

Studies on Self-Help Groups of the Rural Poor



NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT

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FOREWORD

In pursuance of a recommendation made by the Asian and Pacific Regional Agricultural Credit Association (APRACA), the National Bank for Agriculture and Rural Development, in collaboration with some of the other member-institutions of APRACA, undertook field studies of selected self-help group experiments for the benefit of the poor. These group initiatives related to various developmental activities including savings and credit to meet their needs: This consolidated report brings together the salient findings and the insights gained from the various case studies conducted by the Study Team constituted for the purpose. The report also discusses their implications and relevance for financial institutions and development agencies.

The Seventh Five Year Plan has emphasised the need for associating voluntary agencies closely with rural development programmes, particularly the poverty alleviation efforts. This report points out that the initiative of formation of self-help groups owes its origin primarily to the efforts of certain voluntary agencies. In a sense, this Study represents a contribution to understanding how the voluntary agencies have promoted the development of target groups through the instrument of self-help.

The groups forming the subject matter of case studies have come into existence for achieving certain avowed objectives. Despite differences in the composition of groups, social characteristics of members and types of activities pursued, the one common feature characterising all of them is the desire to secure greater economic strength through group formation and collective efforts, especially when they find that delivery mechanisms are not reaching them to the desired extent.

In their search to find solutions for meeting their pressing credit needs, the groups have evolved some innovations in regard to promoting thrift, pooling their small savings and utilizing the resources so generated to, meet the members' essential credit needs, including consumption. The formal credit institutions, who are required to broad-base their rural clientele and finance in ecologically risky areas, could perhaps look into these innovative experiences with a view to devising more appropriate instruments and policies.

On the other hand, the self-help groups as well as promotional institutions will have to appreciate that banks have to function in a given socio-Legal framework, necessitating observance of certain formalities and procedures. However, a closer dialogue between self-help groups and the bankers may possibly lead to widening of the access of the poor to formal credit and harnessing the energies of these groups by securing a better impact of credit assistance. The study report is being published in the hope that it will be read with interest by the bankers, voluntary agencies, officials and others concerned with rural development

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CHAPTER 1

METHODOLOGY

In the context of the basic objectives laid down for the survey, it was decided to limit the scope of the present case studies to informal self-help groups of the poor. Hence, formal groups like registered cooperatives, or even informal groups like extension groups promoted by governmental agencies for disseminating technology were kept out of the purview of the studies.

1.2 . The specific objectives of the case studies were decided as follows

(i) to understand the background of the emergence of self-help groups, their composition, methods of working and their linkages with the financial institutions, and

(ii) to examine possibilities for development of linkages between the self-help groups, self help promotion institutions and the financial institutions for providing support to the self-help initiatives of rural development.

1.3 . The information base on the existence and functioning of SHGs was found to be inadequate to plan the survey. However, some documentation on the location and functioning of voluntary agencies was available. Information on some of them suggested that they have either worked with traditional groups existing in rural areas or have consciously adopted formation of groups of poor as a strategy in their working. It was, therefore, decided to obtain more information on the characteristics of such groups in terms of their composition and activities with whom such voluntary agencies were familiar or associated. Based on the documentary information available and some personal experiences of study team members, it was decided that the team members visit selected voluntary agencies and through informal dialogue obtain information on existence and working of the SHGs or on other voluntary agencies who were known to them to be working with SHGs. This preliminary visit was over 17 states and covered 43 voluntary agencies. Additionally, letters were written to over 175 voluntary agencies spread over 17 States, available information on whom suggested their involvement with group based economic activities. Mail response was, however, received from only 30 agencies and only 8 were found to be engaged in group based activities including 5 who had links with promotion of savings and credit activities.

1.4 The information so compiled showed that SHGs have generally been promoted by voluntary agencies,¹ who, therefore, can be called self-help promotion institutions (SHPIs). The SHGs, so identified in the preliminary search were found to cover economically and socially weaker sections like tribals, scheduled and backward castes and women, who were engaged in various types of economic activities like farming, handicrafts, petty trade, forestry and forest based activities.

1.5 It was, therefore, decided to include in the present study SHGs with diverse characteristics and situated in different ecological situations so that insights could be gained into their evolution, composition, activities, linkages with voluntary agencies and formal institutions as also their future plans.

1.6 For operational convenience, it was decided that the Team members would

¹ One reason for this characteristic could be the fact that SHGs were identified through a dialogue with voluntary agencies

undertake case studies in selected States and prepare individual reports on the SHGs covered by them.² This work was divided as under:

Member Institutions on Study Team	States Covered
National Bank for Agriculture and Rural Development	Madhya Pradesh, Rajasthan and Karnataka *
National institute of Bank Management Centre for International Cooperation and Training in Agricultural Banking.	Maharashtra and Gujarat Tamil Nadu and Kerala
National Federation of State Co-operative Banks Ltd	Andhra Pradesh
National Co-operative Agriculture and Rural Development Banks' Federation.	West Bengal and Orissa
State Bank of India	Bihar

* National bank also covered 3 SHGs in Tamil Nadu which were promoted by a SHPI based in Karnataka.

1.7 In order to maintain uniformity in collection of information, four sets of survey schedules were prepared. The first related to collection of basic information on demographic, ecological, social and economic background against which SHGs have come up. The second was to collect information on the evolution and composition of SHGs, characteristics of members, their activities, linkages with other informal and formal agencies, economic strength of the SHGs and their members, their credit needs and future plans and difficulties faced by them. The third set was to obtain information on the genesis, objectives and approaches of associated SHPIs, their perceptions about the rural poor and their development and on the role of formal agencies. The fourth set was to obtain information on perceptions of field level bankers on the needs of the rural poor, role of SHGs and SHPIs and difficulties faced in providing assistance to them. The team members were expected to follow dialogical approach in their efforts of information collection.

1.8 The survey covered 46 SHGs spread over 11 States and associated with 20 SHPIs. Seventeen SHGs had collection of savings and provision of credit as a major activity, 13 SHGs were engaged in farming or farm based activities, 5 SHGs were engaged in social forestry and afforestation, 8 SHGs were engaged in non-farm activities and 3 SHGs had various integrated activities. (Please see Annex I for details).

1.9 Based on the individual reports of case studies prepared by study team members, the National Bank for Agriculture and Rural Development undertook to prepare this consolidated report bringing out the salient findings and conclusions of the entire survey.

² The field studies were undertaken by the members in August- September 1987

CHAPTER –2

RESULTS OF CASE STUDIES

To facilitate a better understanding of the process of emergence of the SHGs, their composition and methods of working, their range of activities, and other related aspects, the salient features of each category of the SHGs are discussed below separately.

Savings and Credit Self-Help Groups

2.2 Despite the vast expansion of the formal credit system in the country, the dependence of the poor on moneylenders still continues in many areas, more so for meeting consumption needs and other pressing social obligations. The most vulnerable are marginal and small farmers, agricultural labourers and rural artisans. They mostly belong to the socially and economically backward castes and tribes. Occurrence of natural calamities like droughts or floods compound their problems. Personal tragedies and 'customary' ceremonies entail heavy expenditure. All these cannot be avoided, and there is rarely anything to fall back upon except the ubiquitous moneylender.

2.3 Whenever these people have some work, some produce to sell, some wares to market - and many a time even this is seasonal- they do have some income. Much of it goes to meet their subsistence needs and to an extent to clear old debts. If some small money is still left on hand, it tends to 'get spent' on any of the usual needs because there is 'no place to keep it safe for the rainy day'³. The myth that the 'savings' available with these people are too small and too infrequent to be 'bankable' has already been dispelled by certain innovative methods like 'pigmy' deposit scheme, 'part-time banker' and 'purchase of savings stamps' devised by some formal agencies... By and large, however, the formal savings institutions have remained away from the rural poor, as the former did not 'reach' them and the latter were too far away to use them. This appears to have led many voluntary agencies** to promote formation of informal groups of the rural poor and encourage them to save, even if in small amounts, with a view to helping themselves in financing their needs. The outcome has been the evolution of various methods of organisation, collection, management and use of funds.

2.4 As mentioned earlier, the present survey covered 17 such localised 'agencies'. All these were 'groups' of people who saved, governed and managed the funds themselves, quite often with the help of a SHPI. The 17 groups⁴ covered under the survey were distributed as follows:

³ VWhile the expansion in branch network of commercial banks has been quite impressive there are still a large number of villages and hamlets which may not have a branch in less than 10 kms to 20 kms. With poor surface transport, this turns out to be too long a distance for day-to-day operations.

** "Non-governmental organisations (NGOs), also referred to as SHPIs in the report.

⁴ Please see Annex II for the complete list with their major characteristics.

Coverage of Savings and Credit Groups in the Survey

State	No. of SHGs	Members			Of poor only	Of poor & not so poor	Promoting SHPIs
		M	F	M&F			
Andhra Pradesh	4@	-	2	2	2	2	Andhra Mahila Sabha and Thrift Coops Association
Karnataka	3	1	1	1	2	1	MYRADA
Tamil Nadu	3	1	1	1	3	3	MYRADA
Rajasthan	5	3	-	2	2	-	-
Kerala	2	-	2	-	2	-	Nazareth Ashram and Kerala Gandhi Smarak Nidh
	17	5	6	6	11	6	

M: Male F : Female ;@ The two female groups were promoted by SHPIs; the other two groups evolved on their own.

Emergence of Self-Help Groups

2.5 Based on the limited number of case studies covered under the survey, it is observed that whenever a SHG was promoted by a SHPI, it generally comprised members of the weaker sections only; in contrast, whenever a SHG emerged on its own, or was influenced by a SHPI (e.g., Seva Mandir in Rajasthan) working in the area through 'programmes like adult education, health care, lab to land programmes, etc., and preaching the importance of thrift and small savings, though not necessarily involved actively in the SHG's creation, it generally included members of the poor as well as the not-so-poor households. This is so because the later type of groups are usually promoted by the better off people in the villages whereas the former type of groups are promoted by the concerned SHPIs with the specific aim of involving the poor.

2.6 The 'target group' of most SHPIs is the rural poor, but formation of groups of target population for their betterment is always not that easy. There is always opposition from the well-to-do and socially dominant classes of rural population to such initiatives, since the rural poor becoming a collective force is viewed as threat to the former group's economic and social status in the village. The SHPIs have, therefore, evolved different approaches. MYRADA, for example, avoids a 'confrontation' approach and starts the work in a village with a whole-village programme through Village Development Associations; slowly the poorer people are weaned away from the influence of others in such a manner that the richer peasantry either becomes indifferent to the group or retains only an 'advisory' role. Many agencies including Andhra Mahila Sabha (AMS), Kerala Gandhi Smarak Nidhi (KGSN), Nazareth Ashram (NA) and MYRADA have relied on the resourcefulness of the women and have concentrated on forming groups involving women only. It is reportedly easier to form groups of poor women through programmes like health care, etc., and then gradually initiate them into other activities. They may face opposition from their own men folk but, at least, not from their better-off counterparts whose own social reservations keep them away. Most of the SHPIs were, however, found to be promoting more than one development activity in a given area.

2.7 Seven of the 17 groups studied had about 20-25 members, eight had about 45-60 members and two had over 20 members. Three were break away groups, all with less

than 26 members, from other larger ones in the same village. The main reason for division into smaller groups was 'absence of opportunity to participate actively in the large group'. Put in simple words, even within the groups of backward or poor people the lower castes and sub-castes tend to get 'ignored'.

2.8 Voluntary agencies have been working in the field of rural development for quite some time. The earlier efforts of voluntary agencies have been more in the direction of improving the access of the poor people to the formal credit institutions. But, their initiatives in promoting informal structures to help the poor save and promote self-reliance in financing has emerged in recent years only. As such, majority of the SHGs studied are less than two years old. However, it may be mentioned in this context that the practice of 'chit funds'⁵ has been widely prevalent in certain regions of the country, even in the rural areas, though these were not devoid of risks.

Profiles of Savings and Credit Groups

2.9 Profiles of six typical SHGs out of the 17 savings and credit SHGs covered in the case studies are presented below with a view to showing how these groups are organised, whom they cater to, what functions they discharge, how they manage their saving and credit activities and what relevance they have for improving the economic conditions of the poor.

Shiv Samuh Sangrah Samiti

2.10 Seja-ki-Bhagal is a small hamlet of the village Balon-ki-Bhagal in Udaipur district (Rajasthan). It has 40 households, all of whom are farmers having land holdings ranging in size from 2 bighas (less than an acre) to 15 bighas (6 acres). Seva Mandir, a SHPI has been working in the area for the last 15 years with various programmes like adult literacy, non-formal education, agricultural extension, etc. During their contacts with farmers, the SHPI workers discussed the usefulness of thrift and common funds for mutual help. Mutual help in the form of 'adasi-padasi' (exchange labour) was already prevalent in the village. The SHG named Shiv Samuh Sangrah Samiti (Shiv Collective Savings Society) was born in January 1985, as a result of repeated advice of the SHPI, though the latter was not directly involved in its formation and functioning. All the households in the hamlet are members with 4 households having their womenfolk also as members. There is an elected committee to run the affairs of the group, but it has no powers.

2.11 Each member contributes Rs 10 per month and the total monthly collection taken as a loan by one member, whose turn is determined by drawing of lots in the very first month. It can be repaid in 10 equal monthly instalments at an interest rate of 1 per cent per month. Delayed payment of monthly contribution entails a fine of Rs 5 per day and delayed loan repayment involves a penalty of Rs 5 per month. With interest accruals, the SHG built up a small fund and began giving emergency loans upto a maximum of Rs 100, to be repaid in one month, bearing interest at the rate of 10 per cent per month. This loan required two guarantors and could be taken only once by a member. The loans (granted by turn) were often used for consumption but emergency loans were used for buying seeds and manures also. All decisions were made in the monthly meetings of the entire group. The SHG was formed for a 5-year period, after which the profits to the SHG due to interest accruals will be equally shared. Five members of the group had taken bank loans for construction or renovation of wells much before the formation of the SHG, but

⁵ 'Chit funds entail regular monthly or weekly contributions and borrowers have to 'bid' for loans.

were unhappy as the loans provided by the bank were inadequate for the purpose and the investments failed to give adequate returns.

Tumder SHG

2.12 Tumder in Udaipur district is a small village with 180 households, all but one of which are tribal. All are engaged in farming, with size of holdings varying from 2.5 bighas (one acre) to 12 bighas (about 5 acres). Hardly 10 households have some irrigation facility through wells. The system of exchange of human labour and also human labour in exchange of bullock use is common. For such exchange, only kind wage in the form of food has to be provided and the practice of cash wage payments does not exist in the village. Moneylenders from the neighbouring bigger villages constitute the major source of finance in times of need; the interest rates charged by them vary from 12 per cent to 25 per cent per month and the loans are provided against mortgage of immovable property and livestock. This village falls under a compact area covering 54 villages in which Seva Mandir operates. The SHG in this village was started in 1985 with 15 members, but now has 45 members including 4 women.

2.13 Apart from making small initial one time payment to cover the cost of pass books, etc., the members of SHG contribute a minimum of Rs 5 per month, though larger sums are welcome. The maximum contribution made by a member in one month so far is Rs 60. However, if a member is unable to contribute during any month, he can deposit the minimum monthly contribution at a later period. An elected committee of five members meets twice a month to consider requests for loans, which are given at an interest rate of 1 per cent per month to be repaid within a period of 7 to 8 months, though there are no rigid repayment schedules. Priority needs for grant of loans are sickness and children's education loans are often given to meet consumption needs although productive purposes are also covered. The maximum amount of loan so far given to any member is Rs 400, which was granted for purchase of one local small bullock. So far, 25 members of the group have borrowed, but because of severe drought conditions, 15 of them have become defaulters. The SHG, however, decided against any penalties as the default was occasioned by a natural calamity and permitted them to repay gradually as and when the members receive wages under an afforestation programme being run by the concerned SHPI. The flexibility in making savings contributions or in loan repayments was considered necessary by the group in view of the poverty of its members and the adverse agro-climatic conditions, but this resulted in an uncertain funds position for the SHG.

