

Poverty Reduction and Women Empowerment: Role of SHG Federations in Urban Areas - "APMAS Experiences"

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Background

Though poverty is mostly rampant in rural and tribal areas, the poor in India's urban and semi-urban areas also battle against the harsh realities of abject poverty and urban poverty has been on the rise due to rapid urbanization. As a result, strategies that have been adopted to reduce the levels of poverty within India's urban regions include: motivating the people, creating awareness, social mobilization and organising the urban poor into Self Help Groups (SHGs)³.

The grouping of 10-20 women to form an SHG is a home grown model for poverty reduction which simultaneously works to empower and improve the lives of its members. SHGs empower women by allowing them the freedom to establish their own group norms such as their independence to set their own levels of saving, loan amounts, meeting times and interest rate levels. In addition to their independence, members also receive the opportunity to build on their skills in leadership, book keeping and other business related aspects of personal development. Furthermore, members are also provided with an environment in which the social issues they and their communities face can be tackled.

Thus overall, the SHG movement, in its attempt to reduce poverty levels in urban areas, relies on three major principles for poverty reduction; self-help, mutual benefit and self-reliance.

Presently, under the rural program facilitated by the Society for Elimination of Rural Poverty (SERP), an independent organization of the Andhra Pradesh government (GoAP) , There are about 7,08,395 rural SHGs⁴ which receive support and monitoring from 34,269 Village Organizations. These village organizations in turn, are supported by 1086 Mandal Samakyas. In response to the remarkable success of the SHG model in reducing rural poverty, more than 1, 75,000 SHGs have been established in 124 municipal towns and 1574 Slum level federations have been created within 68 municipal towns⁵. Presently, the urban program is in the process of being extending to all municipalities under the 'Mission for Elimination of Poverty in Municipal Areas' (MEPMA) an organization that has been recently set up by GoAP. To date, four town level federations (TLFs) have been promoted and are functioning in the urban area. APMAS is engaged in facilitating and supporting three of these TLFs.

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³ SHG is an informal homogeneity group of 10-20 members from the same locality mostly belonging to BPL

⁴ SERP REPORT 2007-08

⁵ Report of MEPMA May 2008

The Origin of SHGs

Dismayed by the poor performance of formal institutions in providing financial services to the poorer sections of society, the Government of India contemplated in the early eighties to promote another apex bank to take care of the financial needs of the poor, informal sector and rural areas. During this time, NABARD initiated a search for alternative methods to fulfill the financial needs of the rural poor and informal sector. The decline of cooperatives in the sixties and seventies is widely attributed to the government's direct promotional role, their artificial propping up through subsidies and undue interference in management. As a result, NABARD wanted to develop a new channel to reach the poor free from government subsidies and interference.

Simultaneously during this period, development workers across the country also began targeting "groups" of the poor and disadvantaged as a bulwark against social inequities. The consequent social capital was the only capital that the poor could rely on and use (not without cost) as a hedge against their resource deficient condition and powerlessness. Despite the decline of the cooperatives, the search for an appropriate community-based structure continued and women's groups called self-help groups (SHGs) emerged in the late eighties and the early nineties around rotating mutual savings and credit, as a stable and viable alternative. It was a development innovation in its own right (Sa-Dhan, 2002)⁶. In fact, According to the views of MYRADA, an NGO engaged in the promotion of the SHG movement in the late eighties, SHGs were the "real cooperatives" needed to replace the existing inefficient ones that were failing due to excessive government interference. Thus as a result, by 1986 MYRADA formed about 300 SHGs which it called Credit Management Groups. To ensure that these groups remained independent over their own decision making, MYRADA designed the group structures to ensure that ; (a) all decisions would made within the group; hence, even decisions related to savings and loans intervention in society would be made by the group (b) decisions would also be made in a transparent and participatory manner (c) the management of credit rather than the mere provision of credit would be the empowering tool - hence the groups would be more participative (inclusive) rather than representative in nature and lastly, the groups would be externally facilitated but linked by internal relationships and common/shared social features (homogeneity, affinity).

