

An Evaluation of Self-help Affinity Groups (SAGs) Promoted by Myrada

Conducted

By



APMAS

Objectives of the study

- **To assess the quality of SAGs**
- **To analyze the financial performance of SAGs**
- **To analyze the loan utilization & repayment rate**
- **To know linkages with various institutions**
- **To know the impact of SAGs**
- **To understand the role of Staff of Myrada/CMRCs**



Sampling Design

Sample units

- States-Andhra Pradesh & Karnataka
- Districts-3: ATP, CRN and CTD
- Blocks/Mandals-6
- Gram Panchayats-43
- Habitations-48
- SAGs-60 (> 8 years old)
- SAG Members-120

(borrowed highest no. of loans & amount /> Rs. 75,000)

Data Tools

- Interview Schedule
- Focus Group Discussions (FGD)
- Wealth Ranking (WR)
- Case Studies

Nature of data

- Qualitative & Quantitative

Data source

- SAG Members, CMRC-Staff & BoDs

Field work

- May - June 2009



Myrada in SAG Promotion*

- **Total number of groups** : **9,747**
(Men-616; Women-9053; Mixed-64; Youth-14)
- **Total members** : **1.5 lakhs**
- **Total common fund in Rs.** : **15.25 crore**
- **Total Savings in Rs.** : **72.73 crore**
- **Number of loans** : **10.33 lakhs**
- **Amount disbursed in Rs.** : **393.48 crores**
- **Interest earned in Rs.** : **42.33 crores**
- **FA from Banks and MFIs in Rs.** : **210.82 crores**
- **From Sanghamithra in Rs.** : **41.50 crores**



* Data as on March 2009; FA-Financial Assistance; MFIs-Microfinance Institutions

Formation of SAGs

- **NGOs, Government bodies and Old SAGs motivated villagers to form into groups**
- **Myrada played a key role in the formation of SAGs**
Organized 4 to 5 meetings on the process of formation of group; one to one meetings with key persons in the village; exposure visits to other groups;
- **Time taken to form into a group-3 to 6 months**
- **Inspired from DWCRA groups and RMGs by seeing the benefits to the group members**
- **6 out of 60 sample SAGs, were organized as groups before they formed into a SAG**
- **Selection criteria-geographical aspects, economic aspects, group procedures, social aspects, personal aspects**

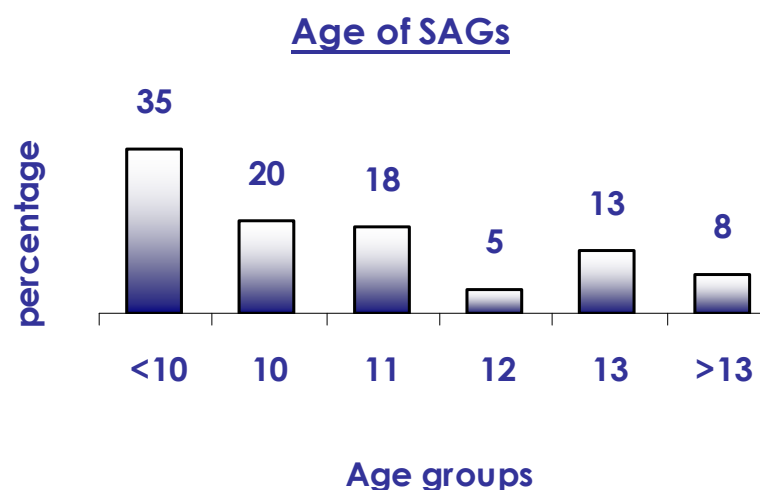
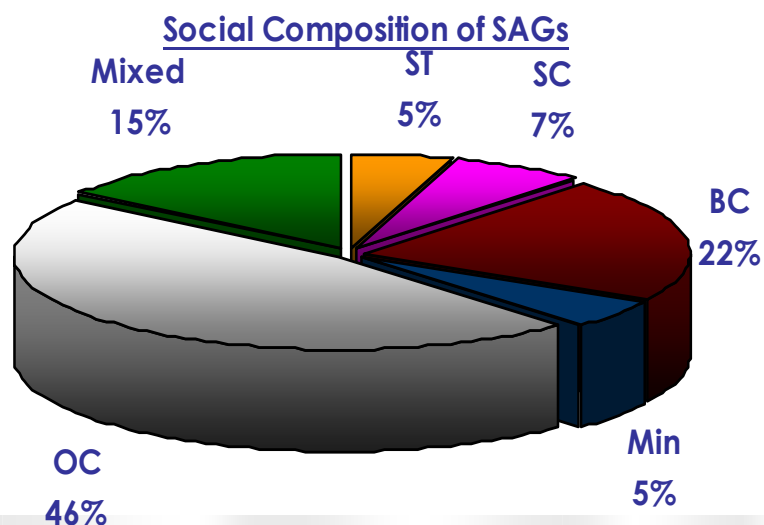


Selection of SAG Members

Criteria	Members	
	Inclusion	Exclusion
Geographic aspects	Street, area, locality and village	Staying in other street, areas and village
Economic aspects	Poor; same economic activity; can pay savings and loan installments	Non-poor; job holders; cant pay savings and loan installments
Group procedures	Can attending meetings and respect group norms	Unwilling to attend meetings and no respect on SAG norms
Social aspects	Mostly known to each other, same caste and preference to non migrant households	Unknown members not joined in groups
Personal aspects	Good character, preference to young and middle aged, literates, experience in groups Interest of both the SAG member and their household	Quarrelsome, unfriendly, make nuisance, no faith on others, dominant, not allowed aged Not allowed the women defaulted to DWCRA groups HH not interested



Profile of SAGs



- Group size varies from 8 to 20 with an average of 15
- 57/60 SAGs reported 305 dropouts; 1 to 15 members; avg. of 5
- 30% of SAGs replaced some dropouts with 58 new members
- 18% of SAGs replaced some dropouts with a HH member
- Reasons are multiple-migration; marriage; old age; death; Multiple membership; group norms; caste hierarchy
- Majority SAG members are OCs, illiterate, married and poor



ST-Scheduled Tribes; SC-Scheduled Castes; BC-Backward Classes; Min-Minorities;
Oc- Open Category; HH-Household

