • Active Involvement of few Promoter Members • Robust System to bank on • Special attention to PwDs and the high level of trust of this section 	<p><u>Weakness</u></p> <ul style="list-style-type: none"> • Very low share capital i.e. own fund • Slow pace of savings mobilization • Banks' apathy to such cooperatives • Few strong, financially capable SHGs, unwilling to join • People's participation a bit lower than expected • Dependence on promoting Agency
<p><u>Opportunity</u></p> <ul style="list-style-type: none"> • Huge unbanked population • Growing Agriculture as well as NFS economy • Expected financial support from PwD-focused agencies like CBM • NABARD's SHG promotion Initiative being run by Promoting Agency • Scope to take active role in Livelihood Promotion through services other than financial 	<p><u>Threat</u></p> <ul style="list-style-type: none"> • Not so encouraging motivation/participation of members • Decreasing communication among members • Growing management influence • Presence of relatives in Governance and Management • Growing challenges from microfinance Institutions and banks with their own microfinance programme. • Changes in MP MACS Act may increase government intervention

Annexure – 4: Bunkar Vikas Sanstha (Chanderi, Ashoknagar)

1. Background of the Federation

Bunkar Vikas Sanstha (BVS) is an apex body of Self-help Groups (SHGs) of weavers, registered as a Society under Societies Registration Act '1973 in the year 2004. The objective behind establishment of BVS was to organize the weaving community of an area famous for its Sarees, namely Chanderi Sarees, based on the name of place. The members of the SHGs of this, For the Weavers, Of the Weavers, By the Weavers, society are now engaged in procuring, dyeing, weaving and selling Chaderi fabrics and bringing welfare for the weaver community around Chanderi in Ashoknagar in the central Indian state of Madhya Pradesh, while earlier they were limited upto weaving only.

Prior to BVS, around 3,000 Chanderi weavers were working for the traders in a condition similar to bonded labours where select traders used to just supply the raw materials to the weavers and woven fabrics were returned to them and weavers used to earn wages, which many a times used to very less than the actual work it required, in lieu of the their work. This arrangement used to leave very little option for the weavers as they were bound to work for the traders because of their inability to access buyers of readymade fabrics directly. As most of the labour-intensive value-chains, actors at the upper nodes of the value-chain used to make huge profits whereas the weavers used to earn petty amounts, resulting into their generations leaving in acute poverty.

But in the year 2003, United Nations Industrial Development Organization (UNIDO), under its cluster development programme selected Chanderi to work for, and started working with weavers. As the founding stone, 50 SHGs of weavers were promoted who like any SHG were engaged in regular meetings and savings activities. Gradually, this gained momentum and within a span of one and half years, these 60 SHGs generated a total savings of INR 140,000 collectively. Based on the performance of these SHGs, firstly 10 best-performing SHGs were selected and thus the idea of a federation of SHGs was mooted.

2. Outreach

Currently, BVS has 13 SHGs covering 119 individuals from 4-5 locations that mostly include urban locations in and around Chanderi. Of 119 members, 84 members i.e. 70% members belong to minority community and the remaining 30% from Scheduled Castes community. Around 22% members (26) are female and half of the total membership belongs to the below poverty-line section. The membership has been kept low, deliberately, as the federation has not been able to post the expected growth in its turnover that could have made it capable of bringing more members under its umbrella.

3. Products

BVS offers entire value-chain products and services required for the upliftment of its targeted community i.e. weavers that includes raw materials supply, training on weaving and designing, dyeing and marketing, both wholesale and retail, of the ready fabrics. Its offering also comprises of dyeing as a services which can be accessed by anyone based on a certain payment of service charges. One of the best service that BVS has offered its members in particular and entire weaving community of the area in particular is to assess the labour charges for different designs of weaving assignments that has made these weavers demanding a fair wage against their works from the traders, leaving behind the tradition of being dictated by the traders because of the absence of any other alternative. Numerous exposure and institutional hand-holding has built up the confidence level of weavers that has resulted into many weavers moving upside the value chain and are now working as entrepreneurs, providing works to others from their community, treating them in a reasonably appropriate manner. Additionally, BVS led to the arrival of many other development and business organizations like EDI and Fab India to Chanderi that has benefitted the weaving community and in almost all these associations, BVS has acted as the first point of reference, thus its contribution in institutional linkages of weavers has been immense.

In addition, it also offers a range of social services like provision of insurance services, organizing health camps, adult literacy besides engaging itself in various government / non-government organization-sponsored programmes related to weavers' welfare.

4. Quality of livelihood services

While initially, the quality of livelihood services being offered by BVS was the best in nature; over a period of time the quality has gone downwards. In fact, to assess the quality of services of BVS, one needs to look at their outcome from two perspectives i.e. indirect outcomes and direct outcomes. When the first set of services that worked more as catalyst, resulted into indirect outcomes that changed the entire state of affairs of the area; the best part of it has been that its impact was not limited to its members only and benefitted the entire weaving fraternity so undoubtedly be said to be best in nature. But being that goal achieved, critically speaking, perhaps not required any more.

