

National Workshop on SHG Federations
May 30, 2008
Vigyan Bhavan, New Delhi
Organized by SGSY division of MoRD, GoI

In order to get feedback for revamping of the SGSY program and to discuss the idea of forming of a National Federation of SHG, the SGSY division of MoRD, GoI organized a one-day national workshop on SHG federation on 30th May 2008 at Vigyan Bhavan, New Delhi. About 700 delegates from all parts of the country attended the conference. Overwhelming majority of them are women representatives of SHG federations from different parts of the country. The officials from Rural Development Ministries/ Departments from different states, is the second largest contingent. The Ministry of Rural Development, GoI participated in full strength, lead by the Minister for Rural Development, two Ministers of State, the Secretary, the special secretary, the Director General of CAPART and the Joint Secretary – SGSY. Many representatives from banks, especially from NABARD and representatives of almost all prominent NGOs in the sector took part. A large contingent of print and electronic media covered the event.

The workshop began with the welcome address by Dr. Amar Singh, Joint Secretary, GoI. The Minister for Rural Development and the two Ministers of State – Rural Development spoke in the inaugural session. During the technical sessions, five presentations were made – these are: (1) SERP (Government of Andhra Pradesh, (2) MYRADA, (3) NABARD, (4) Government of Uttarakhand, and (5) Kudumbashree (Government of Kerala). During the technical sessions more than 15 SHG federations members spoke. The Honorable Minister for Rural Development Dr. Raghuvansha Prasad Singh intervened in the middle and announced a few policy announcements. In the end, the Secretary – Rural Development, Dr. Rita Sharma summed up the proceedings by highlighting some of the major points that emerged and spelled out briefly the future course of action.

For the benefit of the primary members, the entire proceeding was conducted in Hindi. All speakers and presenters spoke in Hindi and the primary members spoke in their native tongue, i.e. in Telugu, Tamil, Kannada, Malayalam, Bengali, etc. All these were translated into Hindi.

Welcome by Dr. Amar Singh, JS, GoI:

While welcoming the dignitaries to the workshop, Dr. Amar Singh said that federations are required, as small and informal SHGs, which have limited capacities, can not handle technical issues like auditing, training, etc.

Address by Ms. Suryakanta J. Patil, MoS – RD, GoI:

1. In her spirited address, the Honorable Minister said that SHGs are institutions of poor women, who once do not have two paise, even do not have pockets, nodo not

- have house, do not have entry pass into banks, etc. The program has turned around their lives.
2. While appreciating the role of women in the development of the family, society and country, she said that when the problems descend on the society and country, women come forward to face and resolve them.
 3. The programs struggle is against the poverty not against the poor.
 4. She expressed her concern that the state governments not mentioning the name of 'MoRD, GoI' in their publications on SHGs/ SGSY though they are getting substantial funds from the GoI for those programs.
 5. She reiterated that the ministry providing all sorts of marketing support to the SHGs. Marketing facilities is being provided in all state capitals and district headquarters. Currently trainings in packaging are being given to SHGs.
 6. As the National Federation is not evolving from the below, the ministry wants, according to the Honorable Minister, to facilitate such evolution from the top.
 7. She lauded the accomplishments of Grameen in Bangladesh in financial inclusion, where Md. Yusuf gave loans to beggars. She described the variety of livelihood options being promoted in Bangladesh, such as mobile women, who provides mobile telephone services in remote/ rural areas.
 8. She was critical of bankers' concern for repayment from SHGs, while not so concern about the repayment from industrial houses and business community like Harsad Mehata.
 9. In the end she said that in Democracy every citizen has equal rights.

Address by Mr. Chandra Sekhar Sahu, MoS – RD, GoI:

1. The Minister started his address by emphasizing the importance of the 'rural development' in overall development of the country.
2. While appreciating the performance and products of SHGs, he cited a couple of examples.
3. In Chennai, the SHGs, of Gandhi Gram Trust in technical collaboration with IIT, Chennai, are producing advance sanitary napkins.
4. In one of SHG exhibition (Mela) at NIRD Hyderabad, a Chinese delegate impressed by the quality of products, purchased huge quantities.
5. The recovery rate of SHGs is highest compare to all other customers.
6. National Federation of SHGs, according the Minister, is needed to mobilize support for SHG movement from one and all.

Inaugural address by Dr. Raghuvansh Prasad Singh, Minister for Rural Development:

1. In his eloquent inaugural address, the Honorable Minister said that the workshop could be considered a **school**, which provides informed solutions to the poverty alleviation in the country. The workshop could also be considered as a **gym**, which prepares the fighters to wage a war against the poverty.