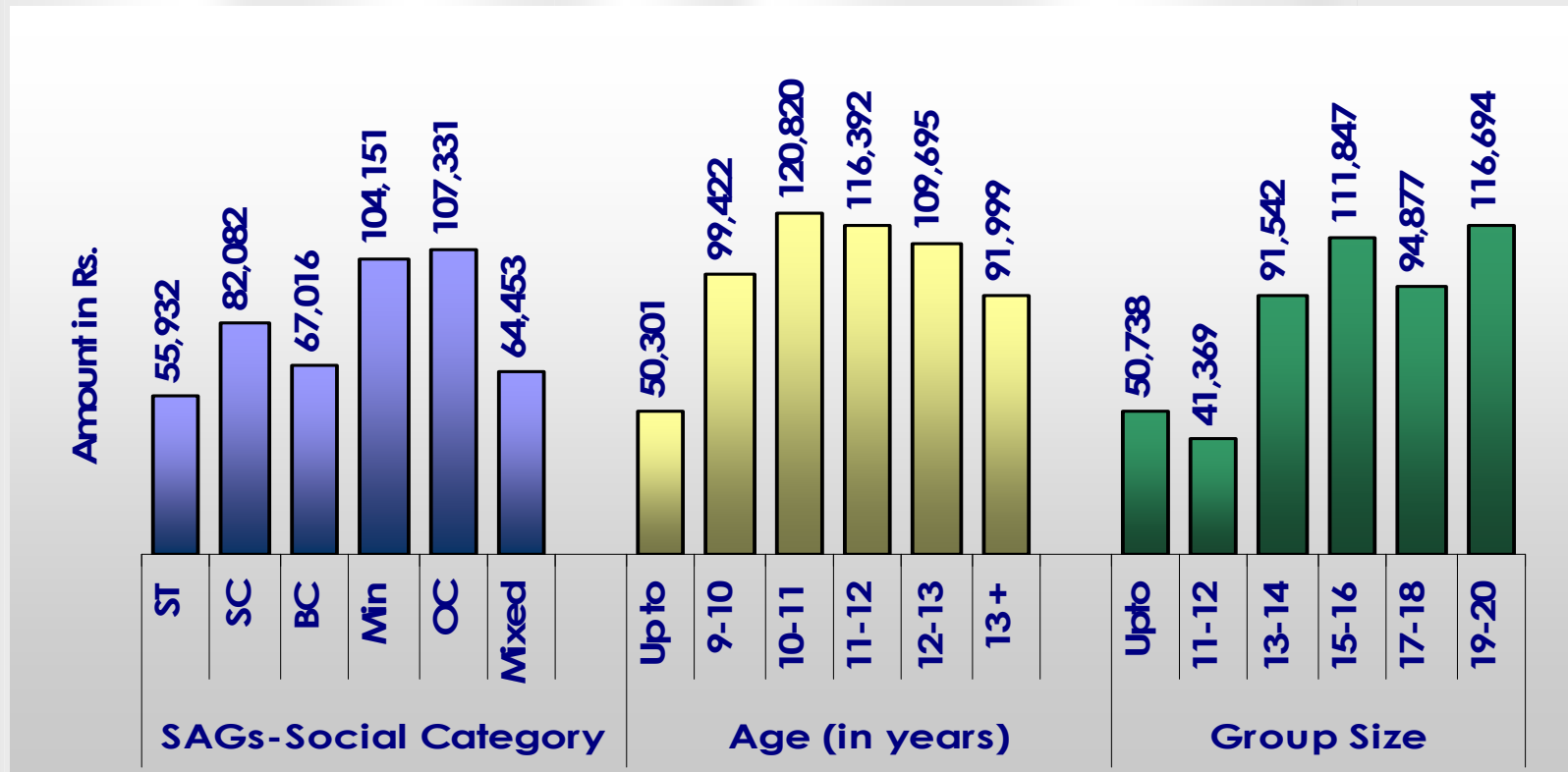
Savings

- Two types of savings-i. compulsory and ii. voluntary
- 85% of SAGs save weekly
- Avg. savings- min. Rs. 19 and max. Rs. 35 per week
- Rs. 52,65,127 cum. savings with avg. of Rs. 87,752
- 68% of SAGs have cum. savings of Rs. > 1 lakh
- SAGs used their savings for providing credit to their members and to repay external loan
- 57% of SAGs paid a part of SAG fund/members' savings to members; 1 to 3 times; reasons are multiple
- Maj. SAGs paid dividend of Rs. 6-10% on mem. savings



Avg-Average; Min-Minimum; Max. Maximum; Cum-Cumulative; Maj-Major; Mem-members

Avg. Cum. Savings as on Mar '09



- Avg. cum. Savings vary between SAG social categories
- Over a period, SAGs age increases cum savings decreases
- Group size and avg cum savings are correlated



Meetings

- **Weekly meetings are common**
- **Meeting venue is mostly in public places**
- **All SAGs, except 2, conducted all the meetings scheduled**
- **87% of SAGs have > 60% of avg. attendance**
- **Multiple socio-economic reasons for low attendance**
- **3 types of agenda-financial, non-financial and social**
- **9 types of fines- varies from Rs. 5 to Rs.50**
- **Vision building of SAGs in Chamarajnagar district**
- **Good meeting procedures & practices**

1. serial numbers, 2. seating arrangement, 3. meeting in public places, 4. members preside the meeting on rotation, 5. depositing of money in bank, 6. no cash in hand, 7. fin. Transactions only in meeting, 8. usage of cheque books, 9. not to discuss group matters outside meeting, 10. two types of savings, 11. uniform & dress code, 12. Fines



Agenda of SAG Meetings

Non-financial & Social Agenda of SAG Meetings (Jan-March 2009)

S. No.	Agenda	District			Total	%
		ATP	CRN	CTD		
1	CMRC information	2	15	13	30	50.00
2	Grading of groups	3	15	2	20	33.33
3	Auditing of SAG accounts	-	7	3	10	16.67
4	Leadership rotation	-	7	-	7	11.67
5	Defaulting	-	3	3	6	10.00
6	Books of accounts	-	6	-	6	10.00
7	General Body Meeting	-	1	1	2	3.33
8	Legal awareness	4	18	10	32	53.33
9	Development schemes	2	10	6	18	30.00
10	Health programmes	-	8	3	11	18.33
11	Skilled based trainings	-	9	9	18	30.00
12	Livelihood activities	2	1	2	5	8.33



Quality of Book Keeping

- 52% of SAGs engaged book writers; 48% of SAGs – literate members in their groups
- 85% of SAGs keep their records with group mem/rep house
- 78% of SAGs paying honorarium to BK; Rs. 50 to 250 per month
- Quality of books (% of SAGs) :

Books	Maitain ing	Up- dation	No over writings	Comp- lete info
Minutes Book	100	93	58	73
Mem, Pass Books	100	92	77	90
Savings Ledger	100	93	60	92
Loan Ledger	100	93	48	87
General Ledger	100	90	52	87
Cash Book	97	88	53	85
R&P Book-MFS	78	95	42	68



Leadership*

- **Group leaders were selected on multiple criteria**
i. rotation; ii. communication skills; iii. ability to sign; iv. members consent
- **Except 3, all SAGs have changed their representatives;**
67% of SAGs changed their reps more than 5 times
- **> 50% of SAGs completed one round of rotation**
- **52% of SAGs- 1 to 2 members continued >1 year**
- **321 out of 871 not selected as rep even once**
- **Reasons for not changing representatives are multiple**
i. objection from bankers, ii. illiteracy & com. skills, iii. Lack of knowledge on change of rep, iv. reelected/ selected, v. old age, vi. migration, vii. Changes in group membership, viii. Members/acting reps not interested
- **24 out of 871 SAG members contested for PRI; 17 won in the elections-ST-2/2; SC-3/5; BC-6/6; Min-2/3; OC-4/8**



