



Self Help Groups in India

A Study on Quality and Sustainability



Enable

Vibrant SHG
Movement in India

Self Help Groups in India

A Study on Quality and Sustainability

K. Raja Reddy
C.S. Reddy

ENABLE Publication



ENABLE

www.enableindia.net

Copy right:

ENABLE, December 2012



Enable Address:

ENABLE Secretariat

C/o AMPAS

Plot 20, Rao & Raju Colony, Road No.2, Banjara Hills

Hyderabad – 500 034, Andhra Pradesh, India

Ph: +91 40 2354 7927/52 Fax: +91 40 2354 7926

enablenetworkindia@gmail.com

www.enableindia.net

Foreword

I am delighted that ENABLE network is able to present this report titled “Self Help Groups (SHGs) in India: A study on quality and sustainability” to you at a time when the SHG movement is at a critical juncture. ENABLE, a National Network Enabling Self Help Movement, came into being in 2007 with a vision of “*vibrant women SHG movement in India*”. Enable network has seven resource organizations as its members: APMAS, Chaitanya, CmF, Indian School of Microfinance for Women, Reach India, Sampark and West Bengal SHGPF. The members together have presence in almost the entire country, and necessary techno-managerial expertise to promote member-owned, member-managed and member-controlled people’s institutions to strengthen the SHG movement.

To strengthen its evidence based advocacy through research, ENABLE conducted a comprehensive research study on the ‘quality and sustainability of SHGs’ in eight states, viz. Andhra Pradesh, Assam, Bihar, Gujarat, Karnataka, Maharashtra, Rajasthan and West Bengal. These state level studies were conducted with common research methodologies, uniform sample size and same research tools, so that the results are comparable and a national level synthesis study report could be prepared. Each of the 7-member organizations of ENABLE anchored these studies in their main operational states.

The findings of the national study clearly indicate the need for much greater effort to enhance the quality of the SHG movement in the country, to address all the constraints related to SHG bank linkage and to support the SHGs and their federations through sustained institutional capacity building to broaden their agenda and deepen their engagement in all dimensions that will enable them to march towards prosperity.

As per NABARD’s microfinance report, as on March 2012, about 79.6 lakh SHGs, with an estimated membership of 9.7 crores, have savings accounts in the banks, with aggregate bank balance of Rs. 6,551 crores. Over 43.54 lakh SHGs have loan accounts with total loan outstanding of Rs. 36,340 crores. The total number of SHG Federations formed is 1.66 lakh most of which are primary federations. Decreasing trend in the number of SHGs that have a loan outstanding with banks during 2010-12 which came down from 48.51 lakh SHGs in 2010 to 43.54 lakh SHGs as on March 2012, a reduction of nearly 10% is a major cause for concern. During the same period, the number of SHGs having a savings bank account has gone up from 69.53 lakh SHGs to 79.6 lakh SHGs, an increase of nearly 15%. Only 55% of the SHGs that have a bank account are having a loan outstanding with the bank. Another disturbing trend is steady increase in Non Performing Assets (NPAs), which doubled in two years from 2.9% in 2010 to 6.1% in 2012. Increasing NPAs and reducing percentage of SHGs that have bank loan outstanding may adversely affect the prospects of newer SHGs being promoted.

Though, the SHG bank linkage programme is in existence for more than two decades, there are very few large scale studies on SHGs, particularly on issues related to their performance, problems faced by them and their sustainability. Further, to strengthen its advocacy through research, ENABLE network planned to conduct research studies about

‘quality and sustainability of SHGs’ in eight states. In this context, ENABLE undertook the responsibility of conducting a large scale SHG sample study in India, covering a sample of 1942 SHGs in eight states, which provides a very good representation of the diversity of the SHG movement in the country. The present study is an effort to develop a deeper understanding on the SHG movement and to come up with appropriate recommendations.

The report primarily focuses on quality and sustainability of SHGs, besides the socio-economic empowerment of SHG women. Firstly, it addressed the issue of inclusion and exclusion of vulnerable sections in SHGs, the incidence of dropouts and enrollment, issue of saving products and decrease of group savings and the frequency of savings, member attendance and agenda for meetings which have been enabling the SHG women; and the issue of leadership rotation.

Secondly, it speaks on the sustainability issues, which include poor quality of book keeping in the absence of supporting systems; dependency on external agencies to build the group corpus, so as to address financial needs of SHG member households; issue of repayment rate and the how the SHGs, SHPIs and banks ensure high repayment rate at all levels. Thirdly, it discussed on the changes in the relations between SHGs and community and changes at household level and the empowerment of women with reference to self confidence, mobility, and access to resources, decision making and political participation. Finally, to address the quality issues, the authors have proposed several recommendations, such as continuous Capacity Building of SHGs, system of annual elections, a system of internal audit, self regulation for SHG & their federations, bank mitras for SHG bank linkage facilitation and adequate funds to NGOs for promotion of SHGs and Federations.

This report would not have been possible without the tireless efforts of Dr. Raja Reddy, Director of Research & Advocacy, APMAS, over a period of several months, in pooling the data from the eight states, in cleaning the data, analyzing it and preparing the report. But for him, ENABLE would not have brought out this report. We are deeply indebted to him for his efforts and contribution. Thanks to the Advisory Committee of ENABLE and also the network members for excellent support, guidance and contribution. Most importantly we thank all the SHG members, Bankers, Government Officials and SHPIs for their support and cooperation in making this study possible.

We hope that the present study answers many issues that the SHGs have been facing and is useful to the policy makers, bankers, academicians, NGOs, and other development practitioners, who have been working with community based organizations.

CS Reddy
Convener
ENABLE Network

Acknowledgments

The present study is the result of many people - Self Help Group (SHG) women, Self Help Promoting Institutions (SHPIs), banks, project implementing agencies, and other key stakeholders. It is impossible to name all the SHG women and key informants in the villages, who spared their valuable time, shared their experiences and data with the study teams.

We would like to thank all the Chief functionaries of ENABLE Network members Mr. CS Reddy, Mr. Jaipal Singh, Dr. Sudha Kothari, Ms. Veena Padia, Mr. Alay Barah, Dr. Smitha Premchander and Mr. Tarun Debnath whose idea of conducting a study at national level, intended for larger interest of the SHG sector. The study teams were drawn from APMAS based in Hyderabad, Center for Microfinance based in Jaipur, Chaitanya based in Pune, ISMW based in Ahmedabad, Reach India based in Kolkata, Sampark based in Bangalore and SHG Promotional Forum based in Kolkata. APMAS covered Andhra Pradesh and Bihar and the other teams covered the state where they are based.

We had Mr. CS Reddy, Dr. K. Raja Reddy, Dr. G.B. Rao and Dr. S. Prahalladaiah on the APMAS team while on the CMF team we had Mr. Jaipal Singh and Mr. Anil Kumar Singh. On the Chaitanya team we had Dr. Sudha Kothari and Ms. Kalpana Pant. On the ISMW team we had Ms. Barka and Yogeswarnath. On the Reach India Team we had Mr. Alay Barah, Mr. A. Majumdar and inputs from Dr. Ajay Tankha. On the Sampark team we had Dr. Smitha Premchandar and Mr. P. Chidambaranathan. On the SHGPF team we had Mr. Tarun Debnath besides a team of more than 50 research investigators engaged in this study for data collection. Our special thanks to all the research investigators, who meticulously collected data from the field.

We would like to thank Ms. Girija Srinivasan and Dr. Ajay Tankha, who helped to frame the study design and tools. We would like to thank Ms. Nandita Ray and Ms. Meghali Ray for their support in editing the draft report that added value to the study. We are thankful to our colleagues Mr. N. Naveen Kumar and Ms. Pravalika Bhumi-paga for their support in compiling and analysing the data. We are highly thankful to the Ford Foundation for the financial support given to the ENABLE Network to conduct the present study. We are thankful to GIZ-NABARD Rural Finance Programme for providing financial assistance to print the report

ENABLE Network welcomes critical feedback and hope that the reader will get involved to provide such feedback, and to put the learning from this and other publications into action.

K. Raja Reddy

C.S. Reddy

Contents

S.No.	Particulars	Page No.
	<i>List of Tables and Figures</i>	<i>i</i>
	<i>List of Acronyms</i>	<i>iv</i>
	<i>Fact Sheet</i>	<i>vi</i>
1	Introduction	1
2	Profile of Self Help Groups	7
3	Organizational Face of SHGs	22
4	Financial Performance and Sustainability of SHGs	31
5	SHGs – As Agents of Social & Economic Empowerment	45
6	Conclusions and Way Forward	55
	<i>State-wise Tables</i>	67
	<i>About ENABLE</i>	80
	<i>References</i>	84

Tables and Figures

S. No.	Particulars	Page No.
A	List of tables	
1.1	State-wise Coverage of Sample Districts, Blocks and SHGs	5
2.1	Socio-economic Profile of the Sample States	7
2.2	Details of State-wise No. of SHGs, Savings in SB Account and Loans Outstanding	8
2.3	State-wise Grant Support Sanctioned to NGOs Functioning as SHPIs as on March 2012	9
2.3a	Table-2.3a: SHG Bank Linkage Programme During the Last Three Years	10
2.4	Type of Federations in the Study States	11
2.5	Age of SHGs and No. of Dropouts (% of SHGs)	18
2.6	SHPI-wise Grades of Sample SHGs (% of SHGs)	20
3.1	Age of SHGs and No. of SHGs Increased/ Decreased Savings	23
3.2	Meetings and Attendance During the Last Six Months	26
3.3	Age of SHGs and No. of SHGs Changed their Leaders	29
4.1	Details of Liabilities as on March 2011 (Amount in Rs.)	31
4.2	Details of Assets as on March 2011 (Amount in Rs.)	32
4.3	Age of SHGs and Amount of Idle Funds (% of SHGs)	33
4.4	Extent of Funds Mobilized from External Credit Agencies	34
4.5	Social Categories of SHGs and Access to Grants & Loans	35
4.6	Details of Lending Norms	36
4.7	Repayment Rate of SHGs to Banks, Federations and NGO-MFIs	39
4.8	Opinion of SHGs on the Changes at Group Level (% of SHGs)	43
5.1	Age Wise Percentage of SHGs formed New SHGs & Revived Defunct SHGs	45
5.2	Details of SHGs' Participation in Social & Development Activities	46
5.3	SHGs' Participation in Various Welfare & Development Programmes	48
5.4	Opinion of SHGs on the Changes at Household Level	49
5.5	Opinion of SHGs on Access to Family Income & Control on Resources (% of SHGs)	52
5.6	Opinion of SHGs on Decision Making Role (% of SHGs)	52
5.7	Opinion of SHGs on Participation of SHG Members in Governance (% of SHGs)	53

S. No.	Particulars	Page No.
B	State-wise Tables	
2.1	Social Category of SHG Members	67
2.2	Educational Levels of SHG Members	67
2.3	Age of SHG Members	67
2.4	Marital Status of SHG Members	68
2.5	Primary Occupation of SHG Members Households	68
2.6	Landholdings of SHG Members Households	68
2.7	Poverty Categories of SHG Members Households	69
2.8	Social Category of SHGs	69
2.9	Age of Sample SHGs as on March 2011	69
2.10	State and Promoter-wise Distribution of Sample SHGs	70
2.11	Size of SHGs	70
2.12	No. of Dropouts in SHGs	70
2.13	SHG's Membership in Federations	71
2.14	Grades of SHGs	71
3.1	Periodicity of Savings of SHGs	71
3.2	State-wise Amount of Savings of SHG Member Per Month	72
3.3	Total Savings of SHG Members as on March 2011	72
3.4	Distribution of Member Savings	72
3.5	Periodicity of SHG Meetings	73
3.6	Average Percentage of Meetings Conducted During the Last Six Months (% of SHGs)	73
3.7	Average Percentage of Member Attendance to Group Meetings During the Last Six Months	73
3.8	State-wise Meeting Agenda of Sample SHGs	74
3.9	State-wise Maintenance of Books of Accounts (% of SHGs)	75
3.10	Person/Agency Responsible for Maintenance of SHG Records	75
3.11	Honorarium to Book Keepers (% of SHGs)	76
3.12	Criteria for the Selection of SHG Leaders (% of SHGs)	76
3.13	Methods/Ways Adopted for the Selection of SHG Leaders	77
3.14	No. of Times Leadership Changed	77
3.15	SHG Women Contested and Won in PRIs Elections	77
4.1	Details of Idle Funds in Sample SHGs	78
4.2	State-wise Repayment Rate from SHGs to Banks, Federations and NGO-MFIs	79

S. No.	Particulars	Page No.
C	Figures	
2.1	Percentage of SHGs having Active Loans with Banks	8
2.2	Social & Demographic Profile of SHG Members	13
2.3	Economic Profile of SHG Members	14
2.4	Profile of SHGs	16
2.5	Grades of SHGs	19
3.1	Periodicity of Savings	22
3.2	Average Cumulative Savings of SHG Members	24
3.3	Details of SHG Meetings During the Last Six Months	27
3.4	Book-Keeping and Honorarium	28
4.1	Percentage of SHGs having Loans Outstanding with External Sources	36
4.2	Percentage of SHGs having Loans Outstanding with Banks	37
4.3	Average Amount of Current Loan to SHGs Under SHG-Bank Linkage	38
4.4	Repayment Rate - SHGs to External Agencies	39
4.5	Opinion of SHGs on SHG-Bank Linkage	42
5.1	Changes at Village Level	49
5.2	Opinion on Changes in Self-confidence & Women Roles	50
5.3	Opinion of SHGs on Mobility of Women	51
5.4	Opinion of SHGs on Changes in Gender and Social Discrimination	53

Acronyms

AGM	: Assistant General Manager
AKRSP	: Aga Khan Rural Support Programme
ANM	: Auxiliary Nurse Midwife
AP	: Andhra Pradesh
APL	: Above Poverty Line
APMAS	: Mahila Abhivrudhi Society, Andhra Pradesh
ASHA	: Accredited Social Health Activist
ASM	: Assam
Avg.	: Average
BC	: Backward Classes
BHR	: Bihar
BPL	: Below Poverty Line
BRLPS	: Bihar Rural Livelihoods Promotion Society
CBO	: Community Based Organization
CBRM	: Community Based Recovery Mechanism
CIF	: Community Investment Funds
CmF	: Center for Microfinance
Com.	: Community
CRI	: Critical Rating Index
DFID	: Department for International Development
DHAN	: Development of Humane Action
DRDA	: District Rural Development Agency
DWCRA	: Development of Women & Children in Rural Areas
FD	: Fixed Deposit
FGD	: Focus Group Discussion
FIP	: Financial Inclusion Programme
GJR	: Gujarat
GP	: Gram Panchayat
HH	: Household
HIV	: Human Immuno Deficiency Virus
ICDS	: Integrated Child Development Services
IFAD	: International Fund for Agricultural Development
IGA	: Income Generation Activity
KNT	: Karnataka
LDM	: Lead Bank District Manager
MACS	: Mutually Aided Cooperative Societies
MAVIM	: Mahila Arthic Vikas Mahamandal
MEPMA	: Mission for Elimination of Poverty in Municipal Areas
MFI	: Microfinance Institution

MGNREGS	: Mahatma Gandhi National Rural Employment Guarantee Scheme
MHR	: Maharashtra
MYRADA	: Mysore Resettlement and Development Agency
NA	: Not Available
NABARD	: National Bank for Agriculture and Rural Development
NGO	: Non-Government Organization
NRLM	: National Rural Livelihoods Mission
OAP	: Old Age Pension
OC	: Open Category
PDS	: Public Distribution System
PEDO	: People's Education and Development Organisation
PRADAN	: Professional Assistance for Development Action
PRI	: Panchayat Raj Institutions
RBI	: Reserve Bank of India
RD	: Recurring Deposit
RF	: Revolving Fund
RJN	: Rajasthan
RRB	: Regional Rural Bank
SB A/c	: Savings Bank Account
SC	: Scheduled Caste
SERP	: Society for Elimination of Rural Poverty
SEWA	: Self Employed Women's Association
SGSY	: Swarnajayathi Gram Swarozgar Yojana
SHG	: Self Help Group
SHGBLP	: SHG Bank Linkage Programme
SHGPF	: Self Help Group Promotional Forum
SHPA	: Self Help Promoting Agency
SHPI	: Self Help Promoting Institution
SLBC	: State Level Bankers' Committee
ST	: Scheduled Tribe
UNDP	: United Nations Development Programme
VO	: Village Organization
WB	: West Bengal
WB	: World Bank
WDC	: Women Development Corporation
YIP	: Young India Project

About the Authors

Dr. K. Raja Reddy

Raja Reddy, Kalluri is working as Director for Research & Advocacy Unit in APMAS, an NGO working at national level with a vision '*Sustainable Self Help Movement in India*'. Dr. Reddy is a trained anthropologist and educationalist engaged in developmental research- particularly on tribals, social issues, education, livelihoods, SHG movement and microfinance for the past two and half decades. He has conducted more than 40 research studies across the country on diversified topics-microfinance, self help groups, bank linkage programme, tribal education, indebtedness, women empowerment, livelihoods, NGO empanelling etc.



Dr. Reddy has published 4-books, 5-research reports and 17- research papers in various journals to his credit. Besides, he has presented more than 30 research papers in national level seminars/conferences/workshops. His areas of expertise include developing study designs, organizing fieldwork, data analysis and report writing. Besides, he has provided guidance to many students of national and international organizations registered with APMAS under Internship Programme. He has played a key role in conducting various research studies and in bringing various publications of APMAS.

Mr. C.S. Reddy

Mr. C.S. Reddy is the founding CEO of APMAS. He has over 23 years of experience in the development sector, particularly in community based microfinance and livelihoods promotion. CS, as he popularly and affectionately called, did post graduation and M. Phil in Statistics & Operations Research. After working for a couple of years as Teaching Assistant at the University of Hyderabad, he joined Care India and was its State Director of Andhra Pradesh before taking up the responsibility as the founding CEO of APMAS. He provided advisory and consultancy services to the World Bank, DFID, GIZ, DGRV, IFAD, CGAP, Oxfam, CARE, Raks Thai Foundation, Coady International Institute, many State Governments and a large number of NGOs in India. He participated in several conferences and workshops on microfinance and livelihood promotion in different parts of the world. His assignments abroad include the countries of Philippines, USA, UK, Brussels, Germany, Luxemburg, Bangladesh, Thailand, Ethiopia, Vietnam & Canada.



He was the chairperson of the working Group constituted by the Planning Commission of India, to review and recommend on the National Rural Livelihoods Mission (NRLM) for the 12th Plan and a member of the Planning Commission Constituted Steering Committee on Rural Livelihoods & Rural Governance in preparation for the 12th Five Year Plan of India. CS is one of the trustees of "Commitments" an NGO working for a sustainable livelihood of the persons with disability. He is also a member of the Microfinance India Advisory Group and the Managing Committee of 'Sthree Nidhi', an exclusive State Level Cooperative Federation established by Government of Andhra Pradesh and the Mandal Samakhya of SHGs to provide financial services to the SHG women of the state.

Fact Sheet

Self Help Groups (SHGs) in India: A Study on Quality and Sustainability

A. Sample Covered		
• Number of Self Help Groups	:	1942
• Number of Districts	:	41
• Number of States (Andhra Pradesh, Assam, Bihar, Gujarat, Karnataka, Maharashtra, Rajasthan and West Bengal)	:	8
B. Profile of SHG members		
• Total SHG Members	:	23,781
• SC & ST members (%)	:	33
• Illiterate members (%)	:	62
• Vulnerable women category (%)	:	14
• Primary occupation (Labour & Agriculture)	:	87
• Landless households (%)	:	43
• Below Poverty Line members (%)	:	62
C. Profile of SHGs		
• SC & ST groups (% of SHGs)	:	30
• Other SHGs (% of SHGs)	:	70
• Average age of SHGs (in years)	:	5.38
• Average size of SHGs (number of members)	:	12
• Percentage of SHGs reported dropouts	:	38
D. Grades of SHGs		
• A-grade SHGs (%)	:	42
• B-grade SHGs (%)	:	36
• C-grade SHGs (%)	:	22
• SHGs enrolled with Federations (%)	:	28
E. Savings		
• Average savings per month per member (in Rs.)	:	53
• Average cumulative savings amount per SHG (in Rs.)	:	33,148
• Average cumulative savings per member (in Rs.)	:	2786
• SHGs distributed savings among members (%)	:	23.2
• Avg. amount of idle funds – cash on hand + bank balance (in Rs.)	:	13,516
F. Meetings		
• Periodicity of SHG meetings –monthly (%)	:	66
• Meetings – Weekly and Fortnightly (%)	:	21
• Avg. percentage of meetings conducted over the past 6 months	:	84
• Avg. percentage of members' attendance in meetings	:	73

G. Book Keeping		
• Maintenance of books by SHG leaders (%)	:	78
• Books written by SHG members (%)	:	62
• SHGs paying honorarium to book keepers (%)	:	21
• Avg. amt. of honorarium to book keeper per month (in Rs.)	:	72
H. Leadership		
• SHGs changed their group leaders (%)	:	41
• Number of SHG women contested for PRI elections	:	375
• Number of SHG women won in the elections	:	239
I. Average On-Time Repayment Rate (in %)		
• SHGs to Banks	:	72
• SHGs to Federations	:	88
• SHGs to NGO-MFIs	:	81
J. Financial performance		
• Average amount of group corpus(in Rs.)	:	102,863
• Avg. balance in SHG SB Account (in Rs.)	:	11,900
• SHG reported profit/surplus (% of SHGs)	:	87
K. Credit access to banks		
• Percentage of sample SHGs having a loan outstanding to banks	:	59
• Avg. loan size under SHGs – BL programme (in Rs.)	:	118,623
• SHG savings and Loan ratio	:	1: 3.5
• A& B-grade SHGs not credit linked to banks (% of SHGs)	:	35/41
• Inadequate quantum of loan (%)	:	43
• Bank loans are not timely (%)	:	27
• Short loan repayment period (%)	:	22
L. Impact –Opinion of sample SHGs		
• Percentage of SHGs promoted new groups	:	20
• Percentage of SHGs revived defunct groups	:	10
• Percentage of SHGs formed on their own	:	12
• Money lenders reduced interest rates on loans (%)	:	9
• Learnt to sign (% of SHGs)	:	88
• SHG Women attends (alone) to meetings outside the village	:	66
• Casting of own vote- decides solely (%)	:	52
• SHG women contested to political office (%)	:	29
• Women taking up non-traditional works (%)	:	30
• Work burden on women – increased (%)	:	50
• Different etiquettes to various social categories (%)	:	29
• Husband shares the household work (%)	:	68

1.1 Context

India's Self Help Group (SHG) movement has emerged as the world's largest and most successful network of community based organizations (CBOs). It is predominantly a women's movement. As some experts have pointed out, it is a development innovation in its own right.

The SHG bank linkage program (SBLP), which is the India's own innovation has proved to be one of the most effective poverty alleviation and women empowerment programs. The SBLP had a modest beginning with 255 credit linked groups and loan amount of Rs.29 lakh in 1992-93. Since then the program has grown exponentially. In the process, SHGs emerged as a mass movement across the country and largest community based microfinance model in the world. As per NABARD's microfinance report by March 2012, 79.6 lakh SHGs, with an estimated membership of 9.7 crores, have savings accounts in the banks, with aggregate bank balance of Rs. 6,551 crores. Over 43.54 lakh SHGs have loan accounts with total loan outstanding of Rs. 36,340 crores. However, there remain regional disparities in the growth of the SHG movement with limited progress in eastern and western regions.

MYRADA was an early promoter of SHGs. In the early eighties, MYRADA and the Bhagavatula Charitable Trust, of the Visakhapatnam district in Andhra Pradesh began mutual savings and credit groups in rural areas, mostly among women. These were probably the first instances of rural savings and credit groups in the country, for and of women. In the mid eighties, there were a few more similar experiments, mostly in Andhra Pradesh and Tamil Nadu. The results were inspiring, and the rural development departments of the Government of India, in the late eighties, invited NGOs, donors and bankers to discuss the possibility of consciously promoting savings and credit groups of women, across the country, in place of the earlier DWCRA groups (Development of Women & Children in Rural Areas).

In the mid nineties, SHGs became visible across the country. Several NGOs, most state governments, donors and lenders saw in SHGs an opportunity to mobilize rural women to work for their own social and economic betterment. By the late nineties, SHGs were not just savings and credit groups, but were seen as common interest groups. SHGs began sprouting up in many villages, with multiple SHGs being promoted in the same villages.

The important milestones in the evolution of the SHG movement can be classified into six major phases: i) NGOs promote women SHGs as an alternative to mainstream financial services to reach un-reached segments of society; ii) NABARD takes the lead in partnering with NGOs, particularly MYRADA, to pilot the well-known SHG-bank linkage model; iii) State Governments, particularly in the South, take a proactive role in the promotion of SHGs in a big way, by way of revolving loan funds and other support; iv) SHG-Bank linkage reaches the scale of over a million bank-linked SHGs; v) SHG federations emerge to sustain the SHG movement and to provide value-added services; vi) SHGs and SHG

federations are given widespread recognition to act as implementing agents of various mainstream agencies such as financial institutions, corporate sector, and government (APMAS, 2007).

While the SHG – bank linkage model has experienced exponential growth over the past decade, bank lending to SHG federations is currently being piloted. In the long-term, if the federations acting as ‘business correspondent’, hold considerable potential for financial inclusion, and this financial inclusion if done well, will prove to be a sustainable model. SHG federations will emerge as sustainable institutions of the poor, providing a basket of financial and livelihoods services to their member SHGs and ultimately to the women.

The SHG sector as a whole and SBLP in particular, has been facing a number of challenges such as uneven quality of groups, unequal growth, policy contradictions, huge shortage of capacity building infrastructure, including resource material and resource persons to support the Self Help Promoting Institutions (SHPIs). To address the above challenges and to contribute to a healthy, balanced and sustainable growth of the SHG sector in the country, a National Network Enabling Self Help Movement in India (ENABLE) was formed in 2007 with a vision of *vibrant self help movement in India* (see annexure-1).

To strengthen its evidence based advocacy through research, ENABLE conducted a comprehensive research study on the ‘quality and sustainability of SHGs’ in eight states, viz. Andhra Pradesh, Assam, Bihar, Gujarat, Karnataka, Maharashtra, Rajasthan and West Bengal. These state level studies were conducted with common research methodologies, uniform sample size and same research tools, so that the results are comparable and a national level synthesis study report could be prepared. Each of the 7-member organizations of ENABLE anchored these studies in their main operational states.

1.2 Review of literature

Many research organizations, donor agencies, implementing agencies have conducted several studies, evaluations, impact studies and, assessments on SHGs and their federations across the country. And it is not possible to present a comprehensive review of all the research done so far. However, a brief overview of some of the large-scale studies conducted and published in the recent past is given below.

EDA Rural Systems and APMAS conducted a study “Self Help Groups in India: A Study of the lights and dark sides”. The study looked at all relevant aspects of SHG functioning: membership, exclusion, drop-outs, maintenance of group records, equity within groups, default and recovery mechanisms, role of SHGs in local politics, role played by SHGs in addressing issues related to social justice and harmony and sustainability of SHGs with a clear objective of lessons learned from success and failures of SHGs. The study covered 214 SHGs in nine districts from four states (two each from north and south India) of Andhra Pradesh, Karnataka, Orissa and Rajasthan.

Over 50% of SHGs members were from families below poverty line, with a majority from SC and ST families; SHG leaders tend to be from better-off families; only 29% of the household in selected villages had a membership in an SHG; reasons for choosing not to join an SHG was primarily because of stringent norms followed by SHGs and about 10%

dropped out due to migration. Though one member in every four SHGs contested local elections, their effectiveness once elected was not significantly better than the others. However, SHGs did seem to contribute to social harmony as the composition of women in SHGs reflected different caste groups.

Almost 40% of SHGs are weak in terms of maintenance of records as these systems were too complicated for members to maintain. With regard to lending practices, a fair amount of equity was practiced. However, some were found to be lending to non-members. The study indicated high levels of defaults in the prepayment of loans in South India due to the supply led-approach. The repayment of loans given to member from their savings was a major concern. Half of the SHGs under the study were operating in profits. However, due to high default and low interest rates, the financial value of the members' savings could not be maintained. The study concludes that while there is a need to focus on quality rather than on quantity, expectations pinned on SHGs need to be realistic. Also, fundamental to the sustainability of SHGs is the feeling of ownership of members about the group.

A study conducted by NCAER in 2008, sought to assess the impact of the SHG Bank Linkage Programme (SBLP) on the socio-economic conditions of individual SHG members by comparing their pre and post SHG scenarios across six states in five different regions of India. It concluded that the SBLP has positive impact on members by increasing their access to financial services (and reducing household poverty) as well as empowered women through an increase in their self confidence.

Salomo et. al (2010) did a research on Sustainability of SHG Federation Structures covering 12 SHG federations in six different states of India. It opined that federating is needed for ensuring outreach, member ownership and governance, bottom up structured and linked multi-level systems, reduced dependency on external advisory and financial support, ability to face different environmental and socio-economic circumstances, and legal and regulatory framework.

A report on *SHG Federations: Development Costs and Sustainability*, by Girija Srinivasan and Tankha reported that the absence of savings and appropriate legal framework are the severe constraints on the financial viability of federations of SHGs (Srinivasan G., 2010).

According to NABARD's publication *Status of Microfinance in India 2011-12* there are disparities in the geographical spread of SHG bank linkage programme and credit deepening (Nabard, 2012). As on March 2012, out of 33 states, 22 states and union territories have less than 50% of SHGs having a savings bank account have a loan outstanding to banks; another 10 states have 50 to 80 percent of SHGs with loan outstanding; and only one state, namely Andhra Pradesh, has 80% percent of SHGs with loan outstanding to banks. The percentage of SHGs credit linked to bank is highest in Andhra Pradesh with 94% and lowest in the country in Arunachal Pradesh with 4%. Out of 33 states, 9 states & union territories namely, Andhra Pradesh (94%) Puducherry (76%), Tripura (74%), Bihar (73%), Jharkhand (71%) Odisha (58%), West Bengal (56%) and Tamilnadu (56%) and Himachal Pradesh (55%), have more than the national scenario (55%).

During the financial year 2011-12, the banks disbursed a total loan of Rs. 16,535 crores to 11,47,878 SHGs with an average of Rs. 144,046 per SHG (Nabard, 2012). The average amount of loan per SHG is highest in Andhra Pradesh with Rs. 215,875 and lowest in Lakshadweep with Rs. 14,375 when compared to all other states. Of the total 33 states and union territories, majority states & union territories' average loan size is more than Rs. 100,000 (19) followed by Rs. 50,000 to Rs. 100,000 (12) and less than Rs. 50,000 (2). There is a wide difference in the average loan per SHG across the states/union territories. Further, there are only six state/union territories namely Andhra Pradesh (Rs. 215,875), Puducherry (Rs. 194,230), Karnataka (Rs. 185,290), Haryana (Rs. 160,309), Kerala (154,620) and Uttarakhand (148,155) that have more than the national average of loan per SHG.

1.3 Present study

India is facing a number of challenges in consolidating, saturating and sustaining SHG movement, especially in SBLP. Towards this, the impediments need to be identified and appropriate strategies have to be developed to overcome the identified impediments. The Government promotional efforts need to be supplemented with learning from different states' experiences and independent assessments and observations of present status of SHG institutions in the country.

In the above context, a national study on SHGs has been undertaken. The major objective of the study is to understand the critical factors that influence the quality and sustainability of SHG movement in the country. The specific objectives are:

- i) To know the quality of SHGs promoted by various SHPIs;
- ii) To assess SHGs' access to credit under SHG bank linkage programme, repayment rate and default management;
- iii) To know the issues or challenges in strengthening SHG movement;
- iv) To know the impact of SHGs at village/community, household, SHG and individual levels, which includes empowerment of women; and
- v) To evolve strategies to improve the quality of SHGs and their institutions.

1.4 Research methodology

Sampling design: As mentioned earlier, this study has been conducted as a part of ENABLE's strategy to conduct state level SHG quality and sustainability studies with common methodology and research tools in eight states. The sample size and selection criteria, the sample categories, size and selection criteria used in the study are given below

<u>Units</u>	<u>Number</u>	<u>Selection Criteria</u>
• States	8	The states in which the ENABLE members are based and intensely working
• Districts per States	4 - 6	Variations in economic development geographical and social variations Presence of special projects related to SHGs Presence of major promoting agencies

- Blocks per States 8 - 12 Two to three blocks per district
Economic development and / or distance from district head quarters
Geographical and social variations
Presence of special projects related to SHGs
Presence of different promoting agencies
- Villages per States 48 – 70 Two to three villages in a block
One village, where bank branch is located; one close to road; and another remote village from the branch.
Additional criteria for selection of remote village is the presence of different types of promoting agencies
- SHGs per States 250 Maximum of 4 SHGs in a village on random basis.
- Bank branches in each of the States 16 – 24 Minimum two per block - Commercial bank & RRB or Cooperatives. If RRB/ cooperative bank is not present another commercial bank branch would be selected.
One lead bank could be taken up.

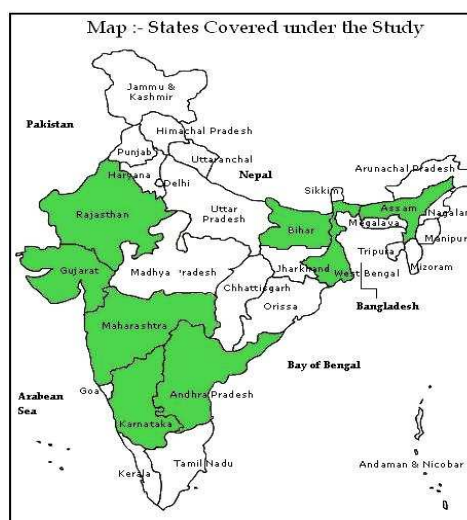
Sample covered: The study has covered a sample of 1942 SHGs from 41 districts of 8 states namely Rajasthan, Assam, Bihar, West Bengal, Gujarat, Maharashtra, Andhra Pradesh and Karnataka in India (see table -1.1 and Map) promoted by various SHPIs such as Government, NGOs, banks and self/community.

Table-1.1: State-wise Coverage of Sample Districts, Blocks and SHGs

Unit	RJN	ASM	BHR	WB	GJR	MHR	AP	KNT	Total
1. No. of districts	6	5	6	4	5	6	5	4	41
2. No. of blocks	12	13	18	8	10	13	28	16	118
3. No. of SHGs	266	250	252	241	160	253	250	270	1942

RJN-Rajasthan; ASM-Assam; BHR-Bihar; WB-West Bengal; GJR-Gujarat; MHR-Maharashtra; AP-Andhra Pradesh; KNT-Karnataka

Data collection tools: Data was gathered from both primary and secondary sources. The primary sources included SHGs, SHPI staff, bankers and community members. Secondary sources include project reports, annual reports, websites, and Census of India etc. Both qualitative and quantitative information was collected from the primary and secondary sources using methods such as focus group discussions, checklist, observation, case studies, and interview schedules. Separate interview schedules and checklist, viz. SHGs, Federations, SHPI, and bank branches were used for each kind of respondent. NABARD's Critical Rating Index (CRI) was used to assess the quality of SHGs objectively.



1.5 Data collection and fieldwork experience

Fieldwork: Fieldwork for data collection was carried out during July- October 2011 by the teams of ENABLE Network member organizations in the states, where they are mainly operating. Before data collection, the study teams were oriented on the objectives of the study, sampling methodology, data collection tools, editing of filled in schedules and data entry formats.

Limitations: Unlike individual interviews, interactions with SHGs need the cooperation of SHPIs. Their influence in sample selection is inevitable. However, several measures were taken to minimize their biases. The status of book keeping is far from satisfactory and the SHG federations are in nascent stage in many states and could not provide the required information. Further, as too many teams were involved in data collection and orientation, there were gaps in getting common understanding on the tools and methodology between the teams.

1.6 Data analysis

Common data entry formats with data entry guidelines were prepared for all the states to make the data compilation and analysis easy for bringing out the national report. Firstly, soft copies of the Excel Data Files were collected from all the states. Secondly, data was entered and the soft copies were reviewed and edited, and thirdly, secondary variables were generated as per the requirement to do an in-depth analysis. Data was analyzed with simple statistical tools like percentage, averages, proportions, etc. Cross tables and graphs were extensively used in the report to communicate causal relations among different variables and to draw meaningful inferences. The variables considered are (a) state, (b) Promoter, (c) age of the group, (d) size of the group, e) social category of the group, f) grades and g) credit linkage.

1.7 Organization of the report

The findings of the study are presented in 6 chapters preceded by a fact sheet. Chapter-1 provides a brief overview of literature and describes the context and methodology of the study. Chapter-2 portrays the profile of SHGs and their members. Chapter-3 discusses the organizational face of SHGs with reference to savings, meetings, book keeping, leadership and group norms. Chapter-4 analyses the financial performance of SHGs and SHG bank linkage programme as one of the financial inclusion models. Chapter-5 focuses on the perceptions of the SHG members about the impact the SHGs have on their lives, at community, household and individual levels, as a result of group activity. Chapter-6 provides conclusions & way forward for the growth of SHGs and their institutions in future.

Chapter 2

Profile of Self Help Groups

This chapter of the report, firstly gives an overview of the SHG movement, mostly the spread of SHGs and their federations, savings & credit linkage with banks and Nabard-NGOs collaboration in the promotion of SHGs. Secondly, it discusses the views of women on why they formed into groups, how do they select members and who are they. Thirdly, it gives the profile of SHGs, for the most part the age, size, social category and the promoters of SHGs. Fourthly, it talks about how all the members enrolled in groups continue to operate. If not, why? Lastly, it divides SHGs into different grades.

2.1 An overview of SHG Movement in the Study States

Socio economic profile of sample states: The data in table 2.1 shows that the total population of the sample states varies from 2.67 crores to 9.67 crores. The percentage of BPL population to the total population also varies. It is high in Bihar with 32.5% and low in Andhra Pradesh with 11.1% as compared to other states and to the national average (21.8%). The female literacy is high in Maharashtra with 67% and low in Bihar with 33% followed by Rajasthan (43.9%). The population density is high in Bihar with 881 per Sq. Km. and low in Rajasthan with 165 per Sq. Km. There are 42,518 bank branches in the eight states included in the study. The average population per bank is high in Assam with 25,000 and low in Karnataka with 10,000 when compared to all other states. The density of population, percentage of BPL households, percentage of female literacy, and average population per bank will influence the growth of the SHG movement in a state.

S. No.	Name of the state	Population (in crores)		Female literacy	Population (In %)		Population density per Sq. km	Banks	
		Total	BPL %		SC	ST		No.	Avg. Pop.
1	RJN	5.65	17.5	43.9	17.2	12.6	165	4,352	16,000
2	BHR	8.30	32.5	33.1	15.7	0.9	881	4,203	25,000
3	ASM	2.67	15.0	54.6	6.9	12.4	340	1,504	21,000
4	WB	8.02	20.6	59.6	23	5.5	903	5,497	17,000
5	GJR	5.07	12.5	57.8	7.1	14.8	258	4,893	12,000
6	MHR	9.69	25.2	67.0	10.2	8.9	315	8,413	13,000
7	AP	7.62	11.1	50.4	16.2	6.6	277	7,365	11,000
8	KNT	5.29	17.4	56.9	16.2	6.6	276	6,291	10,000
	India	102.87	21.8	53.7	16.2	8.2	313	89,110	14,000

Source: Census of India, 2011

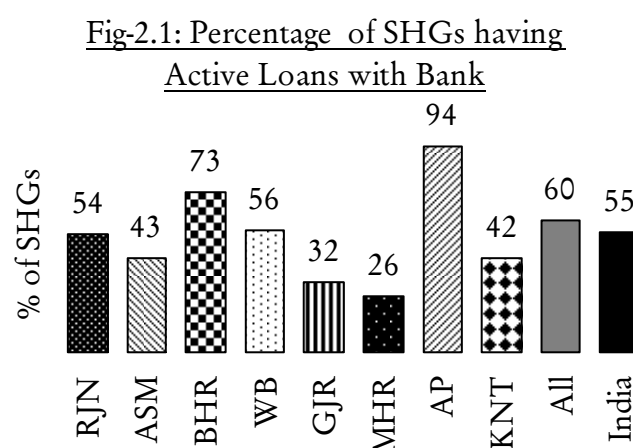
Number of SHGs: As on March 2012, there are 46.97 lakh SHGs having a savings account with a bank in the sample states (Nabard, 2012). The data in table 2.2 shows that the number of SHGs is high in Andhra Pradesh with 14.96 lakh and low in Gujarat with 2.27 lakh compared to other states. All the SHGs in the sample states have a total savings of Rs.

4,099 crores in their savings bank accounts with an average of Rs. 8,727 per SHG. The average balance in a SHG saving bank account is high in Karnataka with Rs. 15,941 and low in Assam with Rs. 3,560 when compared to other states (Andhra Pradesh- Rs. 9,962, Maharashtra – Rs.8,749, Gujarat –Rs. 6,161, West Bengal – 5,499, Rajasthan – Rs. 5,081 and Bihar – Rs. 4,602). It is more than double in Karnataka when compared to many sample states. The savings balance of an SHG on 31st March of a year is estimated as approximately 30% of the SHG’s total savings. While 30% is in the savings bank account, the remaining 70% is with members in the form of loan outstanding. The total amount of savings mobilized by SHGs in the sample states could be estimated at approximately Rs.13,000 crores which is more than half of the bank loans outstanding with the SHGs in these states. With approximately Rs.4,100 crores of SHGs savings being with the banks in the sample states, the banks have given more than five times the SHG savings kept in the banks.

S. No.	Name of the state	No. of SHGs	Savings Amount in Rs. Lakhs	No. of SHGs	Loan O/S Amount In Rs. lakhs
1	Rajasthan	25,1654	12,787	1,34,961	71,490
2	Assam	27,6565	9,846	1,17,809	63,022
3	Bihar	30,5113	14,042	2,23,033	1,04,071
4	West Bengal	68,5448	37,694	3,82,942	1,57,003
5	Gujarat	22,6626	13,963	72,495	17,633
6	Maharashtra	82,7047	72,362	2,14,012	1,16,254
7	Andhra Pradesh	1,49,5904	1,49,016	14,00,995	15,34,172
8	Karnataka	62,8643	1,00,213	2,66,978	3,46,988
Total		4,69,7000	4,09,923	28,13,225	24,10,634
India		7,96,0349	6,55,141	43,54,442	36,34,000

Source: Nabard, Status of Microfinance in India 2011-12

SHGs credit linkage with banks: According to a NABARD publication as on March 2012, of the total 46.97 lakh SHGs in the sample states having savings bank accounts, 60% of SHGs have active loans with banks, which implies that 40% of SHGs in the sample states that have a bank account are awaiting either for a first bank loan or a repeat bank loan. This is a major cause for concern as banks take a long time to give a loan after the SHG have a savings bank account. Members of these SHGs tend to either