

KNOWLEDGE PARTNERSHIP PROGRAMME



Final Report

Pathways to Women's Empowerment: Learning from Government-Led SHG Models

Catalyst Management Services Private Limited

Submitted to



Department for International Development (DFID)

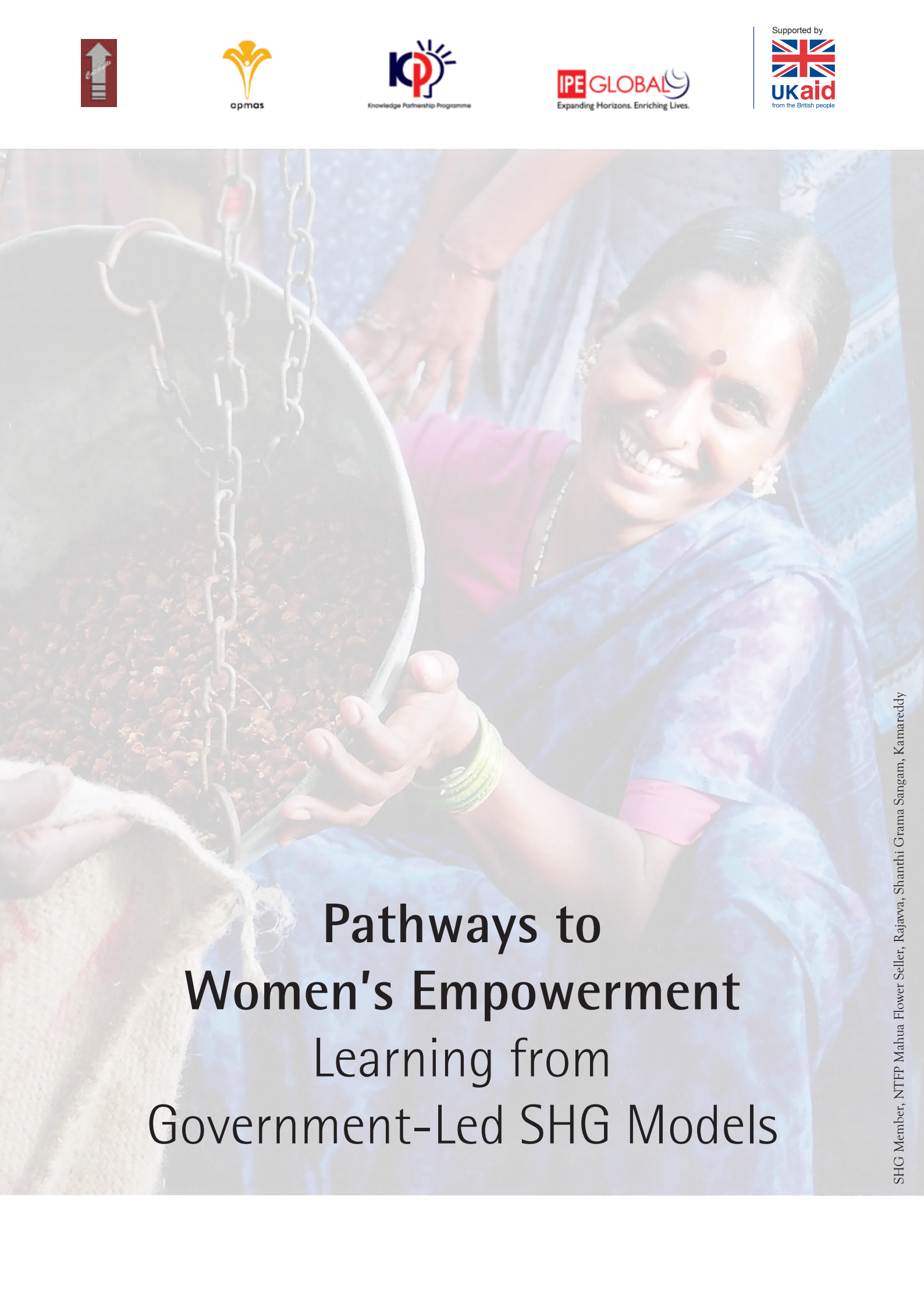


IPE Global (P) Ltd.

May 2015



Supported by



Pathways to Women's Empowerment Learning from Government-Led SHG Models

SHG Member, NTFP Mahua Flower Seller, Rajavva, Shanthi Grama Sangam, Kamareddy





Pathways to Women's Empowerment Learning from Government-Led SHG Models

FINAL REPORT

May 2015

Submitted to

DFID Knowledge Partnership Programme
(Implemented by IPE Global Private Limited)

Submitted by

Catalyst Management Services Private Limited (Lead Firm)



Head Office: No. 36, 1st Floor, Vinayaka Layout, Boopasandra Main Road, Bangalore 560 094, India

Ph: + 91 80 2341 9616

Email: raghu@cms-india.org; Web: <http://www.cms.org.in>

Regional Offices and Presence at - India (New Delhi, Bhopal, Hyderabad, Madurai)

APMAS



Plot 11 & 12, HIG, HUDA Colony, Tanesha Nagar, Near Dream Valley, Manikonda,
Hyderabad, Ranga Reddy (Dist), Telangana State, 500 089

Email: crreddy@apmas.org; krajareddy@apmas.org

Website: www.apmas.org

TABLE OF CONTENTS

List of Tables, Boxes and Figures	iii
List of Annexures	iv
List of Abbreviations	v
Acknowledgements	vii
Foreword	1
Preface	3
Executive Summary	4
1 Introduction and Context	7
2 Study Framework and Methodology	14
3 The Self-Help Movement in India	17
4 Institutional arrangements	30
5 Case study of SHG models	41
6 Women's empowerment and the SHG movement: factors of impact	57
7 Factors for scale and impact of the SHG movement	67
8 Challenges and lessons	77
9 Recommendations for the Developing Countries	86
9.1 Ethiopia	90
9.2 Nepal	95
9.3 Kenya	98
10 Bibliography	101
11 Annexures	103

LIST OF TABLES, BOXES AND FIGURES

List of Tables

Table 1: Events in public policy and programmatic models on financial inclusion in India	5
Table 2: Features of SHGs, VSLAs and Cooperatives	27
Table 3: Evolution of SHGs	39

List of Boxes

Box 1.	Status and Trends in Financial Inclusion in India	11
Box 2.	Government's Role as an SHPI	20
Box 3.	SHG Promotion cost estimates	21
Box 4.	Why SHG lending was attractive for banks	32
Box 5.	NGO engagements where the Government is the SHPI	34
Box 6.	Evolution of SHG process and its implication on cost of promotion	39
Box 7.	Understanding Jeevika: : Transforming women's Identity, Income and Insecurity	48
Box 8.	Community-driven development: What is it and does it work?	59
Box 9.	Impact of Andhra Pradesh SHG programme	61
Box 10.	Highlights of the SHG movement in the last three decades	76
Box 11.	Leader's Share	81
Box 12.	Engagements with Ethiopian delegation	92
Box 13.	Brief account of Kabil's initiatives to bring its Indian experiences of 'Women led Development', customised on Ethiopian soil	95

List of Figures

Figure 1: Study Framework	14
Figure 2: Structure and functioning of an SHG	17
Figure 3: Aspects that determine the profile of an SHPI	19
Figure 4: Institutional architecture for establishing linkages for services	30
Figure 5: No. of SHGs linked with banks and with loans outstanding from 2009-2012	33
Figure 6: Institutional architecture facilitating sustainable financial access to the poor	38
Figure 7: Comparative analysis of various models	55
Figure 8: Changes in household income after the SHG movement	60
Figure 9: Changes in poverty rate after the SHG movement	60
Figure 10: Change in control over use of money due to the SHG movement	61
Figure 11: Changes in loan amount per household due to the SHG movement	62
Figure 12: Changes in the loan sources after the SHG movement	62
Figure 13: Change in the ability of the SHGs in facing problems due to the movement	64
Figure 14: Change in nutrition levels, child education and health care after the SHG	64
Figure 15: Change in the level of participation in public issues	65
Figure 16: People, Poor and Women centric fundamental of the SHG	69
Figure 17: Factors for scale and impact	75

LIST OF ANNEXURES

1.1	Annex-1: Aspects of empowerment studied	i
1.2	Annex-2: Systematic Review Protocol	ii
1.3	Annex-3: Expert Interview Guide	vi
1.4	Annex-4: FGD Guide	xi
1.5	Annex-5: Analytical Framework	xviii
1.6	Annex-6: List of Experts consulted for the study	xxi
1.7	Annex-7: Participants in the national workshop	xxii
1.8	Annex-8: Ladders to empowerment	xxiv
1.9	Annex-9: Sample Pilot Report	xxvi
1.10	Annex-10: List of region wise Self Help promoting agencies	xxxv
1.11	Annex-11: Ms Girija Srinivasan's inputs for the study	xli
List of figures in Annexures		
	Figure 1: Ladders of empowerment developed from the Kudumbashree experience	xxiv
	Figure 2: Structure of Kudumbashree	xxvi
	Figure 3: FCM map for two group discussions	xxxiii
List of tables in Annexures		
	Table 1: Women empowerment Framework	i
	Table 2: Expert Interview Guide	vi
	Table 3: Country Environment protocol	xviii
	Table 4: SHG study analytical model	xix
	Table 5: Impact of model on member's indicator wise	xxxiv

LIST OF ABBREVIATIONS

ADS	Area Development Society
AP	Andhra Pradesh
APMAS	Andhra Pradesh Mahila Abhivruddhi Society
APMSS	Andhra Pradesh Mahila Samatha Society
APRACA	Asia-Pacific Rural and Agricultural Credit Association
ASCA	Accumulating Savings and Credit Association
BLF	Block Level Federation
BRLPS	Bihar Rural Livelihoods Promotion Society
CARE	Cooperative for Assistance and Relief Everywhere
CBO	Community Based Organisation
CLF	Cluster Level Federation
CMG	Credit Management Groups
CMRC	Community Managed Resource Center
CSO	Civil Society Organisations
DFID	Department for International Development
DHAN	Development of Humane Action
DPIP	District Poverty Initiatives Project
DRDA	District Rural Development Agency
FGD	Focus Group Discussion
GIZ	Gesellschaft für Internationale Zusammenarbeit
HDI	Human Development Index
ICDS	Integrated Child Development Services
IFAD	International Fund for Agriculture Development
IKP	Indira Kranti Pratham
IRDP	Integrated Rural Development Programme
LDC	Least Developed Countries
MAVIM	Mahila Arthik Vikas Mahamandal
MCID	Micro credit innovations department
MF	Micro Finance
MFI	Microfinance Institutions
MMS	Mandal Mahila Samakhyas
NABARD	National Bank for Agriculture and Rural Development

NABFINS	NABARD Financial Services Ltd.
NGO	Non Governmental Organisations
NHG	Neighbourhood group
PRADAN	Professional Assistance for Development Action
PRI	Panchayati Raj Institutions
RBI	Reserve Bank of India
RFA	Revolving Fund Assistance
ROSCA	Rotating Savings and Credit Association
SAG	Self-help Affinity Group
SBLP	SHG-Bank Linkage Programme
SERP	Society for Elimination of Rural Poverty
SGSY	Swarnajayanti Gram Swarozgar Yojana
SHG	Self-help group
SHPI	Self Help Promoting Institutions
SIDBI	Small Industries Development Bank of India
SKDRDP	Shri Kshetra Dharmasthala Rural Development Project
VSLA	Village Savings and Loan Associations
VO	Voluntary Organisations

ACKNOWLEDGEMENTS

The study team would like to thank the IPE Global Pvt. Ltd. and through them the Department for International Development (DFID), who conceptualised, funded and supported the study under the broader framework of Knowledge Partnership Programme (KPP) of DFID. In particular, we are grateful to the guidance and support of Ms. Mamta Kohli, Social Development Advisor, DFID, India, Ms. Ragini Chaudhary, Advisor, Private sector Team, DFID, India, and Dr. Hamsa Natesa, Policy Lead-Women and Girls, IPE.

We are indebted to following partners, their field teams and other key resource persons for facilitating field visits to the project locations to document their case studies and also for the valuable time and learning shared on their strategies and experiences: Kudumbashree, Kerala; Jeevika, Bihar; Indira Kranti Pratham (IKP), Andhra Pradesh (AP); Mahila Samakhya, AP and Bihar; MYRADA, Karnataka and Rajiv Gandhi Mahila Vikas Pariyojana, Uttar Pradesh. We are extremely grateful to Ms. Valsala Kumar, CEO, Kudumbashree, Mr. Arvind Chaudhary, IAS, Ex-CEO, Jeevika, Mr. Sridhar Chenji, IAS, Ex-CEO, Jeevika, Mr. Mukesh Chandra Sharan, Project Manager, Jeevika, Ms. Archana, Thematic Lead, Jeevika, Ms. Pushpa, State Project Director, Mahila Samakhya Bihar, Ms. Uma, Mahila Samakhya Bihar, Mrs. P. Prashanthi, State Director, Mahila Samakhya AP, Mrs. M. Usha, Resource Center Coordinator, Mahila Samakhya AP, Mrs. A. Uma, State Resource Person, Mahila Samakhya AP, Mr. Aloysius P Fernandez, Member secretary, Board of Governors, MYRADA Karnataka, Ms Chandra Singh, Chief financial officer, MYRADA Karnataka, Ms Maya Mascarenhas, programme Officer, MYRADA Karnataka, Mr. Sampath Kumar, CEO, RGMVP Uttar Pradesh, Mr. KS Yadav, programme Manager, RGMVP Uttar Pradesh, Mr. PS Mohanan, Programme Director, RGMVP Uttar Pradesh, Mr. Rajasekhar, IAS, CEO, SERP Andhra Pradesh, Mrs. Usharani, State Project Manager, SERP Andhra Pradesh, Mr. Vidhyasagar Reddy, Managing Director, Sthreenidhi, Andhra Pradesh, Mr. Ravi Prakash Reddy, Project Director, DRDA, Chittoor Andhra Pradesh and Mrs. Satyavva, President, Kamareddy Cluster Praryavekshana Samakhya, Kamareddy, Nizamabad Dt.Telangana State for their valuable input.

We would like to sincerely thank the following experts for taking time from their busy schedule to share their views and insights: Mr. S.M. Vijayanand, IAS, Special Secretary, Ministry of Rural Development, Government of India, Ms. Nita Kejriwal, Director-Finance, National Rural Livelihoods Mission (NRLM), Mr. Deep Joshi, Chairman, Institute of Rural Management Anand and Co-founder of PRADAN, Mr. Vijay Mahajan, Founder and Chairman, BASIX Group and Co- Founder of PRADAN and Founder BASIX, Mr. Y C Nanda, Ex- Chairman of NABARD (during the early 1990's), Mr. Narendranath, Programme Officer-PRADAN, Ms. Ranu Bhogal, Independent Consultant and Ex-Director at Aga Khan Foundation and Mr. Navin Anand at the Solution Exchange at United Nations Development Programme.

The report has benefitted immensely from the experience and insights shared by participants at the national workshop on 'Impact of Self Help Groups on Women Empowerment in India' organised on 20 January 2015 at New Delhi. We are immensely grateful to the distinguished participants who came over from all over the country to participate wholeheartedly in the event.

We express our special thanks to Ms. Girija Srinivasan, Independent Consultant who reviewed and commented on the initial draft. The report was also reviewed by two anonymous referees and we express our thanks to them.



SHG Member, Fruit Vendor, Bamma, Lalita Mahila Sangam, Kamareddy

FOREWORD

I am happy to see that CMS and APMAS in collaboration with IPE and DFID have come out with this report on 'Pathways to women empowerment: Learning from Government-led SHG model in India'. The report is timely as it reviews and analyses the role played by SHGs in India over the past three decades or so in empowering women and helping them achieve better quality of life. It is indeed a matter of pride that developing countries in Asia and Africa are recognising the SHGs as an institutional model for achieving women empowerment and are looking forward to learn from the Indian experience. Having said this, the SHG movement in India has evolved over the past decades and has inevitably taken various forms, structure and characteristics in diverse geographies and socio-economic and political environment. This variety and complexity in the model needs to be appreciated and carefully understood before attempting to learn from it.

NABARD/RBI first established a "policy framework" between 1988-1992 as the basis for the SHG-Bank Linkage Programme. It was based on three major policy decisions taken by RBI and NABARD prior to the launch of the SHG-Bank Linkage: i) To extend ONE bulk loan to each SHG which was credited to the groups common fund allowing the SHG members to decide on loans to individuals; ii) To allow banks to lend to unregistered SHGs provided they kept records of meetings and financial decisions; and iii) to lend without physical collateral. This policy framework allowed the SHG-Bank linkage movement to take off and spread rapidly. NABARD established the "Qualifying features" of the SHG". These qualifying features are briefly: i) The SHGs are independent people's institutions (part of civil society) ii) The SHG members self selected themselves on the basis of affinity (relations of mutual trust and support which existed); the only common feature was that they should all be identified as poor by the village. This "affinity" provided the social network iii) There was no subsidy provided either for the asset (cows, sheep) or for interest; today all government programmes include a subsidy; can such groups be called "self help groups"!!! iv) The SHG would have a group common fund into which was credited savings, interest, fines, loans from Banks, grants ; v) agenda at every meeting which would include not only savings and credit but also any other problem they were facing - this was the "social empowering component" which was included as an indicator of SHG performance; the duration of the meeting was 1.30-2 hrs; today they have been reduced to credit and repayment institutions; vi) the SHGs would be trained in "Institutional Capacity Building" - focus on building an institution - by Self Help promoting Institutions like experienced NGOs or their trainers and not by Government staff (as was done in UP) or by members of other SHGs in the first stage.

NABARD also required the following operational and administrative norms/practices: SHGs should: i) meet regularly, preferably weekly; ii) maintain books especially attendance register, minutes of meetings and accounts; iii) have an assessment periodically; iv) audit the accounts yearly (by experienced accountants); v) start with weekly savings to create the habit of savings; vi) open one Bank account in the group's name; vii) start with internal lending from the savings; viii) approach the bank for a loan only after 6 months of internal lending; the banks were thus able to establish the credit history of the SHG.

The report lists the challenges faces by the SHG movement. They arise from some major mis-conceptions like: a) the SHG is the only strategy for empowerment and poverty alleviation. Each family has several income generating activities. The SHG provides them with access to credit. b) SHGs will by themselves take up issues related to gender: MYRADA's experience showed that left to themselves SHGs will not give priority in an explicit way to gender relations. The NGO involved needs to introduce an awareness programme on specific issues like "sending girls child to school, domestic violence, treating girls and boys equally", and motivate the SHG to apply sanctions if members do not comply c) On the criticism that SHGs do not promote larger livelihood activities, SHGs are institutions that support the first step; several members of different SHGs now produce surplus or cash crops; they need new institutions to support aggregation, value addition and marketing; this is where Producer Companies/Cooperatives come in which need support.

In nutshell, the impact of SHG especially the SHG-Bank linkage programme should be seen in the policy backdrop that facilitated massive expansion of the programme while the operational framework evolved iteratively and the processes matured slowly, providing distinctive characteristics to each model in different context. In the same breadth, the lessons for developing countries can be more useful if they draw on the core principles of SHGs while keeping their unique context as the building blocks for future SHG movement in their country.

Aloysius Prakash Fernandez

Bengaluru, March 10, 2015

PREFACE

The Government of UK's Department for International Development (DFID) through its Knowledge Partnership Programme (KPP), implemented by IPE Global, is producing and disseminating high quality research, sharing Indian and global evidence on policies that impact development outcomes and support advocacy towards strengthening policy and programmes in developing countries in Asia and Africa.

The broader goal of the KPP is to: i) Promote sharing of Indian evidence, best practice and expertise for lesson learning on a global level, ii) Gather and uptake of evidence on issues central to India's national development that have potential for replication in developing countries, iii) Strengthen India's engagement in developing countries -especially in Africa and Asia.

Within the ambit of the KPP, IPE Global has commissioned Catalyst Management Services (CMS) and its partner Andhra Pradesh Mahila Abhivruddhi Society (APMAS) to undertake a study to analyse the impact of SHG on the socio-economic empowerment of women in India and consolidate the lessons from the SHG models with a view to replicate such learning in the context of the developing countries. The study focuses on the select government-led SHG models that have achieved scale in their respective geography. Building on this expectation, the study covered four government-led SHG models - Kudumbashree in Kerala, Society of Elimination of Rural Poverty (SERP) in AP, Jeevika in Bihar and Mahila Samakhya in AP and Bihar and two Civil Society led models - MYRADA in Karnataka and Rajiv Gandhi Mahila Vikas Paryojana in Uttar Pradesh. The main purpose of the study is to examine whether and how government-led SHG programmes have helped in addressing poverty and empowerment among marginalised women. The study further dwelled into impact of these models, if any, on the decision making power of the women in their family and their control over resources. At the broader level, the study tries to analyse the impact of micro-finance in transforming the quality of life of SHG women. While acknowledging differences in the context between India and the developing countries, the study identifies principles and lessons from SHG models that could be adopted in select developing countries in Africa and South Asia. The study findings are based on extensive discussion with women members of SHGs spread across the country and consultation with experts and leaders from civil society, financial institutions and government both at the central, state and the local level. The preliminary findings of the study were shared in a national level workshop and the inputs received in the meeting have been incorporated in the final report. The study has also benefitted from peer review of the draft by two anonymous referees.

EXECUTIVE SUMMARY

Since the early 1990s, the Indian SHG movement has emerged as a dominant 'community based institutional model' that provides basic financial services to its members and helps them progressively reduce social and financial vulnerability, expand livelihood opportunity and achieve socio-economic and political empowerment.

The Self-help movement, which evolved over three decades, was seeded in the context of a long history of the banking sector reform in India, which sought to expand the banking system across the country to enable agriculture credit for growth of agriculture and micro, small and medium enterprise (MSME). Amongst these, the SHG Bank Linkage programme was prime, providing the policy mechanism for recognition of informal groups for formal bank linkage. As it evolved, a complete ecosystem developed around SHGs which fostered their success and enabled them to realise their potential. A national level framework, with flexibilities for state governments to customise and evolve their models enabled states to leverage their own state level opportunities.

One of the most striking features of SHG movement in India has been the sheer scale the model has been able to achieve over the past couple of decades or so. It started with 300 SHGs in 1986 promoted by MYRADA which crossed a million by 2004 and now, as of 31st March 2014, there are 7.43 million SHGs in India with a 97 million members having bank accounts, 84 percent of whom are women that are mostly poor. These savings linked SHGs have their own savings to the tune of INR 30 billion, of which nearly 30 percent is deposited with banks in savings account. An even more impressive achievement is that 4.2 million SHGs have active loans, with the total bank loan outstanding to SHGs at INR 43 billion. Contributing to scale are a variety of models that are promoted by the Government, Bankers, Civil Society and Micro Finance Institutions (MFIs) - at different scales, in different geographies, providing variety of services.

When data on women's empowerment is studied it is evident that the SHGs have led to significant impact on status of women in society and poverty reduction. Women SHG members have gained confidence; have an identity of their own and a platform to realise their aspirations. SHGs have enhanced ability of members to leverage finance for investments and consumption. The penetration of SHGs has had a cascading impact on choices for credit sources available to members' households, and membership with the SHG has led to an increase in access to formal institutions and government programmes. This, in turn, has led to a change in perception and shift in attitude of society towards women in general, and major improvement in key social sectors like nutrition, health care and education in the members' households. Significant, especially in some models, has been the participation of women in the electoral process at all levels with many women assuming important positions as political representatives. Women's participation in village planning process and Gram Sabhas has improved. While impact was achieved, the levels of impacts across different models, and themes varied, based on the approach adoption by the Self-Help Promoting Institution, the local context and political will.

The study identifies critical factors that determined the scale and impact of the SHG movement in India, including its impact on women's empowerment; and they can be classified as - i) Contextual factors: varying approach towards empowerment, socio-political context of the state and market profile and maturity; ii) Programmatic factors: adoption of principle of self-help, group and mutuality; facilitating participatory group processes, interactional functioning, targeting approaches, holistic execution approach, provisioning of quality human resources for programme development and implementation and capacity building of systems at all levels; iii) Institutional factors: enabling governance and institutional mechanism in SHG programmes at state level, participatory and flexible community infrastructure architecture and financing models; iv) Policy factors: role of NABARD and RBI as prime mover and re-financing agency, proactive role of state government, building outreach infrastructure and recent policy initiatives.

The cost of promotion for SHGs has been analysed in several studies and depends on the agency promoting the SHG. Malcom Harper in a paper presented at the Seminar on SHG-Bank Linkage programme (Harper, 2002, pp. 14) finds that there have been several studies which have attempted to calculate the cost of promoting SHGs. Most have focused on NGOs as SHPIs, such as Fernandez (2001, pp. 35-36), and the costs of developing an SHG from 'scratch' to bank linkage have been found to range between INR 1,350 and INR 16,000 (Friends of Women's World Banking, 2002, p. 15). One study (Harper et al, 1998, p.68, table 17) found that it cost a typical NGO INR 8,520 to develop an SHG for linkage, whereas the cost for a bank was INR 11,000. It has also been pointed out (Titus, 2002) that the costs depend very much on the previous level of community cohesion and other factors unrelated to the type of promoting institution. A study by Ajay Thanka (2002) found costs of promotion of SHGs varied between INR 4,500 for Basic pFA initiative in AP, to INR 12,100 for PRADAN, INR 13,726 to INR 15,356 for the CARE credit projects and INR 15,000 to 25,000 for MYRADA's Karnataka and Tamil Nadu initiative. The cost of promotion of SHGs by government agencies is found to vary from INR 200 to INR 7000. Box 3 elaborates on the promotion cost as estimated through different research agencies.

Major challenges faced by the SHG movement include (a) inability to scale to the ultra poor; (b) quick economic empowerment, with social empowerment lagging behind; (c) difficulty to rise above primary level activities towards higher forms of livelihoods as in the enterprise development sector and other formal sectors; (d) difficulty to graduate mature members from the groups; (e) limited changes in gender relations, especially in some models operating in areas where gender differences are deeply socially entrenched; (f) process and levels of credit linkages, which risk eroding group cohesion especially for less mature SHGs; (g) co-option by state, whose primary stake may not be empowerment; (h) elite capture of the SHG by members from dominant socio-economic strata; (i) micro-planning by groups; and (j) failure of community resource persons to take on the leadership roles envisaged for them, remaining instead as SHG extension agents.

Some of the key recommendations for the SHG in India are: (a) reduce subsidies; (b) mainstream women empowerment and social agenda through introduction of Human Development Index (HDI) in emerging SHG models; (c) seek role for SHG and its federated structure in the new financial inclusion policy and framework; (d) strengthen sustainability of SHG and its federated institutions; (e) use voluntary savings policy as a process to graduate from community banking to individual banking; (f) lead by the National Rural Livelihoods Missions (NRLM) on social inclusion, convergence, partnerships and creating locally relevant livelihoods options; (g) learn and incorporate good elements from alternate models of financial inclusion, particularly strong database and MIS.

Important recommendations for the developing countries based on the lessons of Indian experience

with SHG movement are: i) Build an enabling environment; ii) evolve a congenial financial ecosystem; iii) explore establishment of an autonomous institution at appropriate level to promote/support SHG system; iv) bring strong emphasis on livelihood promotion; v) build strong social capital; vi) pilot linkage banking and federation approaches; vii) undertake continuous capacity building (decentralised) for consolidation and growth of the SHG system; viii) promote innovation.

The study report begins with the description of the broader context of financial inclusion for the poor, both globally and in India. *Chapter two* defines the objectives and framework of the study while detailing out the coverage and sampling strategy used for the data collection. A short description of the methodology, protocols and analytical lens used for the research is provided in the section. *Chapter three*, outlines the main principles and practices of SHGs and their related institutions and then goes on to trace the origin and evolution of the SHG movement in India. It identifies the key milestones in the expansion and evolution of SHG movement in past two and a half decades and also identifies contribution of varied stakeholders in the growth of SHGs across the country. *Chapter four*, examines the diverse institutional arrangements that have emerged from the initial years of the SHG movement and then goes on to trace the evolution of SHG architecture over the past decades. *Chapter five* profiles the four government-led models, highlighting their commonalities and differences. The four models are analysed on their defining characteristics, institutional mechanism, their achievement and challenges faced. There is also a brief description of two CSO led models to present a contrast between CSO and government approach to SHG promotion. *Chapter six* seeks to understand the role of SHG movement in the empowerment of women. Starting with an outline of women empowerment framework, the chapter critically examines the evidence, sourced through primary and secondary studies; of social, economic and political empowerment of women on account of their association with SHG movement. Based on the history and evolution of the SHG movement and the evidence of women empowerment, *Chapter seven* analyses the factors that have contributed to the scale and impact of the SHG movement in India. These factors are derived from contextual, programmatic, institutional and policy environments that have played decisive role in scaling-up of SHG in India. *Chapter eight* brings together the challenges and lessons from the SHG movement in India. The first section in the chapter looks at strategic or long-term challenges and lessons while the second section points out some critical short-term challenges with a list of recommendation on SHG movement in the end. The final Chapter provides recommendation for the developing countries on adoption of SHG model. It underscores the specificity of the Indian context while gleaning some of the main guiding principles and lessons from SHG movement that can be used by developing countries interested in replication of the programme in their country. Based on the specific country context, the chapter provides recommendation for replication of SHG model in Nepal, Kenya and Ethiopia.

The SHG programme in India is now deeply rooted. Over the past decade, the model has been able to impact lives of millions of poor women and their families spread over remote regions of the country. The evolution and massive expansion of the programme over the years holds valuable lessons that can influence the future course of the movement in India. On the other hand, the critical success of SHGs in India is a story that deserves to be shared with the world at large, especially with the developing countries and developing countries so that they benefit from the experience while they frame their policy and strategy on community led development. It is expected that this report would contribute to this process and play an important role in expanding the footprint of SHGs across the world.

As in most traditional societies, women in India are subject to various kinds of discrimination. The gender divide, especially in rural areas, is quite intense. Women often face domestic violence, are denied access to fair economic opportunities and equal wages, lack access to quality health care and education, and mostly do not have property rights. *Women bear a disproportionate brunt of poverty* which forces them into increasing drudgery and longer hours of work under conditions of poor nutrition, food insecurity and failing health. The entrenched socio-economic prejudices results in progressive marginalisation of women's role in household, neighbourhood and in the community.

Gender inequality in India persists despite high rates of economic growth. Participation of women in employment and decision-making remains far less than that of men and this disparity is not likely to be eliminated soon. India's poor performance on women's empowerment and gender equality is reflected in many indicators, the most telling of which is the sex ratio, which has in some parts of India dropped to 833 females per 1000 males. Gender inequality is also reflected in India's low rank on the Gender Inequality Index, placed at 129 out of 146 countries with a value of 0.617. In fact, among the South Asian countries, India is placed second from the bottom, just above Afghanistan¹.

Despite this data, over the years women empowerment in India has made huge strides and the Self Help group (SHG) movement has been a significant factor promoting this empowerment. SHGs were initially piloted in India in the year 1986 by the Karnataka-based NGO Mysore Resettlement and Development Agency (MYRADA); and then in 1987 in Rajasthan in the form of community based institutions by the NGO Professional Assistance for Development Action (PRADAN). As a part of the community based institutions promoted by PRADAN, the women would come together to carry out thrift and credit activities with the aim of meeting their basic financial service requirement and enhancing their overall well-being.

After successful experiments, the Reserve Bank of India (RBI) issued certain policy guidelines that paved the way for National Bank for Agriculture and Rural Development (NABARD) to kick-start the large scale SHG Bank Linkage Programme (SBLP) across India. Subsequently, in order to promote SHGs, the public sector banks began extending credit to the groups. Within a decade, what began as a small, pilot programme, emerged as a large scale SHG movement

1 <http://www.in.undp.org/content/india/en/home/countryinfo/challenges.html>

that eventually covered the length and breadth of the country. It is necessary to understand the financial inclusion scenario in the global and Indian context before getting into a detailed description of the SHG movement and its impact on women empowerment in India.

Financial Access: The global context

A critical pathway adopted by several developing countries towards achieving poverty reduction and socio-economic empowerment of the poor has been a convenient and simple local level access of savings and credit services to marginalised communities. The poor need safe and reliable access to credit, savings, remittances and insurance services in order to reduce financial vulnerability, invest in their enterprises, improve the level of education and nutrition of their children and families and further build their economic base to move out of poverty. In locations where these services are not available and where the poor lack capacity to organise funds for pooling and managing financial resources, they often fall back on costly alternatives like local money lenders or dodgy financial operators. The result is an ever deepening vulnerability and persistent poverty.

Since the early 1990's the global microfinance industry, covering a vast swathe of developing countries across the world has been able to reach out to approximately 130 million clients. Yet, microfinance still reaches less than 20 percent of its potential market among the world's three billion or more poor. Nearly three billion people in the developing countries have little or no access to formal financial services². Many developing countries lack a robust network of banks and financial institutions; do not have fully developed financial markets; and have infrastructure that is often bogged by a complex and ineffectual policy-regulatory environment that discourages innovation and hinders last mile delivery of services.

Financial inclusion in India: history and trends

In India, the broadening of financial services has been a priority for policy makers for the past several decades, and yet the goal of financial inclusion remains a distant dream. Landmark steps such as the nationalisation of banks and opening of large number of cooperative banks in late 60's, mandating priority sector lending and establishing network of Regional Rural Banks (RRBs) were all directed towards deepening financial inclusion. Yet, massive gaps in financial services access still remain, especially for the poor. Even though the micro-finance revolution of the early 1990s played a major role in bridging the gap in retail credit supply, a huge unmet need, especially of ultra-poor households in remote regions continues to exist. The table below summarises key events in public policy and programmatic models on financial inclusion in India. Some of these, related to growth and scale of SHGs are explained in more detail in Chapter 3.

² http://www.ifc.org/wps/wcm/connect/Industry_EXT_Content/IFC_External_Corporate_Site/Industries/Financial+Markets/MSME+Finance/Microfinance/

Table 1: Events in public policy and programmatic models on financial inclusion in India

Year	Events
1954	<ul style="list-style-type: none"> ▶ RBI establishes the Rural Planning and Credit division ▶ Government of India mandates then Imperial Bank of India to open 400 Branches outside cities ▶ Focus on rural lending (read Agri-financing)
1969	<ul style="list-style-type: none"> ▶ Top 10 Banks Nationalised and mandated to open large number of Bank Branches ▶ Priority Sector guidelines for directed credit to agriculture, small and micro-enterprises, exports etc. issued
1975	<ul style="list-style-type: none"> ▶ Money lending abolished ▶ Regional Rural Banks with focus on rural lending set up
1976	<ul style="list-style-type: none"> ▶ Ms Ela Bhat sets up SEWA Co-operative Bank to provide financial services to urban poor and unorganised street vendors.
1978	<ul style="list-style-type: none"> ▶ Integrated Rural Development Programme – a poverty alleviation programme with subsidised credit is launched. Leads to large scale loan defaults and leakages.
1982	<ul style="list-style-type: none"> ▶ NABARD set up to improve credit flow to agriculture and rural non-farm sector.
1975-'89	<ul style="list-style-type: none"> ▶ Main beneficiaries of the banking system continue to be medium and large farmers
1986-'87	<ul style="list-style-type: none"> ▶ NGOs such as MYRADA and PRADAN set up Self- Help Groups (SHG) to promote savings and livelihoods.
1989	<ul style="list-style-type: none"> ▶ First nation-wide loan waiver scheme Agriculture and Debt Relief Scheme is launched. Till 2008-09 43 million farmers received loan waiver of approximately USD 15 billion
1990	<ul style="list-style-type: none"> ▶ Small Industries Development Bank of India (SIDBI) is set up by an Act of Parliament for promotion, financing and development of micro, small and medium enterprises.
1992	<ul style="list-style-type: none"> ▶ RBI of India approves a pilot project of linking SHGs to Banks.
1996	<ul style="list-style-type: none"> ▶ Launch of SHG- Bank Linkage Programme spear headed by NABARD
1995	<ul style="list-style-type: none"> ▶ NGOs inspired by Grameen Model of Prof Yunus start operations in India.
1996	<ul style="list-style-type: none"> ▶ First Non-Banking Finance Company working as a Micro-Finance Institution (MFIs) starts operations in AP.
1997	<ul style="list-style-type: none"> ▶ SIDBI starts supporting small NGOs working as Micro Finance Institutions
1999	<ul style="list-style-type: none"> ▶ SIDBI Foundation of Micro-Credit set up as a part of DFID funded project. ▶ Swarna Jayanti Swarojgar Yogna (SGSY) – rural self- employment scheme launched.
2000	<ul style="list-style-type: none"> ▶ Lending to micro-finance institutions is included in priority sector list and provides impetus to bank lending to MFIs.
2005	<ul style="list-style-type: none"> ▶ RBI introduces "No- frill account" a basic savings account for improving financial inclusion.
2006	<ul style="list-style-type: none"> ▶ MFIs transform to for-profit structures and attract private equity. ▶ RBI allows individuals, small shops, private companies, societies and trusts to act as an extension of banks called banking correspondents.
2007	<ul style="list-style-type: none"> ▶ Micro Finance (MF) industry grows at 80 percent p.a. and reaches 27m borrowers
2008	<ul style="list-style-type: none"> ▶ National Rural Employment Guarantee scheme launched.
2009	<ul style="list-style-type: none"> ▶ Unique Identification Authority of India to provide a unique bio-metric based identity proof – Aadhar card to individuals set up.

Year	Events
2010	<ul style="list-style-type: none"> ▶ First Indian MFI SKS gets listed publically with shares over-subscribed. ▶ Andhra Pradesh issues an ordinance banning all microfinance activities in the State – leads to slow down in the sector and 9.2 m loan defaults of value 1.5 Billion USD.
2011	<ul style="list-style-type: none"> ▶ RBI mandates banks to provide Financial inclusion plans for setting up banking outlets throughout the country. ▶ RBI issues Microfinance guidelines.
2012	<ul style="list-style-type: none"> ▶ RBI renames no-frills accounts as basic savings bank accounts with zero balance facility and ATM card.
2013	<ul style="list-style-type: none"> ▶ Government announces Direct Benefit Transfer through Aadhar enabled bank account for payment of various government subsidies.
2014	<ul style="list-style-type: none"> ▶ RBI allows Non- Banking Financing Companies (NBFCs) to Act as Business Correspondents. ▶ RBI issues guidelines for Small Finance Banks and payment Banks ▶ Prime Minister announces Jan Dhan Yojna with a target of reaching 6 crore households with banking, credit, and insurance scheme.

In terms of figures, as per Census 2011, only 58.7 percent of households are availing banking services in the country. However, as compared with previous Census 2001, availing of banking services increased significantly, largely on account of increase in banking services in rural areas. The Planning Commission, Government of India report (2009) says that over 40 percent of India's working population earn but have no savings. Even accounting for those with financial savings, too large a proportion of the poor lie outside the formal banking system. For example, only 34.3 percent of the lowest income quartile have savings, and only 17.7 percent have a bank account. Similarly, 29.8 percent of the lowest income quartile had taken a loan in the last two years, but only 2.9 percent had loans from banks (about one tenth of all loans). A policy research working paper on measuring financial inclusion (Demirguc-Kunt, A., and L. Klapper. 2012), finds that in India only 35 percent of adults over the age of 15 years had an account with formal institution and only 8 percent took a formal loan. Recently, in 2014 CRISIL in collaboration with Ministry of Finance, GoI, launched the Inclusix tool to assess penetration of formal banking system, covering 638 districts of the country. Salient finding of the survey and data from other sources throws interesting light on the status and trends in financial inclusion in India (Box 1)

Box 1: Status and Trends in Financial Inclusion in India

Overall	
<ul style="list-style-type: none"> ▶ In 2007 with barely 34% of its population engaged in formal banking, India has second highest number of financially excluded households in the world at about 135 million ▶ Nearly 94% of 130 million households earning below US\$ 2 a day do not have any insurance cover ▶ One of two Indians have a savings account but only one in seven have access to bank loans, indicating low credit penetration from formal sources ▶ There is an overall enhancement in financial inclusion (based on Inclusive parameter); with growth rate of 35.4 in 2009 to 37.6 in 2010 	
Regional	Regional
<ul style="list-style-type: none"> ▶ Wide disparities exist across India and within states in terms of access to financial services ▶ Southern region with a financial inclusion of 66.1 experienced maximum growth rate; north-eastern and eastern region lag behind ▶ Bottom 50 percent have just 2 percent of countries bank branches 	<ul style="list-style-type: none"> ▶ Eastern states like Bihar and north-eastern states like Manipur are among bottom 5 states in inclusive score ▶ The gender divide among bank account holder is highest in state of Jharkhand, Punjab and Rajasthan
Trends	General Financial Behaviour
<ul style="list-style-type: none"> ▶ The number of savings account rose by 12.6% in 2012 indicating more number of people touched by financial services ▶ Southern region leads on inclusix score with highest credit, branch and deposit penetration ▶ 587 out of 638 districts reported improvement in terms of financial inclusion in 2012 	<ul style="list-style-type: none"> ▶ Financial services in India is characterised by high reliance on cash ▶ 67% of borrowers borrow from personal network, including relatives, neighbors and friends, 11% from banks, 12% from private money lenders and 4% borrowed from within their savings groups ▶ More than 90% who receive remittance or wages for work do so through cash

Financial inclusion in India: role of MFI

The advent of MFI in India in the early 1990s was in a way a response to the persistent failure of the government-led banking system to serve the financial need of poor. Based on the tried and tested Grameen model of Bangladesh, the decade of the 90's saw proliferation of MFIs that reached out to poor with small loan services (75 percent or more of MFI portfolio is of INR 50,000 or less). In a standard MF group structure, 5-6 borrowers would be organised to take small loans from the MFI and to save (which is compulsory). The loan repayment of this group could be weekly or monthly with a flat interest rate charged to the individual client.