* Myrada calls group leaders as representatives
Rep-Representative; Com.-Communication; PRI-Panchayat Raj Institutions

Liabilities as on Mar '09

Particulars	Amount (in Rs.)		
	Total	Mean	%
Common fund	40,61,328	67,689	21.48
Revolving fund	5,62,301	15,619	2.97
Other grants	4,744	2,372	0.03
Loan O/s to bank	54,52,741	1,18,538	28.85
IHP loan O/s to bank	3,82,358	47,795	2.02
Loan O/s to S. Mithra	4,39,968	54,996	2.33
Loan O/s to Myrada	3,40,380	22,692	1.80
Loan O/s to VO	3,51,466	31,951	1.86
Loans O/s to others	1,89,898	17,263	1.00
Members' savings	52,65,127	87,752	27.85
Profit or Loss	11,13,971	20,254	5.89
Reserve & other funds	5,477	5,477	0.03
Others	7,33,380	81,487	3.88
Total	1,89,03,139	3,15,052	100.00



Assets as on Mar '09

Particulars	Amount (in Rs.)		
	Total	Mean	%
Loan O/S with members	163,40,184	2,72,336	86.44
Savings in Federations	48,431	2,691	0.26
Share capital in Federations	7,201	900	0.04
Fixed/ Recurrent Deposits	4,26,175	26,636	2.25
Insurance	1,25,520	31,380	0.66
Grants to members	80,000	80,000	0.42
Advances	37,000	18,500	0.20
Cash in hand	86,891	2,556	0.46
Bank Balance	14,32,151	23,869	7.58
Other	3,19,586	63,917	1.69
Total	1,89,03,139	3,15,052	100.00



External Sources of Funds

Details of Cumulative Grants and Funds to SAGs

Source	Grants			Loans		
	% of SAGs	No. of grants	Avg. cum. Amt. in Rs.	% of SAGs	No. of loans	Avg. Amt. in Rs.
Myrada	31.7	2.4	11,598	60.0	5.4	71,470
Bank	--	--	--	96.7	3.8	285,726
S. mithra	--	--	--	35.0	1.7	114,333
DRDA	53.3	1.1	18,461	13.33	1.1	215,000
VO/MS	3.3	1.0	67,500	31.7	2.1	60,368
Other	6.7	1.0	63,975	8.3	1.2	47,050

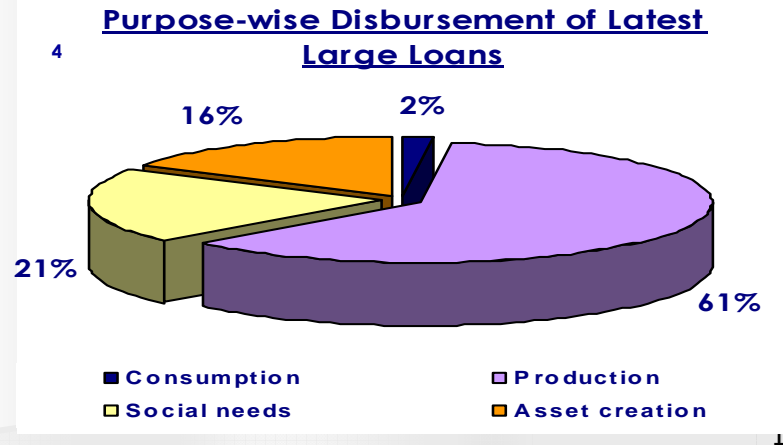
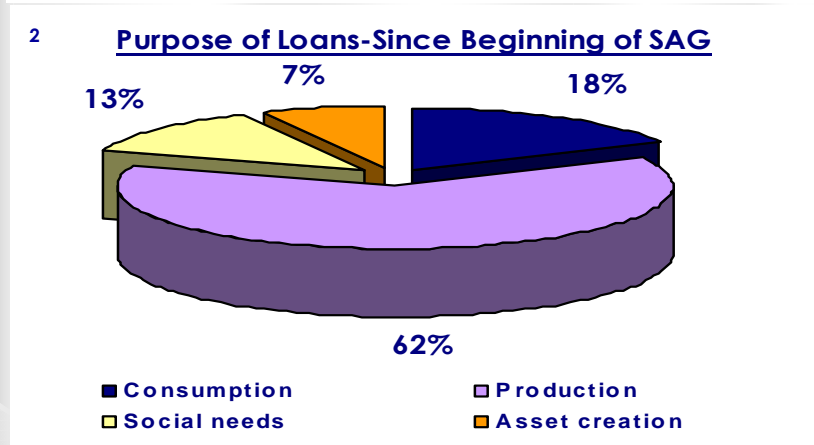
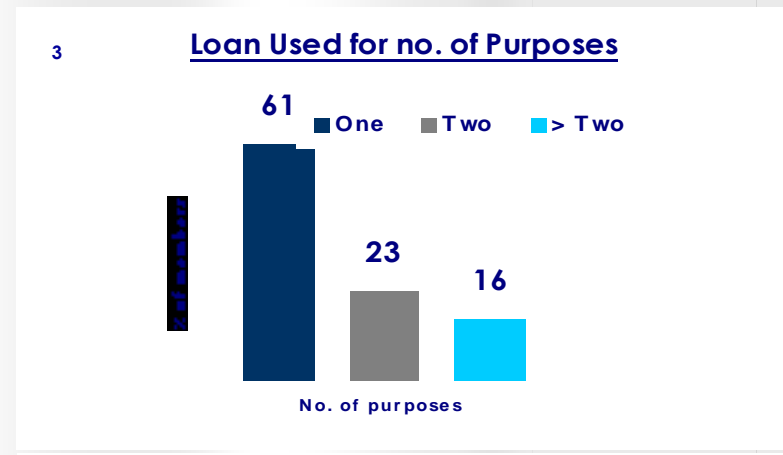
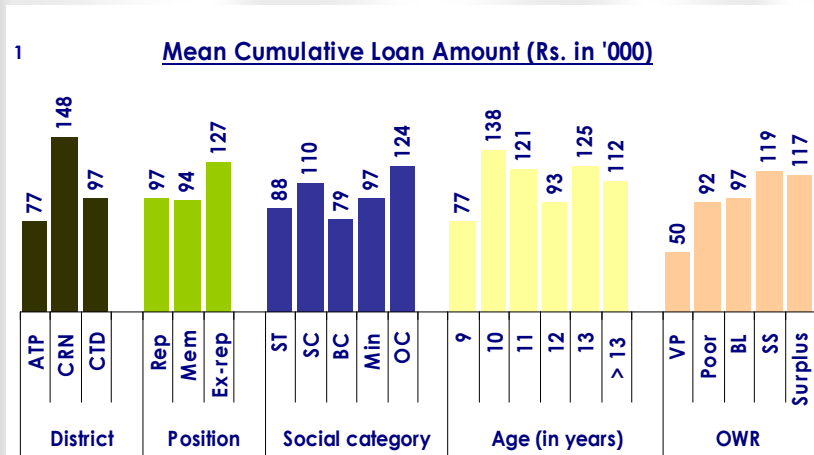
Status of External Loans (Current) as on May 2009