The services that were more direct and primarily focused on its members like input/output linkages have almost lost its sheen which is evident from the lowered turnover of BVS. Many of its members, while still remember the golden days when performance of BVS was at its peak, are of the opinion that BVS could not sustain the pace and hence are not very satisfied with it and have almost lost any motivation.

5. Governance

The governance seems to be the weakest link of BVS notwithstanding it is still elected as per the provisions of the constitution. There is clear cut factionalism which could be easily observed. The involvement of its members has gone very down that resulted into less than 50 members present during election of new Governing Body during May '2014. Many of the members complained about the self-centred approach of its leaders who are engaged more in promoting their own businesses than that of BVS. Actually, at the time of promotion, UNIDO had taken a balanced approach of taking weavers from both, well-to-do and not so well-to-do sections, so that the former can support latter in their quest of development and it worked well too till there was an external agency present to guide and monitor the entire initiative. But after they left, SHGs from one location who were relatives to each other and numerically strong besides belonging to financially well-to-do section somehow managed to have a sort of monopoly over the affairs of BVS and almost always got their own man elected as its president. Many a times, the President has his own business and devotes no time for the growth of the collective enterprise which, in all probability, may also be the result of BVS' constitution not allowing any kind of salary or honorarium to any of its office-bearers.

The federation has no expansion plan, naturally because it is not in a position to fulfil the requirements of its current strength. Legal compliances including external audit and sales tax returns are managed well; accounting staff recruited at the level of organization take care of it.

6. Resources

BVS has a good building which accommodates its office as well as Dyeing House and was constructed with the help of ONGC and EDI. Dyeing House is managed by one specialized personnel who works on it independently. There are two other permanent staffs as well who work as Production In-charge as well as Accountant. In addition, there are two Office Assistants as well who work in day and night separately. All these staffs are paid on a monthly basis. These staffs have been given specific responsibilities and their activities are monitored by Board in general and President in particular. But as these staffs are also members of BVS so one can observe some sort of biasness towards the particular faction they belong to.

Financial resources of BVS are limited at around 13 Lakh which includes INR 2,000 contribution from every member, totalling around INR 238,000 and the rest are the accumulated profit over a period of 10 years besides some other income from various sources. There is no other significant source of fund for BVS. The organization in its life-span of 10 years has never accessed a bank credit and that today has blocked its growth as the business that it is in, is capital-intensive and requires a large working capital to operate.

7. Systems

The systems of BVS, by and large, can be said to be well-built and has also been tested during its peak period where it had to approach even non-members to complete the orders that were being placed to BVS. UNIDO and other consultants who worked with BVS had played very significant role in developing those systems. It has a Production in-charge who procures all the raw materials needed for equipping orders that it gets as well as for readying other stuff that BVS sells directly to ultimate customers. These raw materials are being handed over to its weaver members for weaving by the Production in-charge. Once they come with ready fabrics, first a quality check is done and then they are paid according to the pre-determined rates, of course after due consideration made of the quality of work. Communication within members is not a problem because of a small contingent from a contiguous area and accounting is done manually by the accountant. Dyeing House is being run independently by expert personnel who makes all the recurring expenses and is paid by those whose works are being done by him.

One thing that BVS always lacked is the time-bound delivery of the ready fabrics by the weavers who has been provided with the raw materials. Many a times, such delays led to rejection of the order by parties. Few non-members who bring their stuff for dyeing to BVS, were also of the opinion that even dyeing is not done on time. Because of the weak governance, internal control of BVS is also very fragile. In spite of Board meeting every month with approximately 70-80% attendance, there does not seem to be method to ensure compliance to systems and that has actually led to discontent among many of its members who believe that most of the office-bearers have used BVS for their own and their relatives benefit and not for the larger mass. Absence of any external professional is also a problem. Since all staffs working for the BVS on permanent basis are its members, the difference between governance and management has blurred.

8. Efficiency and Profitability

For the kind of business BVS is in, staff productivity cannot said to be in good range, especially when BVS has experienced a very high productivity earlier when they had to keep their office open till late evening so that they can deliver orders in the stipulated time but now with a very low turnover of 15-20 Lakhs a year, even two permanent staffs are not fully-occupied. As per the Board and its members, the physical resources also that BVS has, are not being efficiently utilized, primarily because they don't have ideal load over them.

As far as profitability is concerned, BVS holds a turnover of around 15-20 Lakhs a year i.e. around 18 Lakhs on an average. With a 20% margin, the annual profit happens to be INR 3.6 Lakh while it has a monthly expense of INR 20,000 i.e. 2.4 Lakh a year so that leaves some profit of around 1.2 Lakh at its hand which is not bad if we look at profit as an outcome of revenue and expenditure but if we divide this profit between 119 members (although BVS being a society can't do it), it would be a mere INR 1,000 each. So, sustainability being a subjective term, the federation can be said to be financially sustainable but that would mean valuing it very low.