Thus, in its search for alternative channels to reach the un-reachable, NABARD found SHGs an interesting and effective means to provide banking services to 'so called' 'un-bankable' people and as a result, initiated an experiment with MYRADA on SHG lending. Encouraged by the results, NABARD initiated a pilot project of SHG bank linkage in 1992. Overtime, this form of financial provision to SHGs became a regular banking program and an important component of priority sector lending.

⁶ 'SHG Federations in India' Publication by APMAS-2007

Since then, the growth of bank linkage has been phenomenal. The number of groups linked has doubled every year for about a decade and the loan amount has doubled every year for more than a decade.

Impact of SHGs

The formation of SHGs have benefited its members in numerous ways; not only have the assets, incomes and employment opportunities for the women within these SHGs increased considerably over time, but there has also been a significant shift in the use of the loans from personal consumption to their being used for income generating purposes. In addition, members have been able to increase savings and accumulate capital and in so doing, are now more financially stable. This financial security that has been created for SHG members has also improved their risk absorption capacity and has reduced their vulnerability to and dependence on informal money lenders. Furthermore, members capital costs are on the decline and most are now able to finance their household expenditures for primary needs such as food, education and health with ease ((Seibel, H. D. 2005-SHG Bank linkage study)⁷. Consequently, the women within these SHG groups are now better able to interact with outsiders especially with government officials and banks.

Overall, owing to the creation of SHGs, poverty levels in AP have declined from 29.75% in 1983 to 10.85% in 2004-05. At national level, the poverty rate has declined from 44.93% to 28.27% with poverty levels within this period declining more steeply in rural areas (16.46% points) compared to urban areas (12.08% points) (2007-Deve.H.R)⁸.

Limitations of SHGs

Despite the benefits that SHGs provide for its members, these groups continue to face a number of challenges and constraints; the uneven spread of SHGs across the country remains an issue to be addressed. In addition, SHGs remain weak in their ability to assist members with access to better livelihood opportunities. Furthermore, SHGs remain constrained in their ability to deal with larger issues related to gender and the social inequalities. Likewise, promoters of capacity building face difficulties in implementing their initiatives and there still remains the problem of banks being unable to understand and accommodate the needs of SHGs in under serviced regions of the country.

The Emergence of SHG Federations as Support Systems for SHGs

To overcome the challenges faced by SHGs described above, NGO promoters facilitated the creation of 'SHG federations' to provide financial and non-financial services to the groups. The formation of these federations has to a large extent,

⁷ Study on SHG bank linkage in India- working paper 9 by Prof.Seibel & H.R.Deve

⁸ 'Commercial aspects of SHG banking in India-NABARD-Mumbai, H.R.Deve 2007

been successful. Following the UNDP's successful piloting of the SHG federation model under SAPAP in Andhra Pradesh, the state government adopted and improved the model in its cherished Indira Kranti Patham (IKP). Many state governments also followed the SHG federation strategy to promote SHGs. Federations have been, and continue to be successful in addressing most of the limitations faced by SHGs in the country. Many secondary stakeholders in turn, have also come forward to assist these federations. NABARD, through its circular dated 14th September 2007, has started to provide financial support (grants) for the promotion and strengthening of SHG federations.

Summary on Evolution of SHG and Federations

In essence then, the origination of SHGs and its federations over time, (beginning in the late eighties) can best be summarized under 6 distinct phases;

Phase I :	NGOs promote women SHGs as an alternative to mainstream financial services to reach un-reached segments of society.
Phase II :	NABARD takes the lead in partnering with NGOs, particularly MYRADA, to pilot the well-known SHG-bank linkage model.
Phase III:	State Governments, particularly in the South, take a proactive role in the promotion of SHGs in a big way, by revolving loan funds and other support.
Phase IV:	SHG-Bank linkage reaches a scale of over a million bank-linked SHGs.
Phase V:	SHG federations emerge to sustain the SHG movement and to provide value-added services
Phase VI:	SHGs and SHG federations gained widespread recognition to be partners of various mainstream agencies such as financial institutions, the corporate sector, and government.