Source	% of SAGs	Loan Amount in Rs.		Loan O/S in Rs.	
		Sum	Average	Sum	Average
Bank	78.3	89,11,200	1,89,600	56,76,037	1,20,767
Myrada	38.3	7,11,525	30,936	4,53,295	19,708
Sanghamithra	8.3	3,52,000	70,400	2,21,167	44,233
VO	25.0	8,08,750	53,917	4,54,984	30,332
Total (overall)	90.0	1,07,83,475	1,99,694	68,05,483	1,26,027



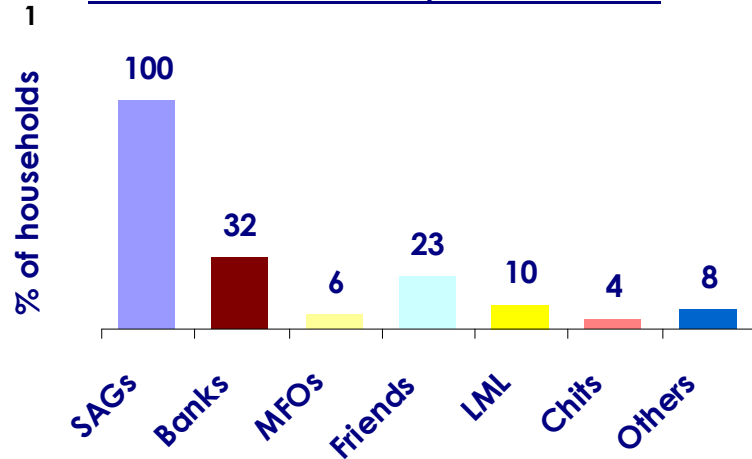
Access to Credit & Utilization

- 120 sample members borrowed 2,330 -an avg. of 20 loans
- Cum. loan amount of Rs. 12,857,166 - an avg. of Rs. 107,143
- 72% of members borrowed less than 20 loans



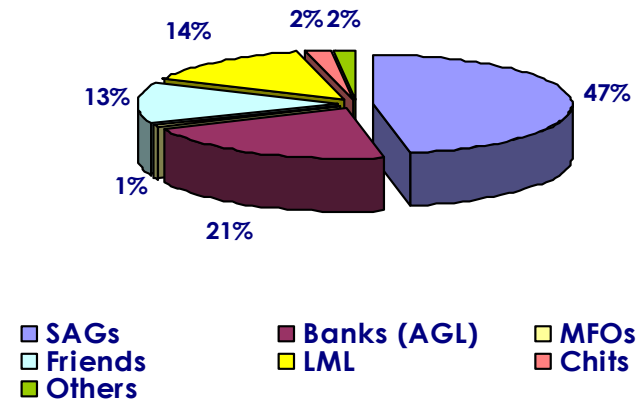
Household Credit & Sources

1 Credit Sources of Sample Households

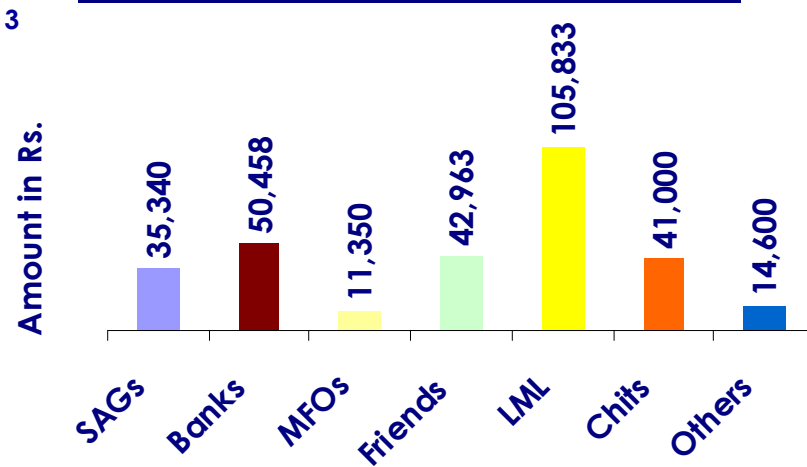


2 Source-wise contribution to HH Credit

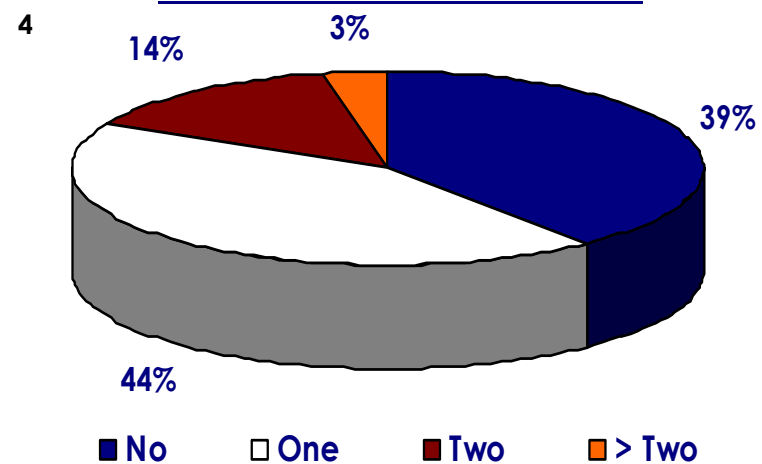
Total HH Credit Rs. 90,18,615; Avg. Rs.75,155



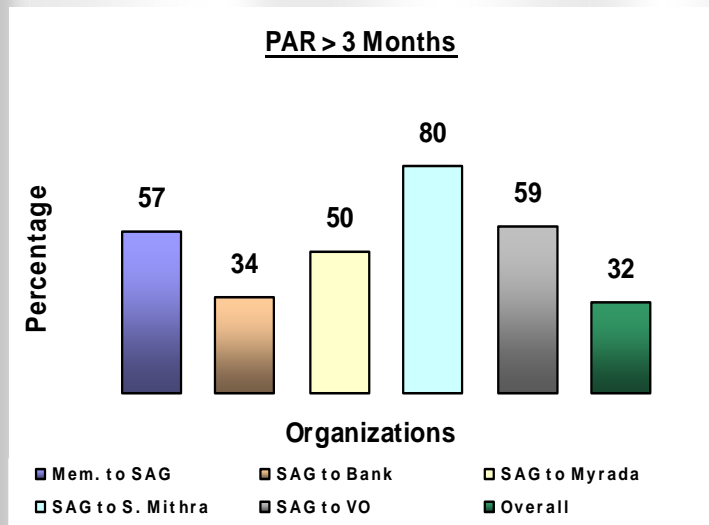
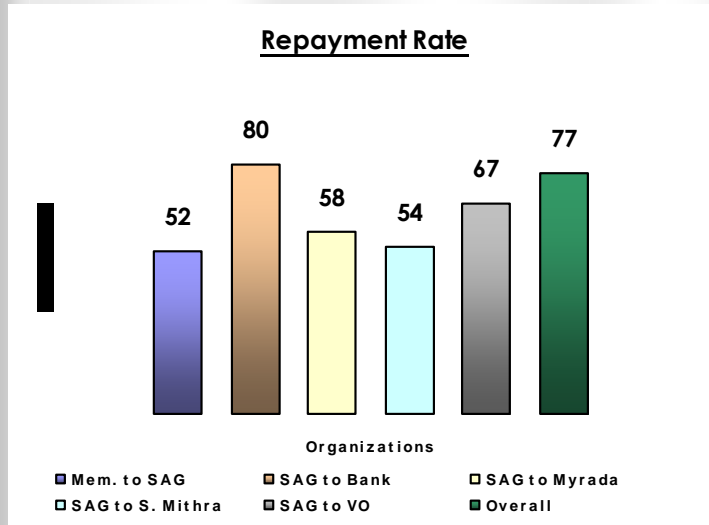
3 Source-wise Avg. Volume of Household Credit