2.14 The SHG kept its liquid cash in a joint savings account with a commercial bank branch in a nearby village, as the branch concerned did not permit opening of the account in the SHG's name. Due to a couple of defaults on loans sanctioned earlier, the same branch is not sanctioning any loan now in this village. In the recent past, 3 or 4 farmers had obtained loans for wells and pumpsets from a branch of another bank in Udaipur, though after incurring some incidental costs.

Mylardevpally Sahakar Sangham

2.15 Mylardevpally is a village only 10 kms. from Hyderabad (Andhara Pradesh) and has 600 households⁶, of which nearly one fourth belong to scheduled castes. The village is electrified and its nearness to Hyderabad city provides it with many facilities. Despite

⁶ Apart from these, a colony of 400 households has been developed by Hyderabad Urban Development Authority in the village.

this, about 95 per cent of the credit needs of the villagers are estimated to be met by non-formal sources, including private chit funds. The villagers first mooted the idea of having an informal cooperative society in 1971 to encourage thrift, provide credit and take up other welfare activities. The Sahakar Sangham (Cooperative Group) was thus organised in 1971 after the villagers had sought advice from a similar caste-based group functioning in a neighbouring village. It has now 230 members which include - big farmers, small farmers, agricultural labourers, artisans and traders.

2.16 The affairs of the Group are managed by a Committee of members (5 elected and 4 nominated) having a three-year term. It meets every month and has powers to decide all affairs. The Committee comprises members belonging to the socially and economically advanced 'Reddy' caste only; in fact, the same members have continued on the committee for the last 15 years. The committee is assisted by a full-time paid assistant who maintains accounts.

2.17 Apart from an initial entry fee of Rs 5, each member was required to contribute a minimum thrift deposit of Rs 5 per month. The savings contribution earned an interest at the rate of 6 per cent per annum. Failure to deposit the monthly contribution entailed fine of one rupee per month and three consecutive failures meant loss of membership. In order to ensure that a member does not gain 'controlling' rights by depositing large sums, the accumulated sum of thrift deposit by a member was limited to Rs 350⁷. A Sangham member is prevented from becoming member of any other similar society or group.

2.18 Members can take loans after completing a period of 6 months by making a formal application on an application form to be purchased from the Sangham. Loan amounts can range- from a minimum of Rs 100 to a maximum of thrice the member's deposits. Loans carry an interest rate of 1 per cent per month and are repayable in 10 to 20 equated monthly instalments. A small contribution (50 paise per Rs 100 of loan) has to be made by the borrower to the welfare fund, of the Sangham. Delayed repayment carried a penalty of 60 paise per Rs 100 per day. In 1976, the Sangham was divided operationally into two and in 1987 into three wings. The Pradhan (main) Sangham with 123 members has fixed the monthly contribution at a minimum of Rs 50 and loan amount upto Rs 6,000; for Upa (sub) Sangham-With 107 members, the respective amounts are Rs 10 per month and Rs 4,000 and for recently formed Pradhamik (primary) Sangham (for petty traders) Rs 10 per month and Rs 1,000. The ceiling on total deposits has been raised to Rs 1,700.

2.19 - The Sangham rents out utensils, tents and a hall for celebrations, etc. It has also promoted a fixed deposit scheme carrying interest of 15 per cent per annum and 'kiddy bank' to promote thrift by children*.

2.20- Though the Sangham's annual turnover exceeds Rs 4,50,000 it continues to be informal and has no association with any bank or even with any SHPI. The SHG leaders are opposed to developing any links on the ground that they would be forced to follow rules and regulations which may not be welcome by them. They were apprehensive of 'government intervention' and the chances of getting caught up in delinquency in loan repayment and pressures to write-off loans. Their aversion to external inspection or audit, however, appears to go beyond the reasons of 'interference'

⁷ Whether membership would continue without making monthly contributions after reaching this ceiling was not clear. The SHG, perhaps, did not envisage such cases in near future.

* The survey team was not very clear about the operation of fixed deposit and kiddy bank schemes.

Saraswathi Mahila Podupu Sangham

2.21 Khimapur is a small village in Andhra Pradesh with less than 200 households. Andhra Mahila Sabha, a voluntary agency working for promotion of women's welfare and Thrift Cooperative Association (TCA-It is a wing of SAMAKYA, an autonomous voluntary agency providing consultancy services to cooperatives. TCA is an association of informal bodies promoting thrift) had organised in 1986 an awareness programme for women in Khanapur when the idea of forming a SHG exclusively of women was mooted. In a month's time, the Saraswathi Mahila -Podupu Sangham (Saraswathi Women's Thrift Group) was started with 35 members who were all income earners through wage labour or petty trade. Though a President and a Secretary were elected, all decisions were made by the entire group in their monthly meetings.

2.22 Each member was to contribute Rs 10 per month for six months, during which period small loans of upto Rs 500 could be given to the needy members from the monthly collections. Loans were to be repaid within two months and carried interest at the rate of 3 per cent per month. Delayed monthly contribution or loan repayments invited a penalty of 50 paise per day. The Sangham had too small a resource base and could not meet the credit needs of members fully. Coupled with this was the fact that members did not fully comprehend the terms and conditions, especially those related to penalties, and these led to defaults and finally waiver of penalties. On completion of the first six monthly period, the profits were equally shared among the members before the activity started anew with new membership. This SHG had no links with banks and was still a fledgling requiring the SHPI's help continuously for even day-to-day operations.

Dr Ambedkar Raitha Sangha

2.23 Guttur is a small hamlet in Kolar district (Karnataka) with 20 households, all of whom belong to a scheduled caste. Most of them are small farmers and had to go in search of wage employment quite often. About one-fourth of the area could be irrigated from a small tank adjoining the village boundary. They all practiced traditional agriculture as they lacked both knowledge and inputs for modernizing their agriculture. MYRADA, a SHPI, discussed with them the possibilities of introducing new varieties of paddy when the irrigation tank was full and there was hope of irrigating the paddy crop. This success helped establish further dialogue and the savings and credit group called Dr Ambedkar Raitha Sangha was born in October 1986. All the households, including three households headed by women, paid an entry fee or share amount of Rs 10 each and also decided to collect savings on a weekly basis on a one rupee saving card. (Saving cards are post card sized, usually have serial numbers printed in 10 rows and 10 or 100 columns, each entry signifying a fixed amount, say 10 paise. A saver can take a card suiting his minimum capacity to save at any time like 10 or 20 paise. Every time the saver has some money it can be surrendered to the nominated collector, usually the President or Treasurer of the SHG, who will stamp the equivalent serial numbers, e.g., if 40 paise are saved on a 10 paise card, 4 numbers on a column will be stamped. Four stampings will show the saver that he has saved 40 paise.)

Cards with smaller denomination were rejected as a matter of their prestige. It was found that whenever wage employment is available in the area, members were at times able to save even upto Rs 40 in four to five consecutive days. Though a President and Secretary

have been elected, the entire group meets every Friday morning to collect savings and take other decisions. The Sangha has a joint savings bank account operated by two authorized members.

2.24 The Sangha started credit operations first by giving small crop loans to nine farmers for paddy cultivation. Activities were further expanded by the group taking a loan of about Rs 3,000 from the SHPI for giving crop loans to its members. Loans from their own resources have been given for various purposes, such as family consumption needs, marriage, clearing of old loans and setting up of a petty shop (by a woman who could not cultivate her small piece of land). Through consensus, the Sangha decided that consumption loans and loans for petty business would carry interest at the rate of 3 per cent per month, and crop loans and loans for animal husbandry would entail interest at the rate of 2 per cent per month. Exceptions are, however, still made. Interest rates and repayment periods are decided by the entire group, depending on the economic status of the members and the income generating capacity of the investment being financed. For example, a loan of Rs 500 for purchase of food grains was permitted to be repaid in five months at an interest of 3 per cent per month from out of wage earning. In another case, a loan of Rs 1,000 for petty business was to be repaid in 100 days by repaying Rs 10 per day with interest of 2 per cent per month. This shows that the group could take appropriate decisions considering variables like, cash flows, economic status and nature of requirements. Repayments are accepted both in cash and kind. When the repayment was in kind, e.g., in terms of paddy in one case, the group decided on its valuation on the basis of average market price prevailing at that time. Paddy thus collected was stored by the SHG in the house of one of the members and was being gradually sold when paddy prices rose during the off-season, thus, making an additional earning for the group.

2.25 There are about 150 Sheep of local breed in the village. The SHG members desired loans for having sheep units of improved 'bannur' breed. Discussions with the SHPI, however, resulted in their taking decision to maintain a pure breed 'bannur' ram given by the SHPI for crossing their local ewes. The SHG decided that the ram would be maintained by one member who would be supported by others through provision of feed. Ewes on heat are brought to the house of the member maintaining the ram and a fee of Re 1 is collected for every ewe serviced. Since there are only 150 ewes in the village, the SHG feels that the ram can be shifted to any other SHG after about six months. Through the intervention of the SHPI, the SHG members are continuously getting their skills and know-how upgraded about agricultural and animal husbandry activities. The SHG now plans to install a common bore well for bringing the entire land under irrigation.

Janani Mahila Sangha

2.26 The village Gumlapura in Dharmapuri district (Tamil Nadu) is a large village with about 450 households, about 300 of whom belong to backward classes. These households have farming as their primary occupation. MYRADA had been working in the village for some time and had promoted a SHG of 105 women belonging to scheduled caste families about two years and a half earlier. Although all the women belonged to scheduled caste, differences in their sub-castes seemed to come in the way of active participation of all the members and members of some sub-castes also felt ignored. The SHPI also holds the view that active participation of all members is a necessary condition for ensuring smooth functioning of the SHG and instilling confidence and developing decision making capacities in the individual members. The opportunity, therefore, was ripe for the

Sumangali Mahila Samaj to break up into two or three smaller groups (Apart from these three, there are three more SHGs in the village. One of them recently broke away with 16 members from a large SHG of over 150 members).

2.27 The Janani Mahila Sangha comprising 26 women, all of whom belonged to one particular sub-caste, was formed in April 1987. The group decided to raise its own resources by contributing a membership fee of Rs 5 per member and also to promote small savings through use of savings cards. The new SHG is yet to get back their membership fees of Rs 130 and the interest income accrual amounting to Rs 152 from the parent Sumangali Samaj, as the exact criteria for dividing the resources between the two groups are yet to be worked out in consultation with the SHPI. Though Janani Sangha had decided that each member should attempt to save at least Rs 10 per month, only 9 out of 26 members have so far started doing so. Although a six-member committee has been elected, the decisions are taken by the entire group, which meets every month. The SHG was yet to build up sufficient resource base to start loaning operations in a major way.

2.28 The Committee members of the Sangha had seen a street play staged by the SHPI in which the problems of bonded labourers were highlighted. The play catalyzed the thinking of the members, as ten of them were victims of such bondage and the Sangha decided to immediately take up the problems of five of them. The men folk of these five households had entered into bondage of large farmers due to small loans earlier contracted by them, which could not be repaid. The SHG found that it required about Rs 4,000 to repay the loans to free the bonded labourers and another Rs 7,500 to rehabilitate them in a joint cultivation activity. Resource less to meet such a large need, the SHG turned to the SHPI which gave a loan of Rs 12,100 to enable the Sangha to take up this programme along with other activities. The Sangha has also provided small consumption loans to two members and one loan for purchase of a plough cow; The loans advanced for releasing bonded labourers were expected to be repaid in six months, and the concerned households have started by depositing atleast Rs 25 per month in a savings bank account to be able to repay the accumulated amount after six months. One of the borrowers was found to have left the village without making repayment to the SHG. The members of the SHG

2.29 The SHG members have also started other activities like kitchen gardening and digging of compost pits and have desilted the village tank using the silt to improve the productivity of less fertile lands being cultivated by some members. The SHG also helped 7 members in obtaining bank loans for milch animals and is monitoring its recovery. In fact, the repayment of loans taken by some members of the group under DWCRA (Development of Women - and Children in Rural Areas- is a government programme) was so good that a commercial bank in Thally (the block headquarter) approached the SHPI to help it in identifying potential borrowers for loans to be issued under the Differential Rate of Interest (DRI) scheme. The SHG members are desirous of taking up any employment generating activity, including silk reeling and twisting and brick making, - provided necessary training and finances are made available to them.

Savings and Credit Instruments

2.30 The instruments used by the SHGs to promote thrift among target-groups, the manner in which the savings of the group are utilised, the purposes for which loans are advanced by the groups and their relative terms and conditions, the performance in regard to loan repayment and other such issues are discussed below.

2.31 Most of the SHGs had a one-time initial contribution ranging from Rs 5 to Rs 10

(sometimes multiples of this amount) termed variously as entry fee or share contribution. These were supplemented with regular monthly (in one case weekly) fixed contributions by members which generally ranged from Rs 5 to Rs 10 (This amount was Rs 10 in eight cases and Rs 5 in three cases. Only in Sahkar Sangham it was Rs 50 per month -and in Visveswarayya Sangham it was Rs 20 per month for large farmers. Smaller monthly contributions of Rs 10 and Rs 5, however, existed for poorer members). There were penalties ranging from 50 paise to Rs 5 per day for delayed payment. In eight cases, this fund was used for giving small loans, mostly for consumption, but to a small extent also for meeting cultivation needs or for petty business, at rates of interest ranging from 2 to 3 per cent per month and to be repaid usually in one to three months. In two cases, the rates of interest charged were as high as 5 per cent and 10 per cent per month for the loan to be repaid in one month only. In the view of the groups, these high rates of interest are 'affordable' and are lower than the rates of interest charged by moneylenders with all the attendant problems. According to some of them, the policy also helps in faster accumulation of funds of the Group. Another view expressed was that even if interest rate charged was high, the benefit of interest earnings accrue to the group itself.

Small Savings

2.32 Apart from such one time and periodic fixed contributions, eight smaller SHGs tried to promote small or tiny savings. As the amounts were very small, usually in the range of 10 to 25 paise, and subject to uncertain periodicity, and most members were illiterate, the concerned SHGs used the system of saving cards. These helped the savers keep track of their savings. According to the SHGs, the beginnings were not always easy. Some members asked, 'where is the money to save?' While some other commented, 'savings of 10 or 20 paise are not in any case going to change anything materially'. It takes some time to convince a member that 50 paise can be saved by just not chewing tobacco or betel leaf once, but once convinced, it does not take much time for the momentum to gather. Often inter-personal comparisons motivated greater effort like 'if SHG has Rs 50 of her own now, why shouldn't I have more?' In most cases, the money so saved could be withdrawn by a member only after it becomes Rs 100 and until then it remains with SHG to be used for giving loans. Even the two large SHGs in Andhra Pradesh started 'kiddy bank' savings. In some cases, these small 'savings' are pooled together with the 'contributions' fund and sometimes operated separately for providing loans for productive investments with longer duration and at lower rates of interest.

2.33 Only Women's Credit Union gave a 'dividend' of 24 per cent per annum on its 10 rupee 'shares' and Sahakar and Praja Sanghams gave interest at the rate of 6 per cent per annum on savings. No interest was paid by any other group on savings. Four groups had pre-decided life span for each saving stream. Saraswathi and Ananda Sanghams in Andhra Pradesh adopted a period of six months, whereas the SHGs in Seja-ki-Bhagal and Balon-ki- Bhagal in Rajasthan opted for 5 years (though a member could withdraw at the end of any calendar year), all with fixed monthly contributions of Rs 10, so that the returns could be conveniently shared at the end of the period. All other SHGs neither paid any interest nor had any arrangements for sharing or distributing the benefits having no fixed time span (Occasionally members had left by withdrawing their contributions but without getting any share from the interest income earned by the SHG). Visveswarayya Sangham even charged two rupees from the members while encashing a card worth Rs 100 (This Sangham permitted non-members also to save with the Sangham and returned the full amount of Rs 100 to them).