2. The Minister reiterated that unless poverty is eradicated, India can not join the league of developed nations. Poverty is a **scar** on Indian nation and Indian consciousness.
3. Poverty could be removed only through full employment. As, wage or salaried employment can not be provided perpetually to all people, self-employment is being promoted.
4. SGSY is major program in the country aimed at promotion of self-employment in rural India.
5. SHGs emerged as the most effective tool for poverty eradication.
6. All agencies, including government and non-government, which involved in poverty alleviation and women development and empowerment, are promoting SHGs. All these SHGs need a National Federation to look after their problems.
7. To eradicate the poverty completely, by 2012 at least one member from each BPL family would be covered in SHGs.
8. The MoRD would double its SHGs/ SGSY groups, from current 28 lakh to over 56 lakh by 2012.

Reiterating his ministry's resolve to remove the poverty, Honorable Minister said that over 3 cr. people were provided wage employment under NREG. To weed out loopholes and corruption in implementation of the NREG, over 1.62 cr. personal saving accounts in different banks and post offices have been opened. NGOs (quoting former president Dr. A. P. J. Kalam's phrase that NGOs could be called STOs – societal transformation organization) has important role in poverty eradication.

9. By 2015, all BPL families would transform into APL families.
10. In the fight against the poverty support from all has to come.
11. Poverty alleviation would benefit other sectors also. For example, increased purchasing power in rural areas would increase the profitability of industrial and service sectors.
12. People's organization (Shaghatan) is required for the struggle against poverty. Current appalling conditions of the poor are forcing them to commit suicides and to register in terrorist outfits.
13. **As the Nation Federation is not evolving from below, he wants to facilitate from the top. As it may not proper to constitute a full pledged National Federation without proper representative state level federations, an adhoc National Federation could be, according to him, formed today itself.**
14. The proposed National Federation has numerous roles and responsibilities to perform. Some of them including facilitating SHG banking; resolving many hitches in SHG banking by arranging regular consultations between banks and SHGs/ promoters from block level to national level; providing livelihood trainings to members and their family members and arranging the placement; marketing of SHG products; etc.
15. He assured total support of MoRD to the proposed National Federation and said further that the ministry would be behind the National Federation in all situations.
16. He spelled out some of forthcoming promotional and support measures to SHGs. These are: (a) Advertisement support to SHGs' products, and (b) Setting up of

50,000 SHG and Livelihood training centers in the country at the rate of one training centre per every 12 villages.

17. He reiterated that he would not accept any advice on removal of subsidies to the poor; rather he would be happy to consider any suggestion for increasing subsidies to the poor.

Presentation by SERP (Government of Andhra Pradesh)

The presentation covered mainly the coverage and accomplishments of SHGs in Andhra Pradesh. Some major points covered in the presentation are:

- Andhra Pradesh accounts about 40% of total bank loan amount in 2006-07.
- The thousand and odd Mandal (sub-district) federations have over Rs.3,000 cr. as corpus. Out of this, only half has been provided by the state government. Remaining part was mobilized by the federations from other agencies and internal sources including interest income and collection of service fee for different services they provide.
- The SHGs have training centers in all Mandals in the state.

Presentation by MYRADA

The presentation has two parts. In the first part the evolution of SHG banking and the evolution of federations were traced. In the second part the structure and accomplishments CMRCs was described.

In the 1980s, when banks were reluctant even to open a saving account in the name of SHGs, MYRADA got Rs.10 lakh from NABARD to lend to the groups. To handle the funds, SHG federations were promoted.

CMRCs were promoted to facilitate the withdrawal MYRADA from certain projects. After reviewing the situation, instead of total withdrawal, MYRADA reduced its presence in those identified areas. MYRADA provides one manager to each CMRC. The CMRCs, which are being governed by the primary members, raise resources through different services, they provide to the members, non-members and member organizations. The services include training, book keeping, land records, documentation, technical advices, etc. About 20 CMRCs have formal MOUs with Government of India. Fourteen CMRCs have V-sat connectivity.

The CMRCs have demonstrated that institutions, which provide social (non-financial) services, could be financially viable.

Presentation by NABARD:

The presentation described the progress of SHG banking in the country, emergence of SHG federations and NABARD support to the federations. The federations that emerged

in different parts of the country are quite different from each other in terms of structure, coverage, size, functions, mode of operation, etc. NABARD has recently decided to provide financial support to promotion and strengthening of federations, which are focusing on non-financial services, i.e. NABARD support is model neutral but restricted to non-financial federations.

Presentation by the Government of Uttarakhand:

The presentation covered the progress and accomplishments of SHGs in the state and some innovations being implemented in the state. One of the innovations is use of IT through a private company, viz. HARC, for marketing of SHG, agriculture and horticulture produces. The technology proved to be very effective and the intervention resulted in significant benefits to women and farmers in the state. The state Rural Development Department is contemplating to use the same technology for monitoring the NREG work sites.

Presentation by Kudumbashree (Government of Kerala):

The presentation covered the history of the program, its concepts, focus areas, etc. Kudumbashree is a community/ women oriented holistic poverty alleviation program. It is a collaborative program between the Government of Kerala and NABARD. It is being implemented by the women/ community in collaboration with local governments, i.e. Panchayat Raj Institution and Municipal bodies. The focus areas include promotion of micro enterprises, food security, minimum needs fulfillment, child development, destitute development, etc.