4 No. of Non-SAG Loans of Households



Repayment Rate



Reasons for default

- Drought
- Ill health of SAG/HH member
- Low availability of work
- Migration
- Waiving of SAG loans-promises of political parties
- Misuse of group funds
- Death of SAG/HH member

Action against defaulters

- Repeated visits
- Informed to VO/CMRC/MS
- HH assets taken into possession
- Penalty



Default Management Strategies

Strategies-Before Loan

Groups

- Loans based on cum. savings
- Repaying capacity of borrower
- Loan for IGA
- Current loan outstanding
- Loan repayment track record
- Regularity of savings
- Promissory note on Stamp Papers

Banks

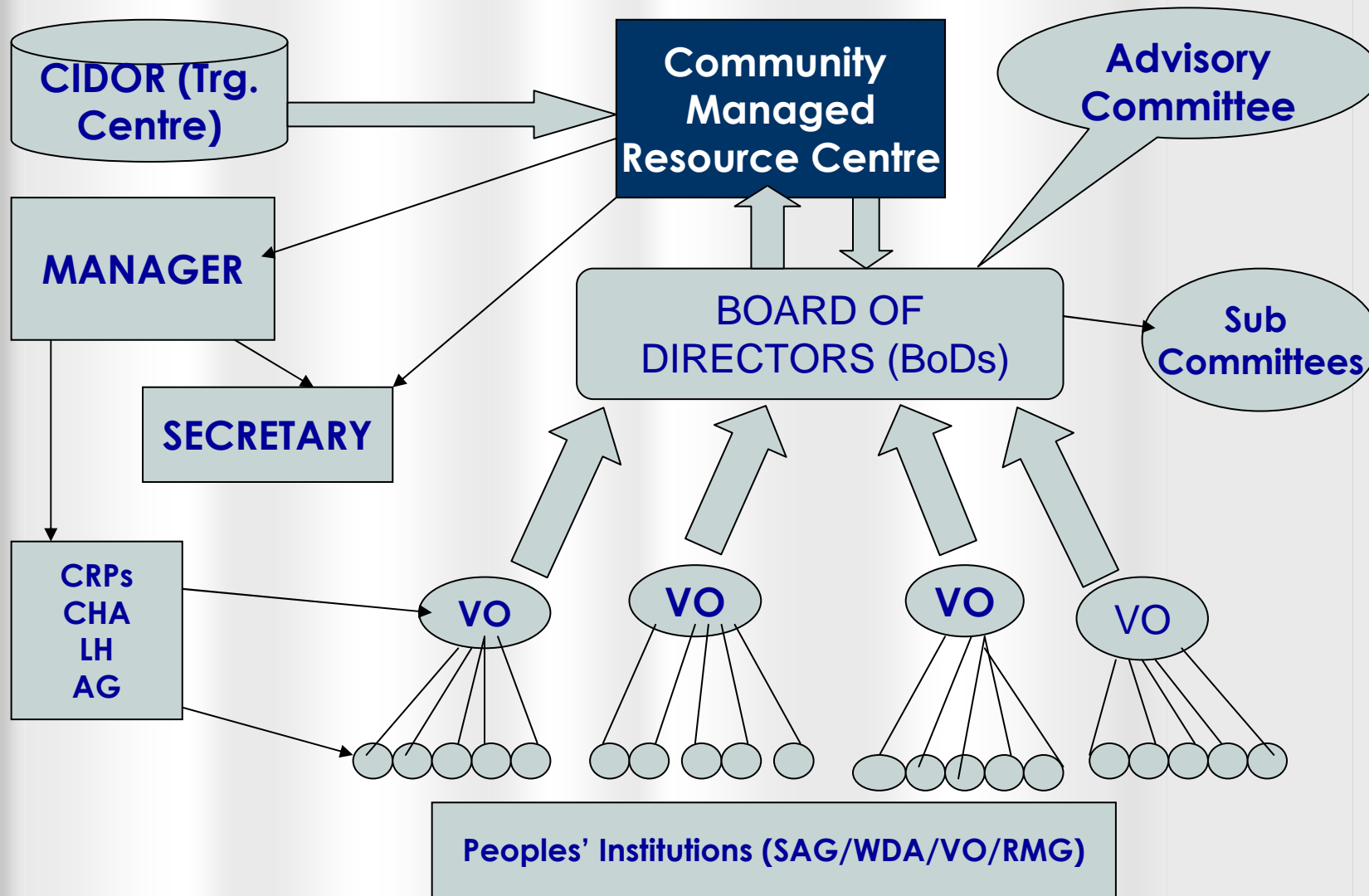
- Rating of groups
- Large funds in SAG-SB a/c
- A portion of loan as FD
- Small loans
- Less repayment period with large EMI
- Repayment track record

Strategies- After loan

- Monthly principle & interest
- Fines with penal interest
- Small loans to repay large loan
- Adjustment of cum. savings to loan
- Dividend on savings to loan
- Sharing of defaulters list with SHPI
- Review in federation meeting
- Police complaint against defaulters
- Taken assets into possession
- Rescheduling as new loan
- Fund transfer from SB to loan A/c
- Sharing of info with SHPIs
- Formal letters to groups
- Personal visits to groups
- FD adjustment to loan
- Compound interest
- Ceiling on the withdrawal of savings
- Loan sanction linked to repayment of default group in the village



CMRC-Structure



CIDOR-Centre for Institutions Development and Organizations Reform; CRP-Community Resource Persons; CHA-Community Health Activist; LH-Livelihood; AG-Agriculture;