Why is there a Need for Federations?

Federations can be defined as formal organizations formed at the village/ward level in which 10-25 SHGs are clustered within that village, to provide those services which an otherwise individual SHG would be unable to carry out. Such services include; monitoring of SHGs, providing support needed to maintain good book keeping records, providing the documentation needed for linkages with banks, implementing food security programs, the provision of risk mitigation through insurance agencies, promoting community sanitation, providing training to enhance the conceptual clarity and management skills of SHG members, resolving conflicts that arise within SHGs, providing the essential monitoring needed to reduce default rates and the facilitation of additional services such as marketing and social development. In addition to the above services, the creation of federations have allowed for greater SHG promotion and expansion, reduced promotional costs are have increased the organisational skills

and managerial capacities of people in villages giving rise to a new generation of leaders and motivated individuals.

As a result, APMAS thus believes that the benefits derived from creating federations in the rural villages can be adopted to reduce poverty levels for the urban regions and is hence committed to working in towns to reduce poverty levels.

The Urban Program - Institutions for Eliminating Urban Poverty:

Attempts to reduce Urban Poverty in India began in the 1990's through the set up of various organizations; beginning in 1992, The Urban Basic Services for the Poor (UBSP) a government run programme was created under the Ministry of Urban Affairs and was extended to 25 states and union territories. UBSP, through community participation and the formation of neighbourhood groups, promoted the empowerment of women as means of its poverty eradication strategy. In December 1997, 'Swarna Jayanti Shahari Rojgar Yojana' (SJSRY) an amalgamated Centrally Sponsored Scheme was established in lieu of the Urban Poverty Alleviation Programmes viz., Nehru Rojgar Yojana (NRY), Prime Minister's Integrated Urban Poverty Eradication Programme (PMIUPEP) and Urban Basic Services for the Poor (UBSP). Though actions to reduce urban poverty began in the 1990's, efforts have not focused on organizing people into sustainable institutions in the urban areas.

Andhra Pradesh Urban Services for the Poor Programme [APUSP] is a partnership between the government of Andhra Pradesh and the UK Department for International Development [DFID] aimed at achieving a sustained reduction in the vulnerability and poverty of the urban poor in Andhra Pradesh. The programme, which is expected to be a long-term initiative, began in April 1999 with financial commitment from DFID for a period of 7 years in 42 class 1 municipal towns and ended in December 2007. Based on the experiences gained from this programme, the initiative to reduce urban poverty has been extended to include all 15 municipal corporations and 109 municipalities under a permanent organization setup by MEPMA⁹.

APMAS Experience: Strengthening of SHGs and SHG Federations:

Since 2003, APMAS, in collaboration with APUSP, has been committed to strengthening the urban SHG movement and in so doing, has provided services aimed at assessing SHG performance, training SHG staff and developing the material required for efficient running of SHG programmes. Owing to its successful experience in piloting sustainable models for SHGs, in April 2006, APMAS was provided with the opportunity to initiate SHG urban poverty

⁹ MEPMA, Mission for Elimination of Poverty in Municipal Areas, an organization set up by the Government of AP in 2007

activities in three towns (Gudiwada, Guntakal and LBnagar) within three regions of AP to replicate and extend the good practices from the rural areas.

As a result, for the past two years, APMAS has been working to unleash the potential of women in urban areas through the formation of SHGs at both slum and town levels on a pilot basis within these three towns. In addition to the creation of new SHG groups, APMAS continues to support the strengthening of existing SHGs within the slums and towns through the provision of bank linkages for all eligible SHGs and through the creation of slum and town level federations to monitor and support the SHGs. APMAS also administers capacity building programmes to enhance the understanding and awareness of SHG participation for members as well as, provides training for members to improve their abilities for better management of their institutions. In addition, APMAS also provides support to ensure that streamlined and accurate book keeping records are maintained by all SHGs and facilitates the development of social capital at the slum level to ensure efficient functioning of SHGs.