9. Sustainability

To be frank with our assessment, the growth curve of BVS has entered the horizon from where it would go down continuously if corrective steps are not taken as fast as possible. Sustainability in its real term does not mean running an organization anyhow; an organization can be said to be sustainable if it registers a sustainable growth on a continued basis. There, of course, could be some ups and down but the downward growth for a very long period happens to be a challenge to the very existence of the organization itself.

Social sustainability has already started showing southward growth with members losing interest in its functioning. With not so mass-friendly governance, the institutional sustainability has also become questionable. Financial sustainability, as has been mentioned earlier, in spite of a meagre profit, is not in the green-zone. So, overall it can be said that the federation seems to have lived up its life and the future does not seem to be encouraging, unless all the stakeholders put up a brave face and rejuvenate their effort for the betterment of the federation and its constituents. But on the other side, one need to also critically look at the rationale of the federation in its current form; whether it's needed to continue with its present membership? Do they really need its services? Can it do better for its members than what members themselves are doing for their profession? Such questions need to be answered by its constituents so that the federation redefines itself and can do what it can do best for its members either present or re-organized.

10. Client Satisfaction

The SHGs that we met are satisfied with the federation as per their level of association with it but none of them are fully satisfied. While on the one hand, the expectation level has gone up, on the other hand, BVS is not even able to do whatever it has already done for them earlier. It seems that the federation needs to either re-constitute itself or its offering so that it can satisfy the grown expectations.

11. SWOT analysis of SHG Federation

Strength

- Well-established and time-tested systems
- Good connections with buyers and sellers
- Well-known and renowned entity as far as Chanderi weavers' welfare is concerned
- Capable and Experienced human resources to take up the management of the organization
- Good institutional linkages

Weakness

- Not so strong Governing Body
- Lost interest of many of its members
- Factionalism within organization
- Overlapping of Governance and management
- Lack of credit facility
- Banks' apathy to such people-owned organization
- Unsuccessful in ensuring time-bound delivery
- Absence of professionals for the management

Opportunity

- To add new members under its fold so that they can see value of their membership
- Increased members' expectations opening other avenues to work on
- To establish more linkages with buyers and offer them time-bound delivery
- To look for better designs and move to other products than Sarees.

Threat

- Risk of reduced members' motivation, if their expectations remain unfulfilled
- Office-bearers may take undue advantage of their positions
- Legal form may pose challenges for a higher turnover
- Competition from Fab-India promoted DAH and EDI-promoted Producer Company

Annexure – 5: SHG Federation Study Questionnaire

1. SHG Member Perception on Incremental Benefits - Schedule

Note for Investigator: This schedule is for capturing perception of SHG member on incremental benefits received by being / not being part of SHG federation. At the beginning, the SHG member should be informed what this study is all about and why this information is being collected. Thereafter the background details needs to be filled up and the remaining information collected through discussion with the member. All the information should be filled up by the investigator himself/herself.

Name of the Interviewee..... Date of Interview.....

Questionnaire No.....Name of the Village.....

Block.....District.....

Name of the SHG..... Name of the SHG Federation.....

Background of the SHG Member		
1	Name of the SHG Member	
2	Sex	(1) Male (2) Female
3	Caste	(1) Scheduled Caste (2) Scheduled Tribe (3) Other Backward Caste (4) Others
4	Religion	(1) Hindu (2) Muslim (3) Christian (4) Buddhist (5) Others
5	Type of Family	(1) Nuclear Family (2) Extended Family (3) Joint Family
6	Size of the Family Please specify in no.....	(1) Less than 4 (2) Between 4 to 6 (3) Between 6 to 8 (4) More than 8
7	Housing Type	(1) Kucha (2) Semi-Pucca (3) Pucca
8	Ownership status	(1) Own

		(2) Rented
9	Type of Ration card held	(1) Antyodaya card (2) BPL card (3) APL card (4) Not applicable
10	Marital Status	(1) Married (2) Unmarried (3) Divorced (4) Widowed (5) Deserted
11	Educational Status	(1) Illiterate (2) Literate (3) Primary school (4) Middle school (5) High school (6) Higher secondary (7) ITI / Diploma (8) Graduation (9) Post-Graduation (10) Professional Education
12	Primary source of income for the household?	(1) Farm labor (2) Non-Farm Labor (3) Dairy (4) Goatery (5) Poultry (6) Non-farm enterprise (7) Home based manufacturing (8) Service (9) Trade (10) Manual work (11) House work
13	Secondary source of income for the household?	(1) Farm labor (2) Non-Farm Labor (3) Dairy (4) Goatery (5) Poultry (6) Non-farm enterprise (7) Home based manufacturing (8) Service (9) Trade (10) Manual work (11) House work
13a	What kind of livelihood gaps do you witness in relation to livelihoods?	(1) Constraints in accessing cheap sources of credit (2) Constraints in accessing insurance services for risk management (3) Constraints in accessing savings services for meeting future needs (4) Constraints in accessing extension services for technical guidance