CMRC-Services to SAGs

- HH articles** : LPG Stoves-26%, Cooker-17%, Water filter-12%, smokeless chullas-11%, Grain bin, Almarah
- Housing** : Bathrooms-28%, Extension- 4%, Cattle shed-3%, Rainwater harvesting systems
- Agri-inputs** : Silt application-5%, Vermi-compost-5%, Bore wells and Rat traps
- SHG concept** : SHG concept-30%, SHG-BL-15%, Insurance-10%, Auditing-6%, Legal awareness-7%
- Skill Improvement trainings** : Herbal medicine; Agarbathi, Soap, leaf plate, brick, cycle brush making; basket weaving; Aricanut processing; Bee keeping; Crafting
- SIT-HH members** : Tailoring; SHG Auditing; Book keeping; Computer training; Nurse training; Spoken English; Driving
- Issues** : Disparity; Microfinance institutions; Revenue generation for sustainability; Not an alternative to Myrada; Attrition; Incapable in linking with Govt. Programmes



SAG-Social Activities

- Health/ sanitation** : Drainage-20%, Roads-30%, Water tank-8%, Plantation-social forestry
- Disasters** : Cyclone-18%, Earthquake-15% and Kargil war
- Education** : Stationary, vessels-21%, fee-17%, prizes, compound wall, mid-day meal, teacher-13%, furniture, enrollment, white washing-17% and national festivals-17%
- Social activities** : Marriages, health/diseases-12%, donations to orphans, anti arrack movement-33%, physically disabled-15%, mass marriages-17% and dowry
- Community infrastructure** : Donations to temples, community hall-12%, roads-18%, drinking water-13%, hand pump repair, electricity-17%, water tubs, dobi ghats-25%, street lights-12%, milk cooperative society and check dams
- Nature of support** : Cash-varies from Rs. 300-3000; Kind – in the form labour, moral support; dharna/campaign representation, mediation/lobbying

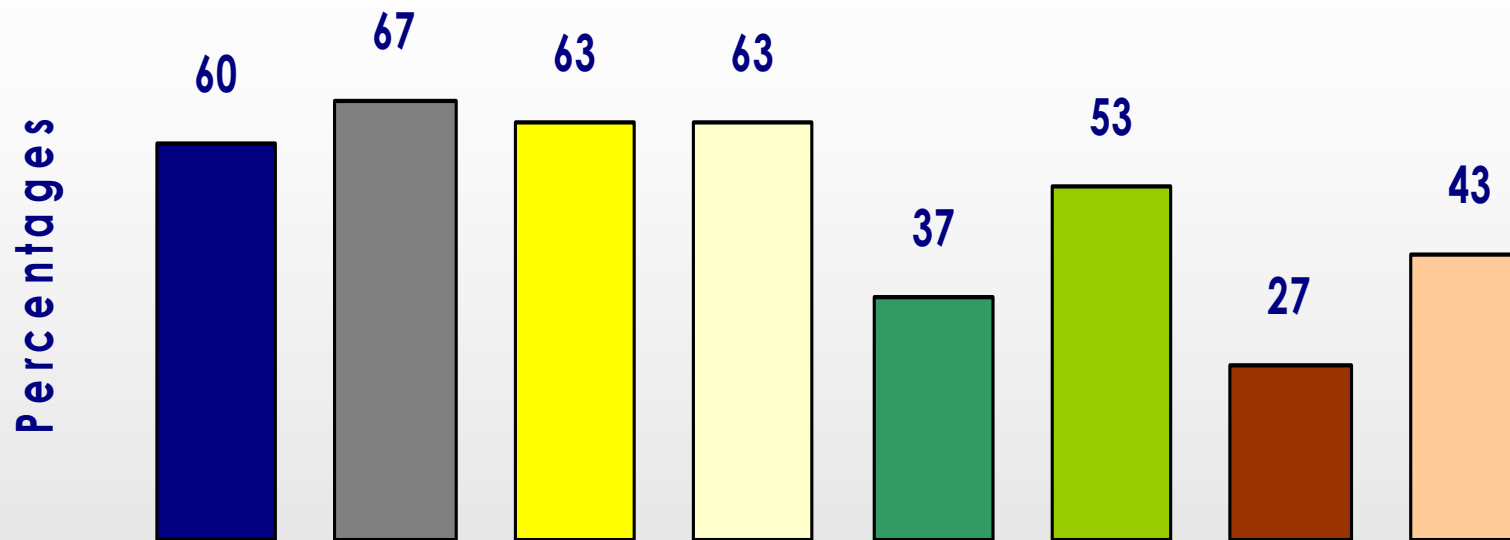


Dynamics at Community Level

<u>SAGs extended support to</u>	<u>Institutions</u>	<u>SAG received support from</u>
To submit proposals and to put pressure on officials; in settling petty castes; platform to share problems	→ Gram Panchayat →	Invitation to Gram Sabha, GP meeting, national festival celebrations; Land for CMRC office construction
Stationary, reading material, prizes, fee to poor children; furniture, monitoring, teacher's appointment; campaigns- child labour, TLC, Girl child education, enrollment	→ Educational institutions →	Group meetings at school premises; invitation to national festival conducted at school
Dependency reduced; Interest rates come down; Soft recovery methods; Groups reduced their interest rates	→ Credit sources →	No continuous bondage; moved to nearby towns/cities;
Donations; organized fairs & festivals, pilgrimages	→ Religious institutions →	Group meetings in the premises; participation in organizing fairs & festivals on the request of religious authorities
Support in elections;	→ Political parties →	SGSY loans, donations; encouragement for SAG formation
Men motivated with women SAG and formed men SAGs	→ Attitudinal changes →	At the beginning negative comments; Encouragement in the place of discouragement; ²⁴



Dynamics at Community Level



- Invitation of Gramsabhas
- Invitation of GP meetings
- Invitation of national festivals
- SAGs addressing village issues
- Addressing social issues
- ML- reduced interest rates
- Variety of CBOs and membership
- SAGs hosting the visitors



Dynamics at SAG Level: Perceptions of Members

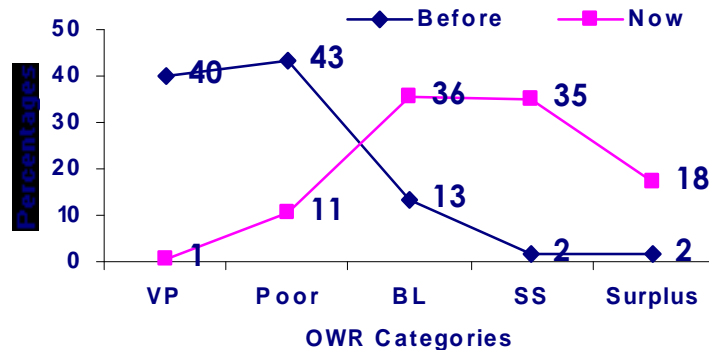
- Adequate credit to group members-95%
- Built large group corpus/funds-85%
- More solidarity within and between group(s)-58%
- More respect from the bank-95%
- Model to others and role of promotion SAGs-42%
- No/ reduced quarrels and dropouts-8%
- Less dependency on promoting agency
- More adherence to group norms