As a semi-formal instrument for financial services, the MF model addressed key gaps in the state-led banking sector by enhancing accessibility of small loans and savings services to poor clients at their door step without any physical collateral (peer group serves as guarantor). This helped extricate them of costly and often exploitative informal sources like private money-lenders, credit from whom increased the likelihood of deepening their financial vulnerability.

Over the past decades, MF has seen a massive expansion in its portfolio and outreach. Currently MF reaches out to 34.5 million clients across India (approximately 8 percent of low income households in the country); has a portfolio of INR 5.5 billion (approximately 1 percent total bank portfolio). 2003 to 2010 saw exponential growth of MFI with an astounding 75 times increase in outreach. The MFI sector also saw a consolidation over the years. Today, 10 top MFIs control 80 percent of portfolio and 76 percent of borrowers. The growth of MFIs has also prompted innovation in financial products and has led to an advent of IT technology with the aim of bringing efficiency in outreach and operation.

Financial inclusion: advent of SHG in India

In 2010, the MFI sector was hit by the “Andhra crisis” where incidents of borrowers committing suicide prompted the government to curb the operation of MFIs. As a result, the MFIs saw a precipitous decline in portfolio and outreach. Many MFIs are yet to recover completely from the crisis. The recent changes in the regulatory framework to govern MFIs, as proposed by government, are likely to constrain their long-term freedom of operation and further restrict their ability to serve the ultra-poor.

In the context of low penetration of financial services during the early 1990s, the SHG has emerged as a dominant ‘community based institutional model’ that provides basic financial services to its member and helps them progressively reduce social and financial vulnerability, expand livelihood opportunity and achieve socio-economic and political empowerment. Initially visualised as a platform for financial intermediation, over the past decades, the SHG movement in India has emerged as an institution to address socio-economic empowerment of women.

One of the most striking aspects of SHG movement in India has been the sheer scale the model has been able to achieve over the past couple of decades or so. It started with 300 SHGs in 1986 which crossed a million by 2004 and on March 2014, there were 7.43 million SHG groups in India with 97 million members, 84 percent of which are women that are mostly poor (NABARD, 2013). Contributing to the scale are the variety of models that are promoted by the Government, Bankers, Civil Society and Micro Finance Institutions (MFIs) at different scales, in different geographies, providing variety of services.

Critical amongst these models have been those promoted by governments and banks. The SHG movement has been able to build on the ecosystem of institutional support and enabling policy environment that inflected into a massive growth phase, particularly after the banks stepped in to provide credit linkage to the groups. In addition, another crucial factor in the proliferation of SHGs was the government taking up the model in its fold; in some cases with a view to provide last mile delivery of financial services and sometimes for directly addressing poverty, rights and entitlements. Either way, the SHG movement received a major boost from government support with dedicated resources and diverse expertise flowing in to replicate the model across the country.

Yet, the diverse models adapted and adopted have resulted in varying levels of successes, effectiveness and impact, especially on women's empowerment. A study of the SHG movement in India provides rich insights into factors for scale and replicability.



Group Discussion

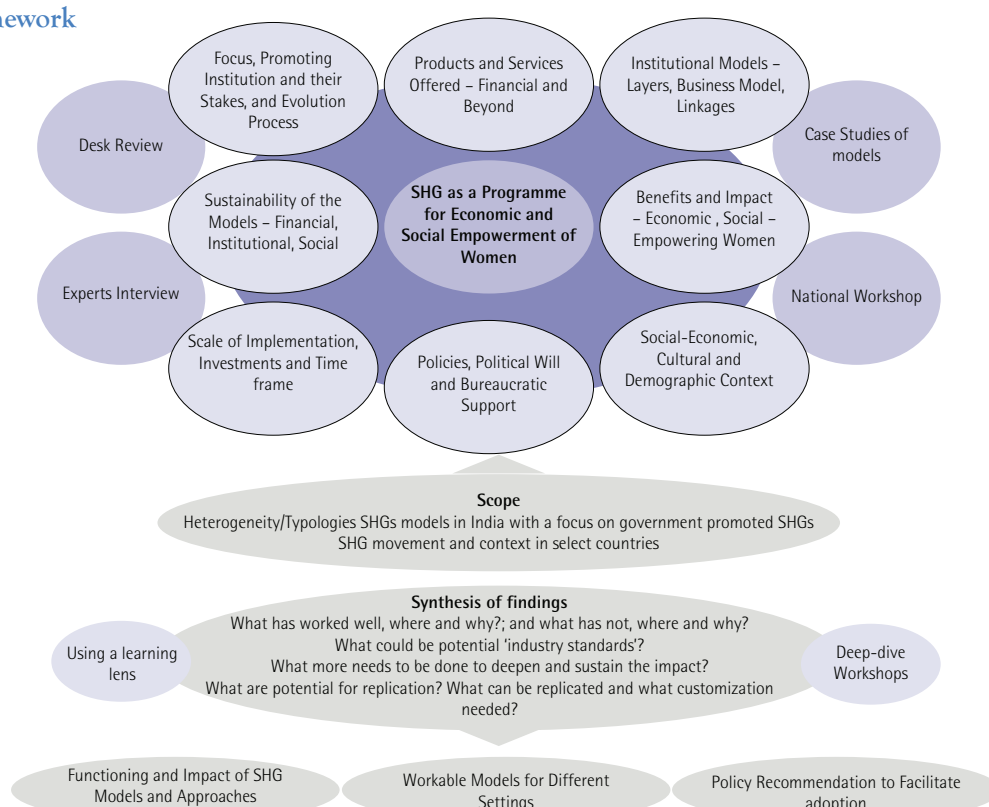
2 STUDY FRAMEWORK AND METHODOLOGY

The objectives of the study are to:

1. Study and review existing programmes of four SHG, government-led models to assess:
 - a. Whether and how they have helped in addressing poverty among marginalised women;
 - b. Whether a particular model has enhanced the decision making power of women in their family and their control over resources.
2. Analyse the impact of microfinance in transforming the quality of life of SHG women.
3. Identify principles and lessons of SHG models that could be adopted in select developing countries in Africa and Indian sub-continent.

Flowing from objectives, a study framework was developed (Figure 1) which highlights the key dimensions, processes and approach to the study. While focussing on the government-led models, the study takes a holistic approach to explore multi-faceted dimensions of SHG as viewed by key stakeholders. Since there is considerable heterogeneity in the government-led model, the framework seeks to dwell on diversity in its analysis to address the research objectives.

Figure 1: Study Framework



To get a comprehensive perspective on various dimensions of the SHG models selected for study, and ensure a rigorous design, the research team developed a set of guides, protocols and frameworks. These instruments were developed in a two-day workshop attended by experts on SHG and research design. Similarly the tools and frameworks for the study were developed after intense deliberations and review of secondary literature. Based on the discussions the following analytical models, frameworks, interview guides were developed:

1. **Aspects of empowerment studied:** The table on elements of women's empowerment provided overall guidance on the facets of the empowerment to be covered in the study.
2. **Systematic review Protocol:** The study involved review and analysis of secondary literature. Since there is a large volume and variety of literature available on SHGs, it was vital to carefully review the secondary literature and identify documents to be included based on their relevance to the expectations of the study and their validity. A systematic review protocol of the secondary literature was developed for this purpose.
3. **Expert interview guide:** An expert interview guide served as a summation of broader points that needed to be discussed with the key practitioners, policy makers and thought leaders working in the field of women empowerment, SHG, MFIs, NGOs, and Government.
4. **Focussed Group Discussion (FGD) guide:** The FGD guide covered principles, processes and a checklist of issues that need to be covered for FGDs and Key Informant Interviews, two very important methods employed to understand the impact of SHGs on the lives of women.
5. **Analytical Framework:** The analytical framework provided the overview of how the information from different sources would be synthesised and analysed to meet study objectives.

Method 1: Desk Review

The output of the desk review was to:

- 1) Generate a list of experts to meet for consultations;
- 2) Gather evidence on empowerment through secondary data.

Method 2: Expert Consultations

Expert consultations were carried out to build on the available information and draw on their expertise and opinion on different facets of women's empowerment through SHGs. The respondents were identified from a cross section of senior government officials at the national and state level who were leading (or in past had led) women empowerment or SHGs related programmes/departments, leaders of non-governmental organisations (NGOs) working on SHG promotion and representatives from civil society organisations. A list of the experts consulted is provided in the annexures.

Method 3: Field Level Assessments

The study focused on coverage of four government promoted SHG models: i) Indira Kranti Pratham (IKP)/SERP in Andhra Pradesh; ii) Kudumbashree in Kerala; iii) Jeevika in Bihar and; iv) Mahila Samakhya in Bihar and AP. These four models were chosen as they broadly encompass the heterogeneity in government-led models in terms of region, approach, scale, maturity of model and institutional arrangement. In addition, the study covered two Civil Society Organisation (CSO) led models: MYRADA in Karnataka and Rajiv Gandhi Mahila Vikas Pariyojana in Uttar Pradesh (UP), to get an alternate perspective and to compare and contrast the findings with government-led model. The latter are not covered in detail in this report.

The rationale for focusing on government-led models was dictated by scope of study, which was to examine performance of large and well established government promoted SHG models so that the learning derived could contribute to replication of the programme by respective governments in select developing countries. However this selective approach in no way indicates any lesser role of NGOs, CSOs and bank promoted SHG in the overall SHG movement in India. The study recognises the pioneering and incubatory role played by number of NGOs and CSOs, and even private banks and private development agencies in building up and strengthening of the SHG movement in the country.

Sampling

The study team visited and interacted with SHGs from at least one district for each model. The districts were selected based on convenience sampling. Additionally, for each model, FGDs and in-depth interviews of senior staff members and members of the field team from the sampled districts were conducted. In the selected districts, SHGs were sampled on the basis of their maturity, scale, federating level, success and the nature of engagement with Self Help Promoting Institutions (SHPI) with the aim of drawing a representative sample.

Method 4: National level workshop

A national level workshop was organised to present the key findings of the study and get feedback from the participants. A diverse group of participants including senior government officials from the Government of India, senior officials and leaders from different SHG programmes across the country, experts, NGO leaders and academicians participated in the workshop. The workshop discussions generated valuable input to the study which was subsequently incorporated in the final report.

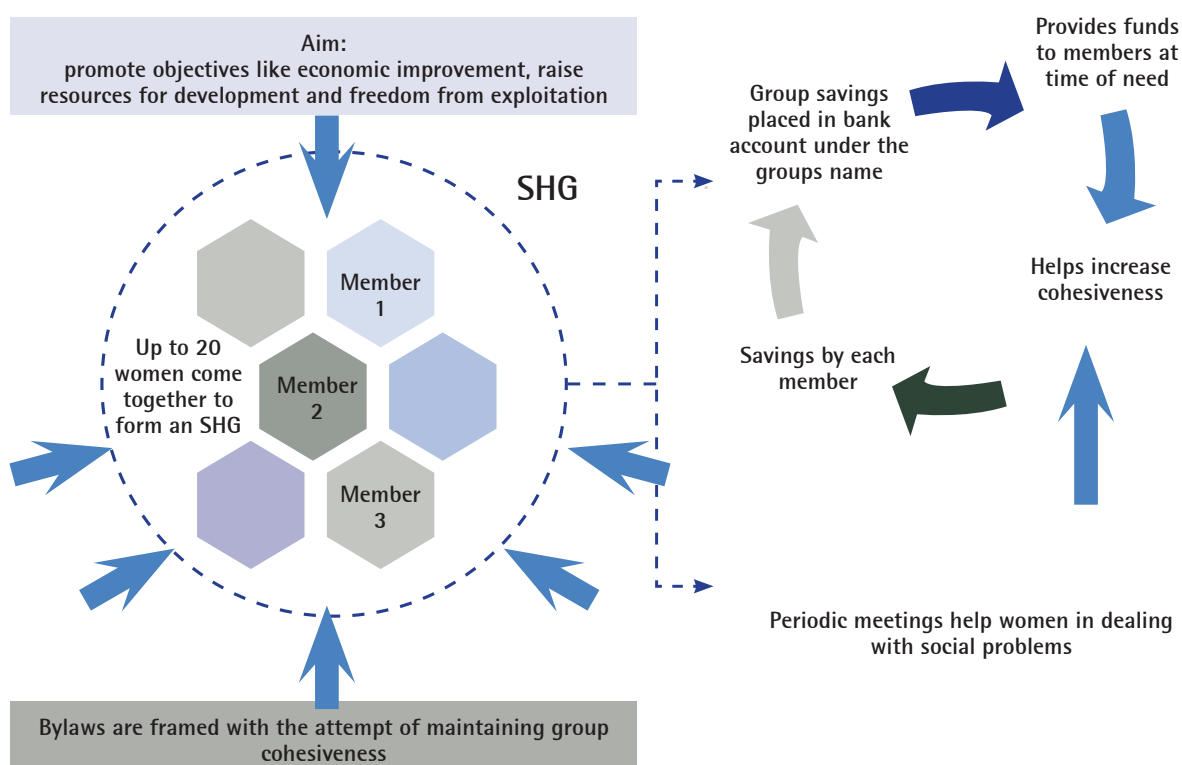
3 THE SELF-HELP MOVEMENT IN INDIA

What are SHGs?

SHGs are informal associations (consisting of not less than ten persons³ with a maximum of twenty) of people who choose to come together to find ways of improving their living conditions. The members of these groups mostly use savings, credit and social involvement as the **‘instruments’ for empowerment.**

Indian SHGs can be described as on-lending groups which collect their own equity capital, and savings deposits, from their owners, who are also the members and the customers, they lend out their money to the members, at interest rates which they decide, and they accumulate profits which they choose either to distribute to the owners, or to add to the fund at their joint disposal (Harper, Ezekiel, Mohanty & Rao, 1998)

Figure 2: Structure and functioning of an SHG



³ NABARD recommends that the group should not be less than 6 members and not more than 20

Principles and Practices

In most cases the criteria for the **determination of membership is based on self-selection**. This often leads to situations where the constitution of the group is homogenous with respect to the socio-economic conditions and the location of the members. The leadership of the group is decided through the consent of the majority of the members and is based on rotation. The aim of the SHG is to promote objectives like economic improvement, to raise resources for development and freedom from exploitation. There are **five key practices** or the '*Panch Sutra*' that are to be adopted by each SHG. They are as follows:

- 1) Regular savings
- 2) Regular meetings
- 3) Regular accounts – book-keeping and accounting
- 4) Regular repayments
- 5) Adherence to Terms and Conditions – set Code of Conduct.

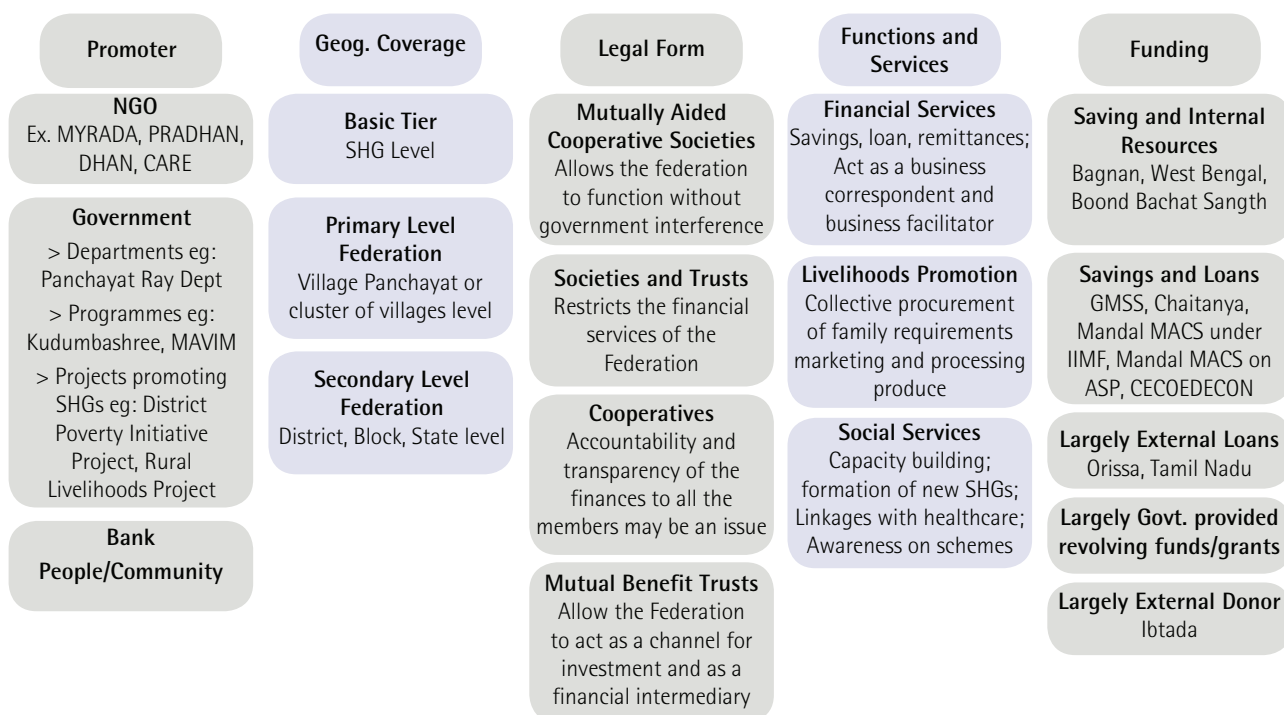
In order to ensure that the SHG is operating effectively, there is member compliance, and that the SHG is sustainable, the following **operational principles** are adopted by each SHG:

- 1) A condition is agreed upon by the group as a whole for the meetings
- 2) A condition is agreed upon by the group as a whole for savings
- 3) A condition is agreed upon by the group as a whole for loans to be given
- 4) A condition is agreed upon by the group as a whole for loan repayments
- 5) There is a social agenda that the group agrees on before each meeting

The form of the SHG is mostly informal (unregistered). Through periodic meetings the members mobilise savings which are deposited in a bank account in the name of the group. The deposits, in addition to members' savings also include entrance fees, interest from loans, proceeds of joint business operation and income from investments. The deposits are used to advance loans to members, for consumption and production purposes, at the rate of interest decided by the group (usually higher than what the banks charge). The funds/deposits may also be used for social services and common investment. SHGs, in addition to being a savings and credit mechanism, also provide support to members in crisis – economic or social.

Most SHGs are formed with assistance from a promoting institution – '**Self Help Promoting Agencies**' or SHPA; also known as '**Self Help Promoting Institutions** or SHPIs.

Figure 3: Aspects that determine the profile of an SHPI



The main types of SHPIs are NGOs, governments departments, poverty reduction programmes, special government projects targeting poverty and livelihood enhancement, banks, cooperatives, microfinance institutions and farmer's clubs. Additionally, Individuals ('social entrepreneurs') or SHG leaders may also promote SHG. Finally, a number of SHGs have come up independently and spontaneously without any promoter. Figure 3 details the different aspects that determine the profile of SHPI, Box 2 provides insights into the role of government-led SHGs and Box 3 shows the variance of promotion costs of SHGs as determined by different studies based on different programmes and models.



Meeting in process

Following this, a timeline charts the origin and growth of the SHG movement, to reflect the historical, and the more recent policy and institutional mechanisms which shaped scale and impact.

Finally, a brief note gives insights into Village Savings and Loan Associations, (VSLA) which is another type of community managed savings-led approach to financial services for the poor, with a table giving comparative features of the SHG model with VSLA and financial cooperative model.

Box 2: Government's Role as an SHPI

Developing SHGs as an institution, strengthening them and then building linkages for services at a scale requires (a) authority and resources at the command of the government, combined with, (b) the mobilisation of communities and enabling their institutional forms through a civil society approach. In order to enable the operation of this combination of factors, the government sets up Special Purpose Vehicles (SPVs) (GO-NGO) which bring together the authority of the government in tandem with the independence of a Society.

All the state led models are registered under the Societies Act with the Chief Minister/other ministers driving the agenda through Chairmanship. As such, these institutions also provide flexibility to recruit appropriate positions either through deputation from the government or from the open market. They are not constrained by government rules and regulations (In many programmes a key success factor is long-term leadership, which is not a virtue of standard government programmes).

The main role of an SPV is to mobilise people at various levels and bring them into SHGs, train and enable them, and form multi-tiered institutions. The SPV operates largely through the demand side (community-side) of the programme. In some government-led models like that in Tamil Nadu the SPV has utilised the services of NGOs to mobilise, train and form SHG to reach scale with quality.

The SHG institutions that are built at various levels are enabled to demand services from variety of institutions such as local lead bank, NABARD, Department of Agriculture, the Public Distribution System, etc. THE SPV facilitates and enables these collaborations in areas such as financial services. The SPV also supports establishment of community managed institutions such as banks (e.g. Sreenidhi Souharda Sahakari Bank Niyamitha)

The SPV also periodically assesses quality of services delivered by various departments and advocates for better delivery and more appropriate schemes or services with variety of institutions.

Evolving further, there are opportunities to set-up independent community led institutions for variety of services such as financial services, farm inputs supply, value addition and marketing, direct procurement centres, information services, etc. which require appropriate institutional and legal forms to enable these services to the communities in the long run and in a viable manner. The SPVs are planning to help communities establish these institutions and over a period of time are expected to become an umbrella facilitating organisation with multiple community led institutions (SERP, Kudumbashree).

Box 3: SHG Promotion cost estimates

Agency/Expert	SHPI	Promotion cost
Malcolm Harper	NGOs	INR 1,200 to Rs 20,400
	Banks	INR 1,200 to INR 8,750
	VVVs	INR 400 to INR 4,200
	Govt. agencies	INR 200 to 7,000
	Individual Volunteer	INR 3,300
	Large project initiatives SAPAP DPIP-WB	INR 15,000 INR 20,000
	NGOs engaged in LH Development Care -Credit project NGO-1 Care-Credit project NGO-2 PRADAN HCSSC MYRADA Outreach Other NGOs	INR 15,356 INR 13,726 INR 12,100 INR 20,575 INR 15,000 to INR 25,000 INR 4,500 to INR 6,000 INR 6,000 to INR 10,000
	Govt and local initiatives CAPART Swa-shakthi programme SGSY CCA programme support SRTT	INR 10,000 INR 9,000 to INR 10,000 INR 10,000 INR 8,000 INR 10,000
APMAS	CGAP study	INR 12,000
GTZ-NCAER	NGOs	INR 8,512
	Banks	INR 2,957
	Govt.	INR 3,595
	It is only promotional cost excluding the maintenance cost	
Access Robobank	SHG promotion	INR 20,521
APMAS study	SHG & Federation promotion	
	Kalanjiam (for a period of 8 years)	INR 9,640
	APMAS (for a period of 4 years)	INR 8,387
	CMF (for a period of 3 years)	INR 24,000
	NRLM (for a period of 5 years)	INR 41,801

Timeline: The origin and growth of the SHG movement in India

The Milestone	The Highlight	The Story
1954 <ul style="list-style-type: none"> RBI establishes Rural Planning and Credit division Government of India mandates then Imperial Bank of India to open 400 Branches outside cities 	Formulation of policy and mechanisms to promote rural lending, (read agricultural financing) and monitoring timely and adequate credit flow to the rural population.	Till the 1960s private organisations owned and operated banks in India. Being private enterprises the banks operated on the principle of private good, rather than social good, limiting coverage to urban locations which were profitable. In the 1960s the Reserve Bank of India, in an attempt to turn around the lopsided growth of the banking sector, issued the 'social control' policy which required all banks wanting to open one branch in the city to open four in rural areas. While this brought about some spread to unreached pockets, they were not successful in reaching the goal of equity in access. Many banks did not adhere to these controls; and even where rural branches were opened and deposits garnered, these were deployed in cities and not re-deployed in rural areas.
1960 <p>RBI introduces the social control policy</p>		
1969 <ul style="list-style-type: none"> Top 10 Banks nationalised and mandated to open large number of bank branches Priority Sector guidelines for directed credit to agriculture, small and micro-enterprises, exports, etc. issued 	Rapid spread of branch expansion to rural areas	<p>Nationalisation, in addition to other political reasons was meant to improve mobilisation of deposits by covering rural areas, to help agriculture growth and for balanced regional development. With nationalisation there was a rapid spread of branch expansion to rural areas. Seeing that lending was being concentrated on large industry, the Reserve Bank of India (RBI) issued a directive for priority sector lending where a bank's 40 percent of lending portfolio was to be loaned at a concession to the priority sector of agriculture and small scale industry. Its aim was to provide resources to help the poor to start their micro enterprise to attain self-sufficiency.</p> <p>RRBs were established with a view to develop the rural economy and to create a supplementary channel to the 'Cooperative Credit Structure' with a view to enlarge institutional credit for the rural and agriculture sector. The RRBs mobilize deposits primarily from rural/semi-urban areas and provide loans and advances mostly to small and marginal farmers, agricultural laborers, rural artisans and other segments of priority sector.</p>
1975 <p>Set up of Regional Rural Banks</p>		
1978 <p>Launch of Integrated Rural Development Programme – a poverty alleviation programme</p>	Priority credit programmes for rural areas and numerous credit lines	<p>IRDP involved the commercial banks in giving loan of less than INR 15,000 (USD 241.935) to socially weaker section. The problem with IRDP was that its design incorporated a substantial element of subsidies (25-50 percent of each family's project cost) and this resulted in extensive malpractice and mis-utilisation of funds. This situation led bankers to view the IRDP loan as motivated hand-outs and they largely failed to follow-up with borrowers. The net result was that estimates of repayment rates in IRDP ranged from 25-33 percent. The two decades of IRDP experience in the 1980s and 1990s affected the credibility of micro borrowers in the view of bankers and ultimately hindered access of the less literate poor to banking services.</p>

The Milestone	The Highlight	The Story
<p>1982</p> <p>Set up of NABARD to improve credit flow to agriculture and rural non-farm sector</p>		
<p>1986</p> <p>Formation of the first SHGs by MYRADA</p>	<p>NGOs promote the alternative stream of facilitating thrift and savings women SHGs as an alternative to mainstream financial services to reach un-reached segments of society</p>	<p>In 1986/87 there were some 300 SHGs in MYRADA's projects. Many of them had emerged from the breakdown of the large cooperatives organised by MYRADA. Similarly in Maharashtra (and other states) under the Integrated Child Development Services (ICDS) programme, mahila mandals were established by the government with the help of NGOs such as Chaitanya. In 1987 the NGO Professional Assistance for Development Action (PRADAN), which was working on a pilot on the effectiveness of the government's poverty alleviation programme in Rajasthan, introduced savings in groups that had been provided with a grant for fodder purchase to deal with the drought conditions.</p>
<p>1987</p> <p>NABARD takes the lead in partnering with NGOs, particularly MYRADA, to pilot the SHG-bank linkage model</p>	<p>Between 1987 and mid-1990s SHG are recognised as a means to reach the 'un-bankable' and modeling of SHG-bank linkage</p>	<p>In the late 1980s', dismayed by the poor performance of formal institutions in providing financial services to the rural areas and the poorer sections of the society, the Government of India contemplated promoting another apex bank to take care of financial needs of the poor, informal sector and rural areas. At that point of time NABARD initiated a search for alternative methods to fulfill the financial needs of the rural poor and informal sector and found SHGs as an interesting and effective means to provide the banking services to so-called un-bankable' people.</p> <p>NABARD initiated an experiment with MYRADA on SHG lending in 1987 by providing it with a grant of INR 1 million (USD 16,120) to identify affinity groups, build their capacity and match their savings after a period of 3-6 months. Encouraged by the results, the NABARD initiated the pilot project of SHG bank linkage 1992.</p>
<p>1989-90</p> <p>IFAD supported Tamil Nadu Women's Development project initiated</p>		<p>The International Fund for Agriculture Development (IFAD) assisted Tamil Nadu Women's Development Project was first introduced in Dharmapuri district in 1989 and subsequently scaled to six more districts. The Tamil Nadu Corporation for Development of Women Ltd. was the implementing agency and Indian Bank was the nodal bank for the project.</p>
<p>1990</p> <p>Set up of Small Industries Development Bank of India (SIDBI)</p>		<p>SIDBI, set up in 1990 as a non-independent financial institution, aimed to aid the growth and development of micro, small and medium-scale enterprises (MSME) in India. Beginning as a refinancing agency to banks and state level financial institutions for their credit to small industries, it has expanded its activities, including direct credit to the SME through 100 branches in all major industrial clusters in India. In addition, it has been playing the development role in several ways such as support to microfinance institutions for capacity building and on-lending.</p> <p>IFAD supported the first state sponsored programme based on SHG concept in Tamil Nadu. The Tamil Nadu Women Empowerment Project of IFAD was implemented in Dharmapuri district through the Women Development Corporation, Govt. of Tamil Nadu. MYRADA plays key role in supporting the project.</p>

The Milestone	The Highlight	The Story
<p>1992</p> <ul style="list-style-type: none"> • SHG Bank-Linkage initiated PRADAN forms the first SHG federations 	<p>SHG federations emerge to sustain the SHG movement and to provide value-added services</p>	<p>To overcome the inherent limitations of a small unregistered group, and as part of a withdrawal strategy, promoters facilitated the formation of federations. The benefits of federations include (a) those arising from economies of scale, (b) reduction in transaction costs, (c) reduction in default rates at all levels, (d) provision of value adding services, (e) reduction in the cost of promoting new SHGs (that is, in the cost of reaching out to every poor woman) and (f) increasing levels of financial discipline and accountability among SHGs.</p>
<p>1995</p> <ul style="list-style-type: none"> • MYRADA forms Sanghamitra, a not-for profit Micro-finance institution NGOs inspired by Grameen Model of Prof Yunus start operations in India UNDP Poverty Alleviation Programme in AP 	<p>Formation and inclusion of NGO-MFIs, NBFCs and post offices as tools to meet the credit needs of the SHGs</p> <p>Women from poor districts in Andhra Pradesh, who have benefited from a UNDP poverty alleviation programme, have discovered that social mobilisation is an important tool</p>	<p>SHGs incurred significant transaction costs (in terms of travel costs, opportunity cost of time) when they tried to access credit from banks. To counter this, the establishment of NGO-MFIs, NBFCs and post office interventions helped increase the supply of credit with reduced transaction costs by implementing mechanisms like door step delivery, timely access of credit and so on</p> <p>Not-for profit MFIs were formed by agencies such as MYRADA, while for profit legal NBFCs like were formed by agencies such as SKDRDP in Karnataka</p> <p>The UNDP project was launched in 1995 in 750 villages of Kurnool, Mahaboobnagar and Anantapur districts in Andhra Pradesh. It adopted social mobilisation as the means to emancipate women from abject poverty. Apart from India, the South Asian Poverty Alleviation Programme (SAPAP) was also launched in Bangladesh, the Maldives, Nepal, Pakistan and Sri Lanka.</p>
<p>1997</p> <p>SIDBI starts supporting small NGOs working as micro-finance institutions</p>	<p>Policy and institutional mechanisms provide impetus to bank lending to micro-finance</p>	<p>Since early years of its establishment in 1990, in line with its mandate for promotion, development and financing of the MSME sector, SIDBI had started its micro finance intervention by way of extending small loans and grants to different agencies involved in various developmental activities including micro credit. The two decade journey of SIDBI in this field could be divided into three major parts:</p>
<p>1998</p> <p>Launch of the Swashakti programme</p>	<p>Growth of development programmes</p>	<p>1. Exploratory Phase (1994- 1999): NGO Funding; Alternate credit delivery channel; concurrent monitoring</p>
<p>1999</p> <ul style="list-style-type: none"> • Set up of SIDBI Foundation of Micro-Credit a part of DFID funded project • Swarna Jayanti Swarojgar Yojna (SGSY) – rural self-employment scheme launched 		<p>2. Growth Phase (2000-2009): SIDBI emerges as first lender to MFIs; Gamut of need based products; Operational and financial sustainability of MFIs achieved</p> <p>3. Responsible lending 2009 onwards: Managing growth; underserved states increased coverage; International partners in development</p>

The Milestone	The Highlight	The Story
<p>2000</p> <p>Lending to micro-finance institutions is included in RBI priority sector list</p>		<p>It was also during this time of the late nineties and the turn of the decade that many new development programmes were launched</p> <p>Swashakthi was pilot project was initiated with joint assistance of IFAD and World Bank by WDC</p>
<p>2001</p> <p>A number of development programmes launched: Swyamsiddha, Velegu, Mission Shakti</p>		<p>The Swayamsiddha Project, once again with WDC as promoter, was launched as a follow-up project of Swashakti</p> <p>The Mission Shakthi aimed at empowering women through formation and promotion of one lakh women's Self Help Groups over a period of 4 years - 2001-2005 and strengthening the already existing ones</p>
<p>2005</p> <p>RBI introduces "No-frill account" a basic savings account for improving financial inclusion</p>		
<p>2006</p> <p>NABARD introduces the innovative concept of Banking Correspondents and Banking Facilitators</p>	<p>Expansion and acceleration of outreach and financial services</p>	<p>In January 2006 RBI came out with the first agent led or branchless banking initiative in the form of the circular on Business Correspondent/Business Facilitator Model with a fair bit restrictions on eligibility criterion. The important point remains that, apart from other lofty intent, it was a marked departure from conventional thinking and replicating global standards set in other terrain.</p> <p>In 2007 Micro Finance (MF) industry grew at 80 percent per annum and reached 27m borrowers</p>
<p>2007</p> <p>NABARD issues a circular that facilitates financial support to promote SHG federations</p>	<p>During the late nineties and through the first decade of 2000, SHGs and SHG federations gain widespread recognition to be partners of various mainstream agencies such as financial institutions, corporate sector, and government.</p>	<p>NABARD Financial Services Limited, [NABFINS] is a subsidiary of NABARD with equity participation from NABARD, Government of Karnataka, Canara Bank, Union Bank of India, Bank of Baroda, Dhanalakshmi Bank and Federal Bank. The main objectives of the Company are to provide financial services in two broad areas of agriculture and microfinance.</p> <p>Based on the recommendations of the "Committee on Financial Inclusion" two Funds, namely the "Financial Inclusion Fund (FIF)" for meeting the cost of developmental and promotional interventions for ensuring financial inclusion, and the "Financial Inclusion Technology Fund (FITF)", to meet the cost of technology adoption was set up at NABARD with an overall corpus of INR 500 crore each.</p>
<p>2008</p> <ul style="list-style-type: none"> NABARD establishes NABFINS Set up of the "Financial Inclusion Fund (FIF)" and "Financial Inclusion Technology Fund (FITF)" National Rural Employment Guarantee scheme launched 		
<p>2011</p> <ul style="list-style-type: none"> RBI mandates banks to provide Financial inclusion plans for setting up banking outlets throughout the country. RBI issues Microfinance guidelines.. 	<p>In the second decade there have been a number of policy announcements, schemes and mechanisms to promote financial access and financial inclusion in India</p>	

The Milestone	The Highlight	The Story
2011 NRLM launched by the Ministry of Rural Development Govt. of India	Aided in part through investment support by the World Bank, the Mission aims at creating efficient and effective institutional platforms of the rural poor enabling them to increase household income through sustainable livelihood enhancements and improved access to financial services	NRLM has an agenda to cover 7 Crore rural poor households, across 600 districts, 6,000 blocks, 2.5 lakh Gram Panchayats and 6 lakh villages in the country through self-managed Self Help Groups (SHGs) and federated institutions and support them for livelihoods collectives in a period of 8-10 years. In addition, the poor would be facilitated to achieve increased access to their rights, entitlements and public services, diversified risk and better social indicators of empowerment. NRLM believes in harnessing the innate capabilities of the poor and complements them with capacities (information, knowledge, skills, tools, finance and collectivization) to participate in the growing economy of the country
2012 Launch of SHG2 UK Aid launches the Poorest States Inclusive Growth (PSIG) programme		<p>The SHG-Bank Linkage Programme was given a renewed thrust with the launch of SHG-2. The focus of SHG-2 would be on voluntary savings, cash credit as a preferred mode of lending, scope for multiple borrowings by SHG members in keeping with repaying capacity, avenues to meet higher credit requirements for livelihood creation, SHG Federations as non-financial intermediary, rating and audit of SHGs as part of risk mitigation system and strengthening monitoring mechanisms.</p> <p>SIDBI is implementing the PSIG programme funded by UKAid through Department for International Development (DFID), UK. This project will ensure that 12 million poor households are reached with financial services and over 5 million women clients testify improvements in social status and mobility. PSIG is expected to leverage private sector financial and technical resources to reach up to 12 million direct and indirect programme participants in 4 states of UP, MP, Bihar and Odisha. The programme duration is 6 year starting from April 2012-March 2018, extendable upto 1 year i.e. March 2019.</p>

Village Savings and Loan Associations

The Village Savings and Loan Associations (VSLAs) was pioneered by CARE in 1991 in Niger and has been successfully adapted by other agencies including Plan, Oxfam, Catholic Relief Services and the Aga Khan Foundation.

VSLAs are self-managed groups that do not receive any external capital and provide people with a safe place to save their money, access small loans, and obtain emergency insurance. The approach is characterised by a focus on savings, asset building, and the provision of credit proportionate to the needs and repayment capacities of the borrowers. Groups are low-cost, simple to manage and can be seen as a first step for people to reach a more formal and wider array of financial services. VSLAs can dramatically raise the self-respect of individual members and help build up social capital within communities, particularly among women who represent approximately 70 percent of members.

The components of the VSLA includes aspects of self-selection of the members

and training of members to serve as officials, set terms for savings and loans, including interest rates, repayment schedules and penalties for late payments or missed meetings. VSLAs begin with weekly accumulation of savings of the members of the group. The money is then lent out to members of the group depending on their repayment capacity. The interest on the money saved and lent out is divided amongst the group members at the end of the year during an action audit based on their level of savings. Post this activity; groups can be reformed with new members. Most groups reconstitute themselves and resume the savings and loan process.

In addition, VSLAs set up an insurance fund, often called a social fund, to enable members to access money in emergencies or at particularly vulnerable times. The group determines if the emergency funds are distributed as grants or as interest-free loans with flexible repayment.

The table below gives a comparison between the SHG model, the VLSA model and other Cooperative models across the world.