2.34 As most of the SHGs studied were less than three years old, the funds at their command were small. The basic idea behind the formation of these SHGs being promotion of savings to accumulate a 'collective fund' which could be used by the needy members for taking loans, even the meagre amounts that were available with the groups were immediately pressed into service. Therefore, the need for supplementing the 'collective funds' of SHGs with a view to accommodating as much as possible of the credit demand of members was keenly felt. In the case of SHGs promoted by MYRADA and NA, the respective SHPIs made significant contributions from their own resources to augment the SHGs' own collections. The SHPIs have not, however, evolved any specific policy regarding the assistance to be provided to SHGs and adhoc decisions are taken in individual cases. This help, by way of grants, ranged from about Rs 2,000 to over Rs 25,000 per SHG.

Loaning Operations

2.35 Usually the loans asked for ranged from as low as Rs 20 to Rs 500 or so. Only in two cases in Rajasthan, the entire operation of giving 'loans' had been 'serialised' by drawing lots. This meant that the accumulated money every month (through fixed monthly contributions of Rs 10, timely payment of which was ensured by the hefty Rs 5 per day fine) would go to a person (he forgoes his right if he does not take) who has to repay the same in 10 equal monthly instalments at a rate of interest of 1 per cent per month. From the accumulated profits, small emergency loans upto Rs 100 could be taken for a month, at interest rate of 10 per cent per month, by any needy member. Such loans could be taken by members only once and required two guarantors. In all other cases, the needy had to request for funds stating the purpose and amount. In most cases, this was an informal affair with the needy person telling the authorised members of the requirements orally, and sometimes in writing. Only in case of Praja and Sahakar Sanghams, the process was highly formalised and application had to be made on a printed application form to be purchased from the Sanghams. Sometimes, a loan required one or two non-borrowing (as on date) guarantors also. In a couple of cases even promissory notes were taken. Largely, however, it was a matter of trust with simple records of deposits, loans and repayments being maintained in registers and sometimes also in passbooks with the members.

2.36 So far as consumption loans are concerned, the purposes generally assisted were marriage, health care, children's education and subsistence requirements of family. Small loans for income generating activities were also given. These were too small when compared with the loans being issued even under the IRDP (Integrated Rural Development Programme (IRDP) is a government sponsored credit plus subsidy programme that aims at alleviating rural poverty). A few examples that can be cited easily are: a 20 rupee loan to pay for 4 female workers to do weeding (exchange labour was not possible as his wife was sick) which would be repaid from wage earnings later, a 100 rupee to 200 rupee loan for buying two ewe lambs, fodder for which can be collected by the member (an agricultural labourer) while returning from work (The logic of this approach is that an agricultural labourer can easily look after a small number of ewes besides attending to farm work, which will not be possible if he were to be financed for a larger unit, say 20 ewes, e.g., under IRDP. The other advantage is the quick turnover as the lambs can be sold in four to five months for mutton purposes with a profit of at least Rs 300 to Rs 400), a loan of Rs 200 for a small backyard poultry (local broilers or layers) which fetches reasonable returns even in remote areas, a loan of Rs 300 for opening a

petty shop in the village or in the 'haat' (weekly village market), etc. All such loans had a quick turnover of 2 to 3 months. The resources with the SHGs were also inadequate for providing larger loans for investments with longer gestation period. Some of the SHGs did give larger loans, at least initially, e.g., for sinking a well or purchasing a pair of bullocks, all of which could be repaid in not less than three years. 50. On the SHGs found (despite some 'seed money' contribution from SHPIs) that their funds were getting locked up with a few and could not be recycled quickly amongst more members. The SHGs (and the SHPIs), therefore, hit upon the idea of using short-term loans for meeting long-term requirements over two or three stages. For example, when a loan of Rs 1,000 is required for deepening of a well or purchase of a local bullock, which are no doubt important investments, it would take 2 to 3 years for the capital to be returned. As against this, the borrower is encouraged to take a loan of Rs 200 to buy two ewe lambs, make a profit of Rs 300 to Rs 400 in two or three months, and reinvest it, supplemented by a fresh small loan covering the balance amount required, for the new investment. One SHPI felt that it will be better for the target group to start with small loans and small investment or business and later take to bigger loans and sizeable investments as this will help in developing their credit management skills. Loans were also provided for certain unconventional purposes, such as releasing bonded labourers, whose plight could be well appreciated by the members of the SHG. Significantly, this assistance was given by a SHG of females who belonged to a lower sub-caste of harijans for releasing the husbands of some of their members.

Interest Rates on loans

2.37 As discussed earlier, the short term loans generally carried an interest rate of 2 per cent to 3 per cent per month. In some SHGs, distinction was made between purposes. For example, in one SHG, consumption loans and loans for petty shops carried 3 per cent per month, but loans for agricultural purposes and animal husbandry carried 2 per cent month. In other cases, the category of the borrower was the determining factor. For instance, in one SHG, small farmers had to pay on their loans an interest of 3 per cent per month, while agricultural labourers were charged interest at the rate of 2 per cent month for the same purpose. Longer term loans, repayable in 10 months or more, formed a very small proportion of the total loans, and carried an interest rate of 1.0 to 1.5 per cent per month irrespective of the purpose. According to some SHGs higher rates of interest cannot be afforded in the long term. Significantly, these interest rates on longer term loans are close to the official rates of interest.

Amount of loan

2.38 In most cases, the ceilings on loan amounts were influenced by the scarcity of funds although the actual loan amount depended on requirements. Loan ceilings were prescribed by SHGs in various ways, e.g., Choodasandra, Saraswathi and Ananda Sanghams had prescribed loan limits of Rs 300, Rs 500 and Rs 300 respectively. In Amod, after a stint of unrestricted loaning which led to defaults, it was pegged at 90 per cent of the deposits of the borrower member and his guarantors (there could be as many guarantors as required for the amount of loan but all of them would forgo their rights for taking a loan), whereas, in the Sahkar and Praja Sanghams ceiling on loan was stipulated as three times the deposit amount, or, in absolute terms at Rs 1,000 to Rs 6,000 depending on the category of the member, whichever is less. The latter two examples

had, in a way, linked loans to savings mobilised by the individual and other members.

Repayment Performance

2.39 Non-repayment of loan instalments on the due dates entailed fines which generally ranged from 50 paise per day (Irrespective of amount) to 1 percent per month. However, defaults were rare as prestige, group pressure and group support (a colleague member paying off to avert fines), all worked. As some members put it, it was after all a question of their 'own money'. Severe drought this year had, however, resulted in repayment defaults in 3 SHGs, and had also led to suspension in periodic contributions and small savings. In two of these cases, in the tribal areas of Rajasthan (Tumder and Amoc!), the SHG activity had come to a standstill with almost no liquid funds. Members were, however, enthusiastic to restart the activity with the wages they would be earning on relief works being organised by the SHPI.

Management of Groups

2.40 All groups had elected committees, the strength of which varied from 5 to 13 members and the life span from six months to three years. In Praja and Sahakar Sanghams, these were dominated by a socially and economically powerful caste group, i.e., Reddys and the same committee members had continued since inception. In most of the groups, minor reshuffles or inductions had taken place. The essential characteristics that members had to possess to be elected to the committees in the target group SHGs were trustworthiness, greater awareness, possibly literacy with capacity to keep accounts, leadership quality to take people together and readiness to devote some time (as except for the solitary case of Ananda, where a token honorarium of Rs 50 per quarter was given to the Secretary, all others had to work purely voluntarily). How any of these characteristics becomes important can be illustrated by the fact that in Visveswarayya Sangham, the President was elected for only 6 months, while the same Secretary continued, being the only person to be able to handle accounts. The Saraswathi Sangha in Bodagarki (a women's group) depended on the SHPI worker for accounts and would not trust even their menfolk or school going sons with the accounts. They were desperately waiting for one of their daughters to reach middle school who could then be entrusted with the work. Apart from the Sahakar and Praja Sanghams, only in Amod and Som the committees were given the right to take decisions regarding loans, etc. In all other cases, the entire SHG met, generally once, but in quite a few cases even twice a month, while the Mahila Samajam met every week. It is in these meetings that requests for loans are considered and savings collections also made. The issues for consideration are genuineness of the demand, actual requirements and prioritisation, if the applications are for more than the funds available. Repayment periods are also fixed in such meetings. In this sense, an approach that permits all members to participate in the management of the funds is practiced. In most cases, minutes or decisions are duly recorded.

Role of SHPIs

2.41 With the lone exception of Sahakar Sangham, all others have some link with a SHPI. As discussed earlier, the AMS, MYRADA, NA and. KGSN have been directly involved in the formation and functioning of the SHGs. The three groups in Andhra Pradesh are also members of the TCA. Only MYRADA was involved actively with SHGs in helping the latter to expand their resource base by taking up income generating activities at the

group level like maintaining a ram or a pedigree bull for servicing ewes and cows belonging to members and non-members, preparation of concentrate feed for milch animals, etc., through provision of grants to the SHGs. It has also helped them procure and distribute fertilisers to members under the crop loan programmes, again through 'working capital grants to the SHGs. The SHPI has also promoted other useful activities by suggesting (some SHGs have even made it obligatory) that members have their own compost pits, practise kitchen gardening, keep the neighbourhood clean, etc. Desilting of tanks for the benefit of the entire village and using the silt to upgrade unproductive lands has been encouraged. Other SHPIs have also taken up developmental programmes through which SHG members may benefit; they are, however, generally not directed towards group activity, but are directed towards individuals in the villages and include programmes such as adult and non-formal education, health care, extension, training, etc.

2.42 The SHPIs had, in many cases, tried to take the benefits of existing credit linked programmes of the government and banks and had succeeded in obtaining loans under IRDP, DRI, etc. for some individuals who are members of SHGs. The SHPIs had, in such cases, taken over the responsibilities of preparing applications, collecting all the necessary documents, training the borrowers in managing such resources, etc. But the fact remained that such instances were very few in number. That banking institutions are generally apathetic towards SHGs is borne out by the simple fact that, though provisions exist, most bank managers refused the SHGs to even open savings bank accounts in their (SHGs') name, with the result, most of them had to open joint accounts in the names of two or three individual members. Even at the individual level, members of SHGs generally did not have savings accounts. As will be explained later and barring the few instances cited above, credit linkage of banks with the SHGs, was almost non-existent.

Joint Farming Groups

2.43 In all, 9 SHGs were covered by the case studies where cultivation of crops was a joint effort of the group. These groups comprised the Uchhapatti Farm promoted by the Association of Sarva Sewa Farms (ASSEFA) in Tamil Nadu and 6 joint Vegetable Gardening Groups and 2 joint Paddy Cultivation Groups promoted by the Rural Communes (RC) in Maharashtra. All the nine groups, though promoted by SHPIs, are unregistered and, therefore, informal groups. The details pertaining to the important aspects of the collective existence of the groups, their functioning, mode of financing the economic activity undertaken by each of them, difficulties experienced, etc. are outlined below.

Group Formation.

2.44 In the Case of the Uchhapatti Farm Group, about 32 acres of land was allotted by the Bhoodan Board to 11 families of landless agricultural labourers in Uchhapatti village of Madurai District (Tamil Nadu). The land, when allotted, was not suitable for cultivation. ASSEFA undertook its development on the request of the Bhoodan Board and on behalf of the allottees. The barren land was converted into a productive agricultural farm by group effort of the allottees and active involvement of the SHPI. The development of the land, i.e. land levelling, bunding, digging up of irrigation well, etc., was completed in 5 years with an investment of about Rs 4 lakh, which was met by an ASSEFA grant. During this period, ASSEFA established complete rapport with the allottees, won their trust and motivated them into group formation for joint cultivation. The group started this joint economic activity in 1972. By the time of the survey, the original 11 families had multiplied into 33 families by the social process of multiplication and division.

2.45 Rural Communes (RC)⁸ has organised groups of rural poor for joint vegetable cultivation as a gainful economic activity in Khalapur taluk of Raigad district (Maharashtra). Members of these groups mostly belonged to Katkari and Thakur tribes. The tribals worked for the Marathas, the landed peasantry of the area, as casual labourers. However, during the lean season from December to April, they had to migrate to the neighbouring district for wage employment in charcoal kilns. This seasonal migration promoted their perpetual indebtedness to kiln owners and their agents. The SHPI volunteers observed this phenomenon and felt that this migration needed to be stopped. Vegetable cultivation during the lean season was a newly introduced practice then among the non-tribal cultivators: As the tribals were landless, the SHPI decided to take land on lease from the non-tribals and persuade the migrating tribals to take to collective vegetable growing on such land. It took the SHPI almost two years to convince the Katkaris and Thakurs to accept this idea totally and the group-based vegetable cultivation by tribals started in 1983. It is a seasonal activity spanning four months from December to April every year. In 1986-87 season, this activity was taken up by 6 groups from tribal hamlets, in preference to migration to charcoal kilns. The total area brought under vegetable cultivation by these 6 groups was 32 acres and the number of families benefiting from the group venture was 9J. The number of beneficiary families involved in each group ranged between 7 and 28 and the acreage brought under vegetables by them ranged from 3 acres to 7 acres.

2.46 Rural Communes also succeeded in promoting 13 tribal groups in its operational area in the same taluka around another economic activity, joint paddy cultivation^{*}. The present survey covered two out of these 13 SHGs. One SHG was in village Narangi and another in village Zadani. The Narangi group has 46 households as its members and about 23 acres under joint paddy cultivation. The Zadani group has a membership of 27 households and 21 acres under joint paddy cultivation. In both cases, the groups own the land jointly. In the case of the former group, the land was donated to the community by some Christian missionaries and in the latter case it was purchased jointly from an absentee landlord by pooling their resources. Reportedly, joint cultivation by tribal groups was in vogue in the area even before the intervention of the voluntary agency. Its intervention was towards organizing these already existing groups into more cohesive groups. As a strategy for organising them for a better economic performance, the SHPI has provided to these groups a revolving fund for meeting the production credit requirements of the paddy crop every year.

Management of Groups

2.47 ASSEFA promoted SHG has a group leader as a link person between the SHG and the SHPI. On the other hand, the joint vegetable cultivation and joint paddy cultivation groups promoted by the RC have 'Panch Mandals' for managing the affairs of the SHG. It appears, however, that all the groups follow the practice of participative decision-making. Hence, all important decisions concerning their joint economic activity such as production, marketing, allotment of farm work, monetary transactions etc., are taken by the group members through deliberations and collective consensus. In some cases, e.g., in the

⁸ "Rural Commences (RC) is a registered trust started in 1976 by some graduates of the Bombay University

* In addition to the joint cultivation of vegetables and paddy, this SHPI had also motivated the tribals to have a grain bank for helping the members in lean season.

joint vegetable group, the group decisions are authenticated by obtaining the signatures of all the members. The frequency of group meetings depends on the need; but generally they meet atleast once a month. There seem to be no written rules and regulations governing the functioning of these SHGs, but certain mutually accepted conventions help smooth operations. Accounts are maintained for all monetary transactions by the group leader or Panch MandaI. The SHGs also maintain joint savings bank accounts in local bank branches.

Sharing of Benefits

2.48 The net income is generally shared equally among the members. Additionally, all wage labour for farm operations is contributed exclusively by the member-households, for which they are paid wages at the mutually agreed rate. For instance, in the case of the joint vegetable cultivation groups, the wage rate was fixed by the groups uniformly at Rs 6 per day for both male and female labour. Some SHGs, e.g., the vegetables and paddy cultivation groups, partly ploughed back the net surplus to the revolving fund to meet the expenses on farm inputs, etc., in the subsequent year. While the members of some SHGs feel that the joint farming activities undertaken by them have improved their economic position considerably and they are able to better manage their consumption as also production needs out of their own income (e.g., Uchhapatti SHG), the members of other SHGs find that the joint income-generating activity has provided a viable alternative to their forced seasonal migration has also freed them from exploitation at the hands of the kiln owners and their agents (e.g., vegetable cultivation groups).

Promotion of saving

2.49 Only Uchhapatti Farm has reported to have started an emergency fund with contributions made by its members from out of their share of income from the group activity. At the time of the field visit, an amount of Rs 7,000 was found to be in the SHGs savings bank account. This fund is used for helping its members at times of emergency like sudden illness, death, marriage, etc. The maximum limit of such loan is Rs 500 per member. The loan is to be repaid within one month. While issuing the loan, no documentation is done, no surety taken. It is issued to the member purely on trust. Three members had borrowed from the fund in the past and all had repaid the dues fully. .