APMAS approach in the formation of Federations:

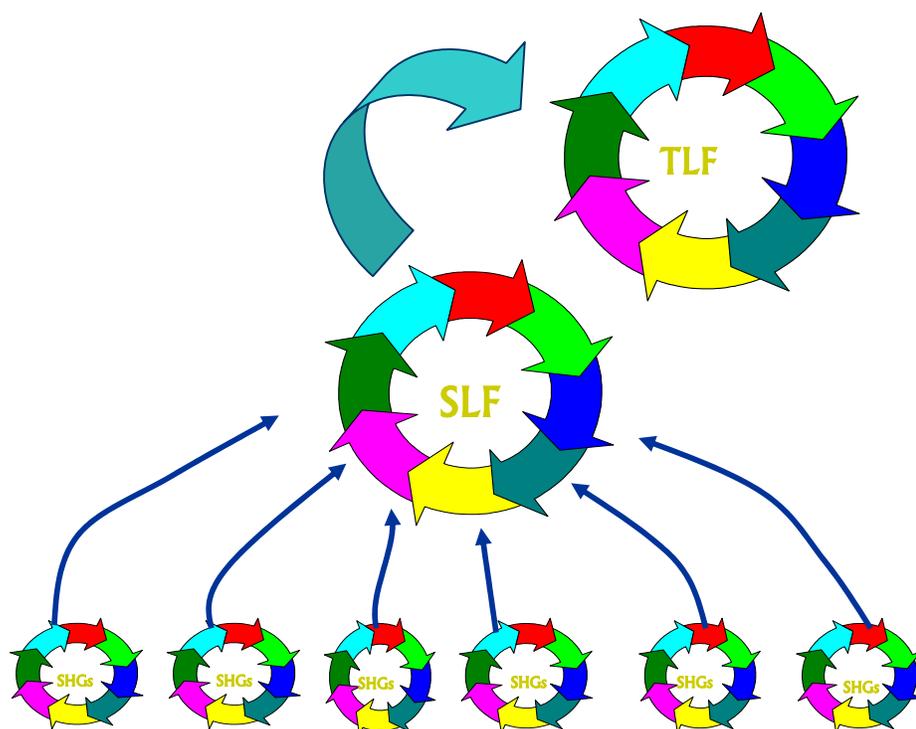
To create SHG federations at the slum level, APMAS, heavily encouraged and utilized SHG member participation to form the federations. Strong and sustainable SHGs contribute to strong federations. While continuing the effort to enhance the quality of SHGs, the concept and need for the SHG federation was discussed in the regular meetings of SHGs. The process for the establishment of these SHG federations is described below;

Key Steps in the Promotion of SHG federations:

	Procedure:	Content for Discussion with Members:
Step 1	Group data were collected across all SHGs to identify well functioning SHGs after which, Contact/rapport with leaders of these well performing SHGs were then conducted via meetings	Cross check available data in field and track down the performance parameters of SHGs frequently
Step 2	APMAS Identified 5 existing SHGs to Initiate discussions regarding the formation of federations	Discussed at SHG level, the concept and roles of federations and their own roles as members
Step 3	Fixed dates for group leaders to meet	Orientation on need and benefits of Federation and process
Step 4	Second meeting with SHG leaders	Find SHGs willingness to form Ward level (WL) federation and the Planning of a third meeting to elect and select the representatives of the Ward/ slum level Federation (SLF).