Table 2: Features of SHGs, VSLAs and Cooperatives

Feature	SHG (Asia, particularly India)	VSLA (widespread in Africa)	Financial Cooperative (all over the world!)
Feeling of Belongingness / Homogeneity / Solidarity			
Legal Entity	Informal, recognised by Banks	Informal, sometimes registered by different local authorities (such as local Chief)	Registered under Cooperative Laws
Life -period	Perpetual	1 year (usually)	Perpetual
Size	5-20 Max	10-35, usually around 20-25	Not fixed
Homogeneity/gender	Strongly Promoted/ same gender groups (mostly women)	Not promoted/ mixed gender groups (majority women membership)	Not promoted, low participation of women
Membership	Limited to neighbourhood	Limited to Village	Limited to a larger geographical area
Governance & Accountability			
Meetings	Weekly / Fortnightly / Monthly	Weekly, fortnightly, monthly	As per the legal requirement (annual general meeting)
Elections/ leadership	Promoted, leaders can be re-elected	Strongly promoted, leadership encouraged to rotate	Strongly promoted, often same leaders remaining for a long term
Operational Norms (bye-laws)	Flexible. Can be changed based on the group decision	Regimented. not recommended for change during the annual cycle	Flexible, require approval of legal authority for changing certain norms

Feature	SHG (Asia, particularly India)	VSLA (widespread in Africa)	Financial Cooperative (all over the world!)
Management	2-3 persons as group representatives, voluntary. Book-keeper appointed and paid	Five-person Management Committee, 3 office bearers and 2 money counters, all voluntary.	Board of Directors, enshrined in the coop constitution and elected by general body? Several committees (credit, audit, to support Chair and CEO. Voluntary, directors paid sitting fee.
Distribution of corpus (income) among members	Rare distributions of income; funds remain in the SHG in perpetuity.	Annual. Planned distribution of group income to members in proportion to shares value.	Annual. Distribute a portion of surplus / deficit in proportion to usage of services.
Fund Management			
Member savings	Pre-determined by members and Mandatory. Voluntary savings optional	Purchase of 1 to 5 shares (flexible) in every meeting. Share value is pre-fixed by group before annual cycle.	Fixed and Mandatory (minimal shares). Other Savings & deposits encouraged
Loan Fund	Comprises of member savings, grants, earnings, loans from Banks / Federations, and sometimes, grants from government, NGOs	Comprised of money contributed in the form of shares (savings), interest income from loans, fines	Comprises of member savings, earnings from loans (interest, fee), loans from Banks, sometimes grants from government, NGOs,
Access Financial Services from Formal Institutions	Highly promoted, by linkage program opening SHG account in local bank	Not promoted actively, now being piloted in many countries	Encouraged to use savings capital, and sometimes, borrowing from local banks
Access to grants from external sources	Promoted	Not promoted, discouraged	Highly promoted
Social Fund	Not actively promoted	Integral part of the promotion, used as an insurance (grant or interest free loan) for affected members	A portion of profits used for social causes in the local community
Expenses	Approved by the group	Approved by the group	Annual budget approved by the General Body and Board approves expenses within the budget limit
Closing balances	Keep in the bank	Keep in the box with 3 locks, on pilot basis deposited in local bank or mobile	Keep in the bank
Asset Management			
Member loan amount eligibility	Not fixed, based on the members needs and availability of group fund	Maximum of 3 times the value of their shares	Limit is flexible, based on the members share capital, savings and retained earnings of the members

Feature	SHG (Asia, particularly India)	VSLA (widespread in Africa)	Financial Cooperative (all over the world!)
Loan Term	Small loans: 1 year Bigger loans: 3 years	Loans are taken and repaid once every 4 weeks. All loans usually repaid within 1-3 months.	Short Term : <3 years Medium Term: 3-5 years Long Term: 5-15 years
Service charges / Interest on loans	Determined by the SHG. It can be changed any time based on the group decision. Informally kept in check by government to 1-3% a month range (declining balance).	Determined by the members at the beginning of the cycle, in the form of a percentage value. It cannot be changed during the cycle. Usually found to be 10% a month, reducing over time to 5, even 3% per month	Determined by the Board of Directors. It can be changed based on the General Body resolution. Usually kept competitive to local Bank's rates.
Loan repayment terms	Mostly monthly	Monthly or lump sum	Mostly monthly
Over dues	Discouraged	Low tolerance	Discouraged
Transparency			
Member pass book	All members have an individual member pass book. Pass book remain with member	All members have an individual passbook. Passbooks remain locked and safe in the group's box between meetings.	All members have an individual member pass book. Pass book remain with member
Bookkeeping	Complex, cash-book, ledger, minutes book	Simple, mostly pass-book. Members expected to remember	Complex, following the directives of the coop and banking rules
Annual Audit/rating	Actively promoted & supported	No formal audit; but share-out serves purpose of social audit	Statutory requirement
Financial transactions	Only during SHG meeting	Only in VSLA meetings	Managed by the Coop staff
Human Resource Management			
Staff	SHG member / open market, mostly for record keeping and paid a stipend	Only VSLA members, voluntary	Open market
Compensation mechanisms	Paid by SHG	Not paid	Paid by cooperative
Services			
Support Human Development (livelihoods, health, education, empowerment)	Highly promoted	Rarely promoted	Rarely promoted, mainly concentrated on financial services
Access Govt Schemes / Services	Act as a Channel & a platform to access rights & entitlements	Not promoted, discouraged	Actively promoted
Networking / Federation	Higher Tier Federations promoted as formal institutions of SHGs	Not promoted. Now being piloted	3-tier structure is near universal

4 INSTITUTIONAL ARRANGEMENTS

A closer examination of the timelines on origin and evolution of SHGs and categorisation detailed in Chapter 3 provides pointers on the institutional arrangements and policy initiatives that emerged over the years and have achieved various levels of success in scale and impact. Study of these arrangements provides a context to women's empowerment.

This chapter traces the details of institutional arrangements and policies that provided the spurt for the growth of SHGs. It begins with the basic community institutional model and draws from it various elements and policy initiatives that have over time formulated the complex institutional architecture in operation and promoted scale and impact.

Figure 4: Institutional architecture for establishing linkages for services

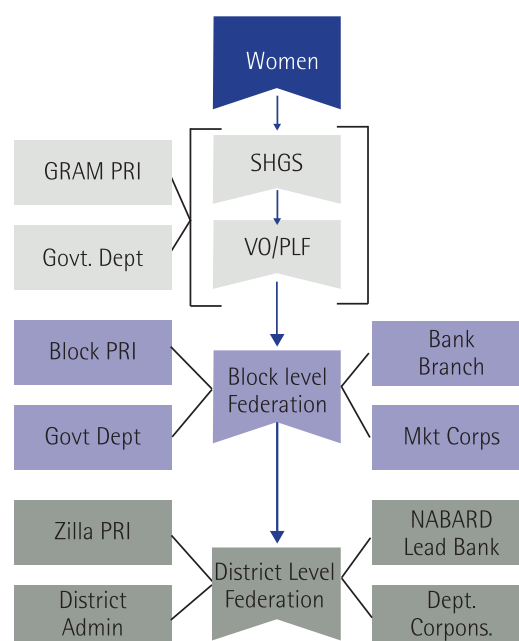
Community Level Institutional Mechanism for Establishing Linkages for Services

Figure 4 presents the basic community level institutional mechanism for establishing linkages for services, showcasing how women were linked to different institutions, the economy and polity through their community organisations.

The multiple tiers of institutions facilitated linkages between neighbourhood groups, villages, local governance and the bureaucratic system.

The significant elements of the community mechanism which have promoted the establishment of a diverse institutional architecture, and influenced various facets of women's empowerment are:

1. SHG Bank Linkage (and subsequent variants/extensions such as the SHG federation linkage, emergence of the micro-finance institutions and SHG linkage with Post-office)
2. SHG linkage with government programmes



The SHG Bank Linkage Programme

3. SHG linkage with Panchayat Institutions

4. SHG linkage to markets

The **SHG-Bank linkage** is perhaps the most significant of all developments. Key policies and the diverse forms assumed by the microcredit sector in India can be traced to this core.

During the second half of the 1980s, NABARD took a first step turning from the old world of supply-driven to a new world of demand-driven finance, stipulating that **programmes with the poor have to be savings-led and not credit-driven; and that the poor have to have a say in their design**. Inspired by a new regional programme of Asia-Pacific Rural and Agricultural Credit Association (APRACA) and Gesellschaft für Internationale Zusammenarbeit (GTZ/GIZ) in Asia, *Linking Banks and Self-help Groups*,⁴ NABARD initiated a study of SHGs in 1987, led by MYRADA and based on a new paradigm: *savings first*. NABARD provided MYRADA with a grant of INR 1 million (USD 16,129)⁵ to enable it to invest resources to identify affinity groups, build their capacity and match their savings after a period of 3-6 months (Fernandez, 2007, pp. 9).

Following through on feedback from this initiative, in 1989 NABARD initiated a pilot and three options were explored, all hinging on prior savings by the groups: matching grants, matching interest-free loans, or bank loans with interest (NABARD 1989: 53-58).

In 1990 the Reserve Bank of India (RBI) accepted the SHG strategy as an alternative credit model. **These were the roots for the SBLP**. With approval from RBI⁶ and an authorisation for banks to open savings accounts for informal SHGs, NABARD started a pilot project in 1992, contributing to the goal of solving the perennial problem of rural indebtedness and poverty in India. Results were promising, and NABARD decided to mainstream SHG banking on a national scale: setting up a Credit and Financial Services Fund in 1996 for extensive capacity-building and a Micro Credit Innovations Department (MCID) for programme implementation in 1998, with MCI cells in every state.

Major policy decisions taken by RBI and NABARD gave a boost to the SBLP included:

- Banks could lend to SHGs without ascertaining the purpose for which the loan was being taken by the eventual borrower.
- Banks would undertake lending to groups without physical collateral.
- Banks would be allowed to lend to unregistered groups (Thanka, 2012, pp. 22)

4 All INR to USD conversions in this document use the conversation rate USD 1 = INR 62

5 As an apex bank NABARD does not directly loan to individuals and businesses. These loans are advanced by commercial banks, RRBs, Cooperative bank, NBFCs working in rural areas, and to direct loans towards priority sectors, NABARD sanctions some percentage (in this case entirely) of the total loan.

6 As an apex bank NABARD does not directly loan to individuals and businesses. These loans are advanced by commercial banks, RRBs, Cooperative bank, NBFCs working in rural areas, and to direct loans towards priority sectors, NABARD sanctions some percentage (in this case entirely) of the total loan.

In addition, SHG lending was designated as a priority area and providing 100 percent refinancing⁷ to bank's lending to SHGs

Box 4: Why SHG lending was attractive for banks

1. Repayment performance of the portfolio showed better results than other sectors.
2. Transaction costs were lower because fewer accounts catered to large number of clients reducing time and logistical costs. Time taken for credit appraisal, credit worthiness and follow-up of loans was taken care of by groups.
3. Cost of promoting groups was borne by NGOs and reimbursed by banks, which would have otherwise not been possible for banks to initiate.

In 2006 RBI issued a circular introducing an innovative concept called Business Facilitator and Business Correspondent. This concept aims at furthering the goal of universalisation of financial inclusion. **Registered SHG federations could act as either a Business Facilitator or Business Correspondent of a bank to provide a full range of banking services as an agent of a formal financial institution.**

In South India the SHG movement was vibrant and bank-linkages showed a good degree of success. Some banks such as Indian Bank, Corporation Bank, Canara Bank, Syndicate Bank, State Bank of India and some of the prominent Regional Rural Banks (RRBs) promoted SHG branches and special services for SHGs to boost the linkages.

One of the successes of the SBLP has been the change in perception of the leadership and managers of mainstream Financial Institutions. Small loans were historically seen by banks as a social obligation rather than a potential business opportunity. Contributing to this position has been the fact that poverty alleviation related small loans (IRDP, Differential Rate of Interest Scheme (DRI)) have been utilised historically as a tool for disbursing political patronage, undermining the norm that loans must be repaid. This made bankers cynical about lending to the poor (Mahajan, Nagarsi, BASIX, 1999). The SBLP was instrumental in changing these perceptions.

With a small number of 620 SHGs linked during 1992-1994, SBLP had, according to NABARD data, disbursed credit to over 2.23 million SHGs cumulatively by March 2006 and to 7.6 million SHGs in 2013-2014 (Figure 5). As on 31 March 2014 over 4.1 million SHGs had outstanding loans. **SBLP thus enjoys the status of a major microfinance programme in the world.**

⁷ As an apex bank NABARD does not directly loan to individuals and businesses. These loans are advanced by commercial banks, RRBs, Cooperative bank, NBFCs working in rural areas, and to direct loans towards priority sectors, NABARD sanctions some percentage (in this case entirely) of the total loan.

Figure 5: No. of SHGs linked with banks and with loans outstanding from 2009-2012



Microfinance services through different models: variants or extensions of SBLP

With the scale up of SHGs, many challenges and opportunities presented themselves, and were seized by NGOs, government and private players alike to establish new or complementary microfinance models.

In order to overcome the inherent limitations of a small unregistered group, and as part of a withdrawal strategy, promoters facilitated the formation of federations. There was also the formation of NGO-MFIs, Non-Banking Finance Companies (NBFCs) and post offices as tools to meet the credit needs of the SHGs. While the federations and post office mechanisms sought to link to banks, the NBFCs provided alternatives for financial services, especially where bank-linkages proved difficult. These variants and extensions of the SBLP have met with varied levels of successes.

Box 5: Role of NGOs where the Government is the SHPI

According to a study conducted by APMAS, a large number of non-government organisations have been engaged in the formation of SHGs in collaboration with the Government of AP and with the financial support of national and international donor agencies. Many NGOs in the state have collaborated with the Dept. of Rural Development, Dept. of Women and Child welfare, Dept. of Forestry to form SHGs under DWCRA and SGSY programmes.

In the year 2001, the Government of AP promoted an NGO called Society for Elimination of Rural Poverty (SERP) to galvanize the SHG movement in the state with the funding support of the World Bank. Over a period, SERP has expanded its operations across the districts in the state. Further, the Govt. of AP has linked the delivery of various welfare and development programmes through SHGs and their federations. As a result, many SHGs promoted by NGOs were enrolled as new SHGs under the 'Velugu' programme. Consequentially, many NGOs moved away from SHG promotion to microfinance activities for their survival by using SHGs as platform for their micro credit activities.

The NABARD funding support to NGOs in different states clearly shows the role of NGOs in the states where the government is taking the role of SHPI. Similarly, the national as well as international funding agencies also changed their strategies in the extension of funding support to NGOs. Many funding organisations have collaborated with the government rather than with NGOs for the promotion of SHGs. In Bihar, the Bihar Rural Livelihoods Promotion Society (BRLPS) has requested NABARD not to provide any financial support to NGOs for the promotion of SHGs and SHG federations as the BRLPS has started its operations across the state.

NABARD's Financial Support to NGOs for SHG Promotion								
	AP		Kerala		Tamilnadu		Bihar	
Year	No. of NGOs	Grant released Amt. INR in Lakhs	No. of NGOs	Grant released Amt. INR in Lakhs	No. of NGOs	Grant released Amt. INR in Lakhs	No. of NGOs	Grant released Amt. INR in Lakhs
2013-14	0	0	51	123	92	243	359	1,689
2012-13	2	8.96	48	111	97	243	370	1587
2011-12	2	8.96	48	122	93	244	279	986
2010-11	0	0	2	111	49	107	255	565
2009-10	0	0	1	1.15	54	113	214	376

Source: APMAS (2003); NABARD, *Status of Microfinance in India (2009-2014)*

Linking SHG federations with Banks

Being small in size, SHGs were somewhat limited in the financial services that they could provide to their members. To bridge the demand and supply gap of bank loans through SHG direct linkage, some of the SHPIs that promoted SHG federations, mobilised savings from the SHGs and SHG members and created own funds for the federation of SHGs.¹⁹

In 2007 NABARD issued a circular to facilitate financial support to promote SHG federations. Loans to Federations would be in far larger amounts than to individual groups. Though transaction costs were considerably lower, the risks were substantially higher and this model did not take off in a significant manner and most Federations faced difficulty in leveraging loan funds from banks. **The progress for most Federations in bank linkage, except a few promoted by credible promoting NGOs, has been largely discouraging.**

Emergence of and linkage to the micro-finance institutions

Post reforms, rural markets emerged as the new growth drivers for MFIs and banks, the latter taking interest in the sector not only as part of their corporate social responsibility but also as a new business line. On the demand side, **NGO-MFIs increasingly began transforming themselves into more regulated legal entities such as NBFCs to attract commercial investment.** MFIs set up after 2000 saw themselves less in the developmental world and more as businesses in the financial services space, catering to an untapped market segment while creating value for their shareholders. This overriding shift brought about changes in institutions' legal forms, capital structures, sources of funds, growth strategies and strategic alliances.

A number of leading NGOs across the country such as Shri Kshetra Dharmasthala Rural Development Project (SKDRDP) in Karnataka chose to act as or to transform themselves into financial intermediaries under appropriate legal provisions. Others set up independent satellite microfinance organisations under the NGO umbrella to act as intermediaries for SHGs or their federations.

While a few organisations like MYRADA, DHAN Foundation formed “not-for-profit” MFIs, others such as Association of Sarva Sewa Farms (ASSEFA) and Bullockcart Workers Development Association (BWDA) formed “for-profit” NBFCs to channel funds directly to SHGs or through their federations.

The limitations of the SBLP such as constraints related to target allocations and orientation of managers for last mile delivery also provided a gap which was replaced by MFIs

Models for SHG linkages to MFI included:

1. SHGs/SHG Federations linked to NGO-MFI intermediaries
2. SHGs/Federations of SHGs linked to in-house “not-for-profit” companies and NBFCs
3. SHG Federations and MACS linked to wholesalers

In 2008 NABARD established a subsidiary called NABFINS (with equity

from NABARD, Government of Karnataka and several Commercial Banks) and positioned it in a field which till then was dominated by models of NBFC-MFIs which started with good intentions; some of the largest ones however were increasingly driven by private and venture capital, where profits, high growth rates and high remunerations became the dominant drivers because governance took a back seat (Fernandez 2012).

As of March 2014, over 33 million clients were being served by the 155 MFIs with INR 335,170 million (USD 6,094 million) loans outstanding.

SHG linkage to Government programmes

The Government of India (GoI) realised the potential that the SHG model had in alleviating poverty and contributing to women's empowerment. The launch in 1999 of the Swarnajayanti Gram Svarozgar Yojana (SGSY) articulated this through its objective: To bring the assisted poor families (Swarozgaries) above the Poverty Line by ensuring appreciable sustained level of income over a period of time, to be achieved by inter alia organising the rural poor into SHGs through the process of social mobilisation, their training and capacity building and provision of income generating assets.

The SGSY allowed considerable scope to state governments to scale up the innovations of the NGOs in promoting the SHGs and linking them to banks under the SBLP. While SGSY partnered with a number of NGOs for promoting and nurturing the SHGs, some of the state governments directly promoted SHGs through their District Rural Development Agencies (DRDAs), mostly in South India. Some of the externally-aided programmes (funded by IFAD, World Bank and DFID) implemented by the state governments also gave impetus to the rapid scaling up of the SHG model in Tamil Nadu, Andhra Pradesh and Karnataka. Andhra Pradesh was the first state to promote federations of SHGs on a large scale to sustain the SHGs and to provide the much-needed institutional architecture for the poor to access various entitlements from the state government.

By 2005, the state governments in many states had several schemes designed for the welfare of the poor that were delivered through the SHGs and their federations. Today, SHGs and SHG federations are being used as channels for delivering various state development and welfare schemes and bear responsibilities normally handled by government welfare departments. Many political parties evinced keen interest in the SHGs and included various promises for the SHGs in their election manifesto. Basic principles like self-help, mutual benefit, self-management and self-reliance were compromised. With increased emphasis on credit and subsidy, there was limited ownership among the SHGs promoted by the state governments resulting in weak group dynamics and high dependence on the promoter.

Starting from 2005, the Union Budget speech of the finance minister included microfinance and each budget had a certain target for the SBLP at the all-India level. **Today more than 75 percent of the SHGs in India are promoted by the state governments under various schemes and programmes, such as Indira Kranti Pratham (IKP) in AP, Mahalir Thittam in Tamil Nadu, Kudumbashree**

in Kerala, Mahila Arthik Vikas Mahamandal (MAVIM) in Maharashtra and Mission Shakti in Odisha.

SHG linkage to markets

Ensuring optimal success and sustainability of SHGs and Federations required a host of other services beyond mere credit provision such as production, packaging, marketing, utilisation of loans, etc., which SHPIs have been providing, albeit with varying levels of success.

A success story is that of MYRADA, which linked its SHGs to the watchmaker – TITAN, for manufacturing inputs of watches and providing services at the factory. The success culminated in the establishment of the private company, MEADOWS where the SHG groups now directly deal with TITAN.

Corporate India is also showing keen interest in the SHG movement as it provides an alternative business opportunity for them in addition to being a means to actualise its corporate social responsibility objectives. Many companies have realised that the people at the bottom of pyramid can be brought into their business model. The group also sees a critical role of the corporate sector in providing market linkage to the products of the rural areas on a sustainable basis. The following are some examples (Tarique M, Thakur RK, 2007, pp. 527):

- ITC (through e-choupal model)
- Hindustan Lever Ltd (through Stree shakti project)
- Mahindra & Mahindra (through Mahindra Subh labh)

SHG convergence with Panchayati Raj institutions

The convergence of SHG with Panchayati Raj institutions is significant from a social empowerment perspective. SHGs are moving beyond their mandate of economic self-reliance to participate in the overall affairs of society through Panchayati Raj Institutions. There are a number of roles that SHGs play in this context: (a) Participation in development programmes of the Panchayat; (b) being pressure groups at the Gram Sabha in ensuring quality delivery of programmes; (c) interfacing for rights and entitlements; (d) interlocking of institutional membership, where SHG members are in other committees and are able to ensure transparency and accountability in the functioning of these committees. Engagement at the panchayat level has provided opportunities for members to meaningfully participate in their community institutions, as well as set or drive its agenda.

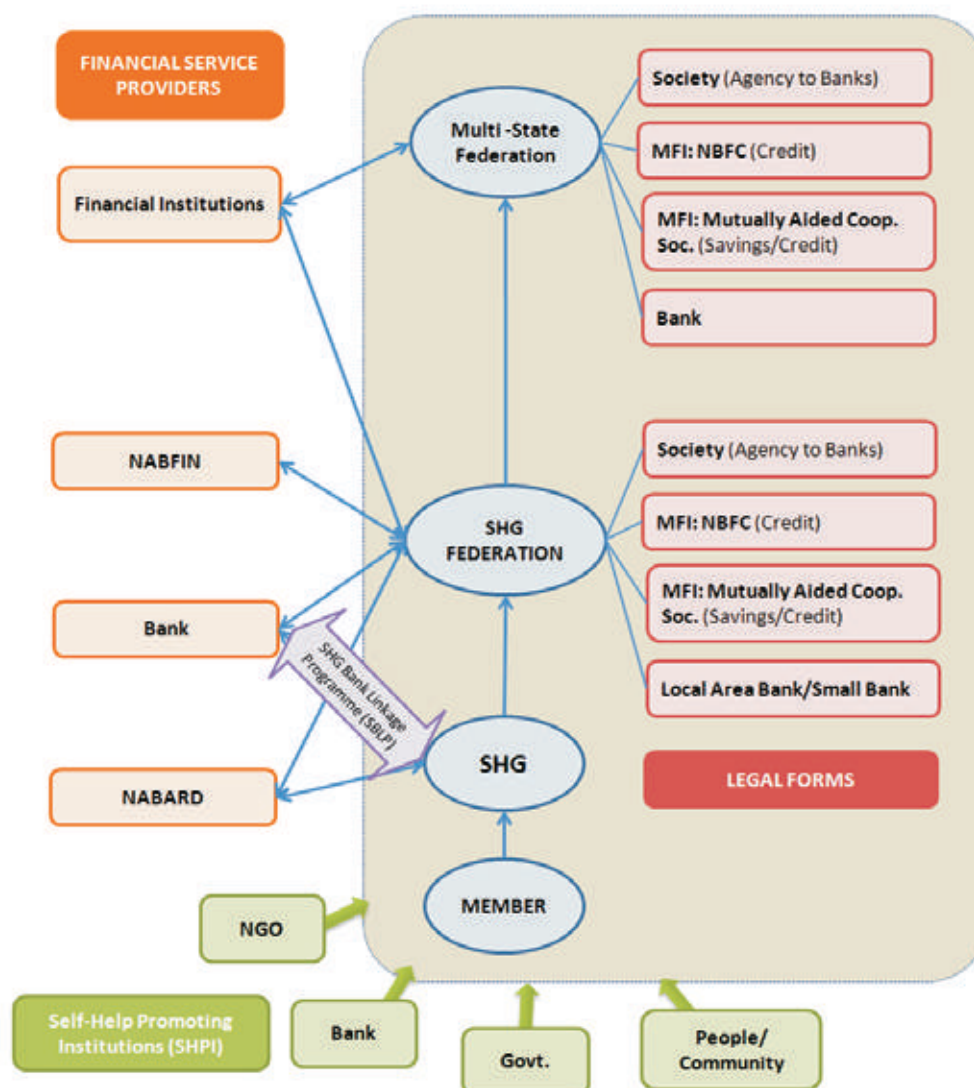
Institutional Model for Sustained Financial Access

Figure 6 shows the institutional architecture for sustained financial access, encompassing all the options of SHPIs, financial service providers and legal forms that community institutions can assume.

At the local level the groups are informal in nature. As they federate, they are registered – having different options of form – based on their agenda and approach, and influencing their scope and activities. This allows for flexibility at the grassroots level, while providing for regulation with scale.

The groups and federations are promoted by different types of agencies. The growth of the SHG movement has also led to the formation of financial institutions, departments and funds – in the government and non-government space.

Figure 6: Institutional architecture facilitating sustainable financial access to the poor



The growth and evolution of the SHG movement key insights

The SHG movement has evolved significantly over three decades. The SBLP has been a critical milestone in this process. Interventions have grown at multiple levels and multiple areas, building on the experience and potential to leverage the ecosystem.

The potential of different types of impacts and scale has been realised by the SHG movement over time, and as the movement matured. Contributing to this has been the development of a complete ecosystem which makes SHGs work, and realises its potential.

Contributory has also been the national level intent and framework, with flexibilities for state governments to customise and evolve the SHG movement within their own states.

The evolution of some of the main features of the SHG movement over time is captured in Table 3

Box 6: Evolution of SHG process and its implication on cost of promotion

As the SHG movement has grown, SHG development processes too have undergone several changes which have had a bearing on the cost of promotion.

First, since the SHG idea is well known throughout the country it has become unnecessary to spend time and resources in motivating women to form groups. Thus, the initial meetings to motivate and mobilize women are not required as they are coming forward willingly to form SHGs after seeing the positive experiences of other groups. Indeed, NGO staff have taken a back seat in SHG promotion as federations and groups themselves help to form new groups. This has an important bearing on the cost of promotion of SHGs.

Second, an area of change has been that there is less intensive facilitation of SHGs and their members by SHPAs compared to the early days of the Tamil Nadu Corporation for Development of Women (TNCDW) and the liberal grant support to NGOs for SHG formation which was in turn necessitated by the higher start up cost of the this new initiative.

Third, a major difference is that NGO functions related to training and capacity building have been taken over by federations and group leaders themselves, thereby making for a reduction in costs. In the past great store was set by imparting bookkeeping skills among SHG members in order that they perform this function themselves. Current practice is more in favour of unpaid or (more usually) paid bookkeepers either from among the NGO or federation staff or relatives of members or persons recruited locally. However, in spite of significant financial costs incurred, the quality of the SHGs is not very good and not much appears to have been done in later years on member education and on financial literacy.

Finally, the evolution of federations has also been sped up. While in the past SHGs were sometimes federated a decade after formation, in recent years the practice is to prepare for federating SHGs within a year of group formation such that they are able to join a federation within a period of two years or so. The resultant changes in the duration and intensity of social facilitation by promoting agencies has affected SHG promotion costs as well to bring about a relative decline in relation to the levels of a decade ago. However, with the institution of the federation taking root, sustained facilitation and investment towards its operation becomes necessary as well. *With the formulation of the National Rural Livelihoods Mission (NRLM) it is inevitable that significant investments are to be made in SHGs and their federations in the future. It is clear that a mechanism will need to be evolved to direct these investments in such a way that self-managed, sustainable and self-reliant SHGs and SHG federations are formed and supported.* A step in this direction would be a more rigorous assessment of costs for promotion of SHGs and federations, based upon existing good practices and processes that would cover different regions and contexts.

By Ajay Tankha

Table 3: Evolution of SHGs

SHG Movement in India

History of Intent, Services, Impact Pathways and Institutional Arrangements

(focusing on the government-led large scale SHG Movement in India)

Particulars	1989.....	1994.....	1999.....	2004.....	2009.....	> 2014
A	Agenda and Service Packages of SHG Movement	Women Development Nutrition Mobilisation to Groups Economic Activities	Thrift and Credit Internal Lending	Bank Linkages for Credit Livelihoods - Eco Assistance Entitlements Social Inclusion Cluster Level Groups	Expanding Credit Health Education Livelihoods Inclusion Federations/apex bodies Service-specific institutions	
B	Impact Focus	Socio-Economic	Economic	Socio-Economic	Inclusive Human Development	

Particulars		1989.....	1994.....	1999.....	2004.....	2009.....	> 2014
C	Institutional Linkages for		Limited; largely own and grant funded	Bank linkages Resource Organisations	Bank Linkages Government Departments Local Self Governance Public Sector Corporations	Bank Linkages Government Departments Local Self Governance Corporate, CSR Community Own Institutions	
D	Community Institutional Architecture		Neighbourhood SHGs	Neighbourhood SHGs Informal Cluster Groups	SHGs, Village Level Org, Block and District Level Federations as body corporate	SHGs, Village Level Org, Block and District Level Federations Community owned and managed service institutions	
E	Implementation Arrangements		Government Department-led (Social Welfare) and NGO partnered	Department-led, Civil society partnered	Autonomous Society under the Government; (Rural Development and Panchayat Raj) Federations and they becoming body corporate State and District level Coordination Mechanisms	Autonomous society under the Government, Federations; plus independent Co-managed Service Institutions State and District Level Coordination Mechanisms	
F	Official Policy Push		73/74th constitutional amendments strengthening local self governance	Recognising 'Informal groups' for extending credit through banks - RBI and NABARD	Interest Subvention CBSs/SHGs becoming agents of service providers Community Investment Funds Long-haul leadership Recognising Institutions of the poor as foundation	Community-led service institutions and financing for them State-leaders brought into Central Schemes	
	- enablers		UN agencies playing a role, with civil society	Civil societies' push for policy change, demonstrating	Government and external funders (WB, DFID)	Government incorporating in the inclusive and livelihood agenda	
G	National Program Investment Push		External funded and State initiatives	DWCRA/IRDP	SGSY Flexibility to deliver based on local stateneeds	NRLM	

5 CASE STUDY OF SHG MODELS

This chapter gives a brief snapshot of the 6 models under the primary study – the government-led models – Kudumbashree, implemented by the Government of Kerala; Indira Kranti Patham (IKP) implemented by the Society of Elimination of Rural Poverty (SERP), Government of Andhra Pradesh (AP); Jeevika, implemented by Bihar Rural Livelihoods Promotion Society (BRLPS); Mahila Samatha/Mahila Samakhya in AP and Bihar – and the NGO-led models – MYRADA and Rajiv Gandhi Mahila Vikas Pariyojana. It lays the context on which the successes and challenges of women’s empowerment within the models are analysed.

Kudumbashree

Kudumbashree, initiated in 1987-88, was sponsored by UNICEF. It was formally inaugurated in 1998 as a mission to eradicate poverty, with the goal of universal coverage of poor women under the SHG model by the Government of Kerala.

Kudumbashree is formally registered as the “State Poverty Eradication Mission” (SPEM), a society registered under the Travancore Kochi Literary, Scientific and Charitable Societies Act 1955. It has a governing body chaired by the State Minister of LSG. There is a state mission with a field officer in each district. This official structure supports and facilitates the activities of the community network across the state⁸.

Context

The Kudumbashree programme design and impact has been deeply influenced by some unique socio-economic feature of the state of Kerala such as: i) Kerala is a highly literate state - 94.65 percent literacy rate, India 74.04 percent; and has the highest rate of urbanisation 47.71 percent during 2001-2011 (Census 2011); ii) The Panchayati Raj Institutions (PRI) in the state have traditionally been strong with a high degree of decentralisation of power at the grassroots level; iii) The political environment of the state is dominated by two parties, the left and centre-left who have, between them, ruled Kerala for most of the period since independence.

Coverage

By September 2014, the programme had over 2.5 lakh groups, covering 39.58 lakh families, with savings of INR 22,620 million⁹ (USD 364.83 million). Kudumbashree covers more than 50 percent of poor households in the state with

8 <http://www.kudumbashree.org/?q=homepage>

9 Kudumbashree: Kerala's all-women Rs 22,620 million savings group finances microenterprises of members (September 2014), Economic Times

over 90 percent of the women members being poor. Its coverage includes all of Kerala except the tribal areas. The programme has now diversified and today it supports over 10,000 farmers' collectives and over 80,000 micro-enterprises that are engaged in variety of livelihoods activities, including making of baby food for the Aanganwadi (Early Childhood Development Centers).

Approach

The Kudumbashree model since its inception adopted a **rights based approach** where members of the programme proactively seek various social and economic entitlements. The programme always had a clear agenda for women empowerment which was an integral part of the programme design and process. In conventional anti-poverty programmes the poor are identified using income as the sole parameter, usually done through a household survey conducted by the officials. In Kudumbashree to identify the poor instead of the income criteria, nine point non-monetary risk indicators have been designed and developed, which are very simple, transparent, easily understood by the community, and which incorporate various manifestations of poverty.

Institutional Arrangements and Governance

Ten to twelve women form a neighbourhood groups (NHG). Each NHG elects five volunteers for undertaking functional activities – community health volunteer, income generation activities volunteer, infrastructure volunteer, Secretary, and President. The position of a volunteer is the first stepping-stone towards leadership for a woman from a poor family.

The second tier is Area Development Society (ADS), which is formed at the ward level by federating 8-10 NHGs. The activities and the decision in the ADS are decided by the representatives of the poor elected from various federating NHGs. The ADS functions through a General Body, Governing Body and Monitoring and Advisory Committee.

At the Panchayat level a Community Development Society (CDS), a registered body under the Charitable Societies Act is formed by federating various ADSs. Like the ADS, the CDS has three distinct bodies, a General Body, Governing Body and Monitoring and Advisory Committee.

Services

The model allows for savings, facilitates bank linkages of the NHGs, forms federations, provides trainings on livelihood activities, markets the produce of the SHG group enterprises, promotes tourism through the SHGs and most importantly provides a forum through which information is disseminated to the groups.

Good practices

Inclusive approach: The nine-point index through which women for groups were self-identified was a unique approach that ensured strong and inclusive groups and federating structures.

Quality of the staff: The government staff selected to lead the programme were the best in their area of operation in various sectors which included finance, accounting etc.

Strong team: The Kudumbashree team is a combination of the government, the NGOs and the private sector where each party gets equal representation. The government representatives bring with them their experience/expertise, the NGO representatives bring empathy, and the private sector personnel bring efficiency.

Stable Leadership: Kudumbashree has had only three Directors since its inception. Stable leadership played a very critical role.

Divergence from the SERP (AP) model: SERP focused much more on savings and thrift while Kudumbashree focused on enterprises and gender empowerment.

Challenges

The programme faces a few challenges ahead as it charts its future course. Some of these challenges are as follows (John, 2009):

The strong programme emphasis on empowerment has resulted in politicisation of the group, and in turn weaker outcome on poverty reduction.

As the programme expanded to involve millions of women, the institutions have become susceptible to political interference from outside as the members are seen as potential voters and political agents by politicians.

Kudumbashree has been less successful in making impacts in the remote tribal pockets and coastal regions due to the geographical limitations. As a result of this, a section of ultra-poor has not benefited from the programme.

The programme is still not fully sustainable - both financially and institutionally. The core structure of the Mission and the CDS still require financial support of the government and the situation is not likely to change over the next decade. The banks are also not fully sensitised as yet and in many cases are not keen on lending to SHG groups.

IKP is a state-wide poverty reduction project to enable the rural poor to improve their livelihoods and quality of life through their own organisations. It is implemented by the Society of Elimination of Rural Poverty (SERP), the Department of Rural Development, and the Government of Andhra Pradesh.

in 2000 with a financial assistance of USD 260 million from the World Bank, for the implementation of rural development projects in a professional and accelerated manner. SERP implements the project through DRDAs at the District level. The Chief Minister of Andhra Pradesh is the Chairperson of the Society.

Context

The SERP model is influenced by the following socio-economic characteristics of AP: i) the extensive coverage of banks cross the state; ii) high proportion of women headed households; iii) more socially empowered women due to the anti-arrack movement that took place in the early 1990s; iv) builds on more than a decade long, state-wide rural women's self-help movement.

Coverage

SERP covers 11.6 million SHG members in 1 million SHGs organised into 43,597 Village Organisations (VOs) and 1,098 Mandal Mahila Samakhya (MMSs) and 22 Zilla Samakhya in AP.

Approach

To provide sustainable livelihoods, SERP has made various land based interventions to poor households that include land access, sustainable agriculture, dairy, non-farm livelihoods and jobs for rural youth.

Institutional Arrangements and Governance

SERP is an autonomous society, registered under the Societies Act. The institutional arrangement is a four-tiered structure. Ten to fifteen women form an SHG; the SHG is federated at the village level; village organisations at the mandal level and the MMS at the district level (Zilla Samakhya). The SHGs of disadvantaged groups are federated only at the mandal level.

Two representatives are elected by the SHG to represent the group in the VO. Three office bearers are elected in each VO. Two representatives from each VO constitute the general body for the MMS. Five office bearers are elected for the MMS which constitute the governing board of the MMS.

Services

Services include social mobilisation, institution building, financial institutional linkages at each level of federation, livelihoods promotion, value chain development and social security.

Good practices

Participatory identification: SERP adopted participatory methods in identification of the poorest of the poor and poor through educated and experienced resource persons.

Special programmes for the most vulnerable: Special programmes were designed by positioning separate staff to the vulnerable and disadvantaged

communities like disabled persons, tribes (Chenchus, Yanadis), fishermen and so on. It is said that around 98 percent of the poorest of the poor households were organised into SHGs.

Policy advocacy: SERP influenced government policies in designing various rural developments and social security programmes like Dr.YSR Abhayastham, Bangaruthalli etc.

Development of a cadre of Community Resource Persons: Community resource persons were identified and trained, facilitating the move towards the objective of attaining self-managed community based organisation.

Challenges

Shortage of staff and technical support is major concern. Though there are sufficient VOAs at Village level, they are not performing their roles effectively due to the absence of a systematic salary system. All the project activities are online but no computer operator is allocated to the MMSs.

Though insurance is mandatory for poor families, they have not internalised its importance and are not willing to renew insurance policies. In this situation the MMSs are unable to provide any help to these families during unforeseen situations.

In due course of time, SERP realised that it had not been able to impact the target population – the poorest of the poor, to a very large extent.

Jeevika, launched in 2006 is a comparatively new government promoted SHG programme in the Eastern Indian state of Bihar, established by the Bihar Rural Livelihoods Promotion Society. Initially funded by the World Bank it is now funded by the state government. The Jeevika programme is primarily based on the SERP model of AP though the programme has adopted a different strategy due to vast difference in the context of the two states.

Jeevika

Context

Some of the key features of the state that influenced the programme design and strategy are: i) Bihar is among the most socio-economically backward state of India with highest poverty rate and lowest score on HDI; ii) It is the least urbanised state with nearly 90 percent population living in rural areas; iii) the social and political institutions are deeply fractured around traditional caste and class divisions; iv) The penetration of formal financial institutions like banks is lowest in the country.

Coverage

The programme reaches out to 2.3 million SHG members, 1,86,248 SHGs, 8,113 VO, 165 MS spread across all 38 districts of the state. Roughly INR 376 million (USD 6.06 million) of credit has been disbursed across 66,258 SHGs¹⁰.

Approach

The focus of Jeevika is on socio-economic development and livelihood promotion. The programme has also taken initiative on enhancing food and nutritional security of poor households. The programme is at different phases of maturity at different geographical locations, providing the advantage of transferring learning from one place to another.

Institutional Arrangements and Governance

Ten to twelve women form an SHG. At least eight functional SHGs with twelve members are federated at the village level into the VO and then at the block level into Block Level Federations. Members of different SHGs can be a part of a producer group which is federated at the cluster level.

All members of the SHGs constitute the general body of the VO and two members from each SHG form the executive committee of the VO. Five members from the VO are the office bearers. The role of the VO includes providing technical assistance to the SHG members, solving problems and conflicts between SHG members, and facilitating the socio-economic development of the members.

After the establishment of about 15-20 functional VO's, the same are promoted to the cluster level federation (CLF). The general body of the CLF comprises of



SHG Meeting, Nandhanpeta, Chittoor

the executive committee members of all the VOs. The representative executive committee comprises of one representative from each VO and three-five office bearers are elected overall to represent the CLF. The CLF is responsible for financial allocation by prioritising demands of SHGs and the federations, managing natural resources and disseminating information.

The Block Level Federation (BLF) is formed after the SHGs/VOs/CLFs have attained critical strength in terms of capacities and numbers. The role of the BLF is to provide technical assistance, conduct social audits, maintain the information system and mobilise community resource personnel.

Services

The model provides for institution and capacity building, social development of the members, training on livelihoods, facilitation of market linkages for livelihood activities, accumulation of savings and access to finance.

Good Practices

Building self-sufficiency: The programme did not make provision for direct subsidy to the beneficiary. This helped in building cohesive and financially self-sufficient groups

Sound training protocols: Training protocols of the women is essential for facilitating strong groups and their nested institutions. While the training modules were based on the SERP model, effort was made to customise them for the Jeevika.

Challenges

The programme implementation structure is top heavy and therefore runs risk of over bureaucratisation and becoming financially unsustainable. In the current scenario, conceptualising an exit strategy is not feasible as the entire programme is still critically dependent on support from the government and financial institutions.

The sustainability of large number of community institutions is not well understood. In absence of this, the strategy to support and make such institutions autonomous and self-sufficient is a challenge.

The social context of Bihar with a pervasive culture of caste discriminations and patriarchy bias makes the task of mainstreaming gender empowerment through SHG a difficult task.