		(5) Constraints in capacity building support for skill development (6) Constraints in capacity building support for entrepreneurship / enterprise development
14	Total Earning members in the Family, specify..... - Total male earning members..... - Total female earning members.....	(1) One (2) Two (3) Three (4) Four (5) Four or more
15	What kind of association are you a member of?	(1) None (2) Self Help Group (3) SHG Federations (4) Agriculture cooperatives (5) Credit cooperatives (6) Dairy cooperatives (7) Other cooperatives (8) Producer company (9) Watershed Associations (10) Water users associations (11) Farmers groups (12) Farmers association (13) Other Producer groups (14) Joint forest management groups
16	Period with SHG?	(1) <2 Year (2) 2-4 Years (3) 4-8 Years (4) > 8 Years
17	Period with SHG federation?	(1) <2 Year (2) 2-4 Years (3) 4-8 Years (4) > 8 Years
18	Whether you are a member of SHG Federation?	(1) Yes (2) No
18a	If no, what are the reasons for not being member of SHG federation?	(1) SHG is not part of federation (2) Never been approached by federation (3) Do not see any benefit as member of federation (4) SHG federation does not offer any additional benefit (5) Accessing services of SHG federation is too difficult (6) Membership in SHG federation restricts choices (7) Others, specify.....
18b	If no, do you see that you are denied of benefits which come with membership in SHG federations?	(1) No (2) Yes, we do not receive regular capacity building trainings (3) Yes, we lose out on credit services (4) Yes, we lose out on savings services (5) Yes, we lose out on insurance services (6) Yes, we lose out on crop / livestock extension services (7) Yes, we lose out on marketing assistance services

		(8) Yes, we lose on entrepreneurship / skill development services (9) Yes, we lose out on business development services (10) Others, specify.....
18c	If no, from where do you receive financial intermediation services for availing credit?	(1) SHG itself (2) Bank staff (3) NGO (4) Government departments / officials (5) Cooperatives (6) Producer group (7) Gram Panchayat (8) Local leaders
18d	If, no from where do you receive financial intermediation services for availing of savings services	(1) SHG itself (2) Bank staff (3) NGO (4) Government departments / officials (5) Cooperatives (6) Producer group (7) Gram Panchayat (8) Local leaders
18e	If no, from where do you receive financial intermediation services for availing of insurance services?	(1) SHG itself (2) Bank staff (3) Insurance company staff (4) Government department / officials (5) Producer group (6) Gram Panchayat
18f	If no, from where do you receive agriculture / livestock extension services?	(1) Krishi vigyan Kendra (2) Agriculture college (3) Agriculture university (4) Private extension provider (5) Village extension officer
18g	If no, from where do you receive processing, value addition services?	(1) SHG itself (2) NGO (3) Government Department (4) Private industry (5) Producer Company
18h	If no, from where do you receive SHG capacity building services?	(1) NGO (2) Government Department (3) Banks (4) Other, private agency.....
19	If yes, what type of services you availed from SHG federation?	(1) Savings (2) Credit (3) Insurance (4) Agriculture extension services (5) Institutional development services (6) Entrepreneurship development services / Business development services
20	What type of credit services you receive from SHG Federation?	(1) Crop Loans (2) Livestock loans

		(3) Non-Farm loans (4) Micro-Enterprise loans (5) Consumption Loans (6) Loans for Social purposes (Marriage, social occasions) (7) Housing Loans (8) Education Loans (9) Water and Sanitation loan (10) Energy Loan (11) Emergency Loans (12) Personal loan (13) Vehicle loan (14) Others, specify..... (15) Not applicable
21	What type of savings services you receive directly / facilitated from SHG Federation?	(1) Daily Deposits (2) Weekly Deposits (3) Monthly (4) Seasonally (5) Annually (6) Savings Deposits (7) Term Deposits (8) Fixed Deposits (9) Recurring Deposits (10) Chits (11) Mutual Funds (12) Shares (13) Bonds / NSC (14) Others (15) None / Not applicable
22	What types of insurance services is being received / facilitated by SHG Federation?	(1) Life insurance (2) Health insurance (3) Cattle insurance (4) Crop insurance (5) Enterprise insurance (6) Asset insurance
23	What type of livelihood service is received from SHG federation?	(1) Livelihood advisory services (Livelihood and Business planning, Business counseling) (2) Capacity building services (Training, exposure, handholding) (3) Market linkages (input and output) (4) Extension services (5) Value addition / Processing (6) Storage (7) Transport (8) Vocational skill training services (9) Institutional linkages (10) Others (mention) _____
24	What type of agriculture extension services is received from SHG federation?	(1) Introduction to new/improved/high yielding crop variety, HYV (2) Fertilizer application (3) Seed treatment