Step 5	Third meeting with all SHG members	Importance, functions of WF/SLF and roles and responsibilities of representatives of the WF. Election of WF representatives (EC), Norms for WF and Plan for EC meeting
Step 6	EC meeting	Orientation of selected EC members on their functions and election of office bearers
Step 7	EC meetings	Collection of membership fee and resolution to open the new account in the bank
Step 8	Facilitate the process	Identified self-paid bookkeeper to write the SLF accounts and trained the staff to assist SLF
Step 9	Services to member SHGs	Initiated the process of identifying the services like food security, insurance, sanitation, etc., needed by the members, to provide those services. Many SLFs undertook food security and sanitation activities. The TLFs undertook insurance.
Step 10	Facilitation	Formulation of by-laws and registration
Step 11	Legal compliance	Audit, annual report, annual general body

Structure of SHG Federations



Federation structures range from two to five tiers. The most common structure adopted by majority of SHPIs¹⁰ as illustrated above, is the three tier structure: SHG federations are most effective when they are close to the SHGs. Therefore, a three tier structure begins with the formation of a federation of SHGs at the slum level after which, town level federations comprising of slum level federations within that town can be created to perform higher order functions. This three tier federation structure just described is being implemented by APMAS to initiate SHG federations in the three towns under its study.

The Status of Urban SHGs: Strengths and Challenges

To strengthen the urban SHG movement within the towns, APMAS, over the last two years has focused on two major areas; strengthening existing SHGs and creating new SHGs. As can be observed from the table below, 2529 new SHGs have been established and 356 defunct SHGs have been revived. The constant support provided to all these urban SHGS for their efficient running has been made possible through the provision of handholding initiatives rendered by paid animators working at Slum Level Federations:

Table 1

SHGs status	Gudiwada	Guntakal	LBNagar	Total
SHGs recorded as on Mar'06	350	535	761	1646
SHGs on field as on Mar'06	303	498	403	1204
SHGs functioning as on Mar'06	230	405	180	815
SHGs revived	89	60	207	356
New SHGs formed 2006-08	768	1114	647	2529
Total SHGs at present	1087	1579	1034	3700

Though APMAS has been successful in strengthening the urban SHG movement through the revival of some existing defunct groups and the formation of new SHGs, the table above also highlights some challenges APMAS has faced with respect to forming Urban SHGs; Firstly, on commencement of the urban SHG movement, APMAS found discrepancies between the list of stated SHGs (1646 groups) and the number of SHGs actually present in the field (1204 groups). Secondly, APMAS observed significant inefficiencies existing within the operational activities carried out by the SHGs such as; irregular book keeping, books not being written during SHG meetings and failure by members to record accurate minutes after each SHG meeting, mainly arising from their lack of knowledge on how to do so. Thirdly, APMAS discovered unfavourable savings and lending practices taking place within SHGs like loan and savings collections being conducted outside SHG meetings, groups not charging interest for loans advanced from their own savings, groups generating increased savings by dividing previously accumulated savings and interest amongst members to

¹⁰ SHPI-Self Help Promoting institutions, that are facilitating the promotion process

create new savings, and members repaying their loans through adjustments being made to their savings. Lastly, not only has APMAS witnessed the joining of SHGs by unmarried women, but has also found it challenging to revive existing SHGs noting that in most instances, it has been easier to instead, form new SHGs.

How Slum and Town Level Federations are formed:

Federations are formed at slum level through the clustering of approximately 10-30 SHG's in each of the slum areas. Presently, there are 106 Slum Level Federations (SLF) functioning in the three towns supported by APMAS. In total, 1574 SLFs have been formed so far within the urban program in 68 municipalities and the initiative is in the process of being extended across all municipalities in AP by MEPMA. The formation of these federations has mainly been confined to slum areas. Colonies and well to do areas have been excluded.

Each SLF has its own name and bank account and has been independently set up to manage specific activities. These slum level federations are then federated as one body at the town level and run by representatives from the town. The federation formation process just described, has been the first attempt to form SHG federations in the urban areas of Andhra Pradesh. (See table2 below)

Table 2

Federations status	Guduwada	Guntakal	LBNagar	Total
Slum Level Federations	26	46	34	106
SHGs in slums	546	1428	635	2609
Town Level federation	1	1	1	3

Nature of Services Provided by SHG Federations

Functional/hand holding support:

The support services provided to SHG members under federations include: monitoring to ensure efficient running of SHG's, assistance from animators to ensure that of books are updated at every meeting, assistance with provision of the necessary documentation required for bank linkages, the implementation of a food security programme, offering training services to SHG staff and members to enhance their capacities, risk mitigation through insurance tied up with LIC for SHG members and the promotion of community based sanitation initiatives.