Box 7: Understanding Jeevika: : Transforming women's Identity, Income and Insecurity

The study is an outcome of Ford Foundation support to conduct a field study of JEEViKA in Bihar. The project was anchored by Prof. Avanish Kumar at Management Development Institute, Gurgaon as a MANTHAN partner. MANTHAN is a collective effort of management and higher educational institutions on rural livelihoods in India. The project was geared towards participatory identifying, distilling and documenting ground-level understanding of JEEViKA in Bihar. The focus of the study was on '*what works, and why it works*' on issues of social, livelihoods and financial inclusion among the marginalized. The study employed a participatory multi-pronged approach while covering four villages across in two blocks of Gaya district in Bihar. Gaya is part of the intensive districts from the time of conception, while the two adjacent villages in two blocks are Bodh Gaya and Barachatti. These blocks were selected to understand the difference of impact due to spatial administrative exclusion. Barachatti block is at the periphery of the district Gaya, bordering Jharkhand while Bodh Gaya is a centre of JEEViKA project administration. The study tools comprised a detailed household survey with a focus on livelihood, social and financial inclusion parameters; along with focus group discussions (FGD) and semi-structured interviews with the community members, beneficiaries, JEEViKA's professionals and community workers. Finally, the findings of the study was presented and validated by the respondents in the village and at JEEViKA state office. The study was carried out with the administrative and technical support of JEEViKA.

The findings of the study suggest that JEEViKA governance structure and flexible management has resulted into new model of social transformation for women's empowerment. The social transformation that will seek dividend for women's empowerment are beyond access to micro-finance are witnessed at three levels; identity, income and insecurity (three "I". Table below illustrates the transformation in the context three "I".

Without JEEViKA	Identity	Income	Insecurity
	Domestic identity, (wife, daughter). No recognition in village	No say in household financial matters, no decision in asset planning, no role in asset improvement or creation, and only very poor women worked for income supplementation	Lack of Identity, lack of health care priority & access, no say in matters related to own marriage & dignity, extremely dependent on father, husband. Domestic violence
With JEEViKA	Identity of women between SHG members Between SHGs in the village and adjacent villages In VO, recognition by siblings and immediate family members	Have a say in household financial matters, use JEEViKA loans to improve asset quality, and to create assets, women from all backgrounds encouraged to take up jobs within the village boundaries	Increased power in domestic decision making. Ability to participate in collective bargaining Improved self-confidence. Ability to raise voice against domestic violence

For further information, contact: Dr. Avanish Kumar, avanishkumarprasad@gmail.com

Andhra Pradesh Mahila Samatha Society (APMSS) is a part of the Mahila Samakhya Programme of Government of India under department of Education, Ministry of Human Resource Development. The programme was launched in the State during the year 1993, under the National Policy on Education (1986) to empower women through education. APMSS is funded thorough the central and state government. Initially implemented in Medak and Mahaboobnagar districts it is presently extended to 15 districts through phase wise expansion.

Context

Some of the key features of the state that influenced the programme design and strategy are: i) Many AP districts have high poverty and backwardness, with marginalised women, particularly those belonging to the Schedule Caste and Schedule Tribe communities; ii) There are areas where female SC/ST literacy levels are very low (approximately 15-25 percent); iii) These areas are also very low on other development indicators.

Coverage

The project currently has 2,54,018 members in 6,639 SHGs spread across 5,013 villages in 121 Mandals and 15 districts of AP.

Approach

The principle objective of the programme is **Education for Empowerment of Women**. It is sought to be achieved through village women's collectives - **The Sanghams**. The core areas for empowerment are education, health, women in governance, natural resource and asset building and social and gender equity issues.

Institutional Arrangements and Governance

Ten to fifteen women form an SHG. There is only one meeting arranged periodically in each village where members of all the SHGs of the village attend, rather than each SHG arranging their own SHG meetings. Non-members are also encouraged to attend these meetings.

All the SHGs in 5-6 villages are formed into a cluster. The representatives of the clusters together form a federation at the mandal level. The representatives of the federations form a Mahasangham at the district level.

Each SHG has sub-committees on education, health, NREGS, legal issues.

Services

The structure of the model allows for awareness and discussion on political proceedings of the local governments, establishment of local women courts to reduce domestic violence and institutions where adolescent girls can receive education. Bal Samakhyas or SHGs for younger children are also organised under this model.

Good practices

1. **A holistic approach** - APMSS has been primarily working for the empowerment of women who are socially, politically and economically vulnerable with a focus on health, education, governance, natural resources and asset building, and social and gender issues.
2. **Bottom up rather than top down approach in community mobilisation**: The promoters have adopted different strategies depending on the local context

and the programmes in the mobilising the communities into community based organisations.

3. **Adequate capacity building to members at all levels on diverse aspects:** APMSS has conducted trainings on various programmes implemented by the government related to health, education – especially girl child education, natural resource and asset creation, political empowerment and gender issues, and the rights and entitlements of vulnerable sections of the society.
4. **Large Sangham (s) at village level:** The large group size and the monthly meetings are more suitable to the promoters to provide trainings / capacity building inputs on various social aspects at group or village level.
5. **Effective functioning of subcommittees:** Within the Sangha, there are five sub-committees – health, education, village development, finance and *Nyaya* (justice). Each committee formed with 5-6 members; each team works effectively in their own areas.
6. **Linkages with line departments:** The peoples' institutions at all levels have good linkages with various Government Departments at all levels. For instance the Mahasanghams at District level have linkages with the Police department, health, education, rural development, women and children, legal cells, NGOs etc.
7. **Building social capital:** APMSS Identified the potential human resources at all levels and built social capital in the form of Nyayakaryakarthas, child protection committee members, councillors, etc.
8. **Resource Agency at different levels:** There are sub-committees (education, health, woman in governance, natural resources and asset building, social issues and sustainability) at sangha level, the representatives of the sub-committees form a resource pool at cluster level and the representatives of this cluster resource pool form a mandal resource pool. The resource pool has been working proactively at all levels.
9. **Focus on younger generation through Balasanghams and Balapanchayats:** The *Balasanghams* and *Balapanchayat* create awareness among the children of both the sexes on gender issues, rights and entitlements, and the leadership qualities.
10. **Focus on social and gender issues through Nyaya Karyakarthas:** There are sub-committees of *Nyaya Karyakarthas* (justice workers) at village level, resource pool at cluster level, resource group at mandal level, and Mahasangham at district level, working effectively in dealing with cases relating to all kinds of violence against women, child marriages etc.
11. **Federations and APMSS as consortium:** Federations partner with APMSS in the implementation of field level activities on project basis - campaigns,

trainings to Sanghams, adolescent girls and youth and community based educational activities. It helps the federation sustain its activities.

Challenges

1. *Focus on social issues has been weakening because of good credit service provided by SERP SHGs* – As there is a focus of SHGs and federations of SERP on financial issues; many MSS members have been paying attention on financial services rather paying attention on social issues.
2. *Less focus on natural resource and asset building*: Though natural resources and asset building are thrust areas of APMSS, there is relatively less focus on these.
3. *Dual membership in both MSS and SERP*: Most of the MSS SHG women are the members in the SHGs of SERP. To access the government pro-poor programmes channelled through SHG federations of SERP, all the MSS SHG members were enrolled with SERP. Over a period of time the focus of MSS members has been shifting to financial aspects; consequentially, the social agenda has been neglected.

Mahila Samakhya Bihar was started in 1992 in Bihar under the National Policy on Education (1986) to empower women through Education. The initial funding for the programme came from the central and state government and UNICEF. DFID also funded the programme in subsequent years. In 2006 the Bihar Mahila Samakhya Society, was established as an autonomous body and is now running the programme.

**Mahila
Samakhya
Bihar**

Context

Some of the key features of the state that influenced the programme design and strategy are: i) Bihar is among the most socio-economically backward state of India with highest poverty rate and lowest score on HDI; ii) It is the least urbanised state with nearly 90 percent population living in rural areas; iii) the social and political institutions are deeply fractured around traditional caste and class divisions; iv) When the Mahila Samakhya programme began, it was difficult to find even a single literate girl/woman in some villages¹¹.

Coverage

By July 2014, the programme had 2,14,436 members across a total of 11,251 SHGs and 9 federations across 124 blocks and 8,503 villages. An approximate savings of about INR 98.26 million (USD 1.584 million) has been accumulated since the inception of the programme.¹²

Approach

Mahila Samakhya is an education process that aims at enabling the woman to

¹¹ <http://www.bihardays.com/bihars-mahila-shikshan-kendras/>

¹² Mahila Samkhya Office: July 2014

move from a state of passive acceptance of her lot to where she can speak her mind, articulate her needs, and join hands with other women in order to identify collective strength and to make decisions that affect her life and that of her daughters.

Though Mahila Samakhya began as part of the Bihar education project in 1992, literacy in the Mahila Samakhya vision is not an end in itself, but part and parcel of an overall empowerment strategy. The Mahila Samakhya is the cocoon where women work on their self-esteem and interact with each other, think, and articulate their strengths¹³.

Institutional Arrangements and Governance

Sanghas are formed at the village level and a cluster of 10 villages forms the Cluster Resource Group. A unit of 50 villages forms the core group. Federations are formed at the district level. Each SHG has sub-committees on education, health, NREGS, legal issues.

Services

The model establishes local women courts, discusses on issues relevant to the village, provides for capacity building, educates women on their rights, markets the products made by women organisations and also targets adolescents.

Good Practices

1. **The need for savings is not imposed on the members:** The model allows members to realise the need for savings as a solution to their existing problems. This allows for increased sustainability in the savings phenomena adopted by the members of the SHG.
2. **The focus is on social empowerment of women:** This is under the assumption that social empowerment widens the thought process of the beneficiary allowing her to think progressively and subsequently empower herself in the economic and political sphere.

Challenges

The programme structure is focused on women empowerment in the social sphere. In this attempt the level of financial literacy of the women is neglected. Since women who are socially empowered would want to gain financial independence as well, the poor level of financial literacy acts as an impediment in gaining access to funds from banks.

In addition to the government-led models detailed above, two NGO-led models – MYRADA and Rajiv Gandhi Mahila Vikas Paryojana – were also examined. A brief case of these is presented here.

Formed in 1968, MYRADA started focusing on marginalised poor since 1982. It has been a pioneer in the microfinance sector in India. At present, MYRADA

13 <http://frank-op.blogspot.in/2008/04/women-education-social-change-jaiman.html>

is directly managing 18 projects in 20 backward and drought prone districts of Karnataka, Tamil Nadu and Andhra Pradesh.

Coverage

As on March 2009, MYRADA was working with 9,747 SHGs with 1,53,490 members. A total savings amount of INR 727 million (USD 11.725 million) has been accumulated. Additionally, the total amount of credit disbursed values INR 3,934 million (USD 63.45 million). (APMAS, 2009)

MYRADA also established Sanghamitra, an NGO-MFI.

Approach



Mandala Samakya Meeting, Kamareddy. Speaker: Anasavva

MYRADA aims to empower the poor and marginalised so that their right to build and manage their own institutions, develop their own livelihood strategies and lobby effectively to change oppressive relations is recognised.

Institutional Arrangements and Governance

Self Affinity groups (SAGs) formed are federated at the village level under the Community Managed Resource Centres (CMRC). The CMRC is supported by the Center for Institutional Development and Organisational reform.

Not less than 10 and not more than 30 SAGs form the federation. Two members represent each SAG in the federation. The SAGs gaining representation have to be at least six months old.

Services

MYRADA provides livelihood improvement through NRM management, vocational education, trainings, capacity building and education.

Rajiv Gandhi Mahila Vikas Pariyojana was initiated in 2007 by the Rajiv Gandhi Charitable trust to bridge the gap between the poor and their entitlements. It

Rajiv Gandhi Mahila Vikas Paryojana

receives funding primarily from NABARD.

Coverage

The model has formed 1,05,996 SHGs constituting 12,35,400 members across forty plus districts in Uttar Pradesh. These SHGs have a total saving corpus of INR 600 million (USD 9.677 million) and have availed credit of INR 3,220 million (USD 51.93 million) from the banks¹⁴.

Approach

Reduce poverty and promote women empowerment and rural development to bridge the gap between the poor and their entitlements.

Institutional Arrangements and Governance

Fifteen women form an SHG, 20 SHGs of the village are federated at the village level and then at the block level.

Each SHG is represented in the VO by two of its members, 20 members of the VO form the executive body, five members are elected to be office bearers and 15 members form sub committees on education, health, bank linkage, social awareness and gender.

Services

The model allows for direct delivery of savings, linkages with government departments and banks, provides training on livelihoods, and generates awareness on health, rights, education and entitlements. The model also allows for the formation of SHGs for young girls so as to develop their skills on livelihood and leadership.

¹⁴ <http://www.rgmvp.org/impact-chart.asp?lk=ab5>

Figure 7: Comparative analysis of various models

No	Particulars	Kerala	Andhra Pradesh	Bihar	Andhra Pradesh	Bihar	Tamil Nadu	Uttar Pradesh
	Name of the Model	Kudumbashree	IKP/SERP	Jeevika	Mahila Samatha	Mahila Samakaya	MYRADA	Rajiv Gandhi Mahila Vikas Pariyojana
A	Governance							
		Panchayati Raj Department	Dept of RD	Dept of RD	Dept of MHRD	Dept of MHRD	Autonomous	Charitable trust
		governing body-chairman (minister for LSGs) and 25 members	General Body - 25 members; CM-Chairman	Governance and Accountability team-7 members	NI	NI	Governing body-10 members	CEO; Programme managing team; field officers
		Executive committee-Chairman (principle secretary LSG)	Executive Council - 7 members; RD Minister - President				Executive director; support team	trustees
		Executive director, director and team	Integration of DPIP and RPRP				Members of the CMRCs form a board managed by a Myrada staff member	Advisors
B	Implementation Arrangements							
		Poverty eradication mission	Autonomous society; Societies Act	Autonomous Body	NI	Autonomous Body-Bihar Mahila Samakhyas Society (BMSS) since 2006	a group of autonomous societies, companies and informal institutions	Charitable Trust
		CEO- Executive Director	CEO - IAS Officer	CEO-IAS		State project director of Bihar Education Project council-Chairperson		CEO-Ex NABARD officer
C	Community Architecture	3 tier	4 tier	4 tier	4 tier	5 tier	4 tier	3 tier
		NHG-CDS-ADS	SHG-VO-MS-ZP	SHG-VO-CLF-BLF	SHG- core groups-Mandal resource groups-Federation	SHG-Sangham-Cluster level-core group-federation	SHG-CBOs-CBO federation-CMRCs	SHGs-VO-BO
D	Linking Services							
	- Savings	Y	Y	Y	Y	Y	Y	Y
	- Credit	Y	Y	Y	NI	N	Y	Y
	- Insurance	Y	Y	Y	N	N	Y	Y
	- Entitlements	Y	NI	Y	Y	Y	Y	Y
	- Marketing products	Y	Y (Through Vos)	Y	Y (FEDERATION LEVEL)	Y	Y (through CMRCs)	Y (Milk marketed in Delhi)
	- Audit and Accounting	Y	Y	Y	Social Audit	N	NI	NI
	- Livelihood Services	Y	Y	Y	Y	Y	Y	Y
	- Social Support System	Y	N	Y	Y	Y	Y	Y
E	Building Capacities							
	Provision of trainings on livelihoods	Y	Y	Y	Y	Y	Y	Y
F	Monitoring Performance							
		Auditing through KASS	Monitoring at the SHG level in terms of entitlements and processes- monitoring sub committee; monitoring sub committees at the institutional level	Real time monitoring through Integrated MIS	MIS	MIS updated every month; no more info	groups monitor performance and work of CMRCs	Resource persons, members of the BO and the VO act as monitoring agents
G	Financing							
		UNICEF	World Bank - 2000 - Rs. 600 crores	World Bank; financial assistance of Rs 504 crores	Central and State govt.	1992-97: UNICEF:GoI:GoB = 3:2:1 98-06= world bank, GoI, GoB 2006 onwards- GoI	IFAD, NABARD	NABARD- 38 crore for all phases till 2015

Features of the Government-led Models

Governance mechanisms at state level promoting institutions

Specific governance and implementation features that have facilitated growth and impact of SHGs and efficiencies in the delivery of services include:

- ▶ The organisation is usually a '**registered state promoted Society**', which ensures '**authority and power**' of the government, and at the same time has the '**flexibility**' of an independent civil society organisation/ company.
- ▶ The thrust is on ensuring consistently high levels of '**political and bureaucratic will**' to the initiative, and therefore the top political leader or bureaucratic head, heads the institution (Chief Ministers or Principal Secretariats).
- ▶ **Two layers of governance** are followed – Governance Council and Executive Council, which ensures decisions are taken on time, both at strategic and operational level.
- ▶ **Representation of key departments** or institutions and governing board, as convergence is the key to the intervention.
- ▶ **Strong and long haul for the top leadership** – in most of the models the top leadership of the implementation agency (such as SERP, Kudumbashree, etc.) are given 5-10 years of timeframe as the leader, without change (which is quite different from the normal government system).
- ▶ **Advisors and steering group members include experts** from civil society, government, and others, and also the representatives of the 'external funders' (such as the World Bank, DFID, IFAD, etc.).

Implementation arrangements at state level promoting institutions

An **independent** implementation organisation is generally established, with leadership coming from the government (on posting; and usually 'hand-picked') and with professionals selected or deputed that are provided with a long haul. Also, State Level Promoting Institutions have operated in diverse fashions:

- ▶ **Focus on communities** and participatory processes like a civil society
- ▶ **Authority and scale** of the Government
- ▶ **Flexibility to recruit appropriate positions** either through deputation from the government or from the open market without the constraints of government rules and regulations
- ▶ **Efficiency and results orientation** of a corporate: The systems, processes and investments involved are **more like that of a corporate**, with result based management systems, indicator based monitoring, and looking at unit costs and efficiency.

6 WOMEN'S EMPOWERMENT AND THE SHG MOVEMENT: FACTORS OF IMPACT

Women empowerment is a central issue in development planning and poverty alleviation strategy worldwide and especially so in the developing and least developed countries. The real thrust for women empowerment in many of the developing countries like in India and in several African and South Asian countries came from women-led grassroots movements where women self-organised themselves on institutional platforms to demand for justice, equitable wages and freedom from social oppression. In African countries like Cameroon, Mozambique and Uganda, after initial struggle against gender discrimination, little by little small womens' associations expanded their roles to include a more developmental focus by founding credit associations, farming groups, dance groups, and mutual assistance associations. After the 1990s, political space opened up and womens' groups began to organise themselves and earn independent resources to employ in development (Tripp AM, Casimiro I, Kwesiga J, Mungwa A, 2009). The emergence of Self-Employed Women Association (SEWA) in Gujarat, India in early 70's as a union of women working in the unorganised sector is an excellent example of a women's movement which evolved into an institutional platform. *The emergence and evolution of the SHGs in India in 90's can be traced to the sociological and political backdrop of such local movements that provided and prepared the ground for women collectivisation as the first step towards group formation.*

This chapter attempts to explain the process by which women, who are a part of an SHG, gain empowerment in the economic, social and political sphere. It also aims to analyse and present the level to which this empowerment has been achieved, both through secondary literature and primary data collected.

What is empowerment?

Empowerment can be defined as **“The expansion in people's ability to make strategic life choices in a context where this ability was previously denied to them”** Kabeer (2001). Seen from this perspective, women face an overall condition of disempowerment where they experience *diminishing ability to take strategic control of own life choices*. Conversely, in condition of gender equity, women as member of society should have capability to make choices in two inter-related dimensions:

- a. **Agency:** an actor's ability or inability to make a meaningful choice; that is, to envisage options and make choices.

- b. **Opportunity:** the formal and informal contexts within which actors operate, which may facilitate or hinder the exercise of choice (Alsop and Hinson (2005).

The basic mechanism of SHGs where 10-20 women come together to grow their savings and access credit which banks are increasingly willing to lend, *gradually evolved into a financial plus social platform where women now increasingly discuss and take action on community and women's issues* like health and education, livelihoods and enterprise development, water and sanitation, access to entitlements and government schemes and prevention of social evils like dowry, alcohol and gender violence.

SHG as a platform for women empowerment

The pathways adopted by SHG movements towards women's empowerment are multiple, some developed by design and others which have evolved over time.

A typical government-led programme follows the following stages:

Stage I - Mobilisation and formation:- where SHG provides a new opportunity for women to *come together and meet regularly*, and discuss, debate and exchange views on issues that are important to their life and family and society at large. There is enhanced awareness of savings and credit and sensitisation on community issues.

Stage II - Strengthening and capacity building:- where members develop the ability to autonomously operate the SHG and access finance. This is a confidence building stage for women

Stage III - Leveraging social and economic services:- where members are able to improve their access to government entitlement and services. The emerging financial power through their association with SHG contributes to *gradual shift in perception*, first with the members of the households where the women are seen as a source of financial stability. Women now increasingly influence household decision making.

Stage IV - Addressing larger social issues:- As SHG members women gain in confidence, they start assuming larger roles like undertaking of group enterprise, community work, monitoring and implementation of government programmes and schemes and participation in community meetings, addressing social ills. This brings in change in perception of the society where women were now seen as active participants in village community.

Stage V - Participation in political platforms: Finally in mature SHG models, women graduate from being participant in social and political platforms to a more empowered role where they could successfully contest elections and assume political power at various levels.

This is not a standard sequence, while processes may be similar, the pathways differ. Refer Annex-8 for the Pathway to Empowerment followed in Kudumbashree.

To understand the role of SHG in women empowerment in India, a large volume of research on the subject was referred and the evidence emerging from the ground was examined. To take a ring side view of the impact of the SHG, the following section first looks at key economic and social impacts of SHGs (more specifically SHG Bank Linkage Programme or SBLP). The data in the following section is mainly derived from a GIZ-NABARD study¹⁵ conducted in six states (Andhra Pradesh, Karnataka, Maharashtra, Orissa, Uttar Pradesh and Assam) in five different regions across India (hereafter referred as ‘NABARD study’), an all India study on SHG¹⁶ (hereafter referred as Enable study), and primary data collected through expert engagement and focus group discussions with SHG groups. This data suggests that SHGs in general have made a **positive impact on socio-economic condition and poverty of SHG members and their households**. It has also reportedly empowered women members substantially and contributed to **increased self-confidence and positive behavioural changes** in the post SHG period as compared to pre-SHG period.

Box 8. Community-driven development: What is it and does it work?

A review of Community Driven Development (CDD) programme based on impact evaluations and meta analysis across the LICs and developing countries in South Asia and Africa shows positive impact on poverty. Some of the key pieces of evidence on CDD programmes are:

Evidence suggests positive results for use and access to public services: Evidence is strong that multi-sector CDD programs have positive impacts on access to and use of services, especially in health, education and drinking water.

There is compelling evidence that CDD programs can reduce poverty in rural contexts: In a set of 9 large CDD programs rigorously evaluated and reporting on income poverty, seven had statistically significant positive impacts on household living standards and welfare. Impact evaluation of Andhra Pradesh District Poverty Initiative Programme (DPIP) shows Per capita consumption increased for participants by 11 percentage points as compared to the control. The increase in consumption and nutrition intake was approximately 15 percent and the increase in asset endowments was as high as 26 percent.

CDD programmes have cost savings compared to similar government built infrastructure: The Philippines, Indonesia and Nepal, for example, have been 13 and 39 percent lower costs depending on the type of investments. In Africa, multi-sector CDD programs report similar rates of cost savings (in the 15 to 40 percent range) as compared to government programs producing similar quality investments.

Evidence suggests that CDD does not strengthen social cohesion or governance: CDD programs frequently include goals to strengthen civil society, build social cohesion (trust, association), and even reduce the likelihood of violent conflict. The few rigorously evaluated World Bank CDD programs that measured social capital (trust, solidarity, village disputes, tribal feuds, social cohesion) found few positive results.

Evidence also suggests that CDD outcomes do not “spill over” to larger social effects or reforms: There is not yet evidence that CDD programs are effective at diffusing or instigating larger social changes that are not part of the direct programme implementation.

The SHG movement has been able to make a **significant impact on poverty reduction** with the poverty rate for member household showing a decline of over 25 percent (Figure 9). This is an important result as it shows that the SHG movement across India has been able to deliver on poverty alleviation which is a critical goal

15 The NABARD study covered 77 percent (4791 households) of all credit linked SHG as on March 2002 and therefore represents all India picture. All groups covered under the study were more than four years of bank credit linkage

16 The Enable study covered a sample of 1942 SHGs from 41 districts of 8 states namely Rajasthan (266), Assam (250), Bihar (252), West Bengal (241), Gujarat (160), Maharashtra (253), Andhra Pradesh (250) and Karnataka (270) in India promoted by various SHPIs such as Government (692), NGOs (967), banks (51) and self/community (232).

Impact on poverty and economic condition:

has been able to make a significant impact on poverty reduction with the poverty rate for member household showing a decline of over 25 percent

of development. The impact of SHG in lowering poverty rate can be linked to progressive enhancement in income levels (Figure 8) of the beneficiary households which is a result of reduction in financial vulnerability, improved access to financial services and in many cases due to women taking up new enterprises or expanding existing ones. The household income for the members from the SHG group was found to have increased by over 72 percent.

Figure 8: Changes in household income after the SHG movement

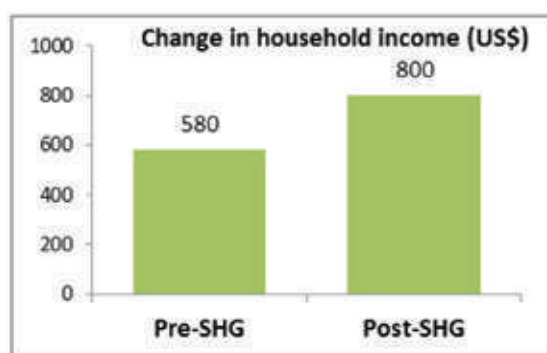
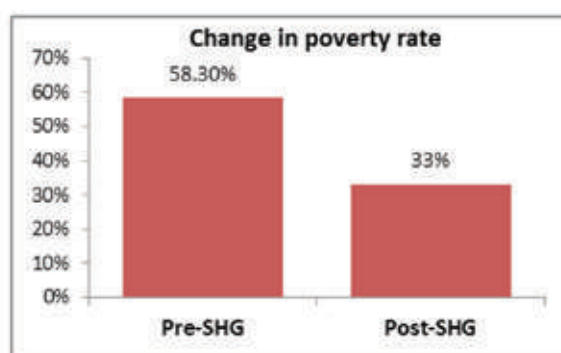


Figure 9: Changes in poverty rate after the SHG movement



Impact on access to financial services:

SHG has enhanced ability of members and their households to leverage savings and credit for investment in livelihoods promotion and in meeting consumption related expenses; members have improved financial literacy, have more household assets and generally exercise greater influence in household decision making. The SHG bank linkage has led to deepening of financial services to poor

Economic empowerment of members through SHG has led to expansion of choice and increased freedom to women on financial matters at the individual and household level. In the NABARD study **60 percent of women members reported increase in ownership of productive asset post SHG while 22.9 percent women reported taking decision on household matters compared to 9.1 percent pre-SHG.** Similarly evaluation of the effect of SHG participation on long-term impact parameter, namely asset creation, reveals that longer membership in SHGs positively impacts asset creation, robust to various asset specifications. With longer participation in SHGs, members move away from pure agriculture as an income source towards other sources such as livestock income (Swain RB and Varghese A, 2008). Another study of the AP SHG model shows that even in the short-term the programme helped improve consumption smoothing and income diversification (Deininger, K and Liu, Y, 2013).

When change in control over use of money is considered, the NABARD study shows that over 60 percent of the members have achieved higher degree of economic empowerment through their association with the SHG (Figure 10). Significantly, **more than 70 percent of the women indicated control over expenditure on children's education as improved or significantly improved.** Seen along with the increased household investment in education, this could mean a shift in role for women SHG member over the years, where they now play a central role in making decision on the matter. Such transformation in decision making role can be linked directly to women's access to credit and savings through their membership of SHG.

Box 9. Impact of Andhra Pradesh SHG programme

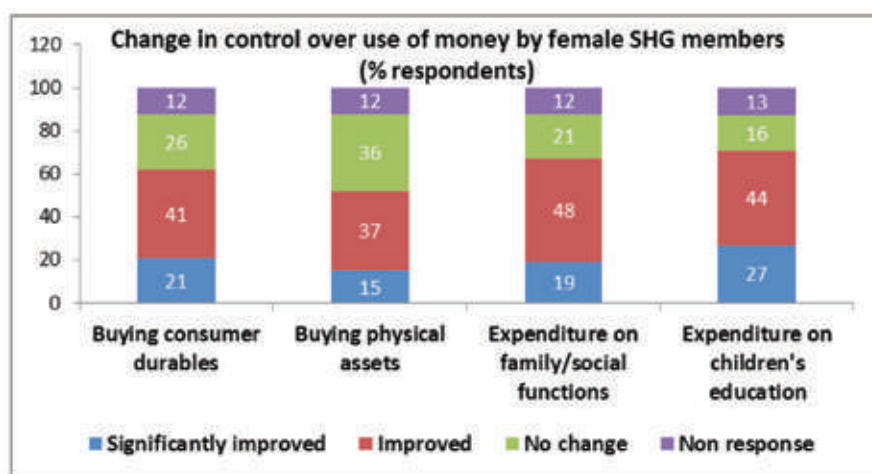
The World Bank study based on data for 4,250 households from two rounds of a survey conducted in 2004 and 2008 in five districts of AP reveals two major impacts of the IKP programme:

First, the programme increased participants' access to loans, which allowed them to **accumulate some assets** (livestock and durables for the poorest and nonfarm assets for the poor), invest in education, and increase total expenditures (for the poorest and poor). Women who participated in the programme had more **freedom to go places and were less afraid to disagree with their husbands; the women participated more in village meetings and their children were slightly more likely to attend school**. Consistent with the emphasis of the programme on the poor, the impacts were stronger across the board for the poorest and poor participants and were more pronounced for long-term Scheduled Tribe participants. No significant differences are found between participants and nonparticipants in some maternal and child health indicators.

Second, programme participants were significantly **more likely to benefit from various targeted government programs, most important the National Rural Employment Guarantee Scheme**, but also midday meals in schools, hostels, and housing programs. This was an important way in which the programme contributed to the improved wellbeing of programme participants. The effects captured by the analysis accrue to programme participants over and above those that may accrue to all households in programme villages.

Improving access to financial services is a core objective of the SHG programme. At the basic level, the programme seeks to enhance flow of credit and provide savings opportunity to members from formal financial institutions through the group platform. In the pre-SHG time, the poor, on account of lack of access to secured and accessible financial services from the formal channel, would mostly end up seeking such services (mostly credit) from local moneylenders at high interest rates with high collateral. The resulting debt trap would often force member and their households into cycle of socio-economic vulnerability and financial shock, further deepening the poverty level. SHGs help in breaking this cycle by making institutional credit and savings opportunity available to poor, who are then able to use these services to effectively manage household cash flows and start income generation activities.

Figure 10: Changes in the loan sources after the SHG movement

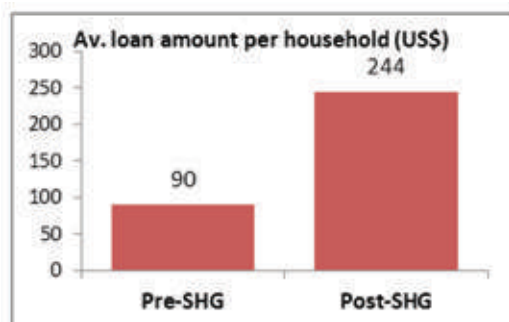


Kudumbashree members share that before their association with the group, only the husband's income was spent for household expenses. Members of the household were not insured and the level of health and education in the household was lower. Today, through Kudumbashree, they are able to earn money which has led to the redistribution of

expenditure towards education, land and gold. The increased level of income has also allowed for an increase in the level of savings. Additionally, previously **women had undertaken multiple loans** for several purposes (including education, construction of their houses). There is now a decrease in the level of access of finance through money lenders. During situations of emergency, the women in Kudumbashree raise money for the person in need.

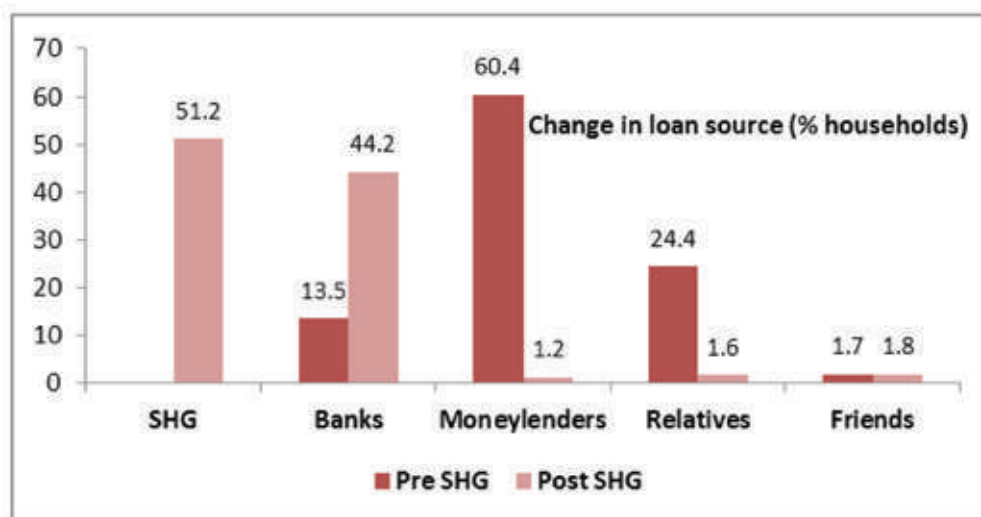
The SERP SHG members reported changes in their household financial management and attributed this change to their membership in the SHG. In particular these changes were in the areas of expenditure on food, increase in the amount of loans taken from the SHGs and their repayment, and the ability to take loans from sources other than SHGs on a need basis.

Figure 11: Changes in loan amount per household due to the SHG movement



The SHG bank linkage has led to deepening of financial services to the poor as seen by more than 2.5 times average increase of loan per SHG member compared to pre-SHG era (Figure 11). The availability of credit has played a critical role in improving financial status and investment capacity of poor households.

Figure 12: Changes in the loan sources after the SHG movement



With enhanced access to loans through SHG (51 percent), there is an overall increase in portfolio of loans to member households from formal financial sources and a proportionate decline in credit

from non-formal sources (Figure 12). It is interesting to note that the penetration of SHGs has had a cascading impact on choices for credit sources available to members' households. The loans from banks have also increased from 13 to 44 percent, indicating improved access of members to banking services. The massive drop in loans from moneylenders from once 60 percent before SHG to 1.2 percent in post SHG period is a strong testimony to impact of SHG in improving credit access to poor.

The Enable study has reported that for the 28 percent members of SHG the dependency on money lenders has 'decreased' while for 26 percent it has 'significantly decreased'. This could be because of on-lending of savings mobilised from members, external grants and loans taken from promoting and credit agencies. Further the NABARD study shows that the proportion of loan (by number) taken by members for productive purposes like investment in livelihoods/enterprise has shown steady increase from 43-51 percent; and a proportionate decline in loans for consumption purpose from 57-49 percent. Such shifts in loan utilisation indicate

that members after improving their financial capability to meet consumption expenses (like health, festival related expenses) are now graduating to next stage of economic development through enhanced investment in productive activities like livelihoods and enterprise promotion to expand and augment their income.

Impact on access to entitlement and services: Membership with the SHG has led to an increase in access to formal institutions

The Enable study reported that while, a majority believed that their membership with the SHG has led to an **'increase' in access to formal institutions (60.9 percent) and pro-poor programmes (53.3 percent)**, one-fifth of them felt that there is 'no change' in access to formal institutions and pro-poor programmes. The changes at household level indicate that the amount of positive change is more in case of financial aspects such as habit of savings, availability of credit, dependency on money lenders when compared to health status, educational levels and access to formal institutions and pro-poor programmes. It could be because of various government programmes being implemented through SHGs and saving and credit linkages of SHGs with banks.

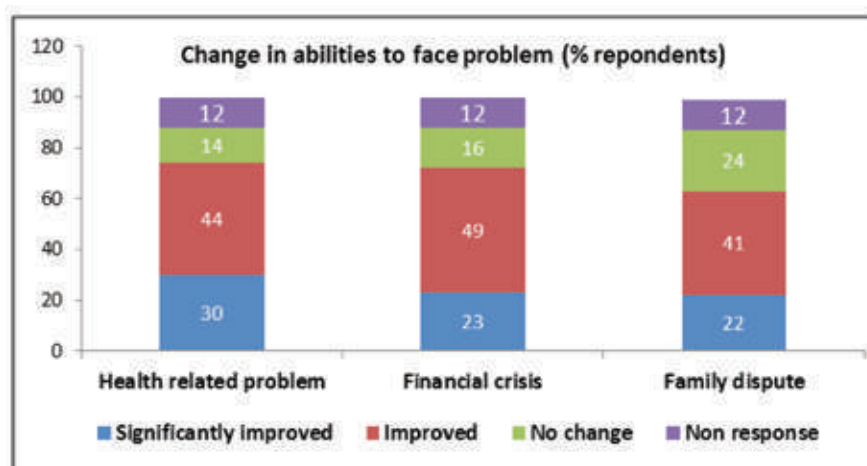
Impact on social status: Social empowerment of women by expanding their sphere of influence and linkages, enhancing their capacity to engage with the markets and finally by giving them more power to make choices on social investment for themselves and their family. It has led to positive impacts on health, education and nutrition of the household

The social empowerment of women has led to *change in perception and shift in attitude of society towards women* in general. In the NABARD study, **about 92 percent of the households with a woman SHG member of SBLP reported increased social empowerment, because of their SHG membership.** The Enable study shows that a **majority of the SHGs have reported that their families are 'cooperative' (91 percent)** followed by 'indifferent' (5 percent) and 'put hurdles' (4 percent) to attend SHG meetings. Similar kind of support is found in repaying loan instalments (88 percent - 'cooperative', 6 percent - 'indifferent' and 6 percent - 'put hurdles'). **More support from family members could be because the men have realised the amount of benefits women get by being members of SHGs.**

Significantly, in the NABARD study, over 60 percent of women indicated improved or significantly improved capability to face different types of problems (Figure 14). Ability to move easily from one place to another is an important indicator of empowerment and in the Enable study a majority of the SHGs said that many women 'go alone' (66 percent) to do SHG work outside the village. Improved ability to face problems on health and financial matters can also be seen as an indicator of their expanding sphere of influence in households and making choices that have an impact on the wellbeing of household members. Such confidence in ability is a reflection on the member's progressive empowerment through group processes, starting with interaction, debate and discussion which gradually paves way to next stages of economic and human development.¹⁷ The next stage is social development/empowerment where women feel empowered to deal with family matters and community issues and *demand* more active participation in the decision making process.

17 Mr. S.M. Vijayanand's 'Ladders of Empowerment' based on the Kudumbashree experience (Annex 8)

Figure 13: Change in the ability of the SHGs in facing problems due to the movement

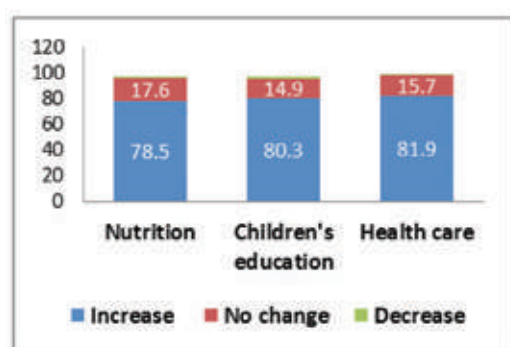


However such changes in household decision making dynamics often challenge established traditions and norms and, therefore, result in instances of 'backlash' from the existing power locus, mostly from the male family head. In some cases this may lead to an increase in domestic violence and gender discrimination but

group solidarity has often acted as a buffer.

Empirical evidence also suggests that SHGs have also resulted in **major improvement in key social sectors like nutrition, health care and education** in the members' households which can be traced to enhanced awareness and financial capacity of SHG women members to manage and take decisions on such matters. Economically empowered women are able to nudge decisions and investments in households towards improving social status of their family.

Figure 14: Change in nutrition levels, child education and health care after the SHG



The NABARD study indicates that SHG members' households (based on respondent's perception) have on an average seen nearly 80 percent improvement in nutrition, children's education and health care from pre-SHG situation (Figure 14). Similarly, the number of households using piped water supply increased by 7 percent but the improvement in sanitation facility showed a very small increase with number of households indicating no sanitation facility, coming down from 48 to 44 percent.

The improvement in drinking water and sanitation is an indicator of enhanced awareness of members on safe drinking water and hygiene issues in their households.