Existing Credit Linkages

2.50 The SHGs have savings accounts in the local branches of banks. However, the flow of formal credit was negligible and was restricted to a limited assistance at individual level under IRDP for purchase of bullocks and other purposes. For instance, 5 members of the Uchhapatti SHG received bank loans under IRDP which have been fully repaid. Other 8 members of the same SHG have recently borrowed a housing loan from the District Cooperative Bank under the scheduled castes housing scheme. So far, the SHGs' requirements of funds for the joint production activities have been fully met by the respective SHPI. ASSEFA provided to the Uchhapatti SHG a grant of Rs6 lakh for the development of the barren land into cultivable land and working capital support for initiating farming as a joint venture. On the other hand, the RC provided a revolving fund to each SHG promoted by it for joint cultivation of vegetables or paddy for covering the

current crop production expenses. For instance, the RC provided a revolving fund of Rs 84,000 to the paddy cultivation group of Narangi village. Similar funds in the nature of working capital support were provided by it to the vegetable cultivation groups (though the exact amounts could not be ascertained). The RC provided the funds, as interest free loans. It also does not insist on a rigid repayment schedule as it considered this support necessary for organising them for common efforts for their economic well being.

Social Forestry Groups

2.51 In all 5 SHGs engaged in group based social forestry activities were covered by the case studies. These were: Talawali Samuhik Vanikaran Mandai promoted by National Institute of Rural Integrated Development (NIRID) in Thane district (Maharashtra), Yuvak Mandal Society Forestry, Khun promoted by Mahiti in Bhal area of Ahmedabad district (Gujarat), Valli Anusuchit Sahakari Kheti Mandali promoted by Behavioural Science Centre (BSC) in Kheda district (Gujarat), Mazdoor Sangathan, promoted by Kishore Bharati in Hoshangabad district (Madhya Pradesh) and, Ubeshwar Vikas Mandai (UVM) in Udaipur (Rajasthan).

Group Formation

2.52 All the groups were formed with the initiative and active support of the respective SHPIs, except the UVM of Udaipur which has come into existence with the motivation and active involvement of some dedicated individuals who were earlier working with Seva Mandir and plays the roles of both a SHG and a SHPI. NIRID had effectively used help of a local tribal as initiator to persuade the villagers of Talawali for a joint social forestry project. The village has cent percent tribal population. Most of their land was of inferior type and thus, remained permanently fallow. The other parcels of land were used for paddy cultivation. The tribals had no option but to migrate to outside areas for a considerable part of the year and return to the village only for cultivation of paddy. Seeing the extreme poverty of the tribals, as also good rainfall in the area, promotion of social forestry on their wastelands was considered most suitable to supplement their incomes. The SHPI succeeded in motivating altogether 40 families to form into a group and take up social forestry as a supplementary activity since 1983. This group has brought about 100 acres under their social forestry project. The tree species planted are Eucalypts, Australian Babul, Accacia and Bamboo.

2.53 Another SHPI Mahiti (Mahiti means information. The SHPI believes that the poverty of the masses is, inter alia, due to their lack of information about development schemes meant for them. According to it, the vested interests in collusion with officials in government and other institutions deliberately block such information from reaching to the poor), formed a similar SHG in village Khun. Here also the poor farmers had saline wastelands suitable only for a forestry project. Out-migration to districts like Surat, Valsad, Bharuch, Kheda and Junagarh in search of wage employment was a common practice. The SHPI initiated the idea of social forestry through the Bhajani Mandal (A group of youth formed for singing devotional songs). The SHPI had undertaken the construction of the village tank for providing employment to the villagers and it used this opportunity for bringing the poor together and later a SHG with an initial membership of only 5 persons was formed in 1984. The SHG now has 30 members.

2.54 The initiative for social forestry came from within the community of Wankars (scheduled caste) of Valli in Kheda District (Gujarat). It was the result of a 'demonstration effect' of successful social forestry groups promoted by BSC, a voluntary agency working in the area. The Wankars approached the SHPI and sought its assistance. With the close guidance and encouragement from the SHPI, the Valli Anusuchit Jati Samuhik Sahakari Kheti Mandali came into existence in 1984. This SHG has social forestry in 34 acres.

2.55 Mazdoor Sangathan of Palia Piparia Village was formed into a SHG as a result of systematic efforts made by Kishore Bharati towards creation of awareness among the landless poor of the village about their socio-economic reality and their exploitation by the village landlords, especially the village Sarpancha (Head-man). The conscientisation efforts of the SHPI for nearly two years bore fruits only when a group of 40 persons from the weaker sections gathered courage to challenge the Sarpancha who had forcibly taken the ration cards to all poor households of the village. The Sarpanch was drawing their sugar quota from the fair-price shop (about 60 kgs. every week) and making easy money by selling it in the open market. On the other hand, it had become impossible for the poor to buy their meagre requirements of sugar from the open market due to the very high price of the commodity. The collective courage shown by the poor and the tacit support of the voluntary agency on their side ultimately resulted into a public apology from the Sarpancha in a specially convened village meeting. This seemingly minor incident created considerable exhilaration: The emotional impact of this incident on the minds of the poor people was so tremendous that for the first time in the local history, they had real experience of their collective strength in challenging vested interests. This incident brought them closer to each other. They felt a strong urge to organise and face problems unitedly. After regular meetings on the subject and close guidance of the SHPI, the SHG emerged in Palia Piparia in 1981. The SHG has a membership of 80 landless families of tribals, Harijans, Hindus and Muslims. The SHPI, as a good gesture, offered to the SHG about 120 acres out of total land of 150 acres given to it by the State Government on a long lease. The SHPI then effectively motivated the SHG to undertake a group-based forestry in 40 acres (The remaining 80 acres were given to the 80 families at one acre each for individual cultivation of field crops. It was observed that the land being unirrigated and inferior, the SHC members could not benefit much. They are growing minor millet (kutki) and pulse (tur) on this land). The availability of firewood was posing a serious problem to the SHG members and its procurement was putting a financial strain on them. The village landlords had already turned hostile. The SHG, therefore, raised in a phased manner, a mixed forest of local trees like kausam, mango, neem, jamun, sisal, secum, bamboos, subabul, etc., on this land. The forestry project also allowed the Rajhar Community in the SHG to grow lac on kausam trees (Until then, the Rajhars were denied the right to grow lac. They were made to grow lac on behalf of the landlords as wage labourers).

2.56 Ubheshwar Vikas Mandai has been founded by dedicated volunteers who by conviction are true environmentalists. They successfully educated the village folk on adverse effects of deforestation on ecology and ultimately on their very survival and enthused them for a large scale afforestation programme on all available hilly and wastelands. They believed that ecologically sound and sustainable development of wastelands could be done only through and for the people who inhabit these lands. UVM is not only a SHG with 22 members (19 local tribals and 3 outsiders) but also acts as a SHPI for promoting preservation of existing forests and by making afforestation a people's programme in nearly 10 adjoining villages.

3.57 With the exception of the UVM, all the above SHGs were informal in status. UVM is, however, a registered society functioning since 1986.

Working of the SHGs

2.58 In the case of all social forestry-based SHGs except Mazdoor Sangathan and UVM, the land put under forest has been contributed by every member household. Though the land parcels are scattered, the SHGs undertake the work collectively. In other words, once the plots of individuals are pooled, the activity becomes a common concern and work (choice of tree species, actual planting, watch and ward, etc.) is planned and assigned to members in groups based on collective decisions in the SHGs. Each SHG is governed by a committee of members. Often the tenure of the committee is not fixed. A new member is admitted only if he contributes some of his land for the forestry project (e.g., Talawali group). The newly admitted member is also charged a membership fee (e.g., Rs 5 in Yuvak Mandai SHG and Rs 10 in Talawali group). In some SHGs, members are made to agree that in case they leave the SHG, they would lose their land given to the group for social forestry (e.g., The Wankars group of Valli). It was noticed that certain SHGs had written rules and regulations governing their collective endeavors (e.g., Talawali SHG). The groups also have a SHPI representative amidst them to provide technical and other support as and when necessary.

Links with official Agencies

2.59 Excepting the Mazdoor Sangathan, the other SHGs had linkages with official agencies, especially, with the National Wasteland Development Board (NWDB). The concerned SHPIs have arranged grants for the SHGs from NWDB for undertaking social forestry, which are monitored by the concerned SHPIs. The SHPIs also arrange guidance from the state Forest Departments. Some SHPIs also maintain nurseries for supplying saplings to the SHGs. They also arrange training-cum-demonstration programmes for the SHGs.

Benefits to SHG members

2.60 The SHG members receive benefits from social forestry in the form of wage employment, yearly income from grass and later substantial income from 4 to 6 years onwards for a very long time (in some cases the benefits are expected to flow upto 40 years) from sale of firewood, building material like rafters, planks, etc., after the felling of trees commences (A minimum of two crops from the same plantation are proposed to be taken). Only in the case of the UVM felling of trees is less likely to be allowed as the SHG is engaged in an afforestation programme and not in commercial social forestry. At the time of planting, all members received wage employment. For the next to 2 to 3 years, the work mainly related to watering of plants, watch and ward, cutting of grass, pruning of branches, etc. The employment is on rotation basis and fixed by the members in their regular meetings. The daily wage rate varied from Rs 10 to Rs 12 per member per day of the work on the forestry project. The regular income which is likely to accrue to each member after the cutting of trees begins is in the range of Rs 500 to Rs 800 per month over and above the wages for common work etc. (e.g., Yuvak Mandai and Talawali SHGs). Mazdoor Sangathan obtained a net income of Rs 3,500 (This amount

has not been distributed to members but retained as a joint fund of the group for emergency needs) from sale of firewood and grass in 1986-87. The firewood was obtained from pruning of branches. The SHG sells firewood and grass to its members at a concessional price. Their plantation will begin to mature for harvesting (cutting) in phases from 1991 and the SHG expects an annual net income stream of about Rs 40,000 for a period of 10 years. Valli Mandali is of the view that their income from social forestry can be substantially improved if they take to charcoal making as an allied activity of social forestry. Another substantial benefit from the activity is that the migration of tribals to other places has come to an end.

Promotion of Savings

2.61 In all the social forestry based SHGs covered in the survey, efforts towards promotion of thrift and savings were, by and large, absent. However, some SHGs had a small joint fund created mainly from the monthly collection of membership fees (e.g., Yuvak Mandai) or both monthly membership collection and the net surplus obtained from sale of firewood and grass from the group forestry (e.g., Mazdoor Sangathan). At the time of the study, Mazdoor Sangathan had Rs 9,000 in the joint fund which was deposited in a savings bank account of a local bank branch. So far, the SHG has utilised the joint fund for small grants of Rs 150 to Rs 200 to members to tide over financial difficulties faced in the event of serious illness, death, etc. It has also purchased community utensils for common use by the SHG members at the time of social ceremonies like marriages, etc.

Existing Credit Linkages

2.62 The forestry projects were taken up by the SHGs either through the grants arranged by the SHPI from NWDB or interest free loans provided by the SHPI itself (e.g., Rs 25,000 given to Mazdoor Sangathan by Kishore Bharati). Some SHGs (e.g., Yuvak Mandai and Vanikaran Mandai) had approached local branches of commercial banks for formal credit. However, their proposals were not favourably considered by the banks because of the informal status of the SHGs and certain other reasons. Generally the access of the SHG members to bank finance for other purposes even at individual level has been negligible. Only in the case of Yuvak Mandai, about 10 persons were financed by banks under IRDP for purchasing bullock-carts. Dependence on private moneylenders, including big farmers has been high in some cases. Informal credit at interest rates as high as 120 per cent per annum was taken mainly for meeting emergency situations. Wherever joint fund was created, this dependence on informal sources reduced considerably.

Trading in Seasonal Fruits

2.63 There were certain informal and small groups of persons belonging to Gosavi community (This community was once nomadic, but is now settled in the village. All the members were landless and living a hard life based mainly on petty trade in farm based products like fruits, etc) in Village Nanded of Pune district (Maharashtra). These groups were engaged in joint trading of seasonal fruits like jamun (black plum), peru (guava) and also harbaraa (green gram). Being seasonal crops, black plums were traded during April to July, guava during August to October, and green gram during November to January.

The community had been engaged in this trade even prior to the SHPIs intervention. The trade is done jointly by small groups of 3 to 10 persons. The members of the groups change from season to season, depending upon their mutual understanding concerning the activity, resources, etc. They pool their funds, collectively take fruit trees on lease and after trading the produce distribute the earnings among themselves. Three such groups one each dealing in black plums, guava and green gram during the previous season were covered in the case studies.

Working of the SHGs

2.64 The group which jointly traded in black plums comprised only 3 persons. They had taken 10 trees on lease. The group which traded in guava also consisted of 3 members and had taken one guava orchard of about 200 trees on lease. The third was of 8 members who had collectively taken a plot of 5 acres with a standing crop of gram at flowering stage, provided watch and ward, and harvested the crop when it reached the milk-stage for sale in small bundles in the urban market. The monthly income derived from the groups' activities varied from Rs 200 to Rs 375 per member among the three groups. The benefits do not appear to be substantial for two reasons. The initial working capital was borrowed by all the three groups from commission agents through whom they were to sell the produce. The funds had to be borrowed at as high an interest rate as 10 per cent per month, and under the contractual agreement, the sale of the produce had to be done through the same agent, who charged a 10 per cent commission on total sale proceeds. This had cut deep into the profit. More specifically, the black plum group borrowed Rs 4,000 for three months and paid Rs 1,200 as interest thereon and a commission of Rs 1,000 on the total sales. The guava group paid Rs 3000 towards interest and Rs 1,950 as commission. The green gram group paid Rs 300 as interest and a commission of Rs 2,500. The SHPI, Janeev (The voluntary agency was initially started by a group of college students of Pune city. 'Janeev' means concern for others or sensitivity of mind. The SHPI's role in the above SHGs was one of creating awareness and organising the youth and women folk of the community) helped them approach a local bank for credit. However, the bank did not respond positively due mainly to the very informal nature of the groups and the fact that their activity did not come under approved schemes.

2.65 Thrift promotion activity was almost absent in the above groups. However, a 'Mahila Mandai' (Women's association) of the community had started making some efforts in this direction.

Sericulture Farmers Group for Common Services

Group Formation

2.66 After having regular meetings, the field staff of MYRADA succeeded in motivating a group of 30 small sericulturists to form into an association for common services, other inputs and also to learn more about the activity. The Dhanalakshmi Small Sericulturists Association started very recently in January 1987, and its membership has gone upto 40 farmers from 12 nearby villages. At the time of the survey, the SHG was collectively operating a mini sericulture service centre for mutual benefit. In this centre, the members jointly own sprayers and rearing appliances like trays, formalin, nylon nets, silk worm rearing wax papers, etc. The majority of members do not own land, but cultivate government land varying from 0.5 acre to 5 acres. The area under mulberry is less than 0.5 acre for as many as 27 out of the 40 farmers. In the remaining cases also, the mulberry crop was in less than one acre. Thirty one out of 40 have unirrigated mulberry

cultivation. These small and marginal farmers not only belong to different villages, but also to different communities. The process of group formation was facilitated by the fact that all are also members of savings and credit groups promoted by MYRADA in their respective villages.

Management of the SHG.

2.67 The SHG has elected a committee to look after its activities. The SHG meets regularly on 5th of every month in a central village to discuss their common problems in sericulture and conduct other activities. Decisions are taken collectively. These meetings are also used for imparting technical education by the SHPI's field staff. The attendance in these monthly meetings is obligatory. A member failing to attend three consecutive meetings forfeits his membership. The SHG issues small emergency loans and other loans related to only promotion of sericulture. The SHPI has provided a seed capital of Rs 6,500 for starting the mini service centre and issuing loans to its members.