Financial services-Bank linkages:

AS can be seen from the table below, presently, 1721 SHGs within the three towns under study receive financing of Rs 577.39 lakhs by banks through the SHG-bank linkage programme. In addition, under the Total Financial Inclusion programme (TFI), 81 SHGs have borrowed Rs190.85 lakhs and 462 SHG members

have obtained bridge loans to construct their housing under the 'Rajivgrihakalpa'¹¹ scheme. (See table3 below)

Table 3

SHG-Bank linkage	Gudiwada	Guntakal	LBNagar	Total
No. of SHGs -Normal	491	1025	205	1721
Amount in lakhs	448.41	619.27	109.71	577.39
Total Fin. Inclusion - SHGs	17	45	19	81
Amount in lakhs	54.65	117.80	18.40	190.85
Bridge loans -Housing	150	312		462
Amount in lakhs	60.00	31.20		91.20

Food Security Services:

Currently, the Food security programme is a major initiative that has been undertaken at the SLF level and is a community owned and managed programme. A four member committee was selected from the eligible talented EC members at each SLF. This committee is responsible for; providing an estimate of each SHG member's commodity requirements, collecting 1st instalment contributions from members through their respective SHGs, purchasing the commodities at cheaper rates than the market price and distributing these food items to the members on credit. Members then pay for these food commodities purchased on credit in instalments.

The provision of such a food credit scheme has benefited members by safe guarding them against problems associated with food insecurity. About 1887 SHGs are engaged through their 95 SLFs in implementing this food security programme. In the current year, this program generated 29,723 quintals of rice at an average rate Rs1452 per quintal compared with the average market rate which is Rs1712. The rice was then distributed at an average rate of Rs1488 per quintal and payments were required to be made in 4 equal instalments. Overall, this activity has provided a benefit of Rs 66, 50,287 for the members and the SLFs in turn, have gained a margin of Rs10, 70,388. (See the table4.)

Table 4

Food Security Programme	Gudiwada	Guntakal	LBNagar	Total/avg
No. of SHGs participated	513	1001	373	1887
No. of SLFs implemented	24	45	26	95
Rice procured in qtls	5850	16876	7007	29733
Market rate/ per qtl (avg)	1.650	1,650	1,836	1,712
Purchased @Rs	1,465	1,410	1,482	1,452
Distributed to Members @Rs	1,500	1,440	1,525	1,488
Margin to SLF Rs	2,04,750	5,06,280	3,01,301	10,70,388
Benefit to members	8,77,500	35,43,960	21,79,177	66,50,287

¹¹ An amount of loan Rs20000 from local banks to each SHG member to fulfill the housing , who got housing under the scheme

Insurance Services:

The Insurance programme has been implemented by the Town level federation with collaboration from LIC under the JBY¹² scheme. The total premium paid to LIC was Rs 8, 39,790. This premium was received from contributions made by 9331 members including their spouses at a rate of Rs90 per year per SHG member and her spouse. In addition, Ten rupees are also collected as a service fee from each insured member for the creation of a risk fund within the Town Federation and is managed by an elected 'Insurance committee'. In the event of a death, the town federation is notified immediately and the committee members visit the insured member's household to issue them Rs2000 as an advance for immediate benefits. The provision of such an immediate benefit has greatly helped the members by allowing them to meet funeral expenses which in the absence of the scheme many were unable to finance. This year, 87 members passed away and their claims were processed by LIC. 66 claims were cleared and an amount totalling to Rs9.90 lakhs was paid out to the member nominees. Owing to failure by members to present proper documents and some cases containing diseases deemed as ineligible for benefits under the scheme, about 8 claims were rejected and the remaining are in the process of being finalised.