The SERP members felt that implementation of various trainings, welfare and developmental activities by the CBOs, has resulted in many positive changes noticed at the individual, household and community level in i) level of literacy, ii) ability to speak with government officials, iii) physical mobility, iv) respect in the household and society, v) recognition within the government departments, vi) participation in gram sabhas, vii) confidence in raising issues with the concerned officials, viii) involvement in the identification of beneficiaries for various government programmes.¹⁸

18 Sections in italics are drawn from primary field data.

The children of women members of Kudumbashree attribute their level of education to the presence of Kudumbashree. Due to an increased level of education, the children now marry at the age of 24-25 compared to the earlier age of around 18 years. Also, women now have a blanket cover for whenever there is a calamity since the women in Kudumbashree not only help in collecting money to deal with the calamity but also provide moral support, which was not present earlier. They also try to **deal with gender violence issues** faced in a member's household.

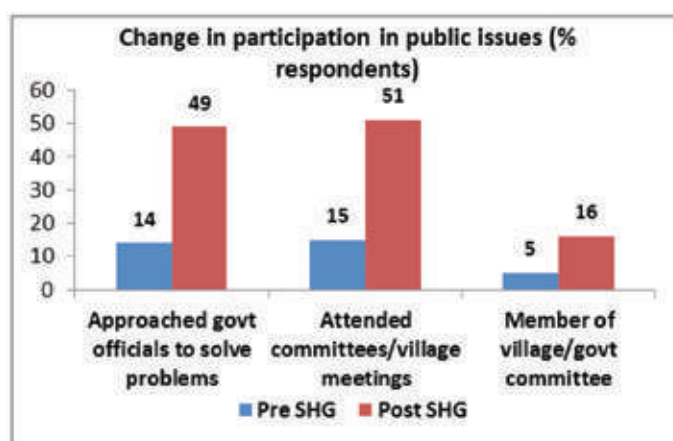
In Jeevika women shared that ever since they associated with the programme, their self-respect has been enhanced as there is an **increased recognition** from the villagers. Before the formation of the SHG, the women were not allowed to move out of their households; Now they are able to move outside their houses for the weekly meetings or to visit the bank. The **physical mobility** has given them a sense of empowerment. Jeevika SHG women have learned how to sign. This **signature literacy has boosted their self-confidence** to a very large extent. They realise that they have their own individual identity. The women stated that the **staff at the bank now recognise them as the "group"** and treat them with respect. The women also realise that they now have bargaining power since they can shift their account to another bank branch at any point of time.

Beyond financial transaction, the Jeevika group discuss issues like domestic violence, children education, sanitation etc. during their meetings. In case a woman member faces domestic violence, the group acts together to counsel the responsible members in the household to stop such incidences. Women feel that the solidarity of the group has given them the strength to face any distress at the individual or household level. Awareness on schemes for health and education has improved, as a result of which, they ensure that their girl child also goes to school.

Impact on political status: Increased participation in electoral process at all levels, including assuming important positions as political representatives.

Increasing representation of SHG women in elected bodies is likely to make a significant impact on the gender dimensions of policy and governance. However, a step before women enter into electoral politics, a sign of political empowerment comes from increasing assertion of women in demanding public services from government and elected bodies and monitoring quality of such services.

Figure 15: Change in the level of participation in public issues



The experiential learning through SHG prepares a woman who was earlier confined to her home, to discuss, debate and demand for her rights and entitlement. Evidence from the NABARD study

shows that women members of SBLP are able to achieve political empowerment

through their higher participation in community and elected bodies meetings, increasing membership in elected bodies/village level committees. As seen from the study (Figure 15), there has been over three-fold increase from the pre-SHG period in women members approaching government officials, attending meeting and discharging their duties in civic bodies. Such expansion in role is generally an outcome of mature SHG institutions where women are capable of taking charge of community affairs with confidence. Similarly the Enable study reports that before joining SHGs the participation of women in Gram Sabhas was very minimal. A majority of the SHGs have reported that, now, women are freely participating in Gram Sabhas (71 percent) and attending meetings within or outside the village (87 percent).

An overall consolidated view on the levels of empowerment achieved based on the NABARD study shows that the highest level of impact has been achieved in the social and political sphere rather than in the economic sphere. Women are more confident which allows them to deal with various issues in their life and subsequently gain mobility in terms of their expression as well allowing them to participate in village level meetings.

*In Kudumbashree the members of the ADS and CDS were **involved in the planning process of the village** with the working committees. They are now more active in Gram Sabhas etc., which gives them a sense of political empowerment by going through that process.*

In Bihar political parties recognised the strength/collective number of the Jeevika groups and give them priority at the time of the elections. Additionally, political parties have started giving preference to SHG women. Mrs A. Laxmi Sivakumari – president of District federation, East Godavari has been nominated as the Member of Legislative Council under Governor's quota in AP.

7 FACTORS FOR SCALE AND IMPACT OF THE SHG MOVEMENT

As discussed earlier, in the condition of gender equity, women as member of society should have capability to make choices in two inter-related dimensions:

- a. **Agency:** an actor's ability or inability to make meaningful choices; i.e. to envisage options and make choices.
- b. **Opportunity:** the formal and informal contexts within which actors operate, which may facilitate or hinder the exercise of choice

Factors of women's empowerment, generated by the study (both facilitative and inhibitive) can be categorised into:

- ▶ Contextual factors: approaches, socio-cultural, political, agro-ecological, market
- ▶ Programmatic factors: programme strategies, components
- ▶ Institutional factors: institutional mechanisms, financing, leadership
- ▶ Policy factors

Contextual Factors

Approach towards empowerment

Empowerment approaches of SHPI have driven the vision and pathways to change. Some experts believe that the whole issue of women empowerment is seen differently by different SHG models. Therefore the actual achievement on empowerment varies, depending on the way empowerment is defined by the promoting agency and also on the goals and process adopted for the SHG facilitation. For example the Mahila Samakhyia Programme sees women empowerment in terms of a woman's ability to take her own decision and therefore stresses on women education; the Kudumbashree model emphasises political empowerment as a key result area. Right since its inception it has also adopted **rights based approach** where members of the programme proactively seek various social and economic entitlements. In SERP, empowerment is not the explicit aim but the assumption is that access to finance would lead to other forms of empowerment.

The NGO-led SHG movement has empowerment as its main goal where financial access has only a small role to play, while banks are more attuned to the financial route to empowerment. Some NGO experts believe that the bureaucracy led government SHG programmes are not designed to empower the community and as such fundamental change in the lives of the women members of government promoted SHG programmes is less likely. A banker whom the team spoke to held

the view “The biggest mistake in the SHG movement has been the involvement of the NGOs to form SHGs, leading to an inculcation of the ‘NGO culture’, rather than an entrepreneurial culture into SHGs.” He felt that SHGs were never created to become institutions that lead to social change. However, these interactions with NGOs have made SHGs drift from their original motive.

In government-led models, the stronger programme emphasis on empowerment has led to the politicisation of the group, resulting in overall weaker outcome on poverty reduction. In Kudumbashree as the programme expanded to involve millions of women, the institutions have become susceptible to political interference from outside as the members are seen as potential voters and political agents by politicians.

With the expansion in scale of the SHGs many government-led programmes also started to use SHGs for programme monitoring and service delivery like running of Public Distribution system (PDS) shops. This in view of some experts may have reduced corruption and improved efficiency but at the same time has increased the drudgery of the women who now have to manage multiple activities.

Socio-political context of the state

The socio-political context of the states influenced the type and level of empowerment of women and other impacts attained. For instance, in Bihar with its culture of caste discrimination and patriarchy bias, mainstreaming gender empowerment through SHG is a difficult task. The Jeevika women however have shown strength and resilience to challenge existing social bias.

In Kerala, the high level of literacy, urbanisation, strong PRI system and political environment has influenced the pathway to empowerment, with many women having moved quite far among the pathway.

“The social capital created by the programme has led to political capital. Today the members of Kudumbashree find representation in Panchayats and many former Kudumbashree members today are Panchayat Presidents, some have even been elected to state assembly, and one current minister is former Kudumbashree member.” – Kudumbashree member.

With respect to contextual challenges the spread of the SHG Bank Linkage Programme in different regions has been uneven on account of various factors like pro-active role of state governments, presence of well performing NGOs, socio-cultural factors, better performance of SHGs, etc. In March, 2001, 71 percent of the linked SHGs were from the southern region consisting of Andhra Pradesh, Karnataka, Kerala and Tamil Nadu. The share of southern region has come down progressively over the years but it is still at 44 percent. Many States such as Uttar Pradesh and Bihar with high incidence of poverty have shown poor performance under the programme.

Market profile and maturity

The agro-ecological context and market maturity determined the type of and the success of the enterprise. In areas where the market is mature, aggregation potential is high, there is open exchange of information, and there are no entry barriers, enterprises flourish. Market facilitation and capacity building on marketing by SHPI has promoted growth of enterprise and women's earning. For instance, in AP,

SERP has made various land-based interventions to poor households that include land access, sustainable agriculture, dairy, non-farm livelihoods and jobs for rural youth. Its focus on markets has enabled women to start and operate successful enterprises. A SERP group shared that due to establishment of a dairy, 65,859 households gained self-employment and 3,280 members got employed as Palamithras (milk procurement agent). Similarly the Kudumbashree programme has now diversified and today it supports over 10,000 farmers' collectives and over 80,000 micro-enterprises that are engaged in a variety of livelihoods activities, including making of baby food for the Aanganwadi (Early Childhood Development Centres). Where SHPIs themselves had limited capacity for market linkages, enterprise development was limited.

Programmatic Factors

Salient principles for SHG formation and operation successfully guided the SHG movement of the country.

The *principle of self-help* where women from a neighbourhood are mobilised, made aware and motivated to take charge of their own development with support from an external agency

The *principle of group* where groups/collectives of women act as a cohesive unit, learn to conduct group transactions and take up group level issues, leverage group strength for both financial and non-financial purposes

The *principle of mutuality* where women members aid and support each other on all matters that confront the group

Principles self-help, group and mutuality

Figure 16: People, Poor and Women centric fundamental of the SHG

One of the fundamentals of the SHG has been the *people centric, poor centric and women centric approach* which provided the foundation for different models to design interventions leading to various dimensions of change (Figure 16).

Participatory processes and the overall approach of *self-selection* of member (guided by a set of good practices/ guidelines) enabled accelerated scale-up while maintaining uniformity in principles and approaches. The principle of affinity in group formation was key to ensure a strong bond between members and peer support for responsible savings and credit.

Participatory group process



Interactional functioning

The interactional element of the SHG functioning where initially the less confident women come together to form groups and talk about their issues made the SHG groups a place of solidarity, promoting their sustainability and effectiveness. This has been the first step towards empowerment which one can see in SHG women; and differs significantly from the Grameen model where the group procedure is focused mostly on transaction.

Targeting approaches

Targeting, (also linked to the approaches taken by SHPIs) determined the extent of inclusion. For instance, the nine-point index of Kudumbashree through which women were self-identified was a unique approach that ensured strong and inclusive groups and federating structures. Yet, Kudumbashree has been less successful in making impacts in the remote tribal pockets and coastal regions due to geographical limitations. As a result, a section of ultra-poor has not benefited from the programme.

SERP too adopted participatory methods in identification of the poor, and amongst them the poorest of the poor through educated and experienced resource persons. Special programmes were designed by positioning separate staff to the vulnerable and disadvantaged communities like the differently-abled, tribes (Chenchus, Yanadis), Fishermen etc. 98 percent of poorest of poor households were organised into SHGs. Yet, in due course of time SERP realised that it had not been able to impact the target population – the poorest of the poor, to a very large extent.

Overall it may be said that while on the one hand, in government-led models, target based approaches have enabled inclusion of many poor women; in the face of numerous limitations, outreach to the poorest and socially excluded has been limited. In contrast there are good practices for inclusion from many NGO-led initiatives. For instance, some SHG groups of SHEPHERD, which operates in Tamil Nadu, allow women to save even a handful of grain every week, to ensure food security and nutrition; other NGO SHGs facilitate village governance and commercial groups to give work to ultra-poor. These groups believe in the principle of self-help for the community and not merely for the group. Such innovations have proved more effective in terms of outreach to the poorest of the poor in the community.

Execution approach

A holistic approach to addressing poverty (focusing on financial inclusion, livelihood promotion and addressing a number of social issues) through the institutions of the poor and an institutionalised system of convergence with various line departments of the government has facilitated success.

Mission mode of implementation building on the experience and learning from the large-scale government poverty reduction programmes and the experiences of the NGOs made for more effective implementation.

However, in the last three years or so, the undue focus on bank loans has transformed SHGs into credit management groups that are excessively dependent on banks. They need to return to their roots. SHGs need to improve their book-keeping systems and conduct regular audits. Governance and management of these institutions and federations needs to improve so that members can have greater

Human Resource

trust in their own institutions. Those who promote these SHGs need to have less control and focus on transferring skills to the community (Reddy 2010).

The adequacy and quality of human resources has promoted, as well as limited the scale and impact of the movement. The success of the programme depends highly on committed and capacitated individuals to engage with groups and support them in their growth.

The government-led models have deputed senior officers to lead the programmes.

In its initial phase, SERP was able to recognise and develop a good pool of human resources as its community resource personnel which led to the scale up of the programme. It has further provided resource persons and trainers for the Jeevika programme which enabled the creation of a pool of local SHG women taking the role of trainers, leading to the quick expansion of the model in new areas.

However, today many programmes face staff shortages, or limitation of capacity. For SERP, in recent times, shortage of staff and technical support is major concern. Though there are sufficient VOAs at Village level, they are not performing their roles effectively due to absence of systematic remuneration system. All the project activities are online but no computer operator is allocated to MMS.

Capacity building systems at all levels

Capacity building, generic and thematic in nature, in terms of resources as well as abilities, through linkages with government training institutions, has ensured continuous availability of resources for scale, cross-learning, and efficiency in implementation.

All SHG programmes adopted strategies for building capacity of women members to participate in group processes but more importantly to acquire leadership role and to build social capital. The courage and feeling of empowerment that came from the group helped women cultivate leadership qualities which initially supported them to participate, dialogue and negotiate with government officials, PRI representatives and market agents.

In the financial services sector, the groups in most cases started first with simple thrift and credit and later took on higher level of services like bank linked credit and other financial products. The ability to make this progress came primarily from the financial literacy acquired by women members participating in the thrift and credit process.

The livelihood enhancement activities by the women of the group played a key role in income generation that laid foundation for economic empowerment of women and expansion of their role in social-political sphere. As some groups matured, women have moved on from primary level activities like agriculture to a place where they now independently take up group level micro and larger enterprises.

Another successful element in the SHG is the resource model where the women from the SHG would themselves become trainers (as it happened in the AP) which helped in the more effective capacity building and faster expansion of the programme.

There are, however, a few challenges with respect to capacity building. Firstly, ensuring time and resources for capacity building is a challenge. Keeping the capacity building support in tune with the maturity of SHGs is a challenge – for instance, while the training with respect to institutions has been reasonable, there is limited support in the areas of marketing, livelihoods, etc. Assessment of the effectiveness of the training and trainers is low.

Institutional Linkages

Appropriate linkages of SHGs and Federations at each level - with the government departments, banks and financial institutions and to some extent with corporate organisations, and with mainstreamed institutions (credit, insurance, entitlements, agriculture, marketing, dairy, poultry, etc.) has enabled holistic support.

Many government departments have recognised the potential of SHG federations and have used them to deliver their services. The women and children development departments, rural development departments, health departments, Panchayat Raj departments, educational departments and organisations involved in HIV/ AIDS, human right issues, livelihoods, water and sanitation are increasingly partnering with Federations. They are even willing to pay for the services of the Federations. Involvement of Federations has enhanced the grass-root participation of the community in implementation and governance of public programmes which has resulted, in many cases, in greater accountability and outcomes from these programmes. However, some experts argue that increasing involvement of SHGs in such activities has overburdened women members and increased chances of elite capture of benefit by few powerful members.

In Kudumbashree, right from the start the programme could achieve convergence with local self-governance institutions like panchayats and urban bodies. This was partly possible since Kudumbashree was launched close to the time that the constitutional amendments empowering local bodies were put to effect. Later a strong emphasis on joint working and overlap of a monitoring and finance role ensured that Kudumbashree retained linkages with these bodies. The integration of Kudumbashree with the people's planning process was a great success. For example, services of the panchayat like cleaning were outsourced to Kudumbashree. Several such initiatives were taken to ensure convergence of Kudumbashree with the PRIs.

Though linkages enabled greater efficiency in operations, there are issues with the linkages – with different organisations and different approaches, requiring constant monitoring, support.

Result based management systems

Efficient result based management and impact monitoring systems facilitates efficiency and learning. In AP the government made significant investments in using technology for strengthening the SHG movement (web-based database for SHG Bank linkage, use of mobile phone for web-based book keeping and for monitoring various project activities).

Approaches towards sustainability

The sustainability of community institutions has not been well understood, in absence of which the strategy to support and make such institutions autonomous and self-sufficient is a challenge. In SERP, development of a cadre of Community Resource Persons to achieve the objective of attaining self-managed community based organisation has achieved some success. In Kudumbashree, despite successful

empowerment, the programme is still not fully sustainable- both financially and institutionally.

Institutional Factors

Enabling institutional and governance arrangements within state level promoting institutions

The institutional and governance arrangements within state level promoting institutions enabled:

- a. Long-term visioning and execution of the vision, as leaders were appointed for the long-term (which is usually not the case in government departments).
- b. Political support with the top political leadership of the state committed to the success of the programme so that successive changes in the government over the years did not dilute the broader policy thrust, as in the case of Kudumbashree.
- c. Effective leadership.
- d. A link between strategic and executive leadership, ensuring implementation of strategies and feedback loops.
- e. Representation of departments, facilitating convergence.
- f. Well balanced engagement with civil society – bringing in participatory approaches, sensitivity, supporting group mobilisation, demand side focus for entitlement, and so on.
- g. Effective coordination system with representation from various agencies at various level, led by the government.

Participatory and flexible community infrastructure architecture

The community institutional architecture was facilitative and included:

SHGs federating at 2-3 tiers with local informal groups and higher level formal registered groups, enabling a regulated and structured organisation, while maintaining ‘informality’ or ‘flexibility’ at the grass-root level.

The financial inclusion agenda which maintained the stakes of the members/ member organisations with the group.

Field level coordination mechanisms with community leaders and local stakeholders; chaired by an appropriate authority from the government, helping to bring focus and timely decisions.

Financing models

The models for financing the interventions like promotion, capacity building and income generating activities influenced model design and growth. At the start-up, externally funded small pilots were initiated as action research; Scaling up, in many cases was through ‘external funded’ projects, which provided not only focused and adequate funds, but also a ‘push’ to ensure the work was undertaken as per plan and with quality; Subsequent and continuous funding ensured through a combination of State and Central funds – through ‘Plan’ funds provided stability.

In the case of Jeevika, the state government provided strong support to the programme by providing adequate financial resources, dedicated and autonomous structure for programme implementation and by harnessing support from line departments to support the programme at the ground level. Since the penetration of the banking institutions in Bihar was weak, the government directly negotiated with many public sector banks to prod them to finance Jeevika groups. The programme also tried to build awareness among the bankers by sponsoring exposure trips to

the successful bank linkage model of SERP in AP.

SERP provided Community Investment Fund (CIF) as a “seed capital” for the SHG federation to lend to those SHGs that are not able to access bank loans.

Policy Factors

NABARD and RBI as the prime mover and refinancing agency

To begin with, the scale-up was assured when SHG, as an institutional mechanism was recognised by the Reserve Bank of India and NABARD, inspired by the regional programme of APRACA and GTZ/GIZ in Asia and leveraging the extensive infrastructure of banks. Prior to this, supply and credit driven finance accounted for the failure of numerous efforts and policies initiated for financial inclusion of the large part of the country.

Subsequent adjustment of the policy framework for banking with informal groups afforded a legal status to SHGs and promoted credit access. Prescribing 40 percent bank lending as a target for priority sector lending which included lending for agriculture and allied sectors and also for the micro-enterprises that the poor are generally engaged, and the campaign for universalisation of access to banking, facilitated financial inclusion.

In a parliamentary debate NABARD argued against the introduction of the Grameen Bank model of Bangladesh on a national scale, opting instead for a linkage banking approach: using the existing infrastructure of banks and social organisations; being savings-driven rather than credit-led; and using bank rather than donor resources in the provision of credit (Kropp & Suran 2002; Nanda 1992, 1995; Seibel 2005).

Once NABARD had started linking groups in the country, they decided to start with Kudumbashree in Kerala. Experts opined that the confidence provided by NABARD in this context made other banks come forward and support the programme.

Proactive role of state governments

The proactive role of state governments from 2000 onwards in promoting SHGs through central and state level programmes provided the momentum for growth, which till then had a slow uptake despite enabling policy announcements by RBI and NABARD. State governments took upon themselves the promotional role which was hitherto performed by a number of NGOs. Some state governments adopted state-specific policies and innovative strategies to give impetus to the SHG system, promoting autonomous public societies and accessing significant external funding (IFAD, World Bank, DFID UK, etc.) to promote SHGs, SHG federations and systematic capacity building. Some State Governments also established a separate Ministry for the SHGs.

Outreach infrastructure

The very extensive infrastructure of banks in India facilitated outreach. The Business Correspondent and Business Facilitator model which allows Federations to act as bank agents further promoted linkages. Incentivising SHG lending through measures such as refinancing was a boost.

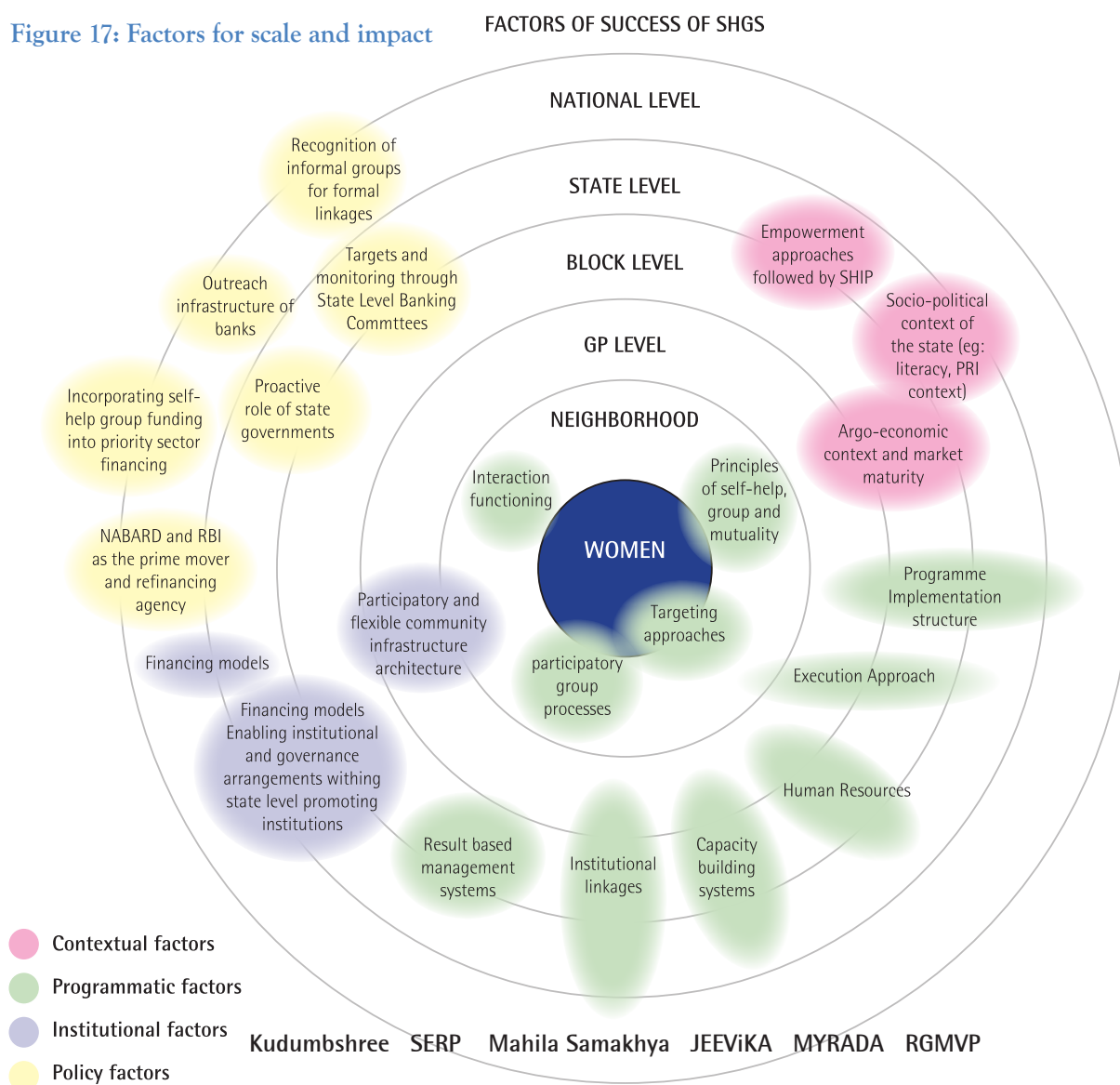
Recent initiatives

Unlike many other developing countries that see a major role for private and social sector players in enhancing financial inclusion; policy makers in India continue to focus on mainstreaming the banking sector with the aim of serving the financial inclusion need of the nation. Financial inclusion predominantly

relies on individual banking products and hence does not fully recognise the role of SHG/MFIs in this discourse. In the recent years, demands from section of stakeholders to utilise SHG/MFIs as a financial intermediary to the banks have mostly received lukewarm response from the policy makers. Operationalising the individual banking policy served by scheduled commercial bankers or their licensed operators presents formidable challenges such as high transaction cost involved in serving poor clients, inadequacy of banking infrastructure and low level of financial literacy among the poor clients. Though the use of technology to reduce operational cost and the introduction of regulations allowing the use of Banking and Business Correspondents to enhance the bank's outreach has improved the financial inclusion status, the system still continues to struggle in meeting the wide gap, especially in poor underserved regions. The latest Jan Dhan Yojana initiated by the government in August 2014 aims at universal coverage of India's banking facility to all households in rural and urban areas. This is expected to give major fillip to financial inclusion in India.

Figure 17 summarises the factors for scale and impact, mapping them at the level at which they operate, i.e. family, neighbourhood, GP, block, state or national level.

Figure 17: Factors for scale and impact



Box 10. Highlights of the SHG movement in the last three decades

- There has been significant achievements leading to an identity and space for women
- It has been a good social platform to remove various barriers affecting empowerment of women
- It has been an effective tool for poverty reduction through economic empowerment of women established at scale
- It has brought an emphasis on economic empowerment with the segment of people who are oppressed and marginalised
- The vision and approach of the promoting stakeholders has significantly influenced the achievements and the pathways
- An informal group/association of people can be recognised for financial linkages and reach a large scale; has become a widespread movement, with a phenomenal repayment rates, compared to the performance of other development programmes in the country

What held back the SHG movement achievements:

Build, Layer and Scale has been the way in which SHG movement has usually taken shape in the country, taking the route of 'solving last mile problems in delivery of services' rather than that of addressing power structures that have perpetually kept empowerment at bay.

There are concerns about whether the movement seeks to do too many things with a single 'instrument'. There are emerging voices questioning who is shaping the agenda of the group. The women in SHGs are also seen as a ready audience for many government programmes and other linkages, as they provide an easy platform to engage and work with. Women of SHGs tend to be overworked as a huge agenda is pushed on them.

Suggestions:

While engaging with SHGs, ensure that there is decent work; of an employment nature rather than piling and unpaid work burden on women (This is only when using SHGs for implementing government programmes.)

There should be a fine balance between facilitating and shaping the agenda of the groups. Groups should have their own plans and phasing and deriving agenda from a people's point of view.

There is a need to strengthen programme delivery and constitution body

The SHG movement has not looked at the movement from group to village. SHG is an excellent route to the power structure, within their family, their village and larger political system – how to we exploit that rather than using them to solve the last mile reach and delivery problems; SHG model to address hierarchy – possible only if it is a people's movement

There is a need to build evidence on the intangible. Focus on the operating system and the software that is making this platform to deliver this programme

It's been over two decades since the SHG bank linkage programme came into existence in India. In this time span, the programme has been able to build a new narrative on poverty by giving voice to poor women across the country. However over the years, with changing context in socio-economic and political environment, shifting policy-regulatory framework and rising aspirations and mobility across social groups, the model has thrown up strategic challenges and lessons that merit attention. The purpose of the SHG has also evolved in this time period. These learning and challenges assume importance in view of interest of many developing countries, seeking to learn from SHG model in India and replicate it in their context. The challenges are classified as near term that need tactical responses and strategic which require different framing and systemic responses.

Strategic Challenges and Lessons

The main challenges to the SHG model comes from- i) sustainability of SHG institutions; ii) bringing a culture shift in the mind-set of the government such that SHGs are not considered government entities, but as networks of the poor; iii) modulating the right level and scale of government intervention which allows SHGs to grow intrinsically while government agencies play the role of facilitators.

Keeping this in mind some of the key and specific strategic challenges in the expansion and sustenance of SHG model are highlighted below:

Hastening organically

The large scale SHG programmes like SERP-IKP and Kudumbashree took 10-15 years to mature. With years of sustained political support and capable and stable leadership, these programmes can now show the impact on ground. The challenge is to fast track the process without compromising the impact, or in other words the ability to hasten organically. A long-term approach in a government-led programme is often difficult to accomplish and there is a tendency in the bureaucracy to seek targets and numbers at the expense of the process, which is against the spirit of an empowerment centric SHG programme.

Serving ultra-poor and socially disadvantaged

It is now widely acknowledged that SHG programmes have not been able to reach out to the ultra-poor and the extremely marginalised. Like in Kudumbashree, in spite of its wide coverage it is still unable to reach some remote pockets of the very poor in Kerala. In part, this limitation arises from the basic design of the SHG model, which seeks fixed regular savings in the group and provision of larger size of credit package which does not suit the extremely poor. Further, the cost of outreach and transference of capability to ultra-poor in far flung areas is often

very high which proves a barrier to reaching the last mile. This also brings another fundamental point on limitation of the SHG programmes - in their quest for scale and targets, many programmes like SERPIKP broadened financial inclusion but did not sufficiently deepen it. Not many innovations in SBLP happened on micro-insurance, small loans and client protection that could have better served ultra-poor and socially disadvantaged.

Lag in progressive stages of development

In most SHG models, economic empowerment happens very fast, but the human development aspect often lags behind. In some cases the whole process of empowerment stops at economic empowerment and fails to address gaps in long-term human development capabilities of poor women. If this happens, the SHG institutions fail to evolve into self-sustaining entities and women often are not able to exercise and expand their choices in the economic, social and political sphere. One of the factors that have contributed to this stagnation comes from the narrow focus of many programmes on credit linkages, that prevent the progress of women to higher level of empowerment.

Higher forms of livelihoods

Many SHG programmes have got stuck in primary level activities and have not been able to graduate to higher forms of livelihoods such as enterprise development. While farm based activities have helped women increase their income, bringing them together for group enterprises has proved to be a challenge. Even in cases where enterprises were promoted through SHGs, market linkages have been a major gap. While accepting that not all women would be, or would like to be an entrepreneur, it still is a challenge to design intervention that enable them to graduate to higher level of livelihoods using resources and capabilities from the SHG platform.

Graduation from the SHG group

The SHG models in general have not yet come up with a concrete strategy on how to facilitate the exit of mature members who have acquired capabilities and can move out from the group. Absence of such mechanisms leads to leadership stagnation and perpetuates elite capture of institutions. To infuse dynamism in the SHG structure it is important to promote a continuous leadership churning process at all levels of SHG structure.

Agency level to relationship level challenge

The SHG movement has been able to achieve critical success in bringing positive changes in the life of millions of poor women. However it cannot be stated with the same confidence that this agency level change has percolated to bring in relationship level change - where men see women in a leadership role. In many cases the gender relations are deeply entrenched. One of the major limitations of the SHG programme has been that it never focussed on other sections especially men in the family and neighbourhood spaces, thereby ignoring all relationship level issues that play a seminal role in achieving women empowerment.

Credit linkage

The scale in the SHG movement in India was achieved once NABARD, based on RBI guideline, decided to support SHG bank linkage mainly as an instrument to provide credit to the group. There is a section of experts who now believes that the whole SBLP approach yielded a mixed result. While it certainly helped in last

mile delivery of credit to millions of poor SHG members, on the obverse side, in certain programmes it led to over-indebtedness. Therefore, for many experts, the way bank linkage is integrated in different SHG models is crucial. On one end, programmes like Mahila Samakhyas are not keen on bank linkage on large scale but more focussed on women empowerment through awareness and education. In the middle ground are programmes like Kudumbashree which emphasises on group linkage to bank as part of larger strategy to promote livelihoods and access to entitlements. As such bank linkage is important but not the frontline strategy. On the other side of the spectrum is the IKP-SERP programme in AP which was always fashioned with large scale bank linked credit supply to groups in mind.

In general, after two decades of SHG movement, there is a consensus that the bank credit linkage to the group should be done more carefully and wholesale credit linkage, particularly in less mature SHG institutions should be avoided. Focus on credit early on in the group evolution erodes group cohesion and misdirects the whole process; resulting in sub-optimal achievement on key empowerment indicators.

Therefore if the real objective of the SHG promotion is to empower women and not merely to achieve last mile credit supply, then the bank linkage component should be embedded more strategically, ensuring sufficient client safeguards in place and credit absorption capacity of group. This may call for a rethink on the model and demand flexibility in SBLP approach¹⁹.

Co-option by state

The SHG programme in its inception stage was piloted and nurtured by NGOs like MYRADA and PRADAN that provided the crucible for the rudimentary SHG model to find its roots and evolve. Once the programme proved its effectiveness it was adopted by NABARD for large scale promotion through bank linkage. In the current SHG landscape, NRLM as the apex agency of GoI has taken to promote the programme nation-wide through a saturation approach. Most of the states now have government promoted missions as part of NRLM to implement SHG at a large scale. A section of NGO/Civil Society leaders believe that predominant government role in SHG programme presents danger of co-option of groups by state, where SHG may end up being instruments of political mobilisation for political formations. They also argue that the bureaucratic system in the government also leads to creation of a rigid superstructure which inhibits evolution of genuine community based SHG institutions. In such a scenario, protection of the group autonomy becomes a paramount consideration. On the other side, for the government, the challenge has been to keep its SHG programme free from bureaucratic interference and create a professional and caring mission that can nurture SHGs. The Kudumbashree experience could be instructional here, where a combination of stable political support and capable leadership could overcome some of the familiar constraints of government system to achieve credible result.

¹⁹ Views expressed by experts in the national level workshop held by CMS and APMAS on Role of SHGs in women empowerment in India, 20th January 2015, New Delhi

Political orientation of SHGs

Over the years of experience, two main strands of thinking have emerged on SHG institutions and their role/convergence with political bodies. A section believes that SHG institutions should remain closely embedded in the local political structures since the development process is determined by political conditions. Therefore SHGs seeking convergence with larger political setup can deeply influence the overall course of development policy and governance. The Kudumbashree approach is close to this thinking, and right from its outset it sought convergence with the local PRIs to leverage its influence in broader development discourse. As a result, and as noted earlier in this report, today Kudumbashree women have high representation in PRIs and state legislative bodies where they claim they have been able to entrench poverty and women issues in law making and policy framing process. On the other side, the SERP/IKP programme largely stayed away from deeper engagement with PRIs, taking the line that this may result in politicisation and co-option of SHG institutions by state political entities.

Many experts believe that SHG institution should be seen as a social formation or ideally as a network of poor that in mature stages are capable of engaging with PRIs and other local social-political institutions synergistically. The conditions for this to materialise are: (i) mature SHG institutions are capable of avoiding co-option and institutional conflict with other entities in the ecosystem, and (ii) local institutions like PRIs are sufficiently mature for productive convergence with SHGs. In Kerala since PRIs were empowered and had a long established history of local governance, the same provided appropriate ground for collaboration with Kudumbashree groups creating happiness in women.

Gaps in knowledge and understanding

There are critical gaps in our current understanding on impact of SHG movement which serves as barrier to evolution in approach and strategy. A plethora of research studies have been carried out in the past covering various dimensions of the SHG movement but rigorous impact assessments are still few. A large number of case studies on various facets are available but there are few large scale cross-sectional, longitudinal studies or time-series analyses of impact. As a result our understanding in certain domains is not on firm footing; and a few examples are:

Impact of SHG movement on poverty reduction is less understood. While there is data at the level of programmes, one frequently runs into the attribution problem. Statistically valid results on the national scale are also sketchy. So the question: 'Do SHGs lead to poverty reduction' cannot be answered with complete certainty. Even before attempting to answer this, one has to ask, to begin with, was the SHG programme even aimed at poverty reduction? If not then why have such expectations been built into the programme?

The approach of convergence of various government services and thereby 'overburdening' the SHG with multiple roles may have potential implications on the functioning of SHGs but this aspect is still not well understood.

Who in the SHG benefits from SHG and to what extent? This question is important since SHGs are not homogenous entities and there has always been

doubt that a certain elite section corners disproportionate share of benefits and entitlements. However there is a gap on this count as knowledge on this is at best imprecise.

Autonomy and self-reliance to pursue the dreams and aspirations of the members. From existing studies it is not clear whose agenda SHGs are pursuing: their own? Or that of their promoters (NGOs / Govt / Banks)?

Near Term Challenges

Elite capture and member protection

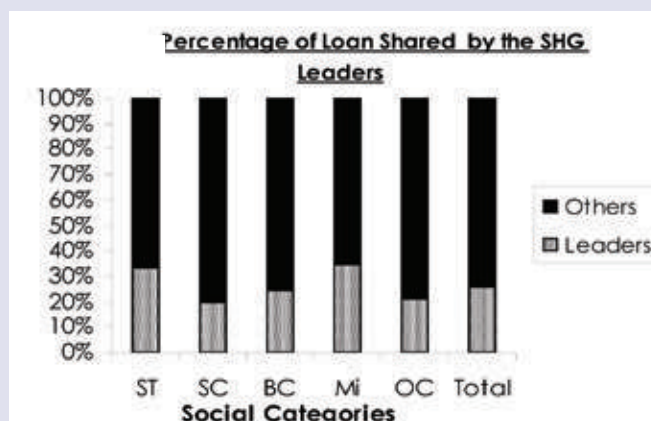
The near term challenges relate to some of adverse trends that have been noticed in different SHG programme. In many cases these issues are internal to the SHG programme, such as member protection and group procedures. Some however have emerged from changes in the external environment, like the issues pertaining to subsidies and group autonomy. Some of the important near term challenges are described below:

Many studies have reported that a section of SHG member(s) (mostly from dominant socio-economic strata) tend to dominate SHG institutions and corner disproportionate share of the benefit. Across SHG it has been noticed that poor members of the group save while the better-off leverage a disproportionate amount of credit. In other words, richer member leverage savings of the poor and in case of default, the poor are at higher risk to lose their savings which is mostly held as collateral with the banks. In absence of robust member protection, self-regulation and insurance mechanisms, there have been many cases (mostly undocumented) of poor losing their savings in case of groups getting defunct. Therefore the poor need special attention in the group, which has not been the case till now. Elite capture is more evident in higher tier SHG federations at village, block and district.

Box 10: Leader's Share

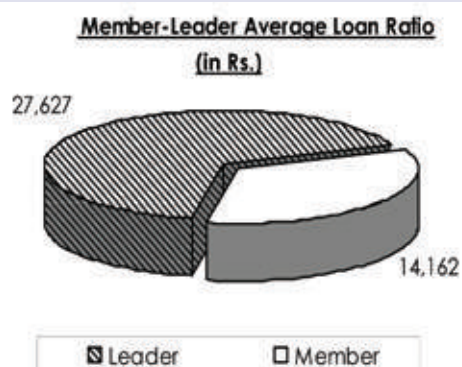
Each group selects two or three members, who are called the 1st and 2nd leaders or 'President', 'Secretary' and 'Treasurer' to lead the group. The SHGs have formulated certain rules and regulations, relating to the selection of leaders, roles and responsibilities, term of leadership, etc. No group follows a single criterion to select their leaders or representatives. But they consider multiple criteria. The data shows that while selecting group leaders/representatives, the SHGs have considered: i) the educational levels

of the members, whether they can sign or not (69 percent), ii) good communication skills (69 percent), iii) good character (43 percent), iv) elderly/middle aged (12 percent), v) economically well placed, and vi) influence in the community/society. However, most of the SHGs have given importance to educational levels, communication skills and character while selecting members for leadership positions.



A study conducted by APMAS in 2005 examined the loans accessed by members and leaders, to ascertain whether leaders used their position to access more loans. Of the total loan amount, 25.71 percent was borrowed by SHG leaders, of which 14.15 percent and 11.56 percent were the amounts borrowed by the 1st and 2nd leaders, respectively. Nearly 3/4th of the loan amount was borrowed by the members – and this included the share of former leaders, which was 2.93 percent. The leaders' loan share among SHGs

in minority category was 34 percent, and in ST category was 33 percent, which was higher than in all other social categories. The data also indicates that the percentage of loans to members was highest among SHGs in the backward caste category at 80 percent, followed by those in OC category, at 79 percent. The average amount of loan taken by a member was INR 14,162, as against INR 27,627 taken by a leader. That is, SHG leaders were benefited twice as much as an ordinary member.