		<ul style="list-style-type: none"> (4) Soil testing (5) Soil and water conservation (6) Insect control & pesticide application (7) Awareness about use & purchase of farm machinery (8) Disease and parasite control (9) Post-harvest technology
25	What type of livestock extension services is received from SHG federation?	<ul style="list-style-type: none"> (1) Cattle/Sheep/Goat/Poultry Production (selection, management, reproduction etc.), (2) Vaccination (3) De-worming (4) Health checkup (5) Pregnancy checkup (6) Artificial insemination (7) External parasite spray (8) Use of Azolla/Silage/Mineral mix (9) Fishery (selection, management, reproduction etc.), (10) Poultry (selection, management, reproduction etc.), (11) Duckery (selection, management, reproduction etc.), (12) Sericulture (selection, management, reproduction etc.),
26	Which are the external financial institutions with which you have been linked with by SHG federation?	<ul style="list-style-type: none"> (1) Banks (2) Credit cooperatives (3) Agricultural cooperatives (4) Microfinance institutions (5) Government departments (6) Chit funds (7) Sahara savings (8) Others, please specify
27	What kind of external technical resource institutions with which you have been linked with by SHG federation?	<ul style="list-style-type: none"> (1) Krishi vigyan kendras (2) Agricultural colleges (3) Agricultural universities (4) Private extension providers (5) Veterinary colleges (6) Department of agriculture (7) Department of horticulture (8) Department of animal husbandry (9) Department of fisheries
28	What kind of services you received through SHG federation?	<ul style="list-style-type: none"> (1) Training of SHG leaders (2) Training of SHG members (3) Auditing of SHGs (4) Grading of SHGs (for appraising) (5) Book keeping (6) Monitoring (7) Bank linkage (8) Problem solving (9) Conflict resolution (10) New group formation (11) Good governance practices among SHGs

29	Are you satisfied with the financial services provided by SHG federation?	(1) Completely dissatisfied (2) Dissatisfied (3) Neither satisfied nor dissatisfied (4) Partially satisfied (5) Completely satisfied
29a	If dissatisfied, what is the reason for dissatisfaction?	(1) Federation located far away (2) Product not customized to member needs (3) Poor quality of services (4) High interest rate (5) Unfriendly staff (6) Others, specify
29b	If satisfied, what is the reason for the same?	(1) Product customized to member needs (2) Service quality is good (3) Interest rate is affordable (4) Friendly staff..... (5) Others, specify
30	Are you satisfied with the livelihood services provided by SHG federation?	(1) Completely dissatisfied (2) Dissatisfied (3) Neither satisfied nor dissatisfied (4) Partially satisfied (5) Completely satisfied
30a	If dissatisfied, what is the reason for dissatisfaction?	(1) Poor quality of service (2) Irregularity of service (3) Service is expensive (4) Product not customized to member needs (5) Unfriendly staff (6) Others, specify
30b	If satisfied, what is the reason for the same?	(1) Quality of service is good (2) Regularity of service (3) Service at doorsteps (4) Service fee is affordable (5) Product customization not done (6) Friendly staff (7) Others, specify
31	Which are the livelihoods services with which you are satisfied?	(1) Livelihood advisory services (Livelihood and Business planning, Business counseling) (2) Capacity building services (Training, exposure, handholding) (3) Market linkages (input and output) (4) Extension services (5) Value addition / Processing (6) Storage (7) Transport (8) Vocational skill training services (9) Institutional linkages (10) Others (mention) _____
31	What are the incremental benefits you received towards your livelihoods by being member of SHG federation?	(1) Witnessed increase in my incremental income (2) Reduced cost of my produce (3) Gained better price for my produce (4) Got into value addition (5) Was better able to deal with my livelihood risks (6) Improved my production skills (7) Witnessed increase in productivity (8) Improved my package of practices