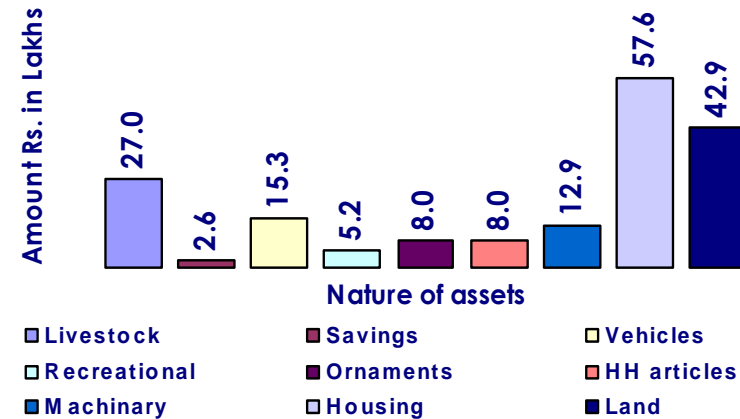
Dynamics at Household Level

Wealth Ranking Categories of SAG

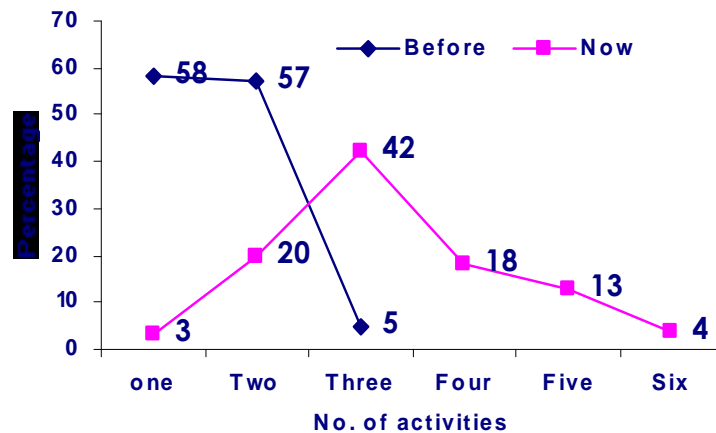
Members



Nature of Assets and the Value



No. of Household Economic Activities



Nature of benefits to household members

- Employment-more/new; education; health; livestock; marriage; life-cycle ceremonies

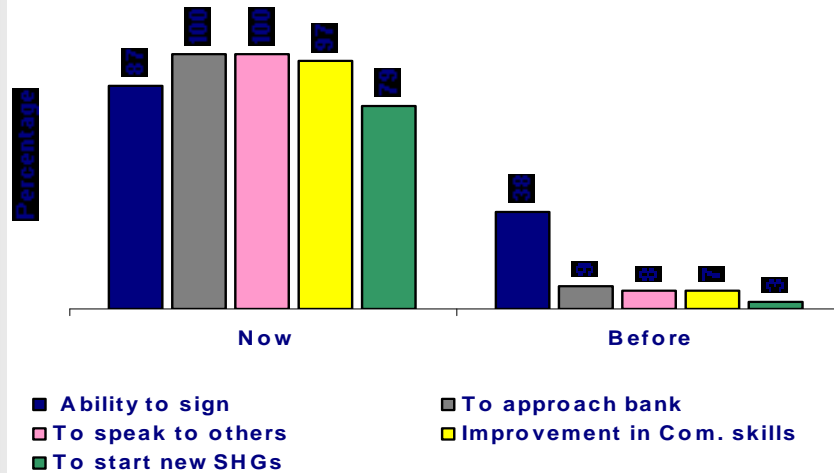
Who benefited in the household

- SAG member; husband; children; parents in law; grand parents and children

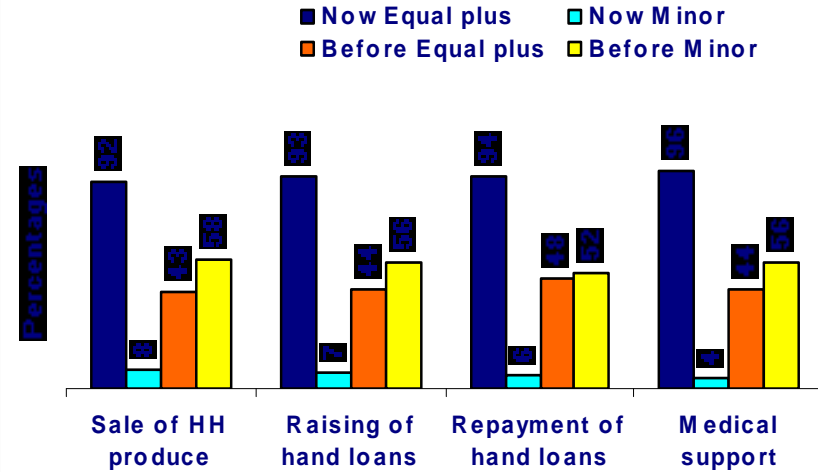


Empowerment (1)

Self-Confidence Levels of SAG Members



Access to Family Income



Support from Family Members (in %)

Period	Support	To attend meetings	To pay savings	To repay loan instal.	SAG work outside village
Now	Cooperative	100.0	100.0	100.0	97.5
	Indifferent	-	-	-	2.5
Before	Cooperative	46.7	49.2	50.8	49.2
	Indifferent	39.2	41.7	39.2	39.2
	Put hurdles	14.2	9.2	10.0	11.7



Empowerment (2)

Opinion on the Role in Decision Making at the Household (in %)

Particulars	Before				Now			
	Solely	Major	Equal	Minor	Solely	Major	Equal	Minor
Purchase of assets	6	5	28	62	11	7	79	3
Family savings	7	4	24	65	16	9	70	5
Children's education	7	8	26	60	9	14	72	5
Children's marriage	7	9	25	59	8	13	74	4
Occ. change	6	7	24	63	9	13	70	8
Casting of own vote	16	4	21	59	33	9	45	13
Purpose of loan	6	3	29	63	15	12	68	5
HH infrastructure	6	3	35	57	10	8	78	4

Opinion on Control on Household Resources/Assets (in %)

Usage of earnings	3	9	23	64	8	19	67	6
Use of SAG Loan	3	8	23	65	9	24	61	6
Personal savings	3	10	23	64	12	25	59	4
Sale of jewellery	2	7	24	68	4	10	68	18

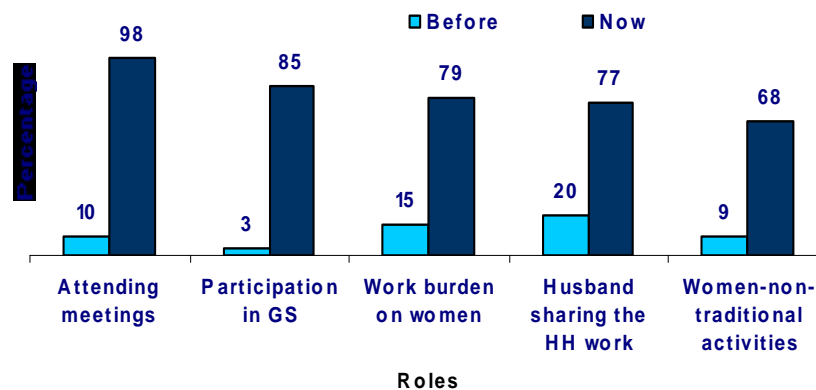


Empowerment (3)