During the FGDs some of the leaders and members reported that at the time of loan disbursement, members who do not need a loan and who feel that interest is an additional burden refuse the loan. In such instances, leaders take those member's share of loan amount too. The common perception was that leaders took pains to access external loans, and, therefore, they had the right to take larger loans.

Gender issues

As an institution of poor women, SHGs in general have not been adequately able to address gender issues especially the deep seated ones. Pervasive gender discrimination in form of gender violence, early girl marriage, female foeticide and education, poor health/nutrition status of women continue to exist. A case to point is Tamil Nadu where violence against women is high despite deep penetration of the SHG programme. As many argue, this gap is mostly a result of over emphasis on the credit and livelihoods component in SHG programme where genuine empowerment of women is either bypassed or not stated with prominence. Few experts have argued that institutions of poor cannot address empowerment and to address gender dimensions specific gender interventions are required which may not happen through the SHG platform¹⁹. Mahila Samakhya makes a point that they have achieved significant improvement on gender precisely due to dominant focus on education and empowerment which is missing in the standard SBLP.

Discipline and Politicisation of SHG institutions

The sterling performance of SHG credit portfolio held by the banks is now showing signs of strain. Reports from Kudumbashree and many other SBLPs show that the group discipline on credit is now less robust and as a result bankers are losing faith in SHG finance. There are deep seated issues here that underpin the situation and reasons vary across the groups. In Kudumbashree, as few experts argue, increase in group non-performing assets is arising from decline in group discipline standards which in turn is due to increasing politicisation of the groups in recent years. When the time-tested approach of identification of poor or free

and fair election of office bearers is nudged on political considerations, procedures suffer and member's confidence in institutions erodes, leading to fall in standards, including financial standards. Another important reason for disruptions in group discipline (interrelated to the politicisation of SHG), has been channelling of government subsidies to groups that comes in form of cheap credit and write-offs. In SERP/IKP in AP the politicisation of SHG movement (as many believe) led to interest free loans to SHGs and waiver of SHG loans, which progressively reduced the financial discipline of the groups, leading in turn to over-indebtedness and defaults and an ever spiralling bill on subsidies for the government.

Micro planning

The ability of the mature SHG members to plan for development of their households and group is beyond doubt. However these groups in most cases are still limited in their capability to prepare and implement micro-plans for their neighbourhood and villages. Programmes like Jeevika in Bihar have introduced sector micro-plan for agriculture with the SHG at the village level, however the groups have limited capacity for issues such as integrated micro-planning for village including for common amenities like drainage, sanitation, flood control, infrastructure like roads and street light planning, and natural resource management.

Sub-optimal utilisation of saving

The promotion of savings is one of the five core elements of SHGs (savings, meetings, book keeping, lending and decision making). There are two types of savings among the SHGs – compulsory and voluntary. The literature on SHG savings shows that compulsory savings are common, and the voluntary savings is exceptional and recent phenomenon. Further, the diversity of savings products is limited to compulsory savings (APMAS 2003, 2007, 2010; Reddy KR, Reddy CS, 2012).

According to a study in Bihar and Odisha, the total savings, since inception of the SHGs is INR 87.64 lakh with an average of INR 30,860 per SHGs. Of the total savings, 55 percent of the amount is as loan outstanding with members. But 35 percent of the SHGs reported no loan outstanding with the members from the internal funds. However, 64 percent of SHGs have total loan outstanding of INR 48.26 lakh with an average of INR 26,227 per SHG (APMAS 2014).

As on March 2014, there was INR 821,726 lakh of fund in the Saving Bank accounts of 73.17 lakh SHGs with an average of INR 11,230 per SHG. There is an opinion that the maturity or age of the group and years of experience and inputs from SHPIs on financial literacy and fund management increases financial management abilities. But, the NABARD data shows the extent of funds in SHG savings bank accounts have been increasing year to year owing to i) large volume of loan available from banks, ii) banks not allowing to withdraw or an informal control of banks on SHG SB A/c withdrawals, iii) avoid defaulting or low recovery by avoiding multiple loans, iv) no lending from group funds, distribution of savings once in a year and or at the time of SHG-Bank credit linkage loan disbursement, and v) fear of low recovery.

Financial Year	No. of SHG Accounts	Amount INR in Lakhs	Average Amount INR in Lakhs
2011-12	7,960,349	655,541	8,230
2012-13	7,317,551	821,725	11,230
2013-14	7,429,500	989,742	13,322
<i>Source: NABARD, Status of Microfinance in India, 2010-11 to 2013-14</i>			

Absence of margins in SHG incomes

The SHGs mobilise funds from two sources - internal and external. The internal sources include savings from members, interest on group funds in SHG savings bank account, interest on loans disbursed to members, fines and penalties, visiting fees etc. The external sources include loans mobilised from banks, NGO-MFIs, Federations and the grants from SHPIs and the government. Normally, the SHGs charge 12 to 24 percent as interest on the loans disbursed to their members. But, there is a practice of differential rates of interest based on the source of funds for loaning. For instance loan funds are from banks and federations, the SHGs change their members the rate of interest that the banks/ federations charge them. As result there is no margin of income to SHGs, and the reasons are many and vary. They are: i) equal distribution of bank loan to all the members to benefit with low cost loans by all SHG members; ii) the banks decide the loan term and the instalment period and amount rather the groups. Hence, the groups pay whatever the amount that the banks fix as monthly instalment, the SHGs collect the same from the members; iii) State Government's policy on interest subsidy or interest free loans to SHGs; and iv) an informal order from the staff on the distribution of interest subsidy amount to all the members instead of depositing it with the SHG.

Community Resource Persons (CRP)

The CRP model of SERP/IKP, where select members of SHG themselves were used as CRP to mobilise and train other groups on SHG in their neighbourhood, was highly successful in bringing rapid expansion of programme in new areas at a lower cost. In addition, members trained by resource person from their locality created stronger groups. The same model of CRP was replicated in Jeevika Bihar where CRPs initially from AP and later from Jeevika groups in Bihar led training of new groups. The CRPs are also seen as community leaders of future who can take over the role of large Missions like NRLM and the State Missions. However, some experts believe that these CRPs have failed to play this role and have been reduced to SHG extension agents. With the continued strong role of government in the programme, CRPs consider themselves mostly as government staff members and not as entrepreneurs as they should be.

Recommendations for SHGs

- ▶ Reduce subsidies, not to be driven by target-oriented approach and renewed focus on building capacity and institutional cohesion
- ▶ Mainstream women empowerment and social agenda (HDI) in emerging SHG models by defining goals and processes

- ▶ Seek role for SHG and its federated structure in the new financial inclusion policy and framework
- ▶ Strengthen sustainability of SHG and its federated institutions (especially in mature models) with aim to make them self-sustaining in future
- ▶ Use voluntary savings policy as a process to graduate from community banking to individual banking
- ▶ Lead role by NRLM on social inclusion, convergence, partnerships and creating locally relevant livelihoods options
- ▶ Learn and incorporate good elements from alternate models of financial inclusion, particularly strong database and MIS



Procession on Protecting Trees

9 RECOMMENDATIONS FOR THE DEVELOPING COUNTRIES

India is one of the fastest growing economies in the world with impressive record on financial inclusion and inclusive growth. Many of the developing countries may not have similar conditions as that of India. In particular, the massive bank-branch network in India, near universalisation of the mobile phone technology and good physical connectivity are some of the advantages that India has. However, many of the developing countries are also in a growth phase and huge investments are being made by national governments in the social sector, particularly on poverty reduction by mobilising own resources and with international funding.

In the developing countries (and the developed countries!), broadly there are four microfinance models in vogue to promote financial inclusion: i) commercial MFIs lending to individuals through Joint Liability Groups; ii) Individuals organised into financial cooperatives (and regulated cooperative banks, in some countries these are called Credit Unions) that provide a range of financial services to members and non-members; iii) informal women SHGs offering financial services to members by accessing member savings and leveraging bank loans; and iv) informal savings groups, purely based on member savings, providing financial services to members, popularly known as Village Savings and Loan Associations (VSLAs).

The commercial MFIs have strong presence in many of the developing countries, with well-developed regulatory and supervisory systems in place to ensure client protection. While Cooperative Financial Institutions are functioning on par with commercial banks in most of the developed nations, they are plagued with problems of State intervention and serious issues of autonomy, independence and self-reliance. Over the past 30-40 years, informal savings and credit groups (in Africa they are called VSLAs and in Asia they are well-known as SHGs) have emerged as the largest system of financial inclusion in the developing countries building on the traditional systems of self-help and mutual benefit. There are more than 7.5 million SHGs in India; many such SHGs exist in other parts of Asia and nearly half-a-million VSLAs in Africa. Since the emergence of the informal savings and credit groups as an effective tool for financial inclusion, there have been significant South - South Cooperation for sharing and learning based the experiences in developing nations.

For any development intervention to be effective, context plays a significant role. Before these generic recommendations for developing countries are seriously

considered by any nation, we strongly urge for a deeper study of the context, including the existing institutions of the poor in that country, ecosystem for financial inclusion, the outreach of the microfinance institutions and the policy and regulatory framework in the country. Based on that analysis, these recommendations can be appropriately adopted.

We would like to suggest these “recommendations” to be treated as broad principles for a successful social mobilisation and community organisation strategy. There are several other nuances that can be better understood and appreciated through exchange/exposure programmes.

1. **Policy level: to have an enabling environment** – adequate funds allocated to promote and support SHGs/Federations to become strong and self-reliant member-owned institutions serving the members to achieve social, economic and political empowerment.
2. **Evolving a congenial financial ecosystem** – Central Banks of developing countries need to issue policy guidelines to ensure evolution of an ecosystem for financial inclusion of Women Self Help Groups and other informal groups. One of the contributors to the success of the SHG movement in India was the large network of branches and also the long history of social banking in India since the nationalisation of banks in 1969. Therefore the Central Bank should play a crucial role for evolving a congenial financial ecosystem in the country to ensure that the growth is inclusive of all its people, including the poor. For this the steps are:
 - a. National Government/Central Bank to issue policy guidelines recognising informal savings and credit group as an entity for financial inclusion and women’s empowerment. Though these groups are not registered, they must be recognised as an entity as they have a history of functioning as a group with appropriate norms and discipline. These informal groups gaining recognition will enable them to facilitate their members accessing rights and entitlements.
 - b. Issue a directive to the banks and other financial institutions to link informal groups with formal financial institutions (Banks, Savings and Credit Cooperatives and MFIs) – opening bank account in the name of the group and offer full range of banking services (savings, loans, insurance and remittances) to the groups.
 - c. Issue directive to lend to the groups without collateral and to lend to the group without asking for the purposes of the loan. Formal financial institutions can offer customised financial products (savings, loans, insurance and pension) to suit the needs of the financially excluded households, particularly women.
 - d. Issue directive to banks to invest in critical sectors such as agriculture,

small scale industry (SME) and services sector (small business enterprises) and treat these as priority sector lending as it will lead to alleviation of poverty and encourage employment creation. The Central Bank could stipulate that banks need to ensure a certain percentage of its lending to priority sector. In India the Reserve Bank of India has stipulated that banks achieve a priority sector lending of 40 percent of the total lending of the bank. Lending to SHGs should also be treated as priority sector lending.

- e. Organise exposure/immersion programmes for the key officials of the banks from developing countries to India to understand and learn from the Indian experience.
 - f. Regulated MFIs that operate in developing countries can be permitted and directed to open accounts for the SHGs/VSLAs/groups and provide them financial services. For the MFIs this will be a new type of portfolio to expand their outreach and given the Indian experience, this lending will not compromise on the portfolio quality.
 - g. In many of the developing countries there is strong presence of Financial Cooperatives and Cooperative Banks. The Central Banks must come up with appropriate policy guidelines to incentivise the Cooperatives to link with the informal savings and credit groups like SHGs and VSLAs. In India several Cooperatives became profitable after they linked up with SHGs and provided them loans based on their performance. Linking of informal SHGs and VSLAs with formal Cooperative Financial Institutions would be a “win-win” model as these informal groups are promoted based on cooperative principles and can provide a strong foundation to improve the governance of the financial cooperatives.
 - h. Since branch spread and outreach in the rural areas are likely to be an issue with sparse bank branches, the banking sector as well as the MFI sector could explore/examine the Business Correspondent/Business Facilitator model with the NGOs/Self Help Promoting Institutions to become agents of banks to open bank accounts and facilitate banking transactions including loans. Use of technology for banking transactions such as ATMs, mobile money, etc will be useful tools for exploration.
3. **Governments of developing countries can consider establishing an autonomous institution at appropriate level to promote/support SHG system:** A number of government departments may be engaged in promoting informal savings and credit groups. To ensure convergence and ensure that these groups and their federations serve as a platform for the women to overcome poverty and to access rights and entitlements from the government, it would be useful to have an autonomous institution set up by the Governments of developing countries at an appropriate level. Such an institution can also coordinate with various donor agencies, international NGOs and local NGOs engaged in the promotion

of savings and credit groups, predominantly of women. The institution can establish partnerships with NGOs/CSOs for promotion of SHGs and for facilitating linkages. Such autonomous institutions can also have technical and capacity building support from agencies from India (Kudumbashree, NABARD, APMAS, CMS, etc.) and other countries.

4. **Strong emphasis on livelihood promotion:** for the members of the women SHGs and other informal groups to make optimum use of the financial services that would be available from the linkages, a strong system for supporting the appropriate livelihoods of the poor needs to be developed. There might be some models that might already be work. These need to be carefully studied and documented for integration into this system. There would also be a need that would emerge to form livelihood or community organisations building on the architecture of the SHG system. These producers and their organisations will have to be linked to the markets and private sector.
5. **Building strong social capital:** The women SHGs and other informal savings and credit groups have tremendous potential as a large number of women will emerge as social capital in the form of book writers, community auditors, linkage facilitators, livelihood consultants, social activists, etc. These need to be carefully identified, selected and trained to become a strong resource for the institutions of the poor. These community professionals (called as community resource persons in India) can support strengthening of the existing institutions of the poor and will play a pivotal role in scale-up and saturation.
6. **Piloting linkage banking and federation approaches:** In the developing countries that currently do not have any successful models of linkage banking with informal groups or promoting federation of informal groups, these models could be piloted on a small scale to build proof of concept and develop a detailed strategy and guidelines for scale-up.
7. **Continuous capacity building (decentralised) for consolidation and growth of the SHG system:** A large number of SHGs and other informal groups may have been formed by a number of agencies, including NGOs and government. A systematic approach to build the capacity through a participatory process at a decentralised level would be required. It will also be necessary to have a strong cadre of community professionals developed to provide continuous support to the SHGs. The possibility of developing national and provincial level pools of trainers can be explored. To provide on-going training a large number trainers would be needed at various levels of the system.
8. **Promote innovation:** One of the hallmarks of the India's SHG movement has been the innovations that have been tried out over the years. A number of innovations like active women SHG members developed as "bank mitra" (bank linkage facilitator) to act as bridge between the SHGs and Banks; retired bankers hired as bank linkage consultants; SHG federations as business correspondents of the banks; etc. For the informal savings and credit groups to thrive and

provide effective and responsive services to their members, innovations must be actively supported and promoted. There could a challenge fund set up for innovations.

As a starting point for developing a comprehensive strategy based on the Indian experience and learning from other countries, a detailed sample study of the existing SHGs and other informal savings and credit groups can be undertaken. Such a study will make an assessment of the quality and sustainability of the existing SHGs, their capacity building needs, capacity building needs of the various promoters of the SHGs/Federations, challenges based on the SHGs and innovations that have been initiated to overcome those challenges, willingness of the Banks, MFIs, RUSSACOs to open bank accounts for SHGs and provide them credit (as a term loan or cash credit facility), and human resource required for supporting the system.

Ethiopia, Kenya and Nepal

Ethiopia, Nepal and Kenya are the three of the potential countries where the SHG model can be replicated. This study mandate included providing recommendations for these countries. Before going into the recommendations, a country profile is drawn to provide the context within which these recommendations are placed.

9.1 Ethiopia

Ethiopia is an ancient country. Paleontological studies identify Ethiopia as one of the cradles of mankind. For instance, “Dinknesh” or “Lucy,” one of the earliest and most complete hominoid skeletons ever found was discovered in Hadar through archaeological excavations in 1974, and dates back 3.5 million years. Situated in the Horn of Africa, the country is at the crossroads between the Middle East and Africa. Thus, throughout its long history Ethiopia has been a melting pot of diverse customs and cultures. Today, it embraces a complex variety of nationalities, peoples, and linguistic groups.

Ethiopia is one of the few African countries to have maintained its independence, even during the colonial era. Furthermore, the country is one of the founding members of the United Nations. Ethiopia takes an active role in African affairs, for example, playing a pioneering role in the formation of the Organisation of African Unity (OAU). In fact, the capital city, Addis Ababa, has been a seat for the OAU since its establishment and continues to serve as the seat for the African Union (AU) today. Currently, a federal system of government exists, and political leaders are elected every five years. The government is made up of two tiers of parliament, the House of Peoples’ Representatives and the House of the Federation. Major changes in the administrative boundaries within the country have been made three times since the mid-1970s. At present Ethiopia is administratively structured into nine regional states—Tigray, Affar, Amhara, Oromiya, Somali, Benishangul-Gumuz, Southern Nations Nationalities and Peoples (SNNP), Gambela, and Harari—and two city administrations, that is, Addis Ababa and Dire Dawa Administration Councils.

The Ethiopian financial sector/policies have evolved through three stylized

stages: first, financial repression and fostering state-led industrial and agricultural development through preferential credit (in the socialist regime); second, market-led development through liberalisation and deregulation (post 1991); and third, financial inclusion through allowing private banks and MFIs (since second half of 1990s). Proclamation No. 84/1994 that allows the Ethiopian private sector to engage in the banking and insurance businesses and proclamation no. 40/1996 in 1996 that allows the establishment of MFIs mark the beginning of a new era in Ethiopia's financial sector and opened the opportunity for an inclusive financial sector in Ethiopia.

Currently, the Ethiopian financial sector consists of 3 public banks including the Development Bank of Ethiopia (DBE), 16 private banks, 14 private insurance companies, 1 public insurance company, 31 microfinance institutions and over 8,200 Saving and Credit Cooperatives (SACCOs) in both rural and urban areas. The ownership structure of microfinance institution is mixed, with the big microfinance institutions partially owned by regional states, some by NGOs and some by private owners. The government-owned Commercial Bank of Ethiopia (CBE) is the dominant commercial bank and accounts for 70 percent of total assets of banks as of May 2013. The balance, 30 percent, is accounted by the other 15 banks. Unlike many government-owned commercial banks, CBE is relatively well run and profitable (Zwedu GA, 2014, pp. 3).

Financial inclusion has been a major thrust area of the National Bank of Ethiopia. There is a well-developed microfinance sector in Ethiopia. A number of multilateral agencies have been supporting the microfinance sector in Ethiopia. Over the past 10 years, IFAD has supported Rural Financial Intermediation Programme (RUFIP) and now the phase 2 of that programme is in implementation. There are a number of for-profit Microfinance Institutions (MFIs) regulated and supervised by the central bank having a strong network called Association of Ethiopian Microfinance Institutions (AEMFI), a strong emphasis on the strengthening and scaling up the cooperative sector by supporting RUSACCOs and a number of informal self-help organisations in the form of VSLAs, Self Help Groups SHGs and others. During the period of the First Growth and Transformation Plan (GTP) of Government of Ethiopia, a number of Women Development Groups (WDGs) also called as “women’s army” have been promoted by Government of Ethiopia to empower women.

- ▶ 31 National Bank of Ethiopia regulated MFIs
- ▶ AEMFI as an industry association
- ▶ 3.4 million depositors in MFIs; USD 483.5 million in deposit
- ▶ 2.8 million borrowers in MFIs; USD 658 million (latest from Mix Market)
- ▶ Large number of research studies conducted on effectiveness and impact of MFIs and significant international technical support
- ▶ RUFIP II funded by International Fund for Agriculture Development (IFAD) and implemented by Development Bank of Ethiopia (DBE) targets outreach of 6.9 million clients by 2019 thru MFIs by providing significant training and technical support to MFI sector

- Federal Cooperative Agency (FCA) of Gov. of Ethiopia as the promoter and regulator of Financial Cooperatives with special focus on RUSACCOs
- 42 savings and credit unions and 7,000 primary savings and credit cooperatives
- Serving nearly 500,000, may be inadequately and with limited services
- There are many NGOs and international donors promoting cooperatives

Sl.#	Organisation (s)	# of Groups
1	SHGs COSAP Network (28 NGOs)	10,500
2	Tearfund (SHGs)	10,000
3	VSLAs by CARE, Plan, Child Fund, Oxfam, World Vision, etc	>10,000
4	WISE (44 primary Coops)	4,000
5	Traditional groups (Iddir, Iqqub)	
6	Other Informal Groups	
7	Women Development Groups (MoWCYA, Govt of Ethiopia)	2.2 million

Box 12: Engagements with Ethiopian delegation

Under the Knowledge Partnership Programme (KPP) of DFID, UK, a high level consultation workshop was held in 2014 in Addis Ababa with the participation of representatives from the Indian Self Help Group Movement, particularly Kudumbashree, Kerala and DFID UK. Towards the end of 2014, a large delegation of the Ethiopian Microfinance Stakeholders, led by the Ministry of Women, Children and Youth Affairs (MoWCYA), Government of Ethiopia visited India for 10 days to learn from the Indian experiences and best practices. The visit was facilitated by IPE Global, Kudumbashree, CMS and APMAS with financial support from DFID, UK. Subsequently, an India delegation visited Ethiopia during 1st to 3rd April 2015 to discuss the strategy and action plan for Government of Ethiopia to adapt the Kudumbashree model of SHGs and to strengthen the SHGs in Ethiopia. Based on these consultations, a number of recommendations, strategies and action plans emerged for Ethiopian Government, particularly MoWCYA to adapt.

The specific strategies and action plans from the Addis Ababa workshop during 1st to 3rd April 2015 hosted by Government of Ethiopia with the key stakeholders from India include:

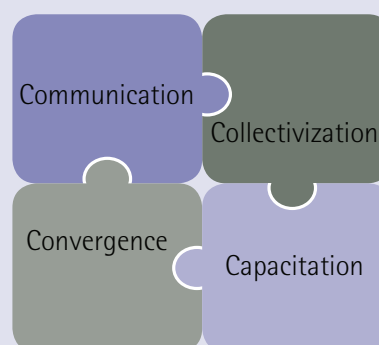
Strategy 1: Suitable adaptation and piloting of Kudumbashree model in Ethiopia

Strategy 2: Strengthen existing self-help groups, including Women Development Groups, SHGs, VSLAs, etc.

Strategy 3: facilitate and support visibility and credibility for informal savings and credit groups in Ethiopia

Strategy 4: Develop and support an enabling policy and regulatory environment for linking SHGs with financial institutions

To move forward with **Strategy 1**, effective adaptation and piloting of the India's Kudumbashree model to the Ethiopian context, it was agreed that four Kebeles will be selected from two regions of Ethiopia. The piloting will focus on Collectivization (strengthening existing groups and organizing the unorganised poor), Capacitation (training and capacity building of the institutions of poor), Convergence (facilitate convergence of various development interventions at the SHG level) and Communitization (ensure that adequate social capital is developed for the community to effectively manage their own institutions).



To initiate the pilot for adaptation and contextualization, the following steps were finalized during the workshop held at Addis Ababa:

1. Understand the context of selected areas
 - Scoping visit to identified locations
 - Interactions with communities, local authorities
 - Understand existing programmes and projects
 - Understand existing community and social structures, land and other resource use patterns, legal and policy frameworks
2. Identify local mentors and build their capacities
 - Identification through existing channels, based on norms
 - 2-3 week immersion and apprenticeship in Kerala (community network and local governments)
3. Handhold local mentors to develop local cadres and collectives
 - Experienced mentors from Kerala provide in-situ handholding
 - Identify and train local cadres selected through an objective and transparent process (guidelines to be developed jointly)
 - Work on existing groups and collectives around existing activities and value-addition
4. Develop local plans based on local priorities and resources
 - Plan for economic, social and institutional development
 - Participatory resource mapping (natural resources, financial resources, mobility)
 - Plan for convergence with existing schemes, programmes and fund sources

As a part of **strategy 2**, there will be focus on training and capacity building to strengthen the existing institutions of the poor (SHGs, VSLAs, other groups). It is very important to build on what exists and to support the existing informal groups to improve their performance to become self-reliant to offer need-based services to their members. In Ethiopia there are nearly 30,000 savings and credit groups promoted by a number of NGOs and other civil society organisations. Also, there are more than two million women development groups (WDGs) promoted by the government to empower women. There is a need to assess quality and sustainability of these groups and to develop a national level capacity building strategy by engaging all the major stakeholders.

To initiate the pilot for adaptation and contextualization, the following steps were finalized during the workshop held at Addis Ababa:

1. National level mapping of promoters (International NGOs, national NGOs and so on) and self-help organisations like cooperatives, SHGs, VSLAs, Iddir, Iqqub (traditional groups), etc. to understand the scale of informal microfinance and different players in Ethiopia.
2. Two-day consultation workshop with major stakeholders (International NGOs, Donors, local NGOs, banks etc.) engaged in supporting SHGs develop action plans.
3. Undertake a sample study of informal savings and credit groups to understand their quality, capacity building needs and issues and challenges faced by these groups. A potential source of funding for these studies could be international NGOs.

Study and documentation of best practices in SHGs and VSLAs in Ethiopia (with the support of APMAS and CMS) for dissemination and scaling up of the SHG models.

4. Identify and building capacity of a pool of trainers, drawn from different agencies for supporting SHGs and savings and credit groups.
5. Identify and building capacity of a pool of trainers, drawn from different agencies for supporting SHGs and savings and credit groups.
6. Develop required training modules, guidelines and training material for decentralized training to build community cadre.
7. Develop a large pool of community professionals - book writers, group facilitators, auditors, linkage facilitators, and livelihood promoters.

Proposed **strategy 3** for Ethiopia is to facilitate the establishment of a national platform for the self-help movement in Ethiopia. While there are a number of players engaged in promoting VLSAs, SHGs and other informal savings and credit groups, there is a vacuum in terms of a platform for sharing and learning, for documentation, for policy advocacy and for promoting best practices. Based on the lessons learnt from India, such a platform will give the necessary recognition and legitimacy for the informal groups in Ethiopia. The detailed actions that could be initiated are given below:

1. Establish a national database of informal savings and credit groups (SHGs and other groups).
2. Promote a national association of all the agencies promoting SHGs for policy advocacy and up-scaling.
3. Facilitate India- Ethiopia exposure/immersion programs
4. Organise Annual Workshops of women to facilitate sharing and learning and celebrate their successes.
5. Support the emergence of local capacity building and technical support organisations for supporting the community based microfinance.
6. All the SHGs in the country have their own national level association to address their issues.

Many of the existing VLSAs and SHGs have a felt need for recognition and for linkages with financial institutions to leverage their savings. Some linkages have already taken place on a pilot basis. Some of the NGOs have also promoted federations of SHGs. Building on the best practices from India, there is a need for the National Bank of Ethiopia to come up with policy guidelines to link informal savings and credit groups with financial institutions like Banks, MFIs and SACCOs. Details are given below:

1. Exposure visit for officials of NBE and DBE to India so that they can learn from the SHG Bank linkage model.
2. Establish a working group to work with NBE, DBE, Commercial Banks and MFIs and RUSACCOs in drafting linkage banking strategy and guidelines.
3. International agencies like World Bank, IFAD, DFID, UNDP etc. can provide support in this area.
4. Technical support from NABARD, GIZ, DGRV Germany etc.
5. NBE to issue appropriate policy guidelines for the SHGs to be linked to banks, MFIs, RUSACCOs.
6. MoWCYA to hire services of an expert in financial linkages to spearhead the model.
7. Explore the possibility of promoting a specialised financial institutions for lending to SHGs
8. Develop a community cadre for facilitating linkage banking.

Box 13: Brief account of Kabil's initiatives to bring its Indian experiences of 'Women led Development', customised on Ethiopian soil

Kabil started its work in Ethiopia in 2013, partnering with iDE, Ethiopia. Its objective was to address the immediate challenges faced by the community with low, uncertain agricultural productivity that had led to food scarcity for 64 households in two of the Kebeles (villages). The strategy has been to interlink the activities of water harvesting, soil and moisture conservation and improved maize and vegetable cultivation with a small grant support from Syngenta Foundation for Sustainable Agriculture (SFSA).

With the initial success of achieving total food security of the 64 participating farmer households, the other developmental challenges such as 1) low participation of women in development activities, 2) lack of community based institutions (which could bring sustainability to the development initiative) has surfaced strongly. Gradually, formation and promotion of women SHGs and their ventures into savings and credit as a core activity has evolved and took the centre-stage in sustaining, developing and carrying the development initiatives forward.

Presently, the activities of these women SHGs have provided ample opportunities to create shared values with a wide range of institutions. While working with women, issues like discrimination, social isolation and powerlessness were found to be the root cause of low self-worth and less participation in development initiatives. Looking at the existing government regulations on issues like gender, empowerment through the livelihood pathway is found to be more effective and permissible on Ethiopian soil.

In this short journey of Kabil with iDE and the community, the replicable developmental model customises the innovations of natural resource management and community institutions in India in the Ethiopian context. The model of replication is presented alongside:



9.2 Nepal

Nepal is a landlocked country and one of the least developed economies of the world. It is sandwiched between two economic giants, China and India, with the nearest sea coast some 1,100 km away in India. It is a largely mountainous Himalayan country with just one-fourth of its total land area in the *terai*, a 26–32 km wide, 1,500 km long fertile plain contiguous with India. Only 17 percent of its land area is arable. However, Nepal is endowed with abundant water resources with its nine major rivers estimated to have a potential of 83,000 MW of hydropower (2.3 percent of the world's potential). Less than 1 percent of this potential has

been exploited until now. Nepal is estimated to have a population of 26.5 million according to the 2011 Census but with an absentee (mainly male, temporary economic migrant) population of 1.9 million. The country is largely rural with only 17 percent of the population living in urban areas. Nepal has a per capita GNI of USD 540 at nominal rates (and USD 1,260 at purchasing power parity) in 2011, wide income disparities and poor access by a large section of the population to basic social services (according to the Asian Development Bank).

Traditionally, Nepal has had many programmes aimed at poverty alleviation but with a very limited infrastructure base and limited resources, the outreach of the government is limited and the impact of these programmes on poverty was greatly retarded by the state of virtual civil war that prevailed in the late 1990s and early 2000s. This situation has not been helped by the political instability prevailing since then. Nevertheless, the population living below the international poverty line of USD 1.25 per day at purchasing power parity has improved considerably in recent years and now amounts to just 24.8 percent of the total compared to over 50 percent in 2003²⁰.

Over the past 20 years, the Nepali financial system has grown substantially in terms of numbers of institutions, resource mobilisation, functional reach and financial viability. During 2005–11, there was a virtual explosion in the establishment of all the four major categories of regulated institutions, A to D Class (as specified by the central bank/regulator, Nepal Rastra Bank, NRB). While the number of regulated Savings and Credit Cooperatives (SACCOs) and financial intermediary NGOs (FINGOs) did not grow at all, this was only because the Central Bank stopped issuing microfinance licenses to such institutions so this does not indicate a slowdown in the proliferation of SACCOs and FINGOs throughout the country.

By end-July 2011, the formal financial sector comprised of 272 regulated financial institutions with a consolidated asset base of USD 16.5 billion. This included 31 commercial banks with 1,245 branches, 87 Development Banks and 79 Finance Companies. A fast growing financial system promoted by NRB but just 25 percent financial inclusion²⁰.

In the year 2004, Government of Nepal established Poverty Alleviation Fund (PAF) to reduce poverty by half by 2015. Through social mobilisation, nearly 24,000 Community Organisations (COs) have been registered with the Poverty Alleviation Fund for addressing poverty through community projects. Though exact number of self-help groups in Nepal is not known, a large number of informal savings and credit groups exist in Nepal.

Considering the fact that Nepal is bordering India and has very strong people-to-people ties, over the years there has been a strong sharing and learning between the two countries about various development models. Considering the fact that the SHG model has been in practice for nearly 30 years in India, this model is also being implemented in Nepal by a number of NGOs and the Government

²⁰ http://aboutkathmandu.blogspot.in/2011/11/list-of-financial-institutions-in-nepal_12.html

with appropriate adaptations, particularly the Community Organisations (COs) promoted under the Poverty Alleviation Fund of the Government of Nepal have made significant progress in promoting a large number of groups to promote livelihoods. Nepal being a predominantly hilly region and with Banking network not fully reached some of the remote areas of the country, the SHG model will have to be adopted with appropriate modifications to suit Nepal as has already been done in Uttarakhand and North Eastern States of India. Such adaptations have also taken place in Nepal.

Recommendations for Nepal

- ▶ A Poverty Alleviation Fund (PAF) has already been established and is functioning as an autonomous institution to address poverty in Nepal, the efforts of PAF could be strengthened by sharing the experience and lessons from the Indian SHG model. The PAF can also act as a nodal agency for facilitating learning from the Indian SHG model.
- ▶ Building on the lessons from the SHG Bank linkage model proactively promoted by NABARD, supporting a linkage banking model in Nepal could be initiated. As many of the Community Organisations in Nepal have been functional for a long time, the possibility of linking these COs with the banks must be explored.
- ▶ Necessary policy guidelines and systems could be developed for promoting linkage banking in Nepal through capacity building, training and exposure visits.
- ▶ Exposure visits and immersion programmes would be most useful for policy makers and programme implementers in Nepal to learn from the Indian model. These visits would be most useful if organised to the regions like Kerala, Uttarakhand and Assam.
- ▶ Build on the social mobilisation and group building work that has already been done in Nepal, workshops and training of trainers programmes could be organised by Indian Experts for key stakeholders in Nepal.
- ▶ Reduce group size. Though the SHGs in India have 10-20 members, predominantly women, Nepal being a mountainous region, the group size could be reduced to 5 members.
- ▶ Support federations since the banking sector outreach is limited in the hilly regions of Nepal. Developing some of the potential COs as financial intermediaries must be explored and their governance, management and systems can be developed to play an effective role. These federations could perform the role of financial intermediaries, including business correspondent of the banks.
- ▶ Develop a community cadre for universalisation of social mobilisation and promoting the organisations of the poor. This cadre could be built from the

existing COs, their federations and other community based organisations promoted by the NGOs. Nepal has a number of NGOs engaged in the development sector. These organisations could play a strong role in building social capital in the form of book keepers, livelihood promoters, banking facilitators, etc.

- Use of technology for promoting financial inclusion would be effective.

9.3 Kenya

Kenya has a land area of 581,700 km² and its population was estimated to be 39 million people in 2009. Its urban population is estimated to be 22 percent. High fertility, combined with declining mortality has contributed to one of the world's fastest population growth rates. At present, Kenya's population growth rate is estimated to be 2.69 percent and its population has more than tripled over the past 30 years, greatly increasing pressure on the country's resources. However, about 70 percent of the people live in areas which are considered to have a medium to high potential for agricultural production in the centre and west of the country. The Arid and Semi-Arid Lands (ASALs) of Kenya make up about 84 percent of the country's land mass, and are home to 30 percent of the population and nearly half its livestock. The major ethnic groups include the Kikuyu (22 percent), Luhya (14 percent), Luo (13 percent), Kalenjin (12 percent), Kamba (11 percent), etc. Tribal affinities are a source of considerable conflict within Kenya, with the different ethnicities competing for land, resources and political power since independence.

Kenya has also had to grapple with the AIDS epidemic, which has eroded progress in health and mortality, and led to an estimated decline in average life expectancy. The adult prevalence rate for HIV/AIDs is estimated at 6.7 percent.

Agriculture remains the mainstay of the Kenyan economy and directly contributes 24 percent of gross domestic product (GDP). Sector performance greatly affects the poor, as 67 percent of the population and 80 percent of the poor live in rural areas and depend on agricultural activities for their livelihoods. Agricultural productivity is low and declining and its competitiveness, in both domestic and export market, has worsened. In 2008, agriculture production declined by 5 percent and, in 2009, it contracted by another 2.3 percent (Government of Kenya, 2009).

Growing evidence points to the importance of *non-farm activities* in the income-generating portfolio of rural households. Non-farm employment must expand if deepening rural poverty is to be avoided. Policymakers and analysts look to the nonfarm sector to increase rural employment, contribute to economic growth, improve income distribution, and alleviate poverty. Rural non-farm activities account for 42 percent of the income of rural households in Africa. The non-farm economy is of greater importance to livelihoods of the rural poor than has been recognised in the past and evidence consistently shows that it is itself largely driven by the performance of the agricultural sector. It is rise in farm income that drives demand for the large, employment-intensive, non-tradable, rural non-farm sector.

The rural economy in Kenya is mainly dependent on *smallholder subsistence agriculture*, which accounts for 75 percent of total agricultural output and 70 percent of marketed agricultural production. The agricultural sector is made up of four major sub-sectors namely: industrial crops (17 percent), food crops (32 percent), horticulture (33 percent), livestock (12 percent), and fisheries (2 percent). In the ASAL regions, livestock accounts for 90 percent of employment and 95 percent of household income for pastoralists. Smallholder farmers face various constraints, which lead to low returns. Severe land degradation, water scarcity, limited access to inputs and financial services, inadequate storage and post-harvest facilities, lack of processing and other marketing infrastructure represent a key constraint to agricultural production. The economy's heavy dependence on rain-fed agriculture leaves it vulnerable to weather events. Periods of drought can be crippling, not only in terms of food supply, but in terms of jobs as well. A recent report states that nearly 70 per cent of rural Kenya's consumption needs are now being met through remittances from relatives and friends living in towns.

A critical constraint in enhancing agricultural production and productivity is *access to finance*. Agricultural lending in Africa is the lowest in the world. *Less than 1 percent of commercial lending in Africa goes to agriculture*. Many Kenyans do not have access to any form of credit, savings services or remittance services. Despite the existence of a vibrant financial sector in Kenya, it is estimated that 33 percent of Kenyans are excluded from financial services. The banking sector is dominated by four or five large banks with limited appetite for rural and agriculture lending. The Government is encouraging the transformation of Microfinance Institutions (MFIs) into Deposit Taking Microfinance (DTMs) institutions through new legislation. However, it will take some time before these institutions are able to develop an approach to mobilise savings. Savings and Credit Cooperatives Organisations (SACCOs) have played an important role in Kenya but poor governance, weak management and supervision and lack of equity has limited their potential for growth.

There are a diverse range of innovative community-based approaches that are being tried for deepening access to financial services in rural areas. Such approaches include Accumulated Savings and Credit Associations (ASCAs), Farmer Savings Associations (FSAs) and village banks. These require much more investment and experimentation before they can yield sustainable models for rural growth and poverty alleviation.

Considering the fact that Kenya has a large number of informal savings and credit groups and a strong emerging microfinance industry, the lessons from Indian SHG movement would be extremely useful. MFIs lending to informal groups (called as Village Savings and Loans Associations – VSLAs by many of the international agencies like CARE, CRS, Plan International, Oxfam etc), would be most useful. The most important learning from the Indian experience would be about facilitating federation of the informal savings groups at appropriate levels. Facilitating collateral free lending from banks and MFIs to the informal

microfinance groups would significantly enhance the outreach of financial services to the financial excluded and marginal sections of the Kenyan society.

As detailed in the specific recommendations to Ethiopia, a similar approach could be adopted in Kenya. As replication of Kerala's Kudumbashree model is not an expressed need, the other three major strategies proposed could be explored in Kenya.