Sharing of Benefits

2.68 The SHG hires out its sprayer to members, sells formalin, wax paper, etc. to them and arranges technical education for its members. It also provides small emergency loans to them for sericulture, especially for purchase of disease free layings (DFLs). So far, the SHG has helped 10 members by way of loans and the amount varied from Rs 100 to Rs 1,000. The emergency loans were for a period of only 3 months and carried interest at the rate of 4 per cent per month. Two members took loans of Rs 1,000 each for deepening of wells at 10 per cent interest per annum. The SHG members feel that their mutual benefit will be more if they can add at least 100 Chandrikas (bamboo trays) in their service centre. At present, they are hiring the Chandrikas from big farmers and often do not get them when required.

Promotion of Savings

2.69 The SHG members are saving small amounts in the respective savings and credit SHGs in their villages. They are now planning to start a savings fund in this SHG by contributing Rs 25 per member per sericulture crop (i.e., thrice a year). They maintain a savings bank account in a bank branch. .

2.70 They have created a reserve fund of Rs 525 by depositing the collection of membership fees. The reserve fund is meant for issuing emergency loans for purchase of DFLs.

Existing Credit linkages

2.71 Only 2 out of 40 members of the SHG had taken a bank loan in the past. Both had borrowed for purchasing sericulture appliances. The loans were to be disbursed in kind. Due to the inferior quality of the appliances provided, one borrower insisted on loan in cash to purchase the necessary appliances of the desired quality and received the same after incurring some incidental expenses.

Non Farm Activity Groups

2.72 The survey also covered eight SHGs, which were engaged in a variety of non-farm activities. All of them are informal groups. An idea about the types of SHGs covered under this category can be had from the Table given below.

SHGs under Non-farm Activities

SHG	Type of Membership.	SHPI	State
1. Fruit Preservation Group	Women	KGSN	Kerala
2. Savoury Making Group	Women	KGSN	Kerala
3. Beedi Workers Group	Women	WWF	Tamil Nadu
4. Bamboo Workers Group	Mixed	Parivartan	Madhya Pradesh
5. Leather Workers Group	Men	SWRC	Rajasthan
6. Patch Workers Group	Women	SWRC	Rajasthan
7. Bell-tota Group	Women	SWRC	Rajasthan
8. Van Kuteer Udyog	Mixed	Govt. Deptt.	Madhya Pradesh

2.73 The two groups for fruit preservation and savoury making were promoted in Kerala by the Kerala Gandhi Smarak Nidhi (KGSN). The fruit preservation group has a membership of 5 women belonging to agricultural labour families and the savoury group has a membership of 7 women also belonging to agricultural labour families. The former was started in 1976 after 3 members had received training in food preservation at Trichur Small Industries' Training Institute. The latter group started in 1985. Both groups have a fixed membership. While the savoury group is directly under KGSN, the fruit preservation group has started functioning more independently since 1985. The member-women belong to different religions and communities. The older group has an elected leader to manage the SHG's operations. SHG is paid a monthly honorarium of Rs 300. In contrast, in the newer group, no leadership has emerged as yet and the SHPI representative seemed to be closely nursing this group. The items of production of the fruit preservation group are jams, pickles, mango soft-drink etc. and their monthly turnover is about Rs 2,000 to Rs 2,500. Each member reportedly gets monthly wages of Rs 125. After distribution of wages at agreed rates, the surplus goes into common working capital fund. In the case of Savoury making group, the net profit is equally shared by members, which works out to only Rs 75 per month per member. In both groups, the level of operation is low, the chief reason being their low capital base. The SHPI has arranged marketing of the products in both cases through its sales depots and KYIC retail outlets, for which it charges a small commission (e.g., 3 per cent in the case of fruit preservation group). The fruit preservation group had made an attempt for obtaining institutional credit from a local bank branch. However, the bank did not show enthusiasm, as theirs was a group activity. It was willing to consider individual loans to the SHG members. In the case of both the SHGs, the SHPI provided initial motivation for group activity, necessary training, initial working capital support, marketing arrangement and continuous guidance and moral encouragement.

2.74 The Madras based Working Women's Forum (WWF) promoted a SHG of Beedi (Beedi is a country cigarette with tobacco rolled in leaves of a local tree rather than in paper) workers which started in 1983 with a membership of 11 women. There is no

change in the membership since then. The SHPI provided the initial working capital and also helped the SHG members subsequently in obtaining a working capital loan of Rs 200 each from a commercial bank. However, due to the rigid approach of banks and their lengthy and cumbersome procedures, the SHPI evolved its own credit system of the poor and for the poor. It started a cooperative credit society of all the 600 or so SHGs of women it had promoted. This society now fully meets the credit needs of women SHGs including the SHG covered by the study. The major difficulty of the Beedi Workers SHG is marketing. At present they have to depend to unorganised form of marketing and thus subject themselves to exploitation by middlemen. The SHG has a leader who organizes the economic activity of the group, arranges working capital loans from WWF, ensures proper loan utilization and arranges for SHG's repayment to WWF.

2.75 Bamboo Workers Group, Rhode Para has been formed by the voluntary agency Parivartan (Parivartan' means - transformation. This agency is a field-level organ of a bigger organisation called PRAYOG) in Bastar district (Madhya Pradesh). The SHG members belong to Pardhi community (a tribe) and were nomads, but are now settled in Rhode Para village. Making of baskets, winnowing pans and other useful items from bamboos has been their traditional occupation. They live in extreme poverty. The SHPI brought about a new awakening amongst them and helped them organise into a cohesive group for mutual support. The SHG came into existence in 1983. Bamboo based basket making being their sole occupation for earning livelihood, the SHPI arranged training for 28 persons from the group under TRYSEM for upgrading their skills. Thirteen of them were also helped in approaching a nearby bank branch for loans. Availability of raw material (bamboos) has been their major difficulty, although bamboos are available in plenty in the nearby forests and also in the Forest Department's depots. Earlier, they used to procure bamboos chiefly by way of pilfering them from the forest. They used to be often caught, humiliated and made to pay fines and bribes by the Forest Department employees. The SHPI succeeded in dissuading them from this practice and helped them financially to procure the same from government depots. However, the Forest Department became hostile soon and stopped supplying bamboos to the Pardhis. The reason for the hostility was the encroachment on Forest Department's land of 22 acres by another SHG (This SHG of the Pardhi nomads manually cleared the land, leveled it and removed stones from it. They also reportedly dug irrigation well in it. While on one portion of it they have rehabilitated themselves, the remaining land has been put to agricultural use. The Forest Department suddenly woke up and wanted them to vacate the land. The SHPI and the Government Department are currently engaged in legal proceedings on this issue) of the same tribe and promoted by Parivartan which had done so after repeated failures to get some land allotted from the State Government for cultivation and settlement. After the supply of bamboos from the government depots dried up, the Rhode Para SHG members have again reverted back to their old practice. As already mentioned, the SHPI had helped 13 members of the SHG in obtaining loans from a bank for purchasing raw material. But, this experiment also failed as the bank branch did not treat them well and the sanction of the loan of Rs 1000 each was delayed by about 4 months and the stock of bamboos in the depots was exhausted by then. Even the amount actually disbursed was only Rs 800 as the bank had deducted Rs 200 towards a compulsory deposit in savings account.

2.76 The main economic activity (making of baskets, etc.) is individually managed by the members. However, the SHG members are enthusiastic about collective procurement and storage of bamboos (bamboo bank) for ensuring their continued availability even in the lean season, provided sufficient finance is made available and the Forest Department also

cooperates by supplying the raw material from its depots. Marketing of their bamboo-based products was earlier done through exploitative middlemen. It is now arranged through two of their younger members who have got training in marketing and also working capital support from the SHPI. The SHG has a Dhan Gola (grain bank) to tide over the difficult lean period of monsoon (July to October) when bamboos cannot be procured even from forest. It was reported that the SHG members do not borrow from moneylenders for obvious reasons. Instead, the SHG issues small emergency loans, varying from as low as Rs 10 to Rs 100, from a common fund created from a monthly subscription of Rs 2 per member. The interest on such loans is fixed at 5 per cent per month which is half of that usually charged by moneylenders. The SHG has a committee of 3 members and simple accounts/registers are kept by a boy who is a primary school dropout. Decision making is collective and meetings are conducted regularly. Non-attendance entails a fine. Though the SHG is organised, the members are even today shy of outsiders as they are apprehensive. Our probing yielded a response from one member, "We cannot speak, others easily conspire, articulate and harass us".

2.77 The Harmada Regaraan Charm Utpalak Sahakari Samiti (SHG) in village Harmada, Ajmer district (Rajasthan) was promoted by Social Work and Research Centre (SWRC), Titonia as a measure of increasing the incomes of traditional leather workers in the village. About 60 out of more than 1,000 households in the village were engaged in leather work. Due to various developmental activities, urbanisation, rural electrification, etc. the demand for traditional leather goods was gradually decreasing. Against this background, the discussions held by SWRC with the Regar community in the village brought out the fact that unless superior quality products are produced, there is little likelihood of increasing their incomes. The leather workers also felt that profits would be more if they take up tanning activity on a large scale rather than stick to producing leather items. Convinced by this argument, SWRC arranged for their training in leather tanning. Soon, the activity was taken up by the members on a large scale, but not much headway could be made as it was heavily opposed by the villagers due to bad odour emanating from the tanning operations. Lack of experience also resulted in loss of chemicals and spoilage of large quantities of leather resulting in a loss of about Rs 35,000. The SWRC, therefore, shelved the idea on the tanning activities and suggested to them to take up production of good quality leather items. Many members got disappointed on this and withdrew from the Samiti. Only 19 remained to take up the activity as suggested by the SWRC. The SWRC trained them in the manufacture of items like handbags, portfolio bags, book covers, etc., and also provided them with designs obtained from various places. Interest free working capital loans of the order of Rs 50,000 to Rs 70,000 were given to the Samiti for purchasing leather from distant markets like Delhi, Kanpur and Madras. The SHPI also procured orders for them. The bulk orders were shared by the member households and they decided the wages to be paid by the Samiti to the members for the amount of work done by them. The SHPI also helped the Samiti organise sales exhibitions in various places in association with agencies like Dastakar who market artisan products. The Samiti members themselves visited these exhibitions and came in direct contacts with the purchasers. Once the ball got rolling and higher incomes started flowing in, the Samiti members refused entry for those who had earlier left the Samiti when the going was difficult. Though no specific data were available, the Samiti members appear to have earned substantial incomes from their activities, which was evident from their pucca houses, their standard of living and availability of consumer durables in their houses. Despite increased incomes and exposure to raw material and finished product markets and a formal organisation (the Samiti was registered in 1979

with a view to facilitating bank loans, the Samiti continued to heavily depend on the SHPI. It appears even the latter did not make specific attempts to gradually withdraw from the group. Lately some frictions had developed between the Samiti and the SWRC in regard to product pricing (Enquiries with the SWRC also suggested that they had begun to doubt the prices mentioned by the Samiti for the purchase of raw leather and felt that they were already being cheated by the Samiti in this regard and hence the Samiti's requests for increasing prices of finished products were not justified) and the activity had, therefore, come to a standstill. The members were disillusioned with the SHPI as well as with the Samiti's working even though they respected the contribution made by SHPI in improving their conditions.

2.78 The SWRC had also organised groups of women workers for income generating activities in the handicrafts sector. They included groups for appliqué work ('patch work' in local parlance) for preparing bed and cushion covers and preparation of decorative wall and door hangings made of a metal bell and straw filled totas (birds) made of cloth. The two such groups covered had a membership of 12 and 24 women respectively. The women were illiterate, hailed from two backward communities and had no entrepreneurial experience. In both the cases intensive training in the work was provided by the SHPI. One of the groups was trained under TRYSEM. Orders are procured for them by the SHPI, which also provides the raw materials and designs. Although the work is taken up on an individual basis by these women, they all sit under a common shed and take up work at convenient times after completing their household chores. Working together helps them to have mutual control on quality of work as well as generate competitive efficiency. The members are paid output related pre-determined wages by the SHPI. They were gradually being exposed to the outer markets through sales exhibitions organised by the SWRC. All the women had post office and bank accounts where their wages were credited and they were encouraged to withdraw as small a sum as possible. The women were of the view that their income generating activity had enhanced their prestige in their households, especially during the droughts when their men folk had little work to do on farms. In all the three cases, the SHPI had visualised that the traditional artisans had little future for their work in the 'traditional markets'. 'Non-traditional' markets had, therefore, to be searched and products designed to suit requirements of such markets.

2.79 An officer of the Forest Department in Madhya Pradesh, while he was posted in the Balaghat division, observed that the department was auctioning bamboos and other forest produce to contractors and was buying for its use ropes and baskets made of such produce from some suppliers who employed tribals for this work. He discovered that in the process raw materials from the forests were getting sold at low prices and products of indifferent quality were being purchased at high prices; the middlemen being the major beneficiaries. It took him sometime to convince his superiors that the department could itself promote the manufacture of quality products at lower costs and also assure remunerative wages to the actual workers who otherwise got exploited.

2.80 It was with this idea that the Van Kuteer Udyog (forest cottage enterprise) started with about 15 tribals who came forward to be trained, housed and employed by the department in a training-cum-production centre. This number has now gone up to about 400.

2.81 Assured wages have helped the tribals bring improvements on their lands, huts and their living standards. Their dependence on moneylenders has reduced. Working together has helped break the rigid caste barriers and they share a common kitchen while working at the Udyog, as devoting time to work is more important now than to cooking.

2.82 The Udyog presently provides regular employment to the tribals for about 8 months a year. New activities such as bee keeping are likely to be added soon and the tribals may take up such activities on their own also. All the workers have savings bank accounts, but have not taken any bank loans. Given proper motivation and assistance, it would be possible for many of them to start working together in their own villages so that they manage their farming as well while taking up these income-raising activities.

2.83 This example illustrates the type of promotional work undertaken even by a governmental organisation to improve the economic position of the poor.

Irrigation and Action Groups

2.84 The Vaishali Area Small Farmers Association (VAS FA) started functioning in 1971 in village Vaishali in Bihar. It was promoted with the active involvement of Peoples' Action for Development (India) (PADI) (PADI, after merging with Council for Advancement of Rural Technology, has started functioning as the Council for Advancement of People's Action and Rural Technology (CAPART)). It is an autonomous body and channels governmental and other funding to voluntary agencies) with the intention of forming groups of farmers, especially small farmers, in contiguous areas to install common means of irrigation like tube wells as individually they would not find such investments viable. There are now 36 such groups with 712 households as members in 14 villages in Vaishali and Muzaffarpur districts (The movement has now spread to many other neighbouring districts). As the formation of such groups is based on consideration of contiguity of land in the command of a tubewell, the membership of irrigation groups cuts across the economic and social boundaries and depends on sizes of holdings of the members. The size of a group was, therefore, not fixed and varied from 8 to 36. The benefits of irrigation are such that they quite often lead to voluntary consolidation of lands by members.

2.85 No group has a committee, but all groups elect a 'group leader' once in two years to represent them on the managing committee of the SFA. All members of the groups constitute the general body of the SFA and elect a Chairman once in three years and a CAPART employee works as a whole time General Secretary of the SFA for the first 5 years. A representative of the local bank is also on the managing committee.

2.86 Groups are generally formed at the initiative of the SFA, though sometimes they come up on their own and seek advice from SFA. Proposals for installation of tube wells and distribution channels are prepared jointly by SFAs and the bank's agricultural officer, and once approved are carried out immediately through the revolving fund with the SFA which is later reimbursed by the bank. The SFAs have now been exempted from producing land holding certificates issued by revenue officers, a usual pre-condition for getting bank loans, and attestation to this effect by SFA is held valid. The groups have joint savings accounts in the banks where contributions proportionate to the benefits of irrigation source are deposited by them. This fund is used for maintenance of the investments.

2.87 As very small land holders and the landless were not directly benefiting from such groups, they were encouraged to form 'Action Groups' to take up non-farm and allied activities. The SFA, with the help of Consultancy-cum-Guidance Centre (CGC) of CAPART, arranges for the necessary training of such people and later helps them obtain bank loans.

2.88 All loans are issued on individuals' names against group guarantee at usual rates

of interest charged by banks. This has often led to the problem of prompt repayers being denied fresh loans due to defaults by co-members. Apart from defaults due to natural calamities, many large farmer members were found to be willfully defaulting their repayments. Although SFAs themselves tried to help the bank in recovery of loans by accepting repayments in kind (and crediting the bank accounts with equivalent cash) the overall repayments stood at about 50 percent only. This has dampened the enthusiasm of the bank also.