		(9) Improved my marketing skills (10) Improved marketing of my produce (11) Improved my negotiating skills for dealing with value chain players
32	What impact were you able to witness by being member of SHG federation?	(1) My poverty levels were reduced (2) My income levels increased (3) My housing was improved (4) Access to health services improved (5) Access to children's education improved (6) Access to sanitation improved (7) Food security of household improved (8) Nutrition security of household improved (9) Access to higher energy sources improved (10) Access to drinking water sources improved (11) Household assets increased (12) Dependence on Money lenders reduced (13) Reduced dependence on informal credit sources (14) Smoothing of consumption (15) Helped in dealing better with economic emergencies (16) My social status improved
33	What kind of empowerment effects were witnessed by being part of SHG federation?	(1) Household decision making improved (2) Financial decision making improved (3) Livelihood decision making improved (4) Social mobility improved (5) Social status improved (6) Participated in local governance improved (7) Spaces for expressing views improved
34	What new enterprises did you start after receiving support from SHG Federation?	(1) Agricultural enterprise (2) Agriculture allied enterprise (3) Non-Farm enterprise (4) Not applicable
35	Did you witness a change in income after receiving support from SHG federation	(1) Drastically increased (2) Partially increased (3) Did not increase (4) Partially reduced (5) Drastically reduced
36	By how much you witnessed increased in the income level after receiving services from SHG federation?	(1) Less than Rs. 2,000 per annum (2) Rs. 2,000-Rs. 5,000 per annum (3) Rs. 5,000-Rs. 10,000 per annum (4) Rs. 10,000 and more (5) Not applicable
37	How do you describe your membership with SHG federation?	(1) Benefitted immensely (2) Benefitted partially (3) No benefit (4) Proved detrimental

2. Fact Sheet

Background Details

- | | | |
|---|------------------------------|-------|
| 1 | Name of the SHG Federation | <hr/> |
| 2 | Name of the Promoting Agency | <hr/> |
| 3 | Age of the SHG Federation | <hr/> |
| 4 | Legal Status | <hr/> |
| 5 | Level of SHG Federation | <hr/> |
| 6 | Operational Area | <hr/> |

Outreach of the Federation

- | | | |
|----|---|------------------------|
| 1 | Number of villages covered | |
| 2 | Number of SHGs (Gender) | Male SHGs <hr/> |
| | | Female SHGs <hr/> |
| 3 | Number of SHGs (Occupation wise) | Agriculture SHGs <hr/> |
| | | Trade SHGs <hr/> |
| | | Artisan SHGs <hr/> |
| | | Service SHGs <hr/> |
| | | Mixed SHGs <hr/> |
| 3 | Number of Village organizations covered | <hr/> |
| 4 | Number of members in SHGs | <hr/> |
| 5 | Number of clusters | <hr/> |
| 6 | Number of villages covered | <hr/> |
| 7 | Number of SCs in SHGs | <hr/> |
| 8 | Number of STs in SHGs | <hr/> |
| 9 | Number of Minorities in SHGs | <hr/> |
| 10 | Number of Women in SHGs | <hr/> |
| 11 | Number of members belonging to BPL | <hr/> |
| 12 | Dropout rate in SHG federations | <hr/> |

Financial Outreach

1	Total member savings at SHGs	
2	Total SHG savings at federations	
3	Borrowing by SHG members – Cumulative loans disbursed at SHG level (internal funds)	
4	Loan disbursed during the year by SHGs to members	
5	Loan disbursed during the year by federation to SHGs	
6	Number of SHGs with loan outstanding – Amount	
7	Number of SHGs with loan outstanding – Members	
8	Number of federations with loan outstanding - SHGs	
9	Recovery rate of SHG federation	
10	Portfolio at Risk (PAR) > 30 days	
11	Portfolio at Risk (PAR) > 60 days	
12	Staff efficiency (SHGs per staff)	
13	Average outstanding portfolio	
14	Operational self-efficiency (Operational cost ratio)	
15	Financial self-sufficiency	
16	Repayment pattern of external loans	
17	Capital Adequacy	

Financial Products offered by SHG Federation

	Product	Duration	Amount	Total
1	Compulsory saving			
2	Optional Savings			
2	Fixed Deposits			
3	General loan			
4	Enterprise loan			
5	Emergency loan			
6	Consumption loan			
7	Housing loan			
8	Education loan			
9	Agriculture and allied business			
10	Life insurance			
11	Health insurance			
12	Crop insurance			
13	Livestock insurance			
14	Enterprise insurance			
15	Accidental insurance			

Funding Sources

S. No.	Source	Amount
1	Public Sector Bank – 1	
2	Public Sector Bank – 2	
3	Private Sector Bank – 1	
4	Private Sector Bank – 2	
5	Savings mobilized	
6	Microfinance institution -1	
7	Microfinance institution -2	
8	Government Programme -1	
9	Government Programme – 2	
10	Promoting Agency – 1	
11	Admission fees from members SHGs	

Public Services / Social Services

1	Participation in Government programs	
2	Distribution of Insurance	
3	Distribution of Old Age pension	
4	Health services / Health camps / Vaccination	
5	Distribution of educational scholarships	
6	Public distribution system	
7	Distribution of NREGA cards	
8	Distribution of Housing schemes	
9	Issues related to child labor	
10	Adult literacy	
11	Others	

Livelihood services

S. No.

1	Livelihood advisory services (Planning, business planning)	
2	Capacity building services (Training, exposure, handholding)	
3	Market linkages (input and output)	
4	Extension services	
5	Value addition / Processing	
6	Storage	
7	Transport	
8	Vocational skill training services	
9	Institutional linkages	
10	Others (mention)_____	

Type of Enterprises Supported

S. No	Type of Enterprise	Loan amount extended

Questions for Enquiry:

Origin of SHG federation

1. When was the SHG federation started? Who promoted it?
2. What is the legal structure of SHG federation?
3. How spread is the SHG federation? How many SHGs / SHG members a part of it?