SHG Members: Hand in hand

10 BIBLIOGRAPHY

Research documents and Publications:

- ▶ Alsop R. and Heinsohn N. (2005) *Measuring Empowerment in Practice: Structuring Analysis and Framing Indicators*. World Bank Policy Research Working Paper 3510. Accessed at: http://siteresources.worldbank.org/INTEMPowerment/Resources/41307_wps3510.pdf
- ▶ APMAS (2009), *An Evaluation Of Self-Help Affinity Groups Promoted By MYRADA* (2009), Study conducted by APMAS; Accessed at: [file:///C:/Users/Siddhi/Downloads/Myrada-APMAS%20\(1\).pdf](file:///C:/Users/Siddhi/Downloads/Myrada-APMAS%20(1).pdf)
- ▶ APMAS. (2005). *A Study on Self Help Group (SHG) - Bank Linkage in Andhra Pradesh*, Study conducted by APMAS
- ▶ APMAS (2014) *Quality and Sustainability of Self-Help Groups in Bihar and Odisha*, NABARD
- ▶ Demircuc-Kunt, A., and L. Klapper. 2012. "Measuring Financial Inclusion: The Global Findex Database." Policy Research Working Paper 6025, World Bank, Washington, DC. Accessed at: <http://siteresources.worldbank.org/EXTGLOBALFIN/Resources/8519638-1332259343991/N8india6pg3.pdf>
- ▶ Deininger K and Liu Y (2013). *Economic and social impacts of an innovative Self-help Group Model in India*. World Development. (43). Pp 149-163
- ▶ Economic Times (September 2014), *Kudumbashree: Kerala's all-women Rs 22,620 million savings group finances microenterprises of members*
- ▶ Fernandez A (1997) *Self Help Groups - A Credit Plus Institution*, Rural Management Series Paper 28, MYRADA; Accessed at: <http://www.myrada.org/rms/rms28.htm>
- ▶ Fernandez A (2007) *History and spread of the self-help affinity group movement in India - The role played by IFAD*, International Fund for Agriculture Development; Accessed at: <http://www.ifad.org/operations/projects/regions/pi/paper/3.pdf>
- ▶ Fernandez A (2012) *NABARD Financial Services Limited (NABFINS): Where it stands and where it endeavors to go*; NABFINS Website; Accessed at <http://nabfins.org/content/nabfins-where-it-stands-and-where-it-endeavors-go>
- ▶ Government of India, (2001, 2011) Population Census
- ▶ Government of Kenya (2009); *Agriculture Sector Development Strategy 2009-2020*; Accessed at: http://www.fao.org/fileadmin/user_upload/drought/docs/Agricultural%20Sector%20Development%20Strategy.pdf

- ▶ Harper M. (2002), *Promotion of Self Help Groups under the SHG Bank Linkage Programme in India*; Paper presented at the Seminar on SHG-bank Linkage Programme at New Delhi on 25th and 26th November 2002, National Bank for Agriculture and Rural Development; accessed at - http://services.iriskf.org/data/articles/Promotion_281220067.pdf
- ▶ Harper M, Ezekiel, Mohanty & Rao (1998) *The New Middlewomen: Profitable Banking Through On-lending Groups*, Stylus Public Lic
- ▶ Harper M (2003) *Do We Really Need SHG Federations?*; Accessed at: http://www.ruralfinance.org/fileadmin/templates/rflc/documents/Do__we__really__need__SHG__Federations_.pdf
- ▶ Intermedia (2014), *Financial Services Use and Emerging Digital Pathways*; Accessed at <http://finclusion.org/wp-content/uploads/2014/05/FII-India-Wave-One-Research-Report.pdf>
- ▶ John J (2009), *Kudumbashree project A Poverty Eradication Programme in Kerala Performance, Impact and Lessons for other States*; Kerala Development Society (KDS-Delhi); Chapter 5 accessed at: http://planningcommission.gov.in/reports/sereport/ser/ser_kudu.pdf
- ▶ Kabeer N. (2001), "Reflections on the measurement of women's empowerment." In *Discussing Women's Empowerment-Theory and Practice*. Sida Studies No. 3. Novum Grafiska AB: Stockholm.
- ▶ Mahajan V, Nagarsi G, BASIX (1999); *Building Sustainable Microfinance Institutions in India*; Paper presented at Seminar on New Development Finance, Frankfurt, September 1999; Accessed at: <http://www.sadhan.net/Adls/Microfinance/PerspectiveMicrofinance/BuildingSustainableMFIs.pdf>
- ▶ Micrometer; Issue 12, 31 December 2014; *Microfinance Institution Network (MFIN)*; Accessed at: http://mfinindia.org/wp-content/uploads/2014/06/Micrometer%20Issue%2012_Q3%20FY%2014-15_12th%20Feb%202015.pdf
- ▶ Muhnot S (2011), *SIDBI's Role in Financing and Development of Microfinance in India*; India International Banking and Finance Summit 2011; SIDBI
- ▶ NABARD (2013) *Status of Microfinance in India 2012-13*
- ▶ National Council for Applied Academic Research (2008) *Impact and sustainability of SHG bank linkage programme*; GTZ-NABARD; Accessed at: http://www.apmas.org/pdf%5CGTZ_NCAER.pdf
- ▶ Planning Commission, Government of India (2009), *A Hundred Small Steps*, Sage Publications India Pvt. Ltd; Accessed at: http://planningcommission.nic.in/reports/genrep/rep_fr/cont_fr.pdf
- ▶ Prennushi G., Gupta A (2014); *Women's Empowerment and Socio-Economic Outcomes, Impacts of the Andhra Pradesh Rural Poverty Reduction Program*; Policy Research Working Paper 6841, The World Bank; Accessed At: http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2014/04/23/000158349_20140423155715/Rendered/PDF/WPS6841.pdf
- ▶ Reddy CS (2010), *Will the Indian SHG Movement Withstand Competition from MFIs?*; CGAP Blog; Accessed at: <http://www.cgap.org/blog/will-indian-shg-movement-withstand-competition-mfis>
- ▶ Reddy CS, Prakash LB (2003) *Status of SHG Federations in Andhra Pradesh*; Paper presented at SHG Federation Workshop Organized by NIPCCD and Coordinated by Sa-Dhan 24-25 March 2003;

APMAS; Accessed at: <http://www.apmas.org/pdf/Status%20of%20SHG%20Federations%20in%20AP.pdf>

- ▶ Reddy KR and Reddy CS (2012) *Self Help Groups in India: A study on quality and sustainability; Enable publications*. Accessed at: <http://www.microfinancegateway.org/sites/default/files/mfg-en-paper-self-help-groups-in-india-a-study-on-quality-and-sustainability-dec-2012.pdf>
- ▶ Swain RB and Varghese A (2008). *Does Self-help Group participation leads to asset creation?* Working Paper, Department of Economics, Uppsala University, No. 2008:5, <http://nbn-resolving.de/urn:nbn:se:uu:diva-16371>
- ▶ Tarique M, Thakur RK (2007) *Growth of Micro-credit in India: An Evaluation; 90th Conference Volume of Indian Economic Association*; Accessed at:
- ▶ Thanka A. (2002); *Self-help Groups as Financial Intermediaries in India: Cost of Promotion, Sustainability and Impact*; ICCO and Cordaid, Netherlands. Accessed at: <http://www.sa-dhan.net/Adls/Microfinance/PerspectiveMicrofinance/Self-helpGroupsasFinancial.pdf>
- ▶ Thanka A (2012) *Banking on Self-Help Groups – Twenty Years On*; Sage Publications India Pvt Ltd, Access Development Services; Accessed at: http://www.microfinanceindia.org/uploads/publication_link_files/shg-book.pdf
- ▶ Tripp A.M, Casimiro I, Kwesiga J, Mungwa A (2009) *African women's movement*. Cambridge University Press
- ▶ Zwedu GA (2014), *Financial inclusion, regulation and inclusive growth in Ethiopia*, ODI, Working paper 408; Accessed at: <http://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/9278.pdf>

Workshops as a source of information:

- ▶ National level workshop organized by CMS and APMAS on the Impact of SHGs on women empowerment in India, 20th January, 2015, New Delhi; supported by DFID-IPE
- ▶ Workshop on Self Help Groups hosted by Bill and Medinda Gates foundation on the 10th of February 2015

1. Annex

1.1 Annex-1: Aspects of empowerment studied

Table 1: Women empowerment Framework

Theme	Aspects studied
Empowerment	access to resources, control over resources, participation in decision making, confidence level, mobility, health and education outcomes, political and CS participation, expansion of material base, market access, small business, feeling of power within, control over fin resources, asserting rights, reduction in drudgery, access to services and ability to influence quality of services, Individ-HH-SHG-Community...financial inclusion- bank account functional ..adequacy and frequency of loans from SHG
Governance and Management	regularity of meeting, attendance, record keeping, leadership rotation, book keeping process, transaction happening and recording in the meeting, meeting without external facilitators, autonomy at federation level
Financial	financial literacy, savings and credit, insurance and pension, leverages with the bank
Social	Sphere of influence and linkages (PRI, govt dept, NREGA, SHG federation etc), influence on engagement with markets and livelihoods services to members. addressing women issues, community issues,
Political	engagement with political process

1.2 Annex-2: Systematic Review Protocol

Systematic Review Protocol- DFID-IPE-SHG Study

This protocol draws from templates of systematic review protocols available and the secondary research and the pilot study conducted for Kudumbashree.

Core research question

There are two core research questions that are to be answered by means of this project:

- a) The impact (both positive and negative) of the selected SHG models on the economic, social and political empowerment of women at the individual, household and community level, in their area of operation, in light of the context that these models operate in.
- b) Modifications required for the replicability of these models in other contexts (i.e., in other countries).
- c) Development of potential industry standards for a SHG.

The operational definition of these categories of empowerment has been defined for the purpose of this project as follows:

- A) Economic Empowerment: Economic empowerment can be defined as the ability to access, own and control resources.¹ Indicators for economic empowerment at different levels could be as follows:
 - 1) Individual Level- improvement in the level of financial literacy, increase in savings, greater level of access to loans, improvement in the level of livelihood skills and increased access to employment.
 - 2) Household Level- increase in the share of income provided in the household by the women, greater level of control over household expenditure and loan utilisation by the women, higher level of ownership of productive assets by the women.
 - 3) Community Level-Number of women managed group enterprises.
- B) Political Empowerment: It can be defined as the ability to participate in decision-making around access to resources, rights, and entitlements within communities¹. Indicators for the same at distinct levels are as follows:
 - 1) Individual level- Awareness and knowledge of processes and political systems, means to access these processes

¹ The Effects of Economic Self Help Group Programs on Women's Empowerment: A systematic Review, Carinne Brody, Shari Dworkin, Megan Dunbar, Padmini Murthy, Laura Pascoe (2013) ;Notes prepared during Inception Meeting

- 2) Household level- Support from household to participate in the political system i.e., to contest elections etc.
 - 3) Community Level- Increased level of representation of women in the PRI system etc.
- C) Social Empowerment: It can be defined as the ability to exert control over decision-making within the domestic sphere ¹. Indicators of improvement in the empowerment level are:
- 1) Individual level- Improved self-esteem and confidence, improved level of mobility, improved access to facilities of health and education
 - 2) Household level- Improved level of access to entitlements like pensions, MNREGS etc., improved respect and support for women and girls
 - 3) Community Level- improved village level infrastructure, improved leadership in communities, improved level of social capital.

Criteria for including studies in the Review

For each model being studied, the following will be the inclusion criteria of the secondary literature:

Participants:

- 1) All women participants, irrespective of their age, belonging to the model are to be studied.
- 2) All research work that includes male participants can be studied as long as the impacts of the model on women participants are assessed separately.
- 3) The women studied should fulfil the criteria of being in the model.

Interventions:

What is given, by whom, to whom, and for how long? What are the comparison conditions (what is usually provided to control/comparison groups who don't receive the intervention)? Are interventions aimed at the disadvantaged?

- 1) Studies included will include the impact of either the formation of the SHG by the organisation, or the impact of special assistances/ programs/interventions carried out by the organisation for the members of its SHG. The impact of these interventions should either be in terms of the change in the indicator variable or should have a base line and end line information.
- 2) Studies included could be either only based on the specified SHG or could compare the particular SHG model with other models.
- 3) The studies included could also just include detailed information on the structure of the SHG model.

Outcomes:

What are the intended effects of the intervention? What are the potential or unintended effects of the intervention? Primary and secondary (intermediate) outcomes for the review should all be mentioned, together with beneficial and, if applicable, adverse effects. Note relevant and important outcomes for the appropriate disadvantaged groups.

The inclusion criteria for any study should be one of the following Primary outcomes:

- 1) The details of the functioning processes of the model
- 2) Economic empowerment
- 3) Social empowerment
- 4) Political empowerment

The last three factors have been defined in the earlier section of the document with a list of their indicators.

Secondary outcomes could include the following:

- 1) Criticism of either the process adopted by the particular SHG model or the intervention undertaken
- 2) Suggestions to improve the model
- 3) Other negative impacts of the intervention/model like increasing levels of domestic violence etc.

Study Design:

What types of studies are to be included and excluded: please describe eligible study designs, measures, and duration of follow-ups. Briefly describe proposed data sources, search strategies and methods of synthesis.

- 1) Quantitative studies: The studies to be included should be either experimental or quasi experimental based on a random sampling or a purposive sampling methodology. For studies that are impact assessments, there should be availability of base line and end line data.
- 2) Qualitative studies: all qualitative studies that have a stated methodology (which does NOT involve convenience sampling) shall be included.
- 3) The studies should include evidence of impact and should not just describe the change.
- 4) Time frame- the studies should have evidences of change no earlier than 2010.

Studies that do not have any mention of their methodology are not to be included. Also, studies that are mostly thesis and are not peer, or do not have a mention of their source of primary and secondary data reviewed shall not be referred to.

Search Criteria:

The search for relevant research work would involve the following steps:

1. Online searches of the following databases and search engines:
 - a) Academia.edu
 - b) Social science research network (ssrn)
 - c) Digital library – JSTOR
 - d) Others found through Google
2. Online searches of organisation and agency websites that conduct social research in the related domain
3. Government funded evaluations of the specific SHG model (if applicable)
4. Citation tracking and snowballing of references stated in research papers obtained through the above research.
5. Newspaper articles on the SHG model- referring to processes, criticism, success etc.

1.3 Annex-3: Expert Interview Guide

Table 2: Expert Interview Guide

DFID-IPE SHG Study: Checklist/Questionnaire for Experts [draft]		
Component	Indicator	Checklist/questionnaire
Women Empowerment	Overall	i) Has the SHG movement over the past two decade been able to bring long-term change in the quality of life of poor women? ii) In overall terms, what are the three greatest impact that you see coming from SHG movement?
	Confidence level and feeling of power within	i) Where women have been part of SHG for long time, do we expect to see a shift in their attitude and self-belief? Do they exhibit perceptible change in their behavior in terms of confidence level? ii) In case yes, how do you link this to their association with SHG? (seek anecdotal evidence, reference, experience of respondent) iii) Has social attitude, norms and behaviours witnessed any change for women SHG members
	Participation in decision making	i) If decision making is about making choices, do you see change in role of women SHG members in the decision making on issues that impact their individual, household and social life? If yes, what is the evidence ii) How has SHG membership contributed to their capability to participate in decision making? iii) In your view, what are the aspects of daily life where women make key decisions (Eg: Individual- mobility, family- decision on children education etc) iv) what changes have come within the households on account of women SHG members? (relationship with family members, power struggle, any conflict)
	Social development	i) How does key HDI performance of SHG member compare with non-SHG member group? Are there any evidence of causal linkage ii) Why has SHG movement in some parts of the country not led to improved social indicators iii) To what extent women involvement in the SHG can play a role in

enhancing key social indicators

Access and control over resources

i) Do we see impact of SHG membership on women's changing role in livelihoods activities? If yes, what has changed or changing ii) Do we see a discernible trend in women as member of household contributing to agriculture activities, if yes, in what way iii) do women members have greater say in deciding investments in livelihoods assets iv) Has SHG membership led to change in women's ownership of agriculture land or other household assets v) Has there been change in role of women in management of CPRs (evidence, pattern and extent)

Expansion of material base

i) Has SHG movement led to sustainable impact on poverty? (disaggregate performance by states/region, type, factors etc) ii) what changes in consumption pattern we can expect to see in households with women SHG member(s) iii) Any evidence of SHG benefit as a multiplier effect for household prosperity

Reduction in drudgery

i) Do SHG women experience less drudgery? (eg: household chores, distance traveled for drinking water of fuelwood) ii) If yes, how has SHG membership contributed to reduction in drudgery iii) Has less drudgery led to impact on their health, social life and child rearing pattern

Access to services and entitlements

i) Has SHG contributed to improved member access to services (like education and healthcare) and entitlements (MNREGA)? if yes evidence state and region wise with details ii) In the backdrop of SHG being used in select states for monitoring and delivery of common services, do you think this have made qualitative impact on such services iii) what role a SHG member have played (or can) in improving such services iv) are SHGs as financial intermediation platforms, appropriate vehicle for carrying out such role

	Access to market	i) What role has SHG plays in enhancing access of women entrepreneurs to markets ii) Has access to market translated into remunerative return for the member-entrepreneurs iii) what are the key enabling factors that have worked in cases where women have leveraged market (role of SHPI, skill development, financial services, BDS etc)
	Political participation	i) Has SHG movement led to any change in women's engagement in political sphere (evidence, state and region) ii) what role has policy-legal framework played in women members' ability to participate in political institutions iii) In places where members' play active political role, how does the SHG experience influenced the political discourse and framework
	Financial inclusion	i) Has SHG membership empowered women to make decisions on financial matters (like where to save/take credit, how much to save/take credit) ii) what has been the long-term impact of SHG in reducing vulnerability of households from financial shocks and building durable assets iii) Do formal FI (MFI, Banks) see women SHG members as valuable clients iv) Has SHG movement been able to build a vibrant ecosystem of financial services at macro-micro level? evidence
Governance and Management	Meeting procedure	i) Are standard SHG meeting procedures (eg: regularity of meeting, attendance, book keeping etc) geared towards self-management by women members without external facilitators ii) Do meeting procedure provide sufficient scope for group autonomy and clear accountability
	Leadership	i) Do SHGs have broad based management system and leadership role? What are the safeguards in place to ensure transparency and accountability in group/federation functioning ii) what changes in governance of groups/federations are essential to mainstream participation of the poorest iii) How has the role of SHPI in general been building strong foundations for leadership and sound governance (typologies of models, experience

from across states/regions)

**Functioning of
Federation**

- i) Are SHG Federation structure designed for sufficient autonomy and transparent functioning
- ii) How does the Federation structure allows women members to get market and social influence

Financial

Financial literacy

- i) How far SHG experience equips members to acquire financial literacy skills
- ii) Are women members relatively more capable of taking sound financial decisions (evidence)
- iii) Is financial literacy component a weak link in the SHG training procedure

Financial services

- i) Has SHG model been able to provide financial services to members in an timely, effective and cost efficient way?
- ii) Are services and products accessed by members from SHG flexible and suited to need of poor households (quote standard critique of model)
- iii) are members equipped to leverage financial services from other financial institutions on account of their membership with SHG

**Policy-legal
environment**

Policy

- i) what role has policy framework played in promoting women empowerment through policy and legislation? (seek comment on specific aspect like SBL, Banking sector, legal recognition)
- ii) what has been the key gaps in the policy framework that addresses women empowerment through SHG institutions (focus more on credit, SHPI weaknesses, processes)
- iii) what policy changes are required to make SHG self sustaining institutions for women empowerment

**Political and
administrative support**

i) Has SHG movement been able to mobilise sufficient political support (evidence from states/regions) ii) what factors have contributed to this support iii) what role has administrative capacity played in successful roll-out of SHG in some regions



1.4 Annex-4: FGD Guide

Understanding Self Help Groups As Programmes for Economic and Social Empowerment of Women in India and Low Income Countries

A Joint Study of CMS and APMAS funded by DFID

Checklist for FGD with NHGs

FGD No._____

Please collect the basic information about the participants including their socio-economic background and key information on indicators related to Group's performance (financial and members' satisfaction), before administering the Focus Group Discussions and share the norms of FGD with the participants.

I Identification details

1. District : _____
2. Block/Mandal: _____
3. Gram Panchayat: _____
4. Habitation: _____
5. Venue: _____
6. Date _____
7. Time _____
8. No. of members participated: _____
9. Name and date of formation of groups present

II Topics for discussion

A. Overall perception of the group

- What was the main purpose and expectation behind forming the NHG
- Do you think NHG has served its original purpose/goal?
- What are the most important changes (not more than 3) that the NHG has been able to bring to your life
- How is NSG members different from non-members?

B. Impact of model on the women (roughly- heads)²

² Drawn from the SHG empowerment indicators developed by the team

Financial Impact:

Individual level-

1) Financial literacy test: OECD framework of 8 questions³

Ask the following set of questions to assess the level of financial literacy:

Nature of Question	Question	Answer/ option
Division	Imagine that five brothers are given a gift of \$1000. If the brothers have to share the money equally how much does each one get?	
Time Value of Money	Now imagine that the brothers have to wait for one year to get their share of the X. In one year's time will they be able to buy	Multiple choice: a) More, b) the same amount, or c) less than they could buy today
Interest paid on a loan	You lend X to a friend one evening and he gives you X back the next day. How much interest has he paid on this loan?	
Calculation of interest plus principle	Suppose you put INR 100 into a savings account with a guaranteed interest rate of 2 percent per year. You don't make any further payments into this account and you don't withdraw any money. How much would be in the account at the end of the first year, once the interest payment is made?	
Compound interest	and how much would be in the account at the end of five years?	Would it be: a) More than INR 110 b) Exactly INR110 c) Less than INR 110 d) Or is it impossible to tell from the information given
Risk and return	An investment with a high return is likely to be high risk	[True/False]
Definition of inflation	High inflation means that the cost of living is increasing rapidly	[True/False]
Diversification	It is usually possible to reduce the risk of investing in the stock market by buying a wide range of stocks and shares	[True/False]

³ Financial literacy and Inclusion, Russian Trust Fund, June 2013

- 2) Do the women feel that they have been able to access more sources of livelihood? If yes, then is it due to the SHG model? Please ask the extent to which this access has increased (between 0- no increase to 10- a very high increase)
- 3) What are the different sources and instruments of financial services (like savings, credit and insurance) accessed by the member from NSG and other sources?
- 4) What role has SHG model played in enhancing financial access? Are financial services offered to the group suitable to need of members :

		Factor	Satisfaction
Financial Service Provided	Timely availability of the service	Level of resources provided by the service (in terms of loan amount etc.)	level (between 0- lowest to 10- highest)
	Status (yes/No)	Status (yes/No)	

- 5) How do they rate and prioritise range of financial services provided by NSG and reason thereof
- 6) Do they have any unmet financial need outside NSG? What type and how they meet them?
- 7) Do members see a change in attitude of Bankers and MFI towards them as a client? Seek examples
- 8) How far has the SHG model been able to provide them financial security (eg- less vulnerable to financial shocks, less dependence on money lenders)

Household level:

- 1) Is there any increase in income provided to the household by the women? If yes, was it because the women were affiliated with the SHG model? If yes, ask for a weightage for this affiliation (0- lowest, 10- highest)
- 2) From the finances accessed, were the women able to create any assets? If yes, then are the assets owned by them?

Access and control over resources

- 3) Do women have ownership of livelihoods and productive assets in households? If yes, what kind of livelihoods and productive assets
- 4) What has been their changing role and contribution towards livelihoods and economic activities of households?
- 5) Has the SHG model contributed to their change in economic profile (role, contribution, ownership, decision)? If yes, then in what manner. Can they give a quantitative weightage to the contribution by the programme for the change?
- 6) Does the group have any say in management of village CPRs? Details

Expansion of material base

- 7) Do they see themselves better off, same conditions or worst off over the years? What has contributed to change if any?
- 8) Do they see any transformation in their living condition and consumption pattern (eg: food, household assets, entertainment)?
- 9) Has the group contributed to change in material base? If yes, how and how much weightage would they give to this association.

Community-

- 1) Have there been any development of women enterprises? if yes, how and who is responsible for that?

Access to market

- 2) What are the different types of market that members access and for what purpose?
- 3) What challenges do member entrepreneurs face in accessing market and getting remunerative returns for their products and services
- 4) Has The SHG model facilitated their access to market? How and to what effect (in terms of a ranking/ weightage)

Social Empowerment

Individual level:

Confidence level and feeling of power

- 1) Has there been any change in members' level of confidence since they joined NHG? Can they give concrete examples of any such change. Can they rate this change? (in terms of the satisfaction that they associate with it- not satisfied, satisfied, or very satisfied)?

- 2) Do they attribute this change to their membership in the NHG? If yes, then how? Also, strength of this relationship in terms of strong, very strong or weak (both positive and negative)
- 3) Do they experience any change in control over affairs in their lives in terms of the following: (rate the satisfaction associated with the change- not satisfied, satisfied or very satisfied)
 - i. mobility (Physical and mental)
 - ii. independence,
 - iii. autonomy
- 4) What is the perception of their family members (like their husband and children) towards their involvement with NHG? Have you witnessed any shift in attitude over the years? If yes, what triggered such swing and what are the impacts of this change in attitude?
- 5) Has NSG membership led to any change in their level of participation and influence on village affairs and institutions?
- 6) Can they provide examples and the level of satisfaction that they associate with the participation now in comparison to what they would want it to be?

Household level-

. Participation in decision-making

- 1) Who takes decisions in households on important matters (like finance, children's education, marriage of children and other social events)? What role do women have in such decision-making? What change has taken place in decision-making process at households over the years and the level of satisfaction that they associate with it?
- 2) What are kind of decisions where women members' have greater say and why?
- 3) What happens when their spouse have different views on critical matters? How are the differences resolved?
- 4) Has membership of NSG contributed to change in members' role in decision-making process at households? Specific example

Access to services and entitlements

- 5) What are the different services (health, education etc) and entitlements (MNREGA, IAY, Widow pension) availed by members now?
- 6) Is there a change in the level of access of these resources? If yes, then is it because of the group? (Weightage for this association?)
- 7) Perception on quality and accessibility of services
- 8) Group has any role in effective monitoring and implementation of such services and entitlements

- 9) Was there a discrimination against girl children in terms of their access to facilities of education, health etc? Is there a change now? If yes, then how much (on a scale of 1 to 10) and how?
- 10) Could this change be attributed to the association of the women with NHGs?

Community level-

- 1) How many women in the village occupy leadership positions in communities developed in the village?
- 2) Are the women able to participate much more in social gatherings etc.? if yes, can they rate this improvement? Do they attribute this improvement to their association with SHGs?

Political Empowerment:

Individual level:

Political participation

- 1) What are members' view on participation in political processes and seeking election to political offices? What role it plays in their empowerment? Do they see a link? Example from their past experience
- 2) How many members are keen to participate on political platforms? (note their socio-economic background)
- 3) Has Group membership given them any advantage towards successfully participation? How?

Household level-

- 1) Are they allowed to take part in political processes? Are they allowed to vote freely etc. Was the situation always like that or has there been a change?
- 2) If there has been a change, do they attribute it to their association with the SHG model? If yes, then what is the weightage of this association?

Community Level:

- 1) What is the level of participation of women in the Gram Sabha's, Representation in PRIs etc. Is there a change in this level? If yes, how much and why?

Group management and governance

1. Do member think NSG gives voice to all members to air their views and participate in the process? Are there any left out segment and why
2. Do member think the leadership of group is inclusive and gives equitable benefit to all members? What are some of the key characteristics, and check and balance that ensure this?

3. Do they understand the role and functioning of ADS/CDS/Federation? Do they trust that these institutions work for growth and development of group?

Conclusion

1. Can members sustain The SHG model in absence of government support? What are the key resource and capacities they believe still required to run the programme
2. How The SHG model should have been more effective? What are some of the gaps and weaknesses in the programme
3. What are the long-term ambition and aspirations of the members (for self, group, and family)?

1.5 Annex-5: Analytical Framework

Table 3: Country Environment protocol

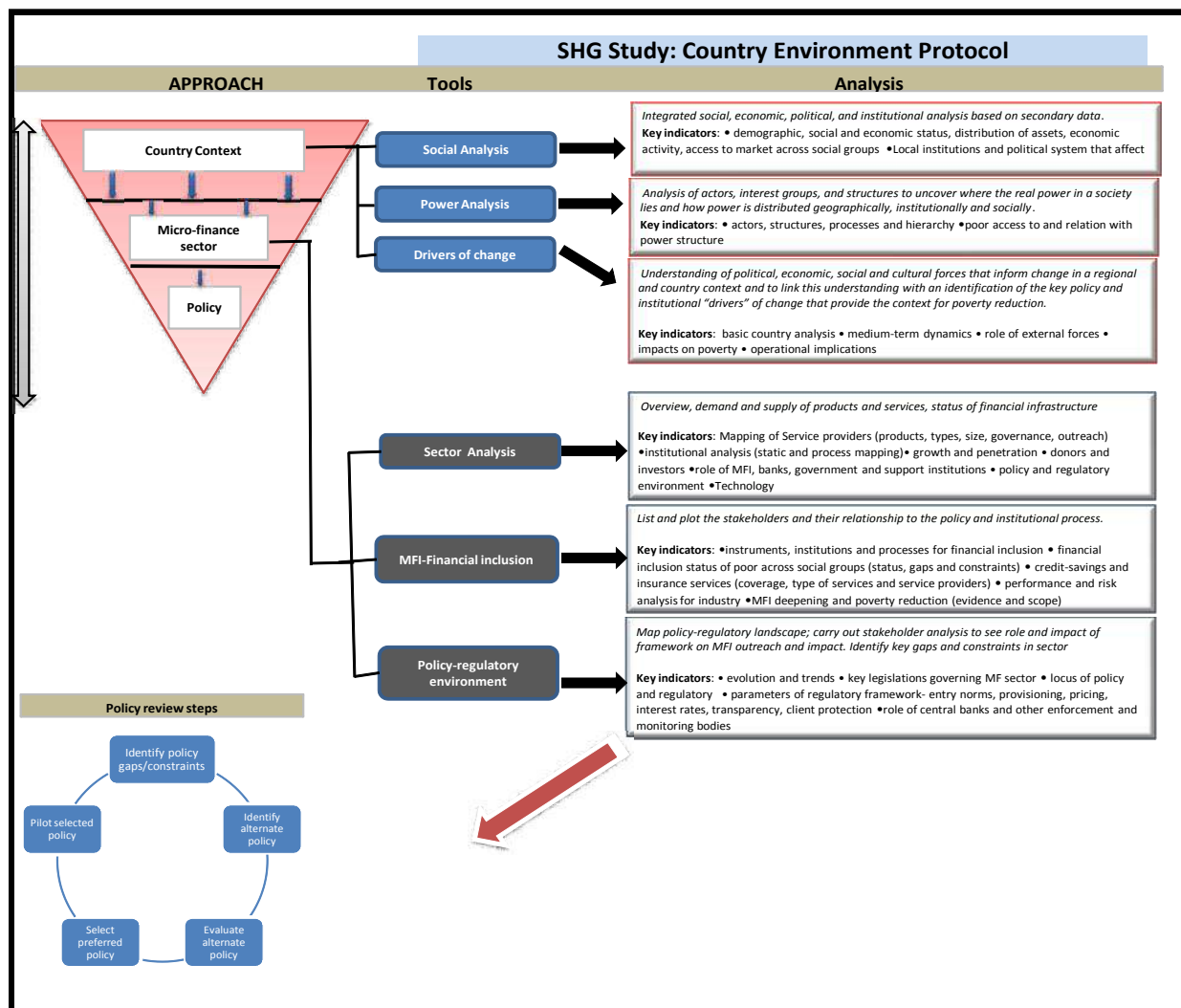
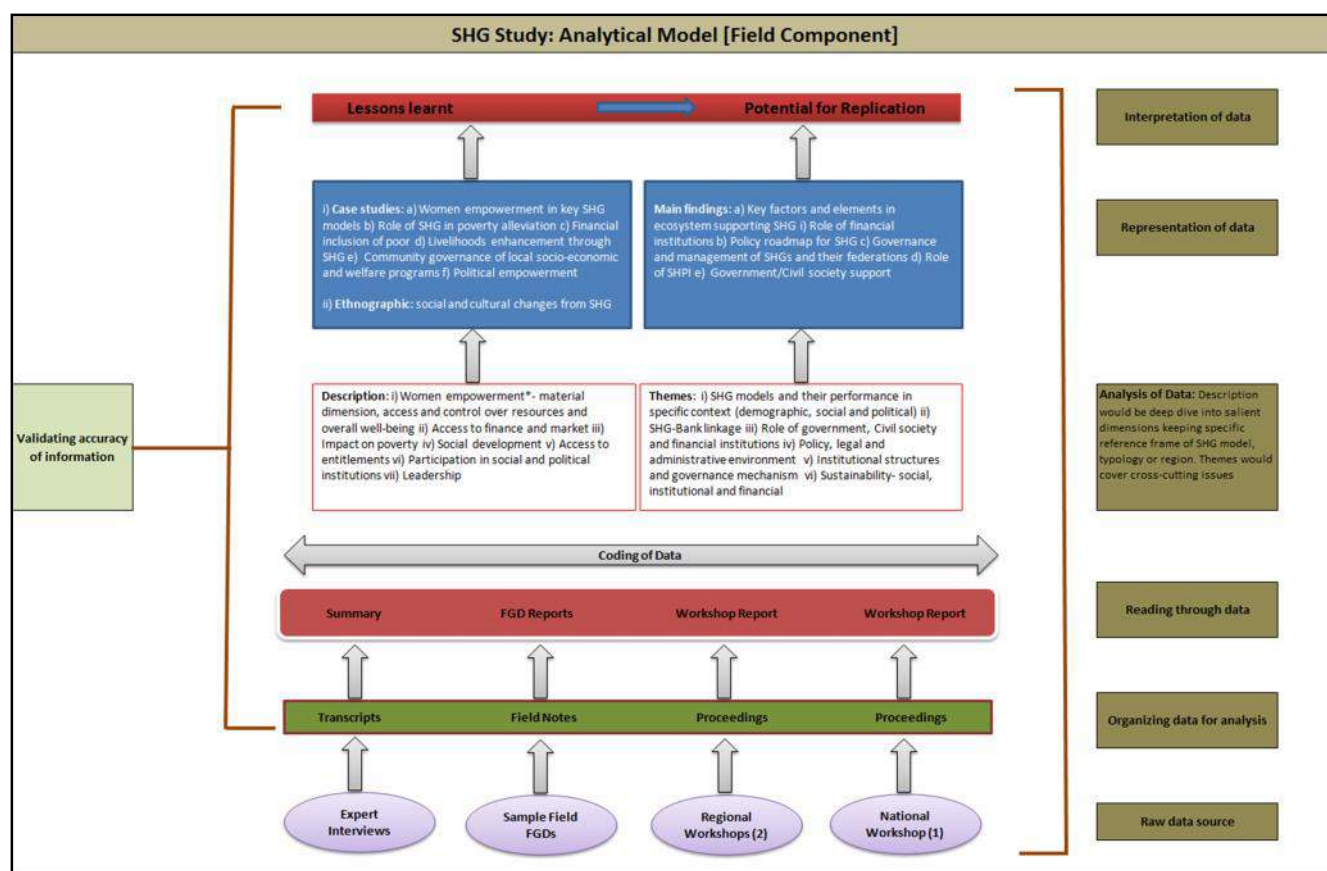


Table 4: SHG study analytical model



10.6: Level of interaction for each model visited

Model	Programme/expert	Representation
	Experts	8 (Government official =2; NGO official/Independent consultant=4; Donor Agency official=1; Banker=1)
Government-led	Kudumbashree	3 senior managerial staff Focused Group Discussions (FGD) with 2 SHGs 3 enterprises
	SERP	5 Project Personnel at the State, District, Mandal and Village level FGDs with 4 SHGs 10 SHG members benefiting from different schemes
	Mahila Samakhya (Andhra Pradesh) – quasi govt.	4 senior managerial staff FGD of 2 SHGs- adult women and teenage girls 2 primary level federations and 1 secondary level federation SHG members associated with interventions
	Mahila Samakhya (Bihar) – quasi govt.	5 senior managerial staff 4 district staff members FGD with 12 SHGs Group Discussion with 4 members of 1 federation
	Jeevika, Bihar	4 senior managerial staff 6 district staff officials FGD with 2 SHGs
CSO Model	MYRADA	4 Senior managerial staff 1 community managed resource center (CMRC) 1 Village Level Federation 4 SHGs, 1 Federation of SHGs of Sex Workers 6 SHG members benefiting from different schemes
	Rajiv Gandhi Mahila Vikas Pariyojana	5 managerial staff FGD with 2 adult women SHG groups and 1 adolescent girls group

1.6 Annex-6: List of Experts consulted for the study

National Level

S.No.	Name	Current Designation	Role in SHG
1	Deep Joshi	Chairman, Institute of Rural Management Anand	Co-founder of PRADAN
2	Vijay Mahajan	Founder and Chairman, BASIX Group	Co- Founder of PRADAN and Founder BASIX
3	S.M Vijayanand	Current Special Secretary of Ministry of Rural Development	First director of Kudumbashree
4	Y C Nanda	Retired	Chairman of NABARD during the early 1990's
5	Nita Kejriwal	Director- finance; NRLM	Director- finance NRLM
6	Narendranath	Programme Officer-PRADAN	Member of PRADAN
7	Navin Anand	Solution Exchange- UNDP	
8	Ranu Bhogal	Independent Consultant	Ex- Director Aga Khan Foundation

State level for each model

S.No.	Organisation	Name of Resource person
1	Jeevika (Bihar)	Mr. Sridhar Chenji, Ex. C.E.O BRLPS, Bihar
2		Mr. Arbind Chaoudhary, Ex. C.E.O BRLPS, Bihar
3		Mr. Mukesh, Project Manager, BRLPS, Bihar
4		Ms. Archana, Thematic lead, BRLPS, Bihar
5	Kudumbashree	Ms. Valsalakumari, Executive Director, Kudumbashree, Kerala
6		Mr. T.K Jose, Former Executive Director, Kudumbashree, Kerala
7		Mr. Kesava Nair, Kudumbashree, Kerala
8	Mahila Samtha (Andhra Pradesh)	Mrs. P. Prashanthi, State Director, MSS, Hyderabad, Andhra Pradesh.
9		Mrs. M. Usha, Resource Center Coordinator, MSS, Hyderabad, Telangana State.
10		Mrs. A. Uma, State Resource Person, MSS, Hyderabad, Telangana State.
11		Mrs. D. Laxmi, District Programme Coordinator, Karimnagar, Telangana State.
12		Mrs. S. Pavanareka, District Resource Person, Medak, Telangana State
13	Mahila Samakhya (Bihar)	Ms. Urmila,
14		Ms. Pushpa- State Project Director, Mahila Samakhya, Bihar
15		Ms. Shantana Bharti, Mahila Samakhya, Bihar
16		Ms. Shantana Bharti, Mahila Samakhya, Bihar
17		Ms. Sangeeta Das, Consultant, Mahila Samakhya, Bihar
18	Mahila Samtha (Andhra Pradesh)	Mrs. P. Prashanthi, State Director, MSS, Hyderabad, Andhra Pradesh.
19		Mrs. M. Usha, Resource Center Coordinator, MSS, Hyderabad, Telangana State.
20		Mrs. A. Uma, State Resource Person, MSS, Hyderabad, Telangana State.

21	Pradesh)	Mrs. D. Laxmi, District Programme Coordinator, Karimnagar, Telangana State.
22		Mrs. S. Pavanareka, District Resource Person, Medak, Telangana State
23	MYRADA	Mr. Aloysius P Fernander, Member secretary, Board of Governors, MYRADA, Karnataka
24		Ms Chandra Singh, Chief financial officer, MYRADA, Karnataka
25		Ms Maya Mascarenhas, programme Officer, MYRADA, Karnataka
26	Rajiv Gandhi Mahila Vikas Pariyojana	Mr. Sampath Kumar, CEO, RGMVP, Uttar Pradesh
27		Mr. KS Yadav, programme Manager, RGMVP, Uttar Pradesh
28		Mr. PL Yadav, External Consultant for Bank Linkage, RGMVP, Uttar Pradesh
29		Mr. PS Mohanan, Programme Director, RGMVP, Uttar Pradesh
30		Mr. Ravi, HR Manager, RGMVP, Uttar Pradesh
31		Mr. Vivek, MIS Head, RGMVP, Uttar Pradesh
32	SERP	Mr. Rajasekhar, IAS, CEO, SERP, Hyderabad, Andhra Pradesh
33		Mrs. Usharani, State Project Manager, SERP, Hyderabad, Andhra Pradesh
34		Mr. Vidhyasagar Reddy, Managing Director, Sthreenidhi, Hyderabad, Andhra Pradesh
35		Mr. Ravi Prakash Reddy, Project Director, DRDA, Chittoor, Andhra Pradesh
36		Mr. R. Venkata Ramana Reddy, Additional Project Director, DRDA, Chittoor, Andhra Pradesh
37		Mr. Y. Ramesh, Assistant Project Manager, MMS, Peddapanjani, Chittoor Dt. Andhra Pradesh
38		Mr. K. Venkatesam, Project Director, DRDA, Anantapur Dt., Andhra Pradesh
39		Mr. P. Venkatesam, Project Director, DRDA, Nizamabad Dt. Telangana State
40		Mrs. Satyavva, President, Kamareddy Cluster Praryavekshana Samakhya, Kamareddy, Nizamabad Dt. Telangana State.