2.89 The SFAs, with the help of the CGC, have made arrangements for agricultural extension, animal health care, etc. All SFAs also had dealerships for various inputs like fertilizers, which were delivered at the farmers' doorsteps. A programme of farmers contributing 40 Kgs of grains in each season to avail of free health services has been started.

2.90 Despite being aware of the fact that the larger and more influential farmers in the groups do succeed in moulding group decisions in their favour, VASFA went ahead with the present strategy consciously in the hope of eliminating such tendencies in due course of time.

Other Groups

2.91 Malipukur in South 24 parganas district (W. Bengal) is a small village with about 175 households, out of which 40 percent are landless labourers. The literacy rate in the village is almost 40 percent. In 1977, a sports club was established by the young students and farmers of the village, which also took up jointly an economic activity, viz., catching fish from the village ponds. The income of about Rs 900 earned from this activity became capital base of the club. Sometime in 1981, the club came in contact with the workers of Lok Siksha Parishad (LSP), an organ of Sri Ramakrishna Mission Ashram, Narendrapur, and began integrated programmes for the development of the village in genera and the group members in particular. The membership of the group is open to all and is at present 50. Decisions regarding the activities of the group are taken by a 15-member committee elected every three years. The committee meets twice every month. Secretaries of 12 such SHGs of nearby villages are members of a cluster committee, which shoulders collective responsibility for a cluster of SHGs. The cluster committee is headed by an extension officer of the LSP.

2.92 Whenever a SHG member wishes to avail of bank loan, the application is submitted to the cluster committee through the SHG. After due scrutiny, the cluster committee forwards the application to the LSP, which prepares the individual application after due appraisal and spot verification and forwards the same to the concerned bank. The bank also conducts its own appraisal before sanctioning the loan. The LSP however, arranges for any special training that is required to manage the desired investment. In case a borrower is not in a position to contribute the necessary margin money, the cluster committee arranges the same from the LSP as a loan at an interest rate of 6 per cent per annum. The SHG also has a savings programme in which members contribute Rs 5 per month. Crop loans are sanctioned by the cluster committee through the SHG's Sanchayika (the saving programme). The LSP has provided Rs 10,000 to be used as revolving fund for providing crop loans and loans for margin money. The interest part from the repayments made by borrowers from the savings programme is retained by the Sanchayika and only the capital is returned to the LSP. In this manner, the SHG's resource base is slowly growing. So far 45 members have availed of crop loans and term loans from bank for investments like poultry, fishery or dairy development. The cluster

committee monitors the use of loans through the SHGs and also helps obtain proper cooperation from various government departments.

2.93 The SHG wishes to start a Women's Centre for providing training in various income generating activities like beedi making, weaving, spinning, broom making etc.

2.94 After the partition of India in 1947, refugees from erstwhile East Pakistan swarmed into West Bengal and many of them settled down at the outskirts of South Calcutta and in South 24 Parganas district. An unplanned hutment colony of such refugees came up in Sonapur block and was called South Sripur. It is at a distance of only five kms from Calcutta. It has no agricultural land. It has about 700 households, most of whom are caste Hindus. All depend on petty trading, artisan work and small jobs in the nearby areas. The 12 hamlets of the village have their own small sized SHGs and their cluster at the village level is called Students Club. The Students Club was founded in 1963 as an attempt to keep a small plot of land in the village free for playing games. This collective struggle brought the village youths together who then started taking up more constructive work for the village. In 1970, some of the club members came in contact with the Sri Ramakrishna Mission, which was only five kms away, and-thereafter they were able to take up various economic activities. The cohesiveness of the group existed because of identical characteristics of all the villagers as all were refugees and caste Hindus and faced the same social and economic problems.

2.95 At present, there are 53 members in the Students Club. The membership is open and members have to pay Re 1 per month as membership fee. In order to be able to take benefits from various government schemes, the LSP helped register the Students Club in 1975 as a voluntary organisation under the Societies Act. The managing committee of the Club has 13 members, 9 of whom are elected and two nominated every three years, and there are two representatives from the LSP and from the village Mahila Samiti (women's group). A sub-committee of five members handles all economic matters and arranges production oriented loans from commercial banks for investments, such as backyard poultry of 200 to 300 birds, goatery unit with 4 goats, or small fish ponds as well as loans for tailoring, grocery shops, vending, fish shops, etc. The Ramkrishna Mission has also provided seed money to the tune of Rs 40,000 to the Nivedita Savings Fund of the Club, which is used for providing loans for consumption as well as for margin money contribution of members for availing of bank loans. The procedure of applying for bank loans is similar to that existing in the Malipukur SHG. Even non-members can save with the Nivedita Fund and obtain loans which are sanctioned at an interest rate of 8 per cent per annum and are to be repaid within 18 months in monthly installments. In the case of genuine difficulties, the Club defers repayment without any penal interest. Apart from this, a separate joint Fund has been created in which members of the Club contribute Re. 1 per month and other members of the Nivedita Fund contribute 25 paise per month. Joint Fund also accepts donations and is used for helping needy persons in emergencies by way of grants.

2.96 The Club has so far not encountered any problem in recovery of loans, whether provided through its own fund or taken from the banks, because close monitoring on the use of loans is maintained by the SHGs and borrowers' daily contacts with the Club authorities help them obtain useful tips in respect of marketing, availability of inputs etc. Most of the borrowers were also found to be housewives taking loans for productive purposes. The Club has ambitious plan for the future, which include formation of a consumer society, a children's cradle centre, a vocational training-cum-production centre, a primary health centre and a sports club for children.

2.97 Tamina is a small village with 66 households in the Karindimal hills in Orissa.

Thirty of these households are of marginal farmers, 22 are of small farmers, 13 are of agricultural labourers and one is of an artisan. Most of them belong to the scheduled tribes, while other belong to scheduled caste. All the households are members of the SHG named Karindimal Gana Sanghatan (KGS), which was promoted by Gramvikas ('Gramvikas' means village development), a SHPI. The basic objectives were to organise the villagers to have their own voice against any oppression and exploitation. The SHG is headed by a managing committee of five and is elected for three years. The President of the SHG is also a member of the Anchalik (regional) Committee, which is a cluster of 10 similar SHGs in the region, and on which a SHPI worker is nominated as General Secretary. All decisions are taken by the committee in fortnightly meetings and responsibilities are shared by all members. Activities undertaken by the group include abolition of liquor sale and its consumption, promotion of fisheries, providing loans for consumption including loans for health care and celebrations, organising the women and promotion of thrift activities.

2.98 Members contribute Re. 1 per month as membership fee and deposit any amount that they are able to save. The Sanchay Yojana (savings scheme) presently has a fund of about Rs 10,000, sixty per cent of which is kept in a fixed deposit in a bank and the rest is used for issuing loans to members at an interest rate of 4 per cent per annum. Repayment periods are decided on merits of individual cases. All the members have been identified as potential beneficiaries under IRDP and about 40 have received bank loans under one or the other scheme operating for the benefit of tribals and scheduled castes. Forest plantation has been taken up on waste lands under the NREP.

2.99 The SHG wishes to start a consumers' society, a training centre for women and a training-cum-production centre for making improved bamboo roofing Sheets with bank finance.

CHAPTER -3

ROLE OF SELF-HELP PROMOTION INSTITUTIONS

In the context of assessing the likely possibilities for development of linkages between self-help groups on one hand and the formal credit institutions on the other, it is necessary to have a clear understanding of the role played by SHPIs in the promotion and development of SHGs. The following discussion is based on the experience of 19 SHPIs ("Excluding a government department which played the promotional role ") associated with the SHGs covered by the present study. These SHPIs had adopted organisation of the rural poor into functional groups as a strategy of their intervention.

Birth of the SHPIs

3.2 The SHPIs have come into existence as a result of an urge to help improve the lot of the poor. Often the inspiration for voluntary intervention in favour of the poor has come from the situation of mass poverty co-existing with impressive development all around, and of various forms of exploitation at the hands of the well-to-do or 'powerful' segments of the rural society as well as indifferent and unsympathetic attitudes of the official delivery mechanism. A noteworthy feature, therefore, is that the SHPIs were started by people ranging from university students to highly qualified professionals, in response to an urge to do constructive social work. Such persons have also been able to build-up teams of committed social workers to achieve the objectives of collective intervention. For instance, SHPIs like Gramvikas, Janeev and Rural Communes were started by students of the Universities of Madras, Pune and Bombay respectively, who were initially involved either in relief work (e.g., Gramvikas) or in the University's Graduate Volunteer Scheme which placed graduates in rural setting for 'experimental learning' (e.g., Rural Communes). The Behavioural Science Centre (BSC) came into existence at the initiative of some teachers of St. Xavier College Ahmedabad who were struck by the social inequalities that existed in the rural society and felt disillusioned after witnessing the contrast between the text-book knowledge they imparted and the reality that existed in their neighbourhood in the countryside. Kishore Bharati and UVM were started by professionals who relinquished lucrative alternatives and got involved in rural development work. Other SHPIs such as ASSEFA, Ramkrishna Ashram, MYRADA, SWRC, Seva mandir, Parivartan, VASFA, WWF, NIRID, Mahiti and Nazareth Ashram were similarly formed and promoted by enlightened persons engaged in one or the other form of constructive work based on social commitment.

Status of the SHPIs

3.3 All the SHPIs were registered as voluntary agencies under the Societies Registration Act 1860, except Parivartan which is an unregistered grass root level organ of another registered voluntary agency called PRAYOG. All were nonpolitical bodies.

Target Group

3.4 The target group of the SHPIs is mainly the rural poor consisting of small and marginal farmers, landless agricultural labourers, artisans, scheduled castes, scheduled tribes and women, though some SHPIs were found to have catered to the non-poor of the villages as a matter of strategy to 'gain an entry' (e.g., MYRADA) or, as a matter of necessity (e.g., irrigation groups of VASFA). In the case of MYRADA, the non-poor of the villages are gradually eased out from the SHGs.

Basic Objectives

3.5 Though the objectives have been spelt out differently by the different SHPIs, the central objective of all the SHPIs is to bring about a qualitative change in the lives of the poor. Emphasis has, therefore, been on (i) changing their outlook towards themselves and the rest of the society through self-analysis, and (ii) self-reliance for self-development based on group effort. Hence, the stress is on collective existence and promotion of various forms of mutual help for each other's betterment. Some SHPIs were also having an explicit objective of improving the access of the poor to the official delivery mechanism created for poverty alleviation.

Role in the Development of SHGs

3.6 In order to facilitate the initial task of organising the poor into groups, attention was first focussed by the SHPIs on some specific issues of immediate common concern to the poor like exploitation by vested interests, seasonal migration for employment, small credit needs to meet emergency situations, raw materials supply, etc. Initial efforts were directed towards bringing about a new awakening among the target group. Various instruments like non-formal education, informal discussions, plays and puppet shows etc. were used. Programmes like extension services, health care and financial support in times of difficulty were also often used to win over the confidence of the target groups. This preparatory stage of awareness creation through various conscientisation methods and establishment of credibility took considerable time, which was even upto 2 years in some cases. During this phase, the SHPIs succeeded in establishing rapport with the target groups, bringing about considerable awareness amongst them, and most importantly, triggering a process of collective thinking on common problems and evolving solutions based on group efforts.

3.7 Since organising the poor into cohesive groups was found to be a very difficult task on account of various socio-cultural stratifications (though absolute poverty is a common feature), the SHGs were generally formed on consideration of homogeneity among the groups and their functional viability. Often groups were therefore, either of members of a particular caste or sub-caste, or based on a common economic activity, or only of women. However, certain SHPIs had also successfully promoted groups of mixed castes and religions. For instance, in the case of Mazdoor Sangathan, the level of awakening brought about by the SHPI was so high that the group had completely overcome the disintegrating forces that initially existed within itself because of caste differences.

3.8 A few SHGs came into existence as a result of the 'demonstration' effect of the successful functioning of the SHGs promoted by a SHPI in the area. In such cases, the concerned SHPI's help and guidance was sought by the poor organising themselves into a SHG.

3.9 After the formation of the groups, the SHPIs have closely involved themselves in systematizing the working of the groups that allowed fuller participation of all members in decision-making, promotion of various forms of mutual support and emergence of leadership. They have concentrated on imparting organisational skills, inculcating new attitudes and providing resources to sustain a process of development which reduces abject dependence on other exploitative interests. As regards the efforts at improving the financial strength of the poor, the SHPIs had motivated the members of a large number of the sample SHGs to build a common fund. For this, they inculcated the habit of regular savings by SHG members, and evolved suitable instruments for the purpose. The

members were continuously being trained in management of common funds for the benefit of the members (e.g., MYRADA, NA, KGSN, etc.). Many SHPIs provided financial resources to the groups in the form of a revolving fund or seed money contribution. Some even organised informal credit cooperatives of the poor for meeting legitimate credit needs for productive purposes (e.g., ASSEFA, WWF). Some others (e.g., RMA and VASFA evolved suitable arrangements for linking up the poor to formal credit institutions with a fair degree of success. To facilitate this, support was provided in the form of a revolving fund from which assistance was provided to members for meeting their margin money requirements. Certain SHPIs had also made arrangements for providing suitable activity based training to the SHG members for upgrading their present skills or imparting new skills before embarking on the new activities, mostly in the non-farm sector. An attempt was also made to provide marketing linkage wherever feasible. Some encouraged the poor to utilize local resources like wastelands for environmental improvement and thereby contributed to the national effort in this field, while enabling the SHGs to directly benefit from such activities. Certain SHPIs were observed to have evolved meaningful alternatives to seasonal migration in search of employment. Encouragement was also provided by some for building up a grain bank or a fodder bank to tide over the difficulties faced by poor during lean periods.

3.10 Another interesting feature was that many SHPIs had involved the youth and women from the, target group for constructive work including organising the people of their communities into SHGs. As already pointed out, a sizeable number of the sample SHGs comprised only women.

3.11 The SHPIs were also engaged in various other activities beneficial to entire rural community. Activities being promoted were such as non-formal education, creation of scientific outlook through a new method of teaching science in schools (e.g., Kishore Bharati), sinking of wells for drinking water, primary health care, cattle improvement, technology upgradation and the like. They also encouraged creation of community assets like village tanks, wells, roads, etc. through 'Shramadan' . (Shramadan means voluntary unpaid work for community) by the SHGs.

Major Constraints

3.12 The SHPIs argue that all efforts at improving the living conditions of the poor, including those of the government as also their own, clash with the interests of the better off people and other vested interests like moneylenders and the petty bureaucracy. Organisation of the poor their awakening and economic well-being is, therefore, considered as a threat to the privileged position of these dominant interests. Allegedly, a clear bias against the poor existed at the grassroot level. Some SHPIs with the support of the SHGs often worked as watchdogs. By and large, the SHPIs feel that enough recognition for their selfless work has not been forthcoming from the official agencies (These SHPIs are happy that their developmental role has been stressed in the Seventh Five Year Plan. But they point out that much needs to be done to create conducive climate for integrating their efforts with those of the official agencies). As a result, they have to put up with innumerable problems, as they are 'not working in isolation.

3.13 The efforts undertaken by SHPIs to prevent exploitation of the poor were not liked by the vested interests who were sometimes instrumental in doing false propaganda to malign the SHPIs in the public eye. Often they have been

falsely branded either as extremists or agents promoting religious interests. Prevalence of such climate makes it difficult for them to work. However, there are some SHPIs which have enjoyed some form of government recognition. In their cases, such problems were effectively countered to a great extent, and these agencies were able to elicit cooperation from local administration as also from banks. Some SHPIs reported that since they receive funds from foreign donors, (in addition to certain internal grants, government and private) the local administration views their activities with suspicion. They would, therefore, prefer to rely on internal funds if such funds are forthcoming in adequate volume to support their functions.