Development Objectives

4. What were the development / livelihood objectives that the SHG federation set out to achieve?
5. Who designed the objectives and how was it designed?
6. Who were the target beneficiaries?
7. How well the objectives were communicated across different segments – namely the Board, Managers, Executives, members etc.?

Livelihood interventions

8. Which are the financial inclusion / livelihood activities selected for intervention by the federation? What considerations were taken into account while selecting activities?
9. What process was adopted in selection of livelihood sectors / sub-sectors? Which of the services demanded by members were included / not included?

Services demanded	Services included	Services excluded	Reasons for the same

10. What strategic considerations were taken into account while selecting livelihood interventions? What dimensions were considered and what was the basis of making choices? E.g., local skills, local market, local resources, resource institutions etc.,

Structure and Systems

11. How were resources (human, financial, technical) for the same generated?
12. What kind of implementation structure exists to run the programs? What was the delivery model for implementation of financial and livelihood services?
13. What forms of livelihood collectives were promoted and how were they organized?
14. How support from external collaborators was sought in the livelihood interventions? How collaborations were achieved among stakeholders?
15. What kind of issues do you find with the existing systems in the Federation?

System	Design of the system	Issues
Human Resource Management		
Financial Management		
Management Information System		
Internal control system		

16. What are the issues encountered in different stages of the operational cycle?

Loan appraisal			
Loan registration		Service registration	
Loan disbursement			
Loan monitoring		Service delivery	
Loan recovery			

17. What kind of difficulties do you find delivering livelihood services?
18. Are the livelihood interventions taken up financially sustainable?
19. How do you rate the functional competency / HR skills of the federation in undertaking livelihood activities?
20. Does focus on financial services impede / constrain with provision of livelihood services? If so, how?

Governance

21. How good is the board in handling its role and responsibilities?
22. How regular are the board meetings? What are the attendance levels? What kind of agendas is discussed?
23. How selection of board members is made? How are decisions taken?
24. How effectively federation undertakes legal / statutory compliance processes?

Financial and Operational health

25. How do you rate the financial and operational health of the federation? What are the reasons for the same?
26. What can be done to improve the operational and financial health of the federation?
27. How do you perceive the financial sustainability of non-financial services?
28. What do you suggest for bringing about improvement in the quality of SHG federation, improve its self-governance and self-management and resulting in sustainability in the federation?

Incremental benefits

29. What kind of incremental benefits were received by members due to membership in SHG federations?
30. How do you compare benefits of Federation members in comparison to those who are not?
31. How stable was the livelihood generated on a long term basis?
32. How did the livelihood activities chosen perform financially?
33. What were the replication effects of livelihood intervention?

Financial Health

Operating Costs during the Period:

Average outstanding Loan Portfolio:

2013											
Average as on											
1 st Jan	1 st Feb	1 st Mar	1 st Apr	1 st May	1 st Jun	1 st Jul	1 st Aug	1 st Sep	1 st Oct	1 st Nov	1 st Dec

Operating Cost Ratio (OCR):

Operating Self Sufficiency (OSS):

Operating Income (Loans + Investments):

Operating costs + Loan loss provisions + Financing costs:

Return on Assets (ROA):

Net Income (excluding donations):

Average total assets:

3. SHG Fact Sheet

I Primary details							
Name of the SHG:		Village:		Block:			
Date of formation		No of Members:	Social combination	OC:	BC:	SC:	ST:
Name of Federation:		Date of Joining		Name of promoting agency:			

II Financial details					
1) Saving amount per member:		2) Monthly saving amount of SHG:		3) Total saving as on (Dec 2014):	
4) Saving frequency with federation (Monthly/ quarterly/ half-yearly/ Annually)			5) Total saving with Federation (Dec 2014)		
6) Value of Term deposits with Federation : Rs.		7) Value of Term deposits with Bank: Rs.			
8) Regularity of savings- last one year: a) >98% b) 91-98% c) 70-90% d) <70%					
9) Velocity of internal lending(for the last one year) a) >1.5 times b) Between 1 to 1.5 times c) <1 time					
10) Repayment terms: a) Monthly b) Quarterly c) Lump sum					
11) Monthly repayment pattern(Last one year): a) Regular - Principal + Interest b) Regular - Principal in part + Interest c) Regular Interest only d) Irregular					
12) Asset quality (>90days): a) <2% of loan portfolio b) 2% to 5% of loan portfolio c) 5% to 10% of loan portfolio d) >10% of loan portfolio					
13) Borrower quality(# of defaulters) a) one member b) 2-5 members c) >5 members d) all members					
14) Bank linkage status a) No linkage b) 1 time c) 2 times d) 3 times e) 4 times f) 5 and above times					
15) External loan repayment: a) 95-100% b) 90 - 94% c) 80- 89% d) <80%					
16) % of production loan funds: a) >85% b) 70-85% c) 50-70% d) <50%					
17) Portfolio distribution among member (Outstanding against single member): a) Up to 20% of total corpus b) 20% - 30% of total corpus c) 31% -40% of total corpus d) >41% of total corpus					
18) Pattern of internal lending: a) Need based - many members b) Need based - few members c) Equal distribution d) repeated loans to few members					
19) Average idle fund (from last one year) a) Up to 5% of total corpus b) 6-15% of total corpus c) 16 - 25 % of total corpus d) >26% of total corpus					