1.7 Annex-7: Participants in the national workshop

S.No.	Name	Organisation
1	Mr. S.M Vijayanand	IAS, Special Secretary, Ministry of Rural Development, Gol
2	Mr. Deep Joshi	Chairman, Institute of Rural Management Anand; Founder of PRADAN
3	Mr. Ajay Tankha	Independent Consultant
4	Mr. Narendranadh	PRADAN
5	Mrs. C.K. Gariyani	Former MD of TNCWD
6	Mr. Vijay Mahajan	Founder and Chairman; BASIX Group
7	Ms. Girija Srinivasan	International Consultant, Development Finance and Rural Livelihoods
8	Ms. Valsala Kumari	CEO- Kudumbashree
9	Mr. Mohanan	Rajiv Gandhi Mahila Vikas Pariyojana- programme Director
10	Ms. Meera Mishra	IFAD
11	Mr. Satish	NABARD, CGM-MCID
12	Mr. Arvind Risbud	Executive Director, MYRADA
13	Ms. Dhruvaa	Kabila

14	Ms. Vanita Suneja	Lead Economic Justice, Oxfam India
15	Mr. Srinivasan Iyer	Programme Officer, Ford Foundation
16	Mr. Mukesh Chandra	Aga Khan Rural Support Programme
17	Dr. Matt Reed	Aga Khan Foundation
18	Mr. Suneel Padale	Analyst, UNDP
19	Ms. Yamini Atmavilas	Bill & Melinda Gates Foundation
20	Ms. Rupa Mistry	Manager-MAVIM
21	Ms. Jenny Ruducha	Boston University- Evaluation of RGMVP
22	Ms. Madhu Sharan	Hand in Hand
23	Ms. Neeta Kejriwal	Director- Finance, National Rural Livelihood Mission
24	Mr. Musa Muhammad	CEO- CARE India
25	Ms. Bharati Joshi	CARE
26	Mr. Saurav Roy	Mission Manager-Financial Inclusion; NRLM
27	Mr. Ashok Bhatri	National Confederation of Dalit Organisations
28	Mr. Salil Kumar	Gain Health
29	Mr. Bhupendra	Representative, National Confederation of Dalit Organisations
30	Ms. Sunita	Representative, PRADAN
31	Ms. Monisha Mitra	Senior Advisor-Gender- BASIX group

1.8 Annex-8: Ladders to empowerment⁴

A more detailed pathway of women empowerment through SHG based on experience of Kudumbashree model, visualises women members typically climbing the progressive ladder of empowerment as they traverse the SHG experience.

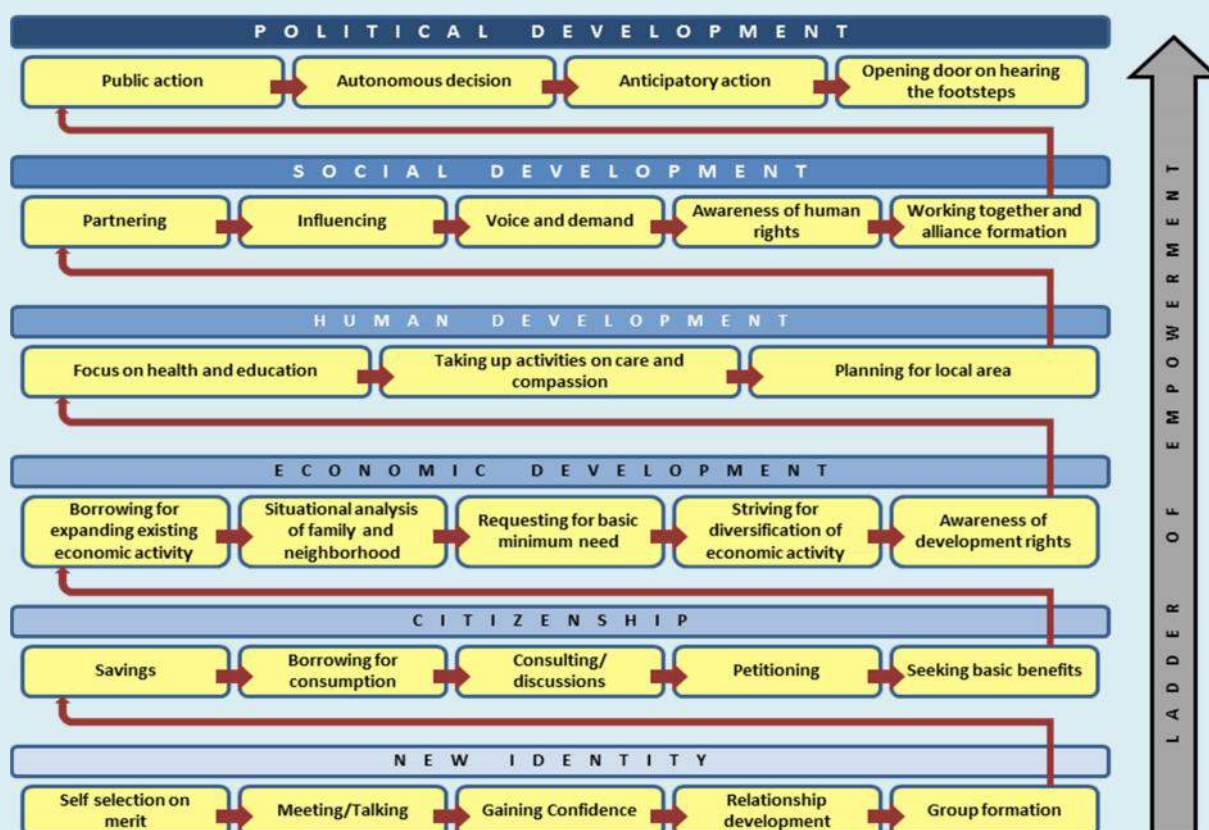


Figure 1: Ladders of empowerment developed from the Kudumbashree experience

In this, the empowerment is a result of six stage linear but overlapping process:

Stage I: New Identity: In this initial stage, the women members by forming a group based on affinity, get their first taste of confidence which helps them in forging a new identity- that of a Group member

Stage II: Citizenship: the group starts to carry out its first activities like savings and inter-loaning thereby binding all the women in an initial transactional relationship based on self-defined group norms (like attendance, membership) and transactional norms (rate of interest, terms of loans). The unique bond of the group is a seed of a full-fledged institution where every member believes herself as a citizen

⁴ Mr. S.M Vijayanand's (Special Secretary, MoRD, GoI and Ex- Executive Director- Kudumbashree,) theory based on his experiences in Kudumbashree

Stage III: Economic Development: As group financial activities takes off, members start to derive economic benefit mainly from expansion of existing livelihood activities or starting of new enterprise. Group cohesion also provides a choice of collective enterprise. Further by this stage, the women also begin to look beyond group and show signs of awareness on their broader economic rights, entitlements and about their family and larger social issues.

Stage IV: Human Development: While the process of economic development continues, the women now start to take community action on social issues and as an individual begin to play a larger role in household decision making. This contributes towards expansion of her capabilities.

Stage V: Social Development: The social capital of the group is now matured to look beyond internal dynamics and immediate neighborhood; and now starts influencing social agenda and discourse by building support groups and synergistic partnerships and proactively demanding their rights. At this stage some fundamental recalibration of social order takes place with women finally challenging existing norms and traditional power structures at different levels.

Adapted from S.M. Vijayanand, Special Secretary, MoRD, GoI

1.9 Annex-9: Sample Pilot Report

Field Notes of the Kudumbashree visit for reference

Kudumbashree was visited from the 12th May 2013 to the 14th of May 2013. This document contains only facts and information collected in Trivandrum district during the same duration and not instances of secondary data. The information in this document is classified under distinct heads in sync with the objectives of the study.

Methodology adopted during the process of data collection- personal Interviews and focused group discussions. Also a pilot test of fuzzy cognitive mapping was also implemented during the two FGDs.

Structure of Kudumbashree

Kudumbashree operates on the field level through a three tier structure. The base of this structure is the Neighborhood group (NHG), the second level is the Area Development Society (ADS) and the top most layer is the Community Development Society (CDS).

Neighbourhood group (NHG)

A NHG is formed by a minimum of 10 and a maximum of 20 female members that are above 18 years of age and reside in the same 'neighborhood'. Only one member of a family can be a part of the Kudumbashree programme.

Residential proximity of all the members i.e., within the same neighborhood is a necessary condition and this is the very factor that differentiates the NHGs from a typical SHG. Additional members of a group are selected by the group itself and hence, the same adds to increased level of acceptance and harmony within the group.

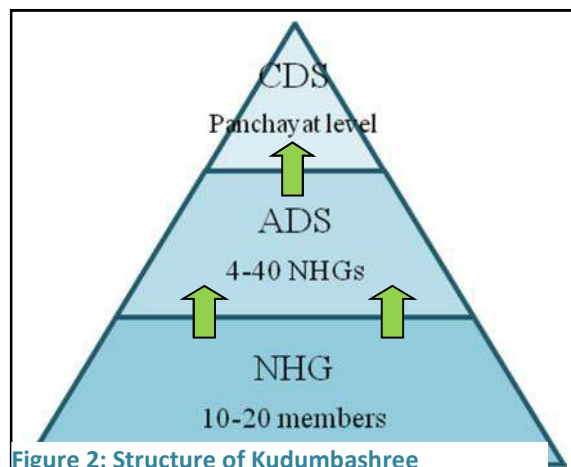


Figure 2: Structure of Kudumbashree

Operations of an NHG

Each NHG convenes every week, mostly on a Sunday. As per the guidelines stated out by the Kudumbashree programme, these meetings must take place in each member's house on a rotation basis. The same was not found at the grass root level during the two FGDs conducted in Venganoor CDS of Trivandrum district. The NHGs conduct the meeting in a prescribed procedure. The following steps are undertaken:

- Prayer
- Welcome Speech- given by the member who is hosting the meeting.
- Presidential speech
- Recapitulation of the last meeting- The minutes of the last held meeting are read out.
- Collection of the weekly thrift of each member and loan instalment by the member concerned if a loan is taken.

- f) Vote of thanks
- g) National anthem

These weekly meeting are generally an hour long. It was observed that the amount of thrift collected per person per week has not increased from the starting level of INR 20. The same is the case for NHGs that were formulated in the year 2000. During these weekly meetings, the women have a norm of discussing the current schemes and resources that the women/ society is entitled to.

Modules prepared on different issues like health, education etc. by Kudumbashree are discussed in each meeting which aim at training women on good habits of the same.

Savings/ Lending- (Group Dynamics)

The entire group is homogenous in nature in the sense that women from the same social and economic strata come together to save. If a few members are able to save within the group, the ones who are unable to do the same experience a form of 'peer-pressure'. It is on this form of peer pressure that the whole model of regular savings relies on. Additionally, the same ensures timely repayment of an internal loan.

Within each group, the amount of money is usually pre-determined and varies between INR 20 to INR 30 per week. It is upto the group as a whole to decide the penalty charged if incase a member fails to save in a week or misses a meeting. During the field visit, it was observed that in several groups, members are charged a fine of INR 10 for missing meetings but not for not being able to save in a particular time period. Also, members are allowed to save more in the next week if incase they fail to save the required amount in the preceding week.

If incase a member is unable to repay the loan or save for an extended duration, the NHG informs the ADS and the CDS who then take required actions. These actions usually involve finding out the economic situation of the member resulting in an inability to save. If incase the member needs financial support the same is provided.

The entry and exit norms of the NHGs

Married women are allowed to withdraw their savings and leave the NHG if there is a change in their area of residence. New members are allowed to join the group and put in any amount of savings as required. During entry and exit of the members from the group, there is no mandatory dissolution of the group savings and division etc., as is observed in some parts of Tamil Nadu and Karnataka. This leads of different levels of savings of each member within the same group. The interest that the group earns through internal lending is hence distributed within the group by dividing the savings proportionately as per each member's savings.

Loans from external sources are taken and distributed on a 'need' basis.

The priority of the NHG members in terms of savings and repayment in descending order is:

- a) Bank loan
- b) Internal loan

- c) Thrift

Hence, the members try to first repay the installment of the bank loan, then the installment of the internal loan and lastly, if they have any more savings for that week, they add that amount to the weekly savings amount.

Five members from within the NHG are elected for various activities. These positions/activities are:

- a) Income generation activities volunteer
- b) Community Health Volunteer
- c) Infrastructure Volunteer
- d) Secretary
- e) President

Specific observations

All members were aware of the norms that existed within Kudumbashree, the main goal and motive behind the Kudumbashree mission.

Area Development Society (ADS)

All the elected representatives of each NHG in a particular ward together constitute the Representative General body of the ADS for that particular ward. Generally, the number of NHGs in a particular ADS could vary from 4 to 40. (Source – primary and secondary data)

The role of the ADS

“The ADS acts as a buffer between the NHGs and the CDS”

-Government official from Kudumbashree

The ADS forms the second tier of the Kudumbashree structure, formed by federating 8-10 NHGs. It is involved in monitoring of the NHGs and facilitating downward dissemination of information on schemes provided by the government, training sessions for members etc., to the NHG level. Within the ADS, there are three distinct bodies⁵:

- 1). **General Body** - consists of all Presidents and Secretaries of federated NHGs.
- 2). **Governing Body** - constituted by electing a President, Secretary and five member Committee from among the General Body.
- 3). **Monitoring and Advisory Committee** - To streamline their activity with the activities of Local Self Governments, a ward level monitoring and advisory committee is formed under the chairmanship of ward member of the Local Body. The salient feature of this arrangement is the fixation of priorities by the poor; in tune with the policy framework of Local Self Governments.

The main objectives:

⁵ Kudumbashree structure as stated By T.K Jose in one of his articles

- a) Collecting the MIS data of each NHG and passing the same to the state level authorities.
- b) The verification of the loan book registers for the savings bank account for each NHG.
- c) The need of specific trainings, the nature of the training etc., to be provided by the CDS is decided by the ADS.
- d) All the applications to the district mission are mobilised, recommended and given to the CDS by the ADS.
- e) At the ward level, the ADS also takes care of certain social issues like security of women in the ward, initiating the pre-monsoon cleaning project etc. (as stated in the FGD in Nillivella ward, Vengannur gram panchayat of Trivandirum district)

Income and expenditure of the ADS

- a) The transportation cost incurred by the ADS is it's most significant area of expenditure.
- b) The only income that each ADS receive is INR 25 from the INR 75 annual membership fee that each NHG pays to the CDS.

Members of the ADS stated that the status symbol that was associated with the position of the ADS member and/ or a NHG sub-committee volunteer was responsible for motivating them to take up that particular position even though they received no remuneration against their expenses.

Community Development Society (CDS)

The CDS is registered under the Charitable societies Act and is formed by federating all the ADS at the panchayat level for rural areas and the town level for urban areas. There are currently 10 urban and 73 rural CDSs. The CDS consists of 5 sub committees that work on the following areas:

- a) Micro-enterprises
- b) Micro-finance
- c) Social development
- d) Infrastructure
- e) NREGA(rural areas)/Centrally sponsored schemes (urban areas)

The CDS has three distinct bodies viz⁶.,

- a. **General Body** - consist of all ADS Chairpersons and ADS Governing Body members, representatives of Resource Persons, Officers of the Local Body who are involved in implementing various Poverty Alleviation and Women Empowerment Programmes.
- b. **Governing Body** - The Governing Body consists of the President, Member Secretary and five selected Committee Members.
- c. **Monitoring & Advisory Committee** - Municipal Chairperson/President of the Panchayat will be the Chairman of the Monitoring & Advisory Committee which is convened by Municipal Secretary/Panchayat Secretary as Convener. In urban areas the Urban Poverty Alleviation (UPA) Project Officer will be the Joint Convener.

Roles of the CDS:

⁶ Kudumbashree structure as stated By T.K Jose in one of his articles

- a) Members of the CDS are allowed to take part in the working groups and hence have a say in the developmental activities that will be undertaken in each village.
- b) The CDS facilitates bank linkages of each of its NHGs by submitting all the loan applications to the respective banks.
- c) Certain schemes implemented in the panchayat are often implemented through the CDS. The CDS receives separate funds for the same through the panchayat.

Income and expenditure:

The CDS receives an administrative grant from Kudumbashree worth INR 42,000 each year. In addition to this, each NHG pays a onetime admission fee of INR 150 when it joins Kudumbashree and INR 75 annually as a membership fee. The CDS retains INR 50 of the annual membership fee which helps it meet its expenses.

The annual expenses of the CDS have found to increase by 20 percent to 30 percent annually.

Micro Enterprises

Three micro enterprises were visited in Vengannur panchayat of Trivandirum district. The following are their details:

IT enterprise:

A 14 year old IT enterprise was started by a group of 10 women under the rural project initiative of Kudumbashree. The enterprise faced a total cost of INR 2.5 lacs to establish the unit out of which they received a loan of INR 1 lacs. The women contributed INR 1,500 each (i.e., a total of INR 15,000) as a beneficiary contribution. The remaining INR 1.35 lac was sourced through a bank loan. Their primary task was to digitalise government files. An average task that received would roughly last for a period of 2-3 months.

Over a period of time, the level of work given to them has reduced to almost zero. Today only two out of the earlier 10 women operate the IT enterprise. They have tried to gain business by providing photocopy services however the same does not generate revenue enough to meet their expenses. They currently earn less than INR 3000 per month while in contrast their current expenses consist of the following:

Office rent= INR 3,000 per month

Electricity bill= INR 1,000 per month

Possible reasons for the failure of this enterprise:

a) dependency of the enterprise on only one client- i.e., the government. This did not make the enterprise become competent enough to try to source other potential clients. Hence, with the withdrawal of the government as the client, they were left without work.

b) lack of guidance from the IT consortium and the Kudumbashree micro enterprise consultants- These women were trained on how to operate the business unit and work efficiently. However, there is a possibility that they were not trained on how to make themselves more competent, or on how to expand the business unit etc.

Waste Paper enterprise

This enterprise was started roughly 13 years ago by 13 women. Their initial investment was of INR 2 lakh out of which the members received a subsidy of INR 1 lakh, they contributed INR 10,000 in total and they were able to take a loan for the remaining INR 90,000.

They specialise in making paper bags out of handmade paper as per order. They have also diversified into manufacturing of handmade paper folder and jewelry made out of waste paper. They source the raw materials required for the production of these goods mostly from Tamil Nadu and Kudumbashree does not provide any assistance in the same.

Their regular clients include nearby hotels and an average order size is of 1000 bags. The only assistance provided to them from Kudumbashree is the provision of a rent free shop space in a market area constructed by the tourism department of Kerala.

Challenges faced by the enterprises:

- a) Competitive pricing- Due to the low and unreliable scale of orders, the enterprise is unable to lower its input cost by purchasing the handmade paper in bulk. This in turn reduces the margins within which the enterprise operates thereby giving the women only an average of INR 1000 per member each month provided they get an order. They have stated to have not gotten an order in the last 5 months. Since they operate in low margins they are neither able to reduce their selling price of the product nor are they able to earn more than their approximate opportunity cost of labour. (Opportunity cost could be calculated as an average of INR 300 per day for unskilled labour making it INR 9000 per month)

Amrutam Manufacturing unit

This enterprise was observed to be relatively more successful than the other two enterprises stated above. The unit manufactures instant infant baby food branded as 'Amrutam' which is supplied to the anganwadi centers across Kerala. The product is certified and the CFRI provides training to the members involved in the production process.

A total cost of INR 2.5 lakhs was incurred in the establishment of the unit and the same is operated by 6 women. Currently, the enterprise faces a demand of approximately 5000 kgs per month and through the same it is able to provide all the 6 members with a salary of INR 6000 per month.

It was observed that though the enterprise was operating efficiently in the current situation, it could face issues in the future since it depended only on one buyer- the government of Kerala. Furthermore, to reduce this dependency, the unit would have to try to enter the consumer goods market for which it would require further certification which it currently did not possess. Additionally, the unit currently

faces delay in payments of its product from the government. To counter this delay, Kudumbashree has established a crisis management system which provides the enterprise with some level of bridge funds.

Impact of Kudumbashree

An individual woman is able to enjoy a greater sense of freedom. She is able to move out of the four walls of her house and is able to access educational and household facilities. She is more confident and is able to stand up against the atrocities she faces in the society in terms of the oppression in opportunities and inequalities that she faces. She has managed to improve her financial condition where she now has lesser dependence on her husband since she has own savings and secured access to credit.

Women are now also able to occupy spaces of leadership in the society through means of the election procedures at the NHG, ADS and CDS level. The daily rehearsal during a NHG meeting has helped the women in improving their interpersonal skills and that together with the fact that these women find a sense of belonging and togetherness within their group allow women to deal more efficiently with problems that they face in places like the bank etc.

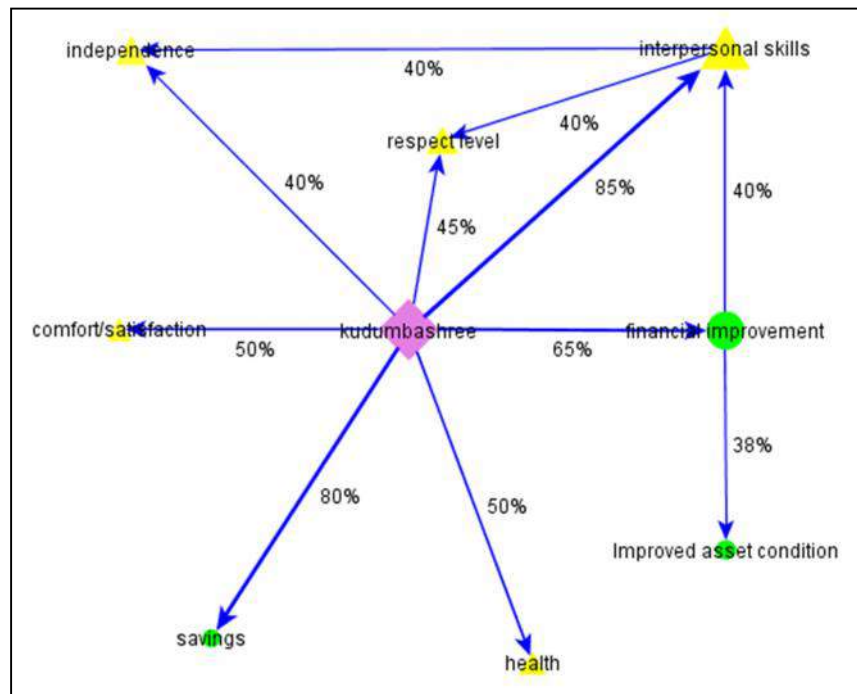
Even though the groups visited were 14 years old and hence had faced a minimum of 720 meetings till now, these groups did not experience any lethargy in carrying out the operations of the NHG or in the routine work/meetings of the NHG. They in fact find a platform where they are able to discuss their problems and find a solution collectively hence making them feel more confident.

These impacts can be classified into forms of economic, social and political empowerment. Some instances of the same observed on the field are as follows:

- 1) Economic Empowerment: Women understand the importance of savings and on an average, each woman member of an NHG saves Rs200-300 per month. They have an increased level of access to sources of finance. However, the levels of linkages with Banks as such have been found to be poor. Though women have been able to contribute to the household income due to their membership in the NHGs and have also been responsible for financing purchase of factors of production etc, there was only one instance on the field where these women had an 'ownership' per se on these resources. At a community level, there were a large number of organisations started by women. However, most of these organisations seemed to be sick units since they required more assistance on strategy etc., which they were unable to get.
- 2) Social Empowerment: Women were observed to have a greater level of mobility in the social sphere. They were able to move outside their houses, interact with greater level of people. Through the CDS, ADS, NHG structure, they were also made aware of the various government schemes applicable to them, resulting in a situation where, almost 90 percent of the MGNREGA was constituted by women involved in Kudumbashree.
- 3) Political Empowerment: The Kudumbashree structure by itself provided these women with a platform to gain confidence and leadership skills, enabling them to move forward and take part in the political system within Kudumbashree. Often, their participation would be taken notice of by the community, moving them to a level where these women would enter the community political sphere as well.

Additionally, Table 7 tries to state various indicators of women empowerment amongst economic, social and political that were observed or stated. Statistical data to support the same is being looked for through secondary research.

A pilot of Fuzzy Cognitive mapping, helped in recognising the most important impacts (Both direct and indirect) of the Kudumbashree structure on the life of its members. The perception of the members of the model shows us that the most significant impact that Kudumbashree has had is on the level inter-personal skills that these women possess. The improvement in the same has allowed these women to gain a feeling of independence and respect in the society.



The second most significant impact is the increase in their level of savings. Apart from these two factors, the women felt that Kudumbashree had helped them in improving their financial position. Additionally, the level of comfort that they received from the group as a whole gave these women a lot of psychological benefits.

Table 5: Impact of model on member's indicator wise

	Economic	Social	Political
Individual	<p>Financial literacy (awareness)- was not assessed</p> <p>Savings- thumb rule is to save monthly equivalent to daily wages i.e., approx. INR 200-300 per month,</p> <p>access to loans- priority given to internal lending, bank linkages are tougher to get</p> <p>own source of income, livelihoods skills, access to employment- - women have been provided with skills and subsidy to open micro enterprises</p>	<p>Self esteem and confidence- increased level of the same</p> <p>mobility- both physical and social mobility stated to have increased</p>	<p>Knowledge and awareness on political systems and means to access- women are given a platform through their NHG through which they practice democracy, learn their rights and entitlements and also get the confidence and opportunity to take up leadership positions</p>
Household	<p>Increase in income- not assessed on the field. However, ED of Kudumbashree believes that most families have experienced the same,</p> <p>share of income provided by women, women have control over HH expenditure and loan utilisation- all three were observed</p> <p>ownership of productive assets (land, equipments and machineries, livestock)- mostly no. Even if the women takes the loan, the asset is registered under the name of the husband. In very few cases was the opposite observed.</p>	<p>Access to entitlements (MNREGS, IAY, pensions, insurance etc)- Instances of support from the SGSY scheme was observed. Additionally, it was stated that 90 percent of the workforce at the MNREGS is a part of Kudumbashree</p> <p>men support to SHG activities- the income inflow through the NHGs have encouraged men to support the NHG activities over a period of time.</p>	<p>Domestic support for political engagement (voting, campaigning, contesting)- not assessed on the field.</p>
Community	<p>Women managed group enterprises- Micro enterprises started by women and assisted by Kudumbashree.</p>	<p>Leadership/membership in village level institutions (watershed committee, school committee, village health and sanitation committee etc)- through the structure of Kudumbashree, the women have opportunities to take up leadership positions in the committees established by Kudumbashree. Also, women gain enough confidence to want to participate in the panchayat elections</p> <p>inclusion/exclusion of traditionally disadvantaged groups (minorities, SC/ST, disabled, widows)- self selection mechanism of the members of the NHGs allow for inclusion of most groups. For disabled personnel, there are specific NHGs that have been established by Kudumbashree where the limitations of these members is considered.</p>	<p>Participation in local political in local political system, representation in political institutions (PRI...)- after women get elected within the Kudumbashree structure political parties approach them and offer them positions within their party. All elected representatives at the ADS and CDS level belonged to a political party.</p>

1.10 Annex-10: List of region wise Self Help promoting agencies⁷

STATE WISE PROMOTERS DETAILS (March 2013)		
	Region/State	Promoters
A	Northern Region	
1	Himachal Pradesh	RUCHI
	State total	1
2	Rajasthan	PEDO
3	Rajasthan	SRLM Rajasthan
4	Rajasthan	Department of Women & Child Welfare
5	Rajasthan	Pradan
6	Rajasthan	Ibtada
7	Rajasthan	BCT
8	Rajasthan	Hanuman Van Vikas Samiti (HVVS)
9	Rajasthan	CECOEDECON
10	Rajasthan	Progress
11	Rajasthan	ARAVALI
12	Rajasthan	Sakhi Samithi
13	Rajasthan	KIGS
14	Rajasthan	Jan Chetana sansthan
15	Rajasthan	SR Society
16	Rajasthan	Srijan
17	Rajasthan	GDS
18	Rajasthan	GMVS
19	Rajasthan	Navachar
20	Rajasthan	HEADS
21	Rajasthan	Access Development Services
22	Rajasthan	Saheli samithi
23	Rajasthan	GSVS
24	Rajasthan	Vaagdhara
25	Rajasthan	CmF
	State total	24
26	Haryana	Department of Women & Child Welfare
27	Haryana	Mewat Development Agency
28	Haryana	Resource Development Centre
	State total	3
29	Punjab	

⁷ APMAS

	State total	0
30	Jammu & Kashmir	
	State total	0
	Northern Region-TOTAL	28
B	North Eastern Region	
31	Assam	Assam State Rural Livelihood Mission
32	Assam	Bosco Reach Out
33	Assam	Prochesta
34	Assam	Assam Mahila Samatha Society
35	Assam	Sonali SHG Unnayan Samiti
36	Assam	Mahila Shakti Kendra
37	Assam	Others
	State total	6
38	Meghalaya	(IFAD Promoted Federation) GISIKSAN SHG federation
39	Meghalaya	Turshaphrang Women Self Help Group Federation
40	Meghalaya	Banking Institution and Learning Centre of Excellence for Holistic Aspiration of Mothers (BILCHAM)
41	Meghalaya	Meghalaya Rural Developement Society
42	Meghalaya	Bosco Reach Out
	State total	5
43	Tripura *	
	State total	0
44	Sikkim *	
	State total	0
45	Manipur	VVD - Imphal
46	Manipur	NERCORMP in Ukrul (Ukhrul District Women Institute of Micro Credit)
47	Manipur	Youth volenter north eastren region comminity resource management project
	State total	3
48	Nagaland	Eleutherous Christian Society
	State total	0
49	Arunachal Pradesh*	
	State total	0
50	Mizoram	Dimapur and Keferie Districts
51	Mizoram	SRLM
	State total	2
	North Eastern Region – TOTAL	16
C	Eastern Region	
52	Orissa	CYSD
53	Orissa	Mission Shakthi
54	Orissa	Tripti

55	Orissa	SRLM
56	Orissa	Fellowship (15 GPLFs, 14 Coops & 1 Society)
57	Orissa	PRADAN
58	Orissa	Awareness Macs
59	Orissa	BISWA
60	Orissa	CENDERET
61	Orissa	Swayam sree
62	Orissa	Other NGOs (Gramodhav, FARR)*
	State total	10
63	Bihar	Women Development Corporation
64	Bihar	APMAS
65	Bihar	Bihar Rural Livelihood Promotion Society, (BRLPS)
66	Bihar	Bihar Mahila Samakhya Society
67	Bihar	Action for Social Advancement
68	Bihar	Pradan
69	Bihar	Door Dehat
70	Bihar	NIRDESH
71	Bihar	GDS
72	Bihar	NIDAN
73	Bihar	Forum for Social Initiative (Bihar Water Development Society)
	State total	10
74	Jharkhand	Mahila Samakhya, Jharkhand
75	Jharkhand	Pradan
76	Jharkhand	SRLM
	State total	3
77	West Bengal	SHG PF (Govt promoted)
78	West Bengal	Pradan
79	West Bengal	Bagnan – 1
80	West Bengal	Swayamsidda (social welfare department) ***
81	West Bengal	SRLM
82	West Bengal	SPADE
83	West Bengal	Kanvi NGO
	State total	7
	Eastern Region-TOTAL	30
D	Central Region	Action for Social Advancement
84	Madhya Pradesh	Pradan
85	Madhya Pradesh	Asha Niketan Welfare Centre
86	Madhya Pradesh	Centre For Advanced Research and Development (CARD)
87	Madhya Pradesh	Social Action for Rural Development
88	Madhya Pradesh	Indian Farm Forestry Development Coop. Ltd. (IFFDC)
89	Madhya Pradesh	Indore Diocese Social Service Society
90	Madhya Pradesh	Jabalpur Diocese Social Service Society
91	Madhya Pradesh	Khandwa Diocese Social Services
92	Madhya Pradesh	Kripa Social Welfare Society

93	Madhya Pradesh	Manav vikas Seva Sangh
94	Madhya Pradesh	ASRA
95	Madhya Pradesh	SARD India (under Tejeswini Prog)
96	Madhya Pradesh	DPIP (Producer Companies & VDCs)
97	Madhya Pradesh	SMSSM promoted by SEWA
98	Madhya Pradesh	SRLM
99	Madhya Pradesh	Samaj Pragati Sahayog (SPS)
	State total	16
100	Chhattisgarh	Pradan
101	Chhattisgarh	SRLM
	State total	2
102	Uttar Pradesh	Grameen Development Service
103	Uttar Pradesh	Pratham Samaj Sevi Sansthan
104	Uttar Pradesh	PANI
105	Uttar Pradesh	Uttar Pradesh Voluntary Health Association (UPVHA)
106	Uttar Pradesh	Vinobha seva ashram -
107	Uttar Pradesh	Shramik Bharati
108	Uttar Pradesh	Ramabai Nagar (old name Kanpur Dehat)
109	Uttar Pradesh	Mahila Samakhya, Uttar Pradesh
110	Uttar Pradesh	Tarun Chetna Pratapgarh (U.P.)
111	Uttar Pradesh	Rajiv Gandhi Mahila Vikas Pariyojana
112	Uttar Pradesh	Swashakthi
	State total	11
113	Uttarakhand	REWAIN Women SHG Federation
114	Uttarakhand	SRLM
115	Uttarakhand	Mahila Samakhya, Uttaranchal
	State total	3
	Central Region-TOTAL	32
E	Western Region	
116	Gujarat	SEWA (cooperatives)
117	Gujarat	Aga Khan Rural Support Programme (AKRSP)
118	Gujarat	Mahila Samakhya, Gujarat
119	Gujarat	Others - Anandi
120	Gujarat	others
121	Gujarat	SRLM
	State total	6
122	Maharashtra	Sampada Trust
123	Maharashtra	Swayam Shikshan Prayog
124	Maharashtra	Chaitanya, Rajgurunagar
125	Maharashtra	Development Support team
126	Maharashtra	MAVIM
127	Maharashtra	SRLM
	State total	6

128	Goa	
	State total	0
	Western Region-TOTAL	12
F	Southern Region	
129	Andhra Pradesh	MEPMA
130	Andhra Pradesh	DHAN Foundation
131	Andhra Pradesh	NAVAJYOTI
132	Andhra Pradesh	MARI
133	Andhra Pradesh	PEACE
134	Andhra Pradesh	PSS
135	Andhra Pradesh	SERP (NRLM site)
136	Andhra Pradesh	Camel
137	Andhra Pradesh	ASP
138	Andhra Pradesh	Indur Intideepam MACS Federation Ltd.
139	Andhra Pradesh	Mahila Samatha Society
140	Andhra Pradesh	Mahila Vikasa
141	Andhra Pradesh	Roshan vikas(COVA)
142	Andhra Pradesh	Other NGOs(YIP, CEED, etc)**
	State total	14
143	Karnataka	Myrada
144	Karnataka	Donbosco
145	Karnataka	IDF
146	Karnataka	Nishay
147	Karnataka	Grama
148	Karnataka	Karnataka Grameen Mahila Maha Okkuta
149	Karnataka	SJM
150	Karnataka	Govt***
151	Karnataka	AFCHAA - Association for Community Health Awareness and Action
152	Karnataka	Grama Vikas
153	Karnataka	Sri Kshetra Dharmasthala Rural Development
154	Karnataka	Vikasana
155	Karnataka	Parivarthana
156	Karnataka	NCLP Society - Bidar
157	Karnataka	Samuha
158	Karnataka	Sampark
159	Karnataka	Mahila Samakhya, Karnataka(2005) - Social Federations
160	Karnataka	OUTREACH
161	Karnataka	SAMARASA
	State total	19
162	Kerala	Kudumbasree
163	Kerala	KAIROS
164	Kerala	Kottappuram Integrated Development Society (KIDS)
165	Kerala	ESAF

	State total	4
166	Tamil Nadu	State Rural Livelihood Mission (Women Development corporation (IFAD-Mahalir Thittam')
167	Tamil Nadu	DHAN Foundation
168	Tamil Nadu	ASSEFA-Sarvodaya Nano Finance Ltd.(Sarvodaya Mutual Benefit Trusts)
169	Tamil Nadu	Community Development Society
170	Tamil Nadu	TRUPA
171	Tamil Nadu	Universal Welfare Foundation
172	Tamil Nadu	AVVAI Village Welfare Society
173	Tamil Nadu	Centre for Agricultural and Rural Development Services (CARDS),
174	Tamil Nadu	Rural Education for Development (RED),
175	Tamil Nadu	Integrated Rural community Development Society (IRCDS)
176	Tamil Nadu	SEVA
177	Tamil Nadu	Hand in Hand
178	Tamil Nadu	NanayaSurabi Development Financial Services (NDFS).
179	Tamil Nadu	SHEPHERED
180	Tamil Nadu	CERD
181	Tamil Nadu	Association for community developmnet services- ACDS
	State total	16
	Southern Region-TOTAL	53
G	Union Territories	
182	Pondicherry	Pondicherry Science Forum (Samam)
183	Pondicherry	Rural Education and Action for Liberation (REAL)
	Region-Total	2
	GRAND TOTAL	173

Note: Data collected through emails, phone calls and net browsing

1.11 Annex-11: Ms Girija Srinivasan's inputs for the study

SHG movement – achievements and gaps

It is indeed a proud moment that the Indian home grown model is being considered for larger scale replication in other low income countries. I mention larger scale since funders like IFAD and NGOs like MYRADA, Hand in Hand and DHAN foundation have already taken this model to other poor countries in Asia, Africa and Latin America. Probably what is being considered in this workshop is influencing policies of Governments for larger scale replication.

There is no doubt that SHG transformed the lives of several millions of Indian women. It is hard to imagine what would be the position of rural women especially in south would be now if NABARD and MYRADA had not thought of the small scale experiment. There is hardly any woman left out of SHG in these states; such has been the power of the platform of SHG. More than savings and credit, SHGs enabled women to manage their money, built their decision making skills, honed their leadership skills and enabled them to voice and address their needs. SHPIs NGOs and later government enabled women to address social evils, access entitlements and even participate in local governance. The role played by RBI and NABARD has been exemplary in allowing unregistered groups to be financed by banks without collateral saw the women accessing credit for a variety of purposes. There are more women seen in banks now than men. There cannot be any doubt about the model being an empowering one.

However, there are also disturbing trends with the growth. Leaders cornering loans and other benefits is a pan India occurrence. SHG movement has still not enabled the enterprising members to graduate. These leaders also learn their values and conduct from general environment which does not set good examples. Member protection issues need to be addressed. When these leaders delay or donot repay loans, the savings of poorest members who often do not take large loans are put to risk. While the growth and empowerment of the leaders in SHGs and in federations have been phenomenal, how far the movement has empowered other members is a matter to be researched. There is a tendency for state Governments to form large numbers of groups and due to several factors primarily without adequate monitoring systems, large numbers of groups become defunct. What happens to savings of members especially the poorest of poor is an issue. More over, poorest members often do not borrow. Poorest members require special attention and different measures of confidence building apart from other support. More importantly, SHG movement has not been able to address deep rooted gender issues – case in point is the violence against women in Tamil nadu being as high as in some of the north Indian states with high incidence of violence.

There is little systematic research into the poverty reduction of SHG members though this model offers a huge opportunity for achieving poverty reduction. When the programme was initiated it was for proving that poor especially women were credit worthy. The poverty reduction goal was perceived and pursued by the governments. However, except Andhra in many other states the credit flow has not been robust. Stakeholders often point out that increase in the credit off take in is yet to result in improvement of livelihoods. While other measures can enable poverty reduction, but the fundamental

requirement is increase in income and that comes from improving their livelihoods and accessing credit, building savings and also risk mitigation insurance. The Credit discipline, once a hallmark of the programme has taken a downturn. Policies of the government to route subsidies through people's organisations seem to disrupt and destroy their dynamics, discipline and functioning. Bankers are seriously concerned about group and portfolio quality. Loan outstanding has shrunk in most of the states in last 2 years. Thus widespread poverty reduction look to be an ambitious goal unless the group discipline is re emphasised, confidence of bankers are built and solid work is done on the ground to improve livelihoods.

Key lessons for other countries (many still hold for our own country) will be;

- a) Enabling policy environment for financing of self help groups. With several nations pursuing financial inclusion goals which are individual based, the role of SHGs in financial inclusion will have to be clearly articulated.
- b) Enabling existing institutions to work with/finance groups – this calls for tolerance to MFIs, not pursuing subsidised credit.
- c) Contextualisation of the model to the local socio economic setting. Village banks may work well in some contexts and women interests will have to be integrated, ROSCAs may have to be converted to ASCAs. Will have to work with men as well.
- d) A sound data base from the outset that can show the true picture of the programme that can result in appropriate corrective measures.
- e) Dovetailing financial services with livelihood improvement.
- f) Governments should provide conducive policies, provide financial support at a high level for building institutions and systems, but not intervene at the micro level - distort lending terms or impairing inter and intra-group dynamics. In AP after two write offs sponsored by Government it will be difficult to build repayment ethics.
- g) Savings protection and broader customer protection aspects should be built in to the SHG programmes. The assumption that being community managed mechanisms, customer may not be at risk has been proved to be wrong.
- h) The SHG model can enable poverty reduction, but by itself cannot achieve it. The other factors such as finance, skills, markets, small business environment and real sector issues have to dealt with. These are areas for action by governments and apex banks.

Girija Srinivasan
Consultant
20 January 2015



SHG - Making Payment





Meeting in process



Jaipur Colloquium