In addition to money received for immediate benefits under the risk fund initiative, another benefit provided by the insurance scheme is a stipend to assist children of the insured members with their schooling. Children studying in the 9th standard to intermediate levels and those taking ITI classes receive Rs100 per month. Two children per member are eligible for this benefit. (See table5 below)

Table 5

Insurance Programme	Gudiwada	Guntakal	LBNagar	Total
Members insured	3101	3870	2360	9331
Premium Paid to LIC@Rs90	2,79,090	3,48,430	2,12,400	8,39,790
Risk fund A/C	31,010	38,700	23,600	93,310
Members died	27	44	16	87
Claims received	18	34	14	66
Claim Amount Rs	2,60,000	5,50,000	1,80,000	9,90,000
Stipend to Children No.	642	506	411	1559
Stipend amount @Rs900/child	5,78,000	4,55,000	3,70,000	14.03.000

The Facilitation of Capacity Building Initiatives to Strengthen the Independence of SHGs and SHG Federation Members:

To ensure that SHGs and SHG federations remain independent and self sustaining, APMAS has found it crucial to focus on the provision of capacity building initiatives for SHG members in two major areas; education and the development of their social Capital.

¹² Janasri Bima Yojana is a group insurance scheme with premium subsidy of Rs50 by GoI. Members' contribution is Rs50 plus Rs40 for her spouse to cover natural/accidental death and disabled in accident.

By improving these two areas, APMAS believes that not only will SHGs and their corresponding federations be in a better position to take responsibility for their own activities and decision making, but will also be well equipped with the necessary skills needed for them to manage their own institutions.

To facilitate improvements with respect to improving SHG members education and social capital development, capacity building trainings have been initiated through four major channels; a governing body, Nagaradeepikas, internal CRPs and the presence of a functioning committee;

The Governing Body:

Each SLF has been equipped with a governing body consisting of well trained staffs that are paid to monitor SHG performance and provide support to the SHGs. Under this initiative, two thousand one hundred and ninety EC members have been trained in SHG and federation concepts for the provision of assistance to SHG members.

Nagaradeepikas:

Ninety six members of Nagaradeepikas have been trained in SHG concepts and book keeping and presently assist SHGs by providing monitoring and handholding services to ensure good book keeping records are maintained. These Nagaradeepika members are paid a monthly honorarium from funds that have been contributed by SHG members within their SLF.

Internal CRPs:

Fifty two internal CRPs¹³ have been identified and trained in Guntakal town to share their knowledge, experiences and success stories to nurture the SHGs. These CRPs help to provide trainings to members on how best practices can be adopted, and how in turn, such practices will benefit the members (See Table6).

Table 6

Training Programmes	Gudiwada	Guntakal	LBNagar	Total
SLF-EC members trained	724	479	987	2190
Training Programmes conducted	20	15	21	56
Nagaradeepikas trained	27	45	24	96
CRPs developed		52		52

Functional committees:

Functional committees have been formed at the SLF level to look after bank recoveries, work on social and family issues, promote sanitation initiatives within the slums and manage the food security and insurance programs.

¹³ CRP is a articulated, experienced SHG member identified and trained to utilize her services for the community in promotion, hand holding and develop the SHG movement

Urban SHG movement: APMAS Lessons learn and Challenges Ahead

In initiating the Urban SHG movement, APMAS has learned that;

- It is easier to access and visit SHGs in urban areas, as they are located within a closer proximity
- Urban areas provide more livelihood opportunities for absorbing and utilising financial resources
- It is easier to mobilise members to form groups if services provided match the demand for what members want.
- Urban areas have a need and market for initiatives such as food security and insurance programs
- There is a greater demand for finance in urban areas needed for use in the creation of better livelihood opportunities for SHG members
- Literacy levels are higher among SHG members in the urban areas therefore allowing for more regular and efficient functioning of the SHGs
- There is a more willingness by members, to pay for services provided by the SHGs and SHG federations.
- Noticeable Results have been achieved in a short period of time in the urban Slums
- The collection and computerization of data within urban SHGs has been made possible due to support received from the Nagaradeepikas working in the SHG federations
- Revival of defunct SHGs is more challenging than forming new SHGs