Sharing by the primary members

In between the above presentations, the representatives of SHG federations from almost all represented states shared their experiences, their expectations and their suggestions. (A complete list of women, who spoke, here would add value to the report) There is so much commonality in their experiences, expectations and suggestions. Major gists of these sharing are:

1. Federations are more effective and fruitful in converting the microfinance into new and additional livelihoods and income to SHG members.
2. They facilitate interaction between SHGs/ members and outside world, especially the mainstream institutions.
3. They aggregate the demand and supplies of individual SHGs and increase the bargain power of SHGs.
4. The federations not only uniting SHGs but also harmonizing different skills/ expertise of different SHGs.
5. Because of federations, the incomes of SHG members have increased significantly.
6. Some members spoke about the benefits SHGs. For example one member described SHGs as light in the lives of poor women.

7. Because of federations women are moving out of their villages, visiting Mandal/ Block headquarters, District headquarters and State capitals. With this meeting they have visited the national capital also.
8. Some members wanted two or three, this kind of, workshops/ meetings per year, which may give opportunity to more members to get this kind of exposure.
9. Because of federations women are able to take up their village or community level problems with block, district and state level officials, leaders and forums.
10. Some members want marketing support for their products.
11. Federations (in Tamil Nadu) are working on sector development activities like promotion of new groups, training and auditing, etc and social issues like child labor.
12. Almost all members are in favor of formation of the National Federation of SHGs.

Intervention by the Minister Dr. Raghuvansha Prasad Singh

The Minister, listen carefully the sharing of the primary members for most part of the day, made a brief intervention before leaving the venue in the afternoon. He asked the assembled members, whether they are in favor of forming an adhoc National Federation of SHGs in the meeting itself. There was near unanimous support for the formation of National Federation in the meeting itself. The primary members were more vocally supported the idea. Then the Minister asked the officials to take necessary action to form the National Federation and a national advisory council. The state government representatives and the heads of prominent NGOs were asked to suggest the names of one of their best federations to represent in the National Federation. Then the Minister made a the following few announcements:

1. Impressed by some of songs, sung by the primary members, he said that SHGs based songs in different languages would be made a cassette/ CD and distributed.
2. All SHG members would be covered by the life and health insurance. The GOI would facilitate the process.
3. These kinds of workshops/ meetings would be organized two or three times in every year. From next time, these meetings would be organized for two days.
4. SHGs Sammellens would be organized from village level to national level.
5. SHG training centers would be established @ one for every 12 villages.
6. Why banks are charging more than 9% of interest, despite the clear instructions from the Finance Ministry. The National Federation should resolve this issue.
7. From now onwards, SHGs would get loans @ 4% of interest. The GOI would compensate the banks' losses.
8. All rural development programs' implementation would be monitored by SHG federations in coming years.
9. The MoRD would take care of advertisement needs of SHGs and Federations.

Summing up by the Secretary Rural Development Dr. Rita Sharma

Dr. Sharma was present in the workshop throughout the day. She said that the workshop was very productive. Everyone, who spoke in the workshop from primary members to the

Cabinet the Minister, speak, according to the Secretary, from their hearts (Dil Se). She appreciated that the primary members explained the ‘universal truths’ and ‘age old wisdom’ elegantly in simple words. She recalled some of the major points emerged, some assurances given by the Minister, some suggestions and requests made by the primary members and others. Emerged major points in the workshop are summarized in the box – 1 below. The secretary – Dr. Sharma touched most of them. Finally she said that she is personally happy to implement all suggestions made and assurances given in the workshop.

Box – 1: Major point those emerged in the national workshop on SHG federations

1. There was total consensus for the formation of National Federation of SHGs. It was announced to form an adhoc National Federations of SHGs, with representation of one best SHG federation from each state and one best federation of each of pioneering NGOs such as MYRADA, PRADAN, DHAN, etc.
2. A national advisory council would be constituted with the representatives of Governments, Non-governments, banks and resource organizations to support the National Federation on SHGs.
3. All SHGs members would be covered under life and health insurance cover. The GoI would facilitate the process.
4. All SHG loans would be at the interest rate of 4%. The GoI would compensate the banks’ losses.
5. The present kind of meetings would be organized at least two per year. The GoI would encourage all state governments, district administrations and block officials to organize SHG Sammelens frequently.
6. SHG related songs in different languages would be compiled in a CD form and distributed.
7. At least one member from each of BPL family would be covered in SHGs by 2012. The MoRD would be doubled the number of SGSY groups/ SHGs from over 28 lakh to over 56 lakh by 2012.
8. A SHG/ livelihood training centre would be established at the rate of one institute for every 12 villages.
9. The MoRD would provide focused support for marketing the SHG products. The support includes training in packaging, creation of marketing infrastructure, advertisement, etc.
10. Monitoring of the implementation of all rural development projects would be entrusted to SHGs/ federations after necessary capacitating them.