III. Financial services accessed from SHG federation					IV. Livelihood services (non-financial) received from SHG federation		
	Product	Duration	Amount	Total		Type of services	
1	Compulsory saving				1	Livelihood advisory services (Planning, business planning)	Yes/ No
2	Fixed Deposits				2	Capacity building services (Training, exposure, handholding)	Yes/ No
3	General loan				3	Market linkages (input and output)	Yes/ No
4	Enterprise loan				4	Extension services	Yes/ No
5	Emergency loan				5	Transport, Storage and Value addition services	Yes/ No
6	Consumption loan				6	Vocational skill training services	Yes/ No
7	Housing loan				7	Institutional linkages	Yes/ No
8	Education loan				8	Others (mention) _____	
9	Agriculture and allied business				V. SHG Involvement in public services		
10	Microenterprise loan				1	Distribution of insurance products offered by state	Yes/ No
11	Life insurance				2	Old age pensions	Yes/ No
12	Health insurance				3	Health referral services/ health camps	Yes/ No
13	Crop insurance				4	Education & scholarships	Yes/ No
14	Livestock insurance				5	Mid-day meals	Yes/ No
15	Enterprise insurance				6	Public distribution system	Yes/ No
16	Accidental insurance				7	Others (mention) _____	

Checklist for FGD with member SHGs of SHG Federation

I. Origin

1. What motivated you to form SHG?
2. Who supported you to form SHG? (Promoting agency)
3. What process did you follow to mobilize members for forming SHG
4. How did you choose your leaders
5. What is the vision, goal of your SHG? What do you want to achieve through your SHG?
6. Can you detail out the support extended from the promoting agency in different phases?

II. Management and Internal systems

1. How you rate the ability of your SHG in enforcing the norms related to savings?

1	2	3	4	5
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2. How you rate the ability of your SHG in enforcing the norms related to internal lending?

1	2	3	4	5
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3. How you rate the ability of your SHG in enforcing the norms related to meetings?

1	2	3	4	5
---	---	---	---	---

4. How you rate the regular updating of books of your SHG?
5. Are you hiring services of an accountant/ book keeper to write your books? If yes how are you managing the resource fee?

III. Service delivery

1. What services have been planned to be provided to your members?
2. What services are being provided directly to your members?
3. What services are being provided indirectly through SHG federations or external institutions?
4. What are the factors contributing to effective/ ineffective delivery of services by your SHG?
5. Are SHG loans distributed equally among the members? If so, how the purpose of members is served? How did individual members utilize the latest loan?
6. Do you practice “need based lending” if yes how?
7. Does the SHG practice “Sangha Nidhi” concept (SHG fund) or charge different interest rates on different resources accessed from different players?

IV. Membership with federation

1. What motivated you to take membership with the SHG federation?
2. What services have been provided by SHG federation?

Services your SHG expect from the federation	Services provided by the Federation	How do you find the difference?

3. Do you find services by SHG federation satisfactory? Does it satisfy your needs?
4. Have the services been designed according to your needs?
5. Do SHG federation services reach you on time/ expected time?
6. Do you incur additional expenditure in accessing services from the federation?
7. Does availing services of SHG federation involve additional time?
8. Do you receive additional services after gaining membership in SHG federation?
9. Do these additional services result in additional benefit for the members?
10. Has membership with SHG federation brought in additional responsibilities? Do you find this as adding value or being burdensome?

V. Functional autonomy

1. Are SHG federation members present in SHG meetings? What is their role?
2. Does SHG federation help out SHG with problem solving / conflict resolution in case of conflicts arising in SHG? What are the issues that come up and what are the solutions provided?
3. Do you find duplication of services as provided by SHG and the federation?
4. Is reference by federation necessary for bank linkage? Does it help in accessing government schemes?
5. What are the service charges you pay to the SHG federation and how do you compare the services and service fee?
6. What are the suggestions you would like to give to federation to improve the quality of services