Challenges:

The following challenges lie ahead for the urban SHG movement;

At the SHG Level:

- Providing continuous monitoring for urban SHGs is difficult due to financial constraints
- Bankers are still hesitant to finance the SHGs despite the fact that these groups have shown improvements in performance and credibility
- Capacity building initiatives for all new SHG members remains difficult owing to inefficiencies that exist in the ways in which information is presently disseminated
- The target-oriented approach being used for the promotion of SHGs across all BPL families is not a healthy atmosphere for the SHG movement

At the Federation Level:

- Leadership is the major obstacle; existing leaders are hesitant to withdraw from their status due to their vested interests.
- Promotion and placement of Second line leadership in the federation is proving to be difficult as most of the members seem unwilling to come forward to take up managerial responsibilities

- Provisions of capacity building programs to members who select the governing body for the next term are not fulfilling their duties due to lack of planning and financial constraints within the program.
- Targeting to form federations in a stipulated time will not reach the ultimate goal of poverty reduction and empowerment
- Specifically focusing on the creation of federations with limited emphasis on the provision of handholding support will hinder programme growth.
- Lack of clarity on the long term vision and objectives by members puts the way in which federations are managed at risk
- Due to limitations in capacity building trainings, board quality and feelings of ownership are starting to show signs of demotivation
- Though trained in all aspects, the governing body fails to show interest in attending to the technical aspects of finance
- After the registration of the federations, they must meet legal compliances in a timely fashion. However, owing to existing inefficiencies within their operations, most fail to do so
- Failure to provide continuous and updated knowledge on a regular basis to the staff has resulted in a decline in the quality of human resources available.
- In the long run, the board will lack suitable procedures for tracking and reviewing the progress of its staff members
- The mobilization of funds to assist federations is mainly provided by SHPIs. As a result, when the SHPIs withdraw their assistance, most federations find themselves facing self sustainability problems.
- Lending methodologies are very crucial for SHGs and SHG federations. In this respect, the implementation of policies to support such lending schemes is vital but is not being taken seriously by staff and governing members. This could lead to the collapse of SHG federation structures.
- Provision of services and products are limited when compared to the needs of members. The failure of supply in services to meet the demand of members may thus threaten future growth of the organization.
- SHG awareness levels among SHG members is diminishing owing to less attention by federations to sufficiently educate the groups
- Presently, a database from which numbers, measures to assess quality and determine growth projections does not exist. Such a database must be established if federations are to become self sustaining.

Proposed Recommendations for Ongoing Urban SHG Movement:

- Adopt a Process oriented approach to promote the SHGs and federations. This will ensure that federations remain self sustaining.
- It is important for all institutions to be legalized so that they have a voice and are recognized by external officials and institutions. There is therefore, a need to speed up the registration process for the SHG federations
- Continuous efforts must be taken to ensure that SHG members receive education through various trainings, workshops and exposure visits

- Sufficient levels of professional staff equipped with necessary skills must be maintained at all levels of the organizational structure
- Tailor capacity building products to meet the specific needs of members and staff on a fee for service basis. This will ensure that the organizations needs and issues are addressed as soon as they arise.
- Improve linkages with FIs and MFIs so as to increase financial access for members. This will pave way for better livelihood opportunities and higher earnings for SHG members
- Ensure regularity of systems related to recovery performance through constant monitoring and follow up at all levels
- Promote non-negotiable good practices and ensure that no one is exempted from being able to participate in such practices

Conclusion:

In conclusion, efforts under the promotion of the SHG urban movement have worked to improve the lives of poor women by enhancing their ability to bargain, manage their own institutions independently and gain access to better livelihood opportunities. This in turn, has increased their financial security and in so doing, has enabled many women to come out of poverty creating stability not only in their own lives but also for those within their communities.

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