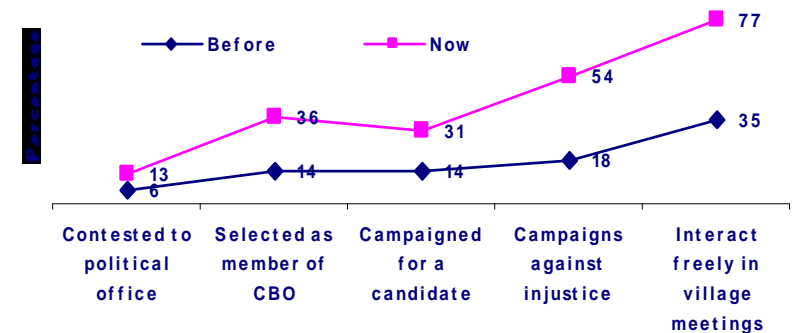
Mobility –Change at Individual Level (in %)

Period	Opinion	Outside the village				
		Shops	Hospital	SAG work	Bank	Govt. Off.
Now	Go alone	74.2	81.7	87.5	91.7	63.3
	With HH mem.	23.3	18.3	2.5	2.5	16.7
	With others	2.5	--	10.0	5.8	20.0
Before	Go alone	16.7	13.3	15.8	9.2	5.0
	With HH mem.	47.5	55.8	34.2	28.3	56.7
	With others	35.8	30.8	50.0	62.5	38.3

Changes in Women Roles



Participation in Political Activities



Factors Contributed for the Sustainability of SAGs

- **SHPI-process approach**
- **Membership norms- especially for new members**
- **Weekly and voluntary savings**
- **Meetings as per procedures**
- **Non-financial and social agenda**
- **Fines in practice**
- **Fin. Transactions within meeting; Cheque Book**
- **Vision building; and auditing-twice in a year**



Factors Contributed for the Sustainability of SAGs ...

- **Book writers from group members & honorarium**
- **Leadership rotation and space to non elected reps**
- **Lending norms-Need based, rate of interest**
- **Two types of loans: small-consumption; large-IGA**
- **CMRC- Multiple products to members, HH as a unit**
- **More focus on trainings related to various concepts**



Issues

- **Majority of the groups with OCs and BCs those social categories have less percentage of poverty in general**
- **Exclusion, some times self exclusion, and expulsion of some very poor and the HH seasonally migrate**
- **Grants from external agencies paid to members as dividend over a period or after 2 to 3 years**
- **No fine even a member fails to save 1 to 2 weeks unlike attendance to group meetings**
- **Gaps in SAG auditing; vision building is not a common practice in all the study district**



Issues...

- **Mode of loan repayment- much concern on interest than on loan installment/principal; Renewal of old/default loan as fresh loan**
- **Adjustment of member savings to loan installments to avoid large interest due to large loan and negative implications**
- **Payments to get SGSY loans; Interested more on subsidy loans than SHG-Bank linkage**
- **CMRC-Board dependency on staff**
- **The quality & quantity of CB inputs and monitoring of SAGs by CMRCs is low compared to when Myrada directly working with SAGs or Before CMRCs**



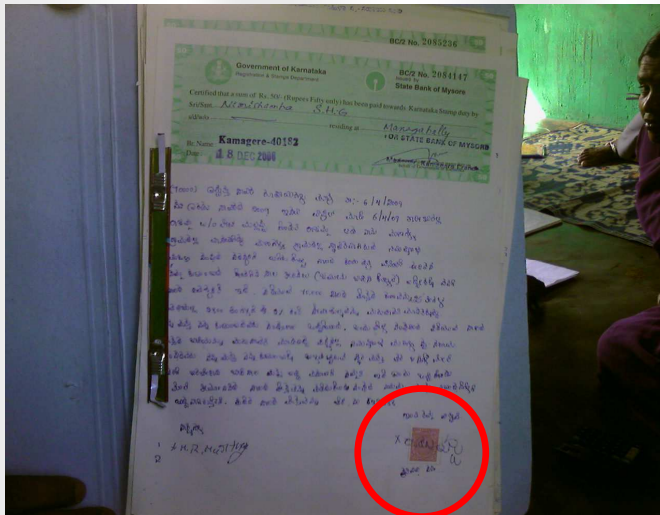
Some Good Practices



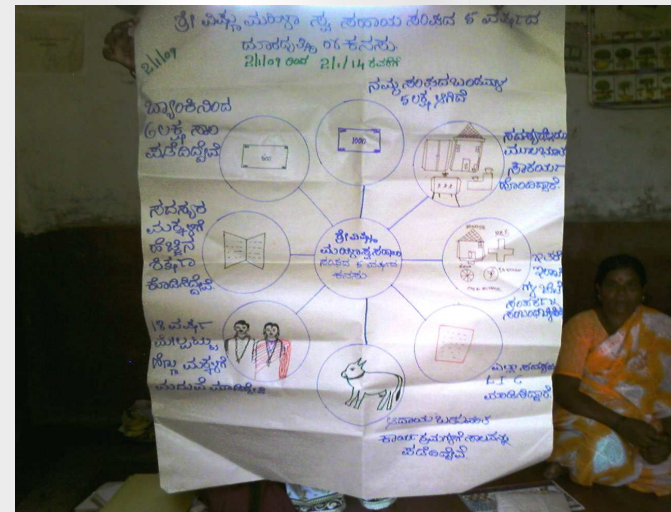
**Dress Code to SAG Members;
School- SAG meeting place**



**Members writing the books
President collecting the money**



Promissory Note on Stamp Paper



Vision Building of SAGs



Some Good Practices



SAG Members in WR exercise



Many Dropouts replaced with HH mem.



All the mem engaged in non-farm activities



Income Generation Activity



Conclusions

- **Myrada motivated and formed groups with poor through process oriented approach**
- **The quality of groups is high because of in built norms in the systems; and adequate capacity building inputs from promoters**
- **Groups are capable of mobilizing credit from various external agencies; ensure repayment rate; and manage default; SAGs became major source of household credit**
- **Emerging as 'Real SAGs' rather than mere 'Credit Centered Groups' or 'Leader Centered Groups'**



Conclusions

- **There is a tangible impact at community, group, household and individual levels**
- **CMRCs slowly moving their focus on capacity building to livelihood activities and linkages with govt. programmes**
- **Need to focus on mode of loan repayment and default management strategies and the quality & quantity of services that the CMRC provides to its members laudable**
- **The SAGs promoted by Myrada are no doubt that they are creditable models for demonstration and replication though there are few shades which can be easily surmount**



Thank You

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