3.14 As regards the SHPIs' willingness to cooperate with banks and government in various programmes for the weaker sections, the reaction was of a mixed type. They are generally willing to cooperate, but do not have much hope of achieving 'good results' unless the situation undergoes a qualitative change. Regarding the local banks, the SHPIs are generally of the view that a great deal of 'sensitization' of local bankers would be necessary for ensuring adequate and appropriate response to the credit needs of the poor and to develop suitable package of assistance by involving the poor in the process of the choice of activity, the scale of operations, the amount of assistance and the like. They also emphasise on , close coordination among all concerned. As regards their role in future efforts related to banks, by and large, they are inclined to provide support in identification of credit needs of the SHG members, monitoring and follow-up, and improving repayment of loans.

Withdrawal of the SHPIs from SHGs

3.15 The Survey Team observed that by and large, the sample SHGs have not matured yet to be fully self-reliant. At present, the SHGs themselves prefer to depend on the concerned SHPIs in whom they have full faith. According to them, the SHPIs have been their true friend, philosopher and guide and have shown them the way as also stood by them in times of difficulty. The poor in the SHGs think that the SHPIs symbolise their interests unlike non-committed officials in the official machinery. Hence, generally the SHGs have a sense of 'loyalty' towards the SHPIs and do not want to snap their relationship with the concerned SHPIs. The SHPIs, on the other hand, generally felt that as a strategy they would have to withdraw in due course and reach out to other people in the target group in new villages. Most of them, however, had not planned for such withdrawals, perhaps as the feasibility of withdrawing in the near future was doubtful owing to the young age of the SHGs.

CHAPTER 4

BANKING WITH THE POOR - SOME EXPERIENCES

Experiences of SHGs

As earlier stated, the access of the poor members of the SHGs to formal credit was, in general, negligible. However, a small number among them had borrowed from banks, especially under IRDP and DRI scheme, for purposes like purchase of milch cattle, bullocks, carts, etc. The loans were taken from regional rural banks (RRBs), commercial banks and, in rare cases, from primary agricultural credit societies (PACS). The normal bank credit had almost not flown to them. This insignificant credit assistance was also mostly in the form of individual loans.

4.2 The factors that appeared to have limited their access to institutional credit are: (i) their status as landless or marginal farmers, generally not having title to the land, (ii) their lack of information about government programmes and bank schemes meant for weaker sections, (iii) lengthy and cumbersome procedures for obtaining bank loans, (iv) considerable time-lag in disbursement of credit by banks, (v) rigid nature of lending policies of banks in respect of investments to be financed, unit size and scale of finance, etc., which are not consistent with the preferences of poor, (vi) rigid procedure being followed by banks concerning group guarantee for group loans, (vii) informal status of the SHGs being a limitation for availing group loans, and (viii) general hesitancy on the part of the SHG members to borrow from banks because of past unpleasant experiences and general apathy of local bankers and government functionaries.

4.3 In the course of the study, an attempt was also made to ascertain the difficulties experienced in the past by the members of the target group of poor (SHG) in borrowing from formal credit institutions. Such SHG members reported considerable difficulties. Three major difficulties were reported by almost all borrowers, viz., (i) cumbersome procedures requiring various documents from Patwari, Gram Sevak, various bank branches, etc., for making loan application, (According to the members of the SHGs, too many formalities are required to be completed in the form of paperwork requiring them to repeatedly go to the Patvllari (village revenue clerk), Gram Sevak (Block representative) and the bank's branch. The Patwari and Gram Sevak are generally unhelpful. The attitude of bank staff is no different. A minimum of 2 to 4 visits to each of the three offices (Viz., Patwari, Gram Sevak and Bank) become necessary. These several visits amounts to loss of daily wages, besides the payments to be made to various functionaries for procuring the necessary documents and fulfilling other formalities) (ii) considerable time-lag between loan application and actual receipt of loan assistance (iii) corruption, and (iv) unsympathetic attitude of the functionaries (In certain cases, the poor borrowers from SHGs reported bad treatment at the hands of the staff of formal credit institutions at ground level like RRB branches, primary agricultural credit societies (PACS). According to some SHGs, such staff are often drawn from local areas and are subject to the influence' of vested interests. They are either hostile to the poor or show indifference to their needs). The general reaction of the poor on formal credit was one of despair.

4.4 The discussions with SHPIs nearly confirmed the above views of the members of the SHGs, although some of them had encouraged members of the SHGs to borrow from banks. Many SHPIs are critical of the functioning of financial institutions at grassroot-level. Because of the difficulties associated with obtaining bank credit, the SHPIs often

attempted other 'alternatives'. Either the SHPIs themselves provided funds to the SHGs (e.g., ASSEFA, Rural Communes, Kishore Bharati, Parlvartan, etc.), or encouraged the SHGs to build up a 'common fund' based on the members' regular small savings and initial seed capital assistance from the SHPI (e.g., MYRADA and Nazareth Ashram). In some cases, they started credit cooperatives of the poor themselves (e.g., Working Women's Forum and ASSEFA). Such arrangements have proved highly useful in meeting the smallscale production and consumption credit needs and have helped considerably reduce the dependence of the poor on moneylenders. It may be worthwhile, however, to point out that the SHPIs concede the fact that the above alternative arrangements do not provide the panacea as they are inadequate instruments and the formal credit institutions are still relevant to the poor for 'development' credit. Most of the SHPIs are, therefore, found to be willing to cooperate with banks in improving the access of the rural poor to formal credit and wanted a general change in the approach and attitude of rural bankers.

Existing linkages

4.5 The survey revealed that in a majority of cases, the SHGs had no linkage with banks either directly or through SHPIs. However, there were two cases in which the found that useful linkage has been built between the SHG and the SHPI on the one hand, and bank on the other, to meet the credit needs of the poor for development. In one case, the SHPI, was VASFA operating in 14 villages in Vaishali and Mazaffarpur districts (Bihar), and in the other case, the SHPI was Ramkrishna Mission Loksiksha Parishad operating in South 24 Parganas district (West Bengal). In these two cases, good coordination was observed between the voluntary agency and the major bank of the area for ensuring a greater flow of formal credit to the poor, as also for sharing of the responsibilities involved in their joint efforts in 'reaching out' to the poor and the needy. Additionally, both SHPIs seemed to enjoy a certain measure of 'recognition' from the State and Central Governments for their development activities, which has strengthened their intervention favouring the poor. VASFA, which is a federation of small SHGs called small Farmers Associations (SFAs) was established under the sponsorship of CAPART and its General Secretary is a representative of CAPART. The regional office of CAPART is housed in the same building with VASFA's office. The participating bank is also represented on the managing committee of VASFA. The SHPI motivates the members of various SHGs promoted by it to avail of productive loans from the bank. The bank has set up a separate cell, which acts as its satellite office to effectively cater to the needs of the poor. It accepts, processes and monitors all loan accounts of the SHG members. Formulation of suitable loan proposals is done by involving the members of the SHGs, VASFA and the financing bank. SFAs have been exempted from producing land holding certificates issued by revenue officers and attestation by the SFA General Secretary to this effect is considered valid. Once a proposal is sanctioned by the bank, it is executed through the revolving fund of the SFA and reimbursed by the bank. The SHPI lends support to the bank in follow-up and supervision of loans to SHG members through group leaders of each SHG and persuades them for ensuring better loan repayment. The SFAs also take recovery in kind, e.g., food grains, and then deposit equivalent cash in the bank. The purposes for which loans have been availed of by the SHG members are joint tube wells on group guarantee basis, individual crop loans by members of irrigation groups and for petty business (e.g., tea stall, grocery shop, knitting, weaving, carpentry, repair units, dyeing, printing, shoe making, etc.) by the landless members of the SHGs called 'action

groups'. The landless are provided the necessary training in various trades and activities before linking them up with banks for loans. For this purpose, CAPART has set up a training centre in the area.

4.6 A close linkage between the SHGs, SHPI and the banks was also observed in the case of the SHGs promoted by the Loksiksha Parishad. This SHPI arranges term loans from banks for individual members of the SHGs through the cluster committee (As already explained in the earlier section, a cluster committee is a federation of SHGs of contiguous villages or hamlets. The SHPI has its representative in the cluster committee) of a group of SHGs. The SHGs receive the loan proposals from members for various economic activities and forward the same to the cluster committee, which in its fortnightly meetings conducts a scrutiny of the applications, judges the training need before taking up the activity by the concerned member and also decides whether the member requires margin money support from the special fund maintained for the purpose. After due certification, the loan applications are forwarded to the LSP. The SHPI prepares a feasibility report on loan proposal and alongwith such reports sends the applications to the financing bank for necessary sanction. After the receipt of the loan applications from the SHPI, spot verification is done by the bank's field officer and loan proposals are appraised after giving due consideration to the SHPI's feasibility report on the activity proposed for credit assistance. The SHPI arranges help in post-loan follow-up and supervision and also in recovery of loan through the cluster committee of the SHGs. Close guidance is provided to the members in the pre-and post-loan stage. If the SHG members, plan to start certain activities requiring prior training, such training is arranged by the SHPI in its training centre. Margin money, when necessary is arranged for the members from a revolving fund created by the SHPI at the cluster committee level. This support is provided to the members at an interest rate of 6 per cent per annum. The SHPI is in good terms with all development departments of the Government. The SHGs opined that their direct linkage with the Ramkrishna Mission helped them receive assistance, without much difficulty, from development agencies, including banks.

4.7 The two SHPIs were able to obtain sizeable bank loans for their SHG members and serve as a pointer to future efforts at developing a participatory approach in credit delivery involving SHGs, SHPIs and the banks. The recovery of loans was reported to be very satisfactory (as high as 95 per cent of demand) in the case of SHGs promoted by LSP. On the other hand, in the case VASFA the recovery of loans was only 50 per cent of demand. Nevertheless, in the latter case, it needs to be borne in mind that the SHGs were of mixed type, i.e., of both poor and non-poor. Interestingly enough, majority of the defaulters belonged to the relatively richer class e.g., irrigation groups, where the involvement of the non-poor cultivators was necessary to form a compact area to benefit from a common tubewell. In the case of the poor beneficiaries, the SHPI maintains that the default is genuine and due chiefly to natural calamities.

Experience with Group Guarantee Loans

4.8 Only two instances of group guarantee based bank loans were noticed. The first relates to the dairy loans obtained by a group of 8 persons of which 7 persons were members of the Mazdoor Sangathan and the second relates to the joint tubewell loans obtained by the irrigation groups of V ASFA. Under the existing group guarantee arrangement, the financing bank insists that all members of the- group should repay their respective loans before a fresh loan is granted to any member. The rationale is that by so insisting, the group pressure will ensure repayment of bank dues by all members.

However, in reality, defaults by poor borrowers are often involuntary due to the factors beyond their control, or there is always a possibility of a blacksheep in the group. Both groups complained about the denial of fresh loans to them on the pretext that some of their co-members were defaulters. In the case of the joint dairy loans, one co-borrower who turned out to be a wilful defaulter was not a member of the SHG. In the case of irrigation groups, involvement of influential large farmers could not be avoided and it was the large cultivators who turned out to be wilful defaulters. There is a need, therefore, to suitably modify the group guarantee arrangement.

Views of Bankers

4.9 During the course of the survey, a few available local bankers were contacted with a view to getting an insight into the problems experienced by them in financing the credit needs of the poor. It was found that quite often the bankers were not even aware of the function at times did not have any idea of the working of the SHPLs in the areas of their operation. The general notion among bankers was that SHPLs were 'welfare' organizations working for the betterment of the poor people and there was litter in their functioning, which would have a bearing on banking activities.

4.10 The bank were largely used to operating with individuals, whether it is collection of savings or granting of loans. The exceptions where banks have dealt with groups of rural people were either for indirect lending through cooperative societies ceded to them or for financing the borrowers directly for common investments on group guarantee basis. There have been no attempts at mobilising savings through a group effort. When the group guarantee scheme was implemented it was expected that group pressures would induce individual members to repay their loans promptly, as the prompt repayers would be denied future credit assistance if any of the members of the group turned a defaulter. It appears the system has not worked efficiently and that prompt repayers have become the victims of the group guarantee scheme and have been denied future loans. The major reason for this failure appears to be that the members had come together only for the sake of taking loan and the group pressures did not work because the group never had a very cohesive structure. This was also due to the fact that in most of such cases the group comprised members of both the poor and the non-poor classes. Often it was the non-poor members who wilfully defaulted, as they could afford not getting a fresh loan, and were aware of bank's limited powers to take any action against them. The result was that the poorer members suffered as they were in no position to assert on the non-poor.

4.11 It has been mentioned earlier that the characteristics of the SHG members and their credit needs were such that they did not fit in with the requirements of formal credit institutions. The members were often marginal farmers with very small holdings, tenants or share croppers with no documentary evidence to that effect, landless people often cultivating on revenue lands (thereby performing, technically, an illegal task), agricultural labourers and small-time artisans with very low level of turnover. Their credit needs often emanated from essential expenditure on health care, marriages, deaths or subsistence requirements, coupled with small working capital requirements for cultivation and other production or trading activities. Apart from the fact that these people were not in a position to produce documentary evidence of their land ownership or tenancy, many of them happened to be victims of 'benami' transactions carried out in their name in the village cooperative Societies (PACS) etc. Once declared as defaulters in respect of such benami transactions, they could not obtain 'no dues' certificates for taking

any (new) loan from any formal institution. Even if the banks wanted, they were not in a position to help such cases within the framework of present regulations.

4.12 The banks were also guided in their loan transactions by certain norms relating to minimum unit sizes of investment derived from viability considerations, scales of finance for working capital requirements and unit costs of investments supposedly appropriate for the 'approved' unit sizes of various investments. Certain investments also did not fall under the 'approved' items of investments which could be financed by the banks. This created serious problems for the poor since they were keen on obtaining credit for investment and unit sizes which they considered appropriate for their requirements. To give an example, an agricultural labourer wanted a loan for buying 2 or 3 ewes (as against the standard minimum unit of 20 ewes and one ram) which he can conveniently manage along with his daily work (rather than forgo his daily wages in trying to tend the large unit). This is considered not viable by the banks and hence not "approved. Similarly, loan requirements for cultivation of crops are decided on the basis of approved scales of finance related to standard norms of input-use. In the case of the SHG members, the requirements happened to be of much smaller amounts than the prescribed scales of finance for the simple reason that the demand for credit often arose out of unanticipated needs and sudden exigencies, like sickness of family members forcing a farmer to employ wage labour for a weeding operation while all other labour needs are normally met by family members and not much of purchased inputs are used. The formal credit institutions were shy of entertaining such loan requirements which were not consistent with their norms as they feared that the loans would be misutilised.

4.13 Another important aspect that needs to be considered is that the credit requirements of the poor are for smaller amounts, at more frequent intervals, for varied purposes and at odd times which can not be handled by the bank staff in the rural branches within viable limits of cost of servicing these requirements. Servicing these credit requirements would not be a feasible proposition for the banks if taken up on individual basis. Cost-effective methods, therefore, have to be found. In the absence of any institutional tier between banks and SHG members, the only way left is to deal directly with the concerned SHGs or through respective SHPLs. The problems faced in dealing with SHGs directly related to the absence of legal status of the SHGs as also their amorphous character. Though some of the SHGs seem to be functioning as cohesive groups, the bankers were convinced of their successful functioning more due to presence of concerned SHPLs rather than the working strength of the SHGs themselves. They wondered whether SHGs would continue if SHPLs withdraw due to any reason. It has already been mentioned that the necessity of having legal status was so much paramount in the thinking of the bankers that in its absence many of them had refused the SHGs from opening even savings bank accounts with them. The amorphous character of the SHGs and varied loan requirements of SHG members also appear to come in the way of banks extending loans to SHGs on group guarantee basis.

4.14 Most of the SHGs had suggested that in case banks wish to help them, banks should provide money to the SHGs and leave it to the SHG to approve and allocate credit assistance amongst its members depending on their individual requirements. Though in principle this seems to be a logical answer to the problems that banks face in lending to the poor, the banks fear that in such a case, it would be difficult for them to monitor the provision and utilisation of such loans by the SHG members which may also have implications for repayment of loans. Another issue relates to charging of varying rates of interest which do not conform to the approved rates of interest prescribed for the banking structure. In order to overcome this problem, most bankers prefer involving SHPLs in the

entire operation. Though they prefer that SHPI should prepare loan applications of all individual cases, accept to monitor all such loans and guarantee repayments, some of the bankers were not very averse of providing loans to SHPIs for being allocated by the latter to the SHG members. In such an event, it was left to the SHPI to use group pressures and group support which is the backbone of the functioning of the SHG. As already mentioned, the SHGs were keeping their liquid resources in savings accounts with banks, either in the name of the SHG itself or in a joint account of two or three members. The amounts were not very large as most of the SHG's funds were loaned to members. But, if the banks were to handle the savings or thrift amounts of individual members, the cost of 'mobilising' these small savings would have turned out to be quite high making it an unviable operation. Without conscious efforts, therefore, the banks were using a cost effective method of mobilising small savings of the rural poor through the group effort of the SHGs. This apart, even though most SHGs felt negatively of banks and bankers as far as loaning operations were concerned, the same banks were found by the SHGs as the most trustworthy custodians of their money.

CHAPTER 5

MAJOR FINDINGS AND POLICY ISSUES

This chapter summarises the major findings emerging from the case studies and also indicates the policy issues that need consideration at appropriate levels for formulating a future action project.

5.2 The self-help groups covered in the case studies represent a variety of groups like savings and credit groups, joint farming groups, irrigation groups, a sericulture farming group, social forestry groups, trade groups and non-farm activity groups.

Major Findings

5.3 The major findings of the study can be summarised as under:

(i) Almost all the sample **SHGs were formed with an emphasis on self-help** and with a view to promoting objectives like freedom from exploitation, economic improvement, and raising resources for development. By and large, the sample SHGs were of 'target group' people consisting of small and marginal farmers, agricultural labourers, artisans, scheduled castes and scheduled tribes and women. The genesis of invariably all the sample SHGs can be traced to one or more common problems around which the target group peoples' consciousness was built-up and the process of group formation initiated.

(ii) As a result of the systematic and painstaking efforts of the SHPIs, the sample SHGs came into existence with a new culture and system of collective existence.

(iii) **Homogeneity** in terms of caste, specific economic activity, etc., have played a role in organising the poor into SHGs, though in some cases groups comprising different castes or sub-castes were also formed. Generally speaking, the stress of the SHPIs promoting the SHGs was on small, homogeneous, socio-economically functional, fully participative; voluntary and non-political SHGs having similar problems, needs and interests. This is in contrast with the formal village cooperatives which are made up of socio-economically heterogeneous groups of people, in which the poor have little say.

(iv) Majority of the SHGs were of recent origin and observed to be at various stages of evolution, some nearing maturity, whereas many others still in the initial stages of group existence. However, almost all exhibited certain organisational skills and attitudes to sustain a new process of development. Most groups have evolved flexible systems for governing their working and managing their common resources in a democratic way with participation of every member in decision making. Decisions were generally based on enough deliberation and collective consensus. Some SHGs either had an elected or nominated committee or a leader to oversee the day-to-day working.

(v) The SHGs involved mainly in savings and credit activities have evolved a variety of instruments to promote thrift among their members. These groups were involved in generating a 'common fund' from out of small thrifts, promoted on a regular basis among the members by curtailing their unproductive expenditure. The SHGs had a system of collecting an initial contribution (entry fee, share contribution) ranging from Rs 5 to Rs 10 per member. These were supplemented generally by regular monthly fixed contributions, which varied from Rs 5 to Rs 10 among different groups, as savings. Penalties were imposed for delayed payment. Some small SHGs mobilised savings in very small denominations of even 10 to 25 paise with specially evolved methods which were easier to be followed by the illiterate members. Such common fund, which was growing bit by bit, was invariably kept as a deposit in a savings bank account in the local bank branch or, in some exceptional cases, in a postal savings account.

(vi) Apart from inculcating the savings habit among their members, the SHGs made effective use of the common funds thus built up from internal savings, supplemented in some cases by funds available from SHPIs as seed money, for issuing small emergency loans, either for purely consumption or production purposes or for both. Usually the amounts loaned were small, ranging from Rs 20 to Rs 500. The consumption loans covered subsistence needs, health care, social ceremonies, etc. The production loans were generally for purposes like purchases of inputs, small investments like poultry, Sheep, petty shop, etc. In some SHGs ceilings on loan amounts, e.g., Rs 390 to Rs 500, have been prescribed. These loans were often for short periods of one to three months. The short-term loans generally carried an interest rate of 2 to 3 per cent per month. Longer-term loans, which formed a small proportion, were repayable in 10 months or more and carried lower interest at 1 per cent to 1.5 per cent per month. Non repayment of loan entailed fines which ranged from 50 paise per day to 1 per cent per month. Defaults were, however, rare as prestige, group pressure and group support worked. Such arrangements obviated the need for taking recourse to the moneylenders, landlords, traders or such other influential persons who exploited them in the past.

(vii) Some of the SHGs perceive that the development of the poor is not a 'one-shot operation' involving a sizeable amount of credit, but has to be attempted in successive stages with small doses of credit.

(viii) SHGs not having a regular savings fund were observed to have an emergency fund, mainly based on their membership fees or on the surplus from their joint economic activity. The fund was used for internal lending for small emergency loans. There were a few other SHGs which had maintained a 'grain bank' or a 'fodder bank' to enable the members to tide over lean periods. Hence, the sample SHGs had generally succeeded, to a great extent, in eliminating the conventional informal sources of credit at usurious terms. Nevertheless a sizeable number of SHG members (belonging to those SHGs which were not having regular savings based funds) reported borrowings of consumption or production loans from moneylenders at as high interest rates as 120 per cent per annum. This underlines the importance of thrift promotion among all SHGs. The SHGs which have emerged around common economic activities have varied types of production credit needs. The members of these SHGs need credit for supporting their present scale of operation as also expanding it, though gradually. In the absence of a credit linkage, at present the members of the SHGs depend on private sources of credit.

(ix) The internal loans were generally provided on the basis of trust in the borrowing members, without any paper-work and security except in some cases when a loan application was obtained. The recovery of these loans was excellent.

(x) The self-help activities in the groups were varied like raising common funds from small savings of members and helping them in times of need, development of common resources like irrigation and sharing common farm services, preventing migration by initiating new joint economic activities, and releasing bonded labourers of member families.

(xi) The SHGs were of varied types and all the SHGs except one were informal bodies and hence, amorphous in a legal sense. However, the field level observations suggest that majority of the SHGs have a good chance of sustenance as they were evolved in response to the common problems associated with the absolute poverty of the members and as a result of awareness brought about by the SHPIs. These SHGs seemed to be functioning as cohesive groups.

(xii) Majority of the SHGs were cohesive groups having more or less similar features of working of formal bodies. Many of these SHGs prefer to remain informal in order not to lose freedom in their working. Illiteracy is a major obstacle, but the SHGs were found keeping the necessary books of accounts etc., with the help of semi-

literate members and active support of the concerned SHPI.

(xiii) There were certain groups of only women members, which were satisfactorily working. The women groups were successful in both small savings mobilisation and credit management of the common fund as also in promoting income generating activities. The SHPIs appeared to have recognised the strength of women's role in alleviating poverty of the target group families.

(xiv) The SHPIs have played a commendable role in organising the rural poor into self-help groups and thereafter promoting their proper functioning, although organising them into compact groups is a very difficult task on account of their social stratifications based on castes, religions, etc., functional differences, illiteracy and all pervasive ignorance, and low perception levels. However, the developmental role of the SHPIs seemed to be inadequately understood, less appreciated and seldom recognised by lower level functionaries in government and by formal credit institutions.

(xv) The credit needs of the SHG members are of three types: (a) small individual loans at different times for consumption, crop production, and working capital support in petty business activities, (b) medium or long-term loans for purposes like work bullocks, dairy animals, irrigation wells, and to be apprehensive of the risks involved in lending for this group of people.

(xxi) Under the present policy, the banks are primarily lending for individual investments and they also consider, on a group guarantee basis, loan proposals for a similar investment (e.g., irrigation tubewell) to be taken up jointly by more than one borrower. The grass root level bankers, as also the SHGs and SHPIs emphasised the need for a suitable modification in the group guarantee provisions. Under the present arrangement of group guarantee, regularly paying borrowers are denied fresh loans and, therefore, they get penalised on account of a default by one or few members involved in the guarantee. The present lending policies also do not permit extending credit support to groups like SHGs, which are unregistered bodies.

Linkages with Banks

5.4 The case studies show that most of the SHGs are operating with a very low resource base, which is mostly dependent on internally generated savings (The word 'saving' is not to be understood in a conventional sense. the poor in the SHGs had no propensity to save in view of precarious family budgets. The group fund is collected bit by bit by way of promotion of thrift). Given the economic conditions of the members of the groups, these funds are small and hardly sufficient for meeting the consumption credit needs of the members. That leaves very little for production or investment credit needs. In some cases, the resource base has been strengthened by some financial support from the SHPI to enable them to undertake some production activities. However, there still appears to be a need to strengthen their resource base to enable the group members to undertake investments necessary for expanding their production levels, as also for taking up certain joint income generating activities which will result in enhancing their incomes. Since the promotional institutions have their own limitations in extending financial support because of limited and uncertain resources available with themselves, it will be necessary to find ways and means of establishing linkages of these groups with banks for savings as well as credit activities as a long-term solution to the problem.

5.5 In the context of considering possibilities of establishing linkages with banks and other institutions, the following points need to be considered:

- (i) The present level of linkage of the SHGs with banks is limited to the savings operations of the SHGs. With the passage of time, such groups lend themselves as the potential clientele for developing credit linkages.
- (ii) Although, in general, the SHGs had slender linkages with formal credit

Institutions, there have been some notable exceptions like VASFA and LSP, which have effectively developed credit links between the target groups and banks. These agencies identify the credit requirements of potential borrowers and help the banks in purveying credit, assist in monitoring the end-use of loans and in timely recoveries. However, an effective linkage to mobilise savings has not been built up in this arrangement although credit is expected to have helped increase the incomes of the borrowers substantially. Such institutions constitute good potential for future development of linkages covering both credit and savings activities.

(iii) Lack of adequate information about the functioning of SHGs needs to be taken care of to help banks facilitate development of suitable linkages.

(iv) Considering the present stage of development of SHGs where most groups appear to be passing through an evolutionary stage and still experimenting with different approaches, and are heavily depending on SHPIs, it seems appropriate that SHPIs are actively involved in any scheme of linkages with banking institutions.

(v) The savings activities promoted or undertaken by the SHGs represent a type of innovation in low cost mobilisation of savings. Some of the banks have also attempted certain innovations in this regard, e.g., the 'Pigmy Deposit Scheme', which emphasised collection of small savings, and the concept of 'part-time banker', which introduced a system of collection of deposits at minimum cost. In that sense, the SHGs' system of savings collection could be viewed as another innovation towards low cost mobilisation of savings which the banks could think of exploiting.

Issues for Consideration

5.6 In the context of examining future possibilities of development of linkages, a few issues that need consideration are as follows:

(i) The absence of a legal status of SHGs seems to be a major constraint in the development of linkages between the SHGs and banks. Whether any form of recognition short of legal requirement could facilitate building up of linkages?.

(ii) Could a more active involvement of government development agencies with the working of the SHGs lead to securing recognition for the latter which may also help in building linkages with banking institutions?

(iii) The banks appear to have reservations in building credit linkages with SHGs apprehending certain risks arising out of amorphous nature of the groups and the wide range of activities undertaken by them. Could some arrangements like setting up of a guarantee fund be considered in the context of promotion of linkages?

(iv) Another question that arises is whether the SHGs could stand on their own after the withdrawal of SHPIs. Given the present heavy dependence of SHGs on SHPIs, what can be done to ensure the continued participation of SHPIs during the period contemplated for the linkage? What further steps are necessary to widen the information base in regard to activities of SHGs as well as of SHPIs?

(vi) Given the diverse nature of the SHGs, as also of their activities and credit needs, would it not be desirable to consider development of flexible models of linkages appropriate for various situations? What types of pilot or action-research projects need to be developed for evolving appropriate linkage models?

NUMBER OF SELF-HELP GROUPS STUDIED IN VARIOUS STATES
Annexure I

State	MAJOR ACTIVITY							Total
	Savings & Credit	Joint Farming	Social Forestry / Afforestation	Sericulture Farming	Trading in fruits	Non farm Activity	Integrated Activities	
Andhra Pradesh	4 AMS(2) +	-	-	-	-	-	-	4
Bihar	-	-	-	-	-	-	--	*
Gujarat	-	-	2 BSC(1) MAHITI(1)	-	-	-	--	2
Karnataka	3 MYRADA	-	-	-	-	-	-	-3
Kerala	2 KGSN(l) NA(l)	-	-	-	-	-	2 KGSN	-4
Madhya Pradesh	-	-	1 KB	-	-	2 PARIVAR TAN(1) GOVT.DE PT(1)	-	-3
Maharashtra	-	8 RC	1 NIRID	-	3 JANEEV	-	-	-12
Orissa	-	-	-	-	-	1	1 GRAMVIKAS	-
Rajasthan	5 SM	-	1 UVM	-	-	3 SWRC	-	9
Tamil Nadu	3 MYRADA	1 ASSEF A	-	1 MYR ADA	-	1 WWF	-	-6
West Bengal	-	-	--	--	-	- RMA	-	22
TOTAL	17	9	5	1	3	8	3	46

+ Names of associated SHPIs. Figures in brackets are number of SHGs promoted by the SHPI

* No specific SHG covered. Functioning of VASFA, a SHPI, was however studied in Bihar

THE SAVINGS AND CREDIT SHGS COVERED UNDER THE SURVEY

Annexure II

Annexure II									
Name of the SHG		Associated SHPI	Membership M F Total			Decision making by a Committee(C) or Entire Group (EG)	Nature of regular savings	Interest rates Charged on loan	
Andhra Pradesh									
1	Sahkar Sangham, Mylardevpalli	-	205	25	230	C	Rs 50/month and Rs 10/month	1% per month	
2	Praja Sahkar Singham, Sivarampalli	-	330		330	C	Rs 10/monlh	1.5% per month	
3	Saraswathi Mahila Podupu Sanghah. Khanapur	AMS	-	63	63	EG	Rs 10/month	3% per month	
4.	Ananda Mahila Podupu Sangham, Kagazghat	AMS	-	27	27	EG	Rs 10/month	3% per month	
Rajathan									
5	Shiv Samuh Sangrah Samiti, Seja-ki-Bhagal	SM	40	4	44	EG	Rs 10/month	1% per month	
6	Sangathan Yuva Phalan, Balon-ki-Bhagal	SM	22	-	22	EG	Rs 10/month	1% per month	
7.	SHG, Village Tumder	SM	41	4	45	EG	Minimum Rs 5/month	1% per month	
8.	SHG, Village Amod	SM	55	-	55	C	Rs 5/month	1% per month	
9.	SHG, Village Som	SM	25	-	25	C	Rs 5/month	5% per month	
Karnataka									
10.	Saraswathi Mahila Sangha, Bodagurki	MYRAD A	-	21	21	EG	As per capacity	2% to 3% per month	
11.	Dr Ambedkar Raitha angha, Guttur	MYRAD A	17	3	20	EG	As pr capacity	2% to 3% per month	
12.	Sir M. Visveswarayya Grama Abhivruddhi Sangha, Kongarhalli	MYRAD A	53	-	53	EG	Rs 20/ month Rs 10/ month	2% to 3% per month	
Tamil Nadu									
13.	Janani Mahila Sangha, Gumlapura	MYRADA		-	26	26	EG	As per capacity	2% per month
14.	Choodasandra Grama Abhivruddhi Sangha, Choodasandram	MYRADA		45	-	45	EG	As per capacity	10% per month
15	Subodaya Sangha, Gumlapura	MYRADA		11	5	16	EG	Rs 10/ month	Yet to stabilize
Kerala									
16	Women's Credit Union, Vegannur	KGSN		-	41	411	EG	Only initial contribution	3% per month
17	Mahila Samajam, Kuttur	N.A.		-	45	45	EG	As per capacity	2% per month

M-Males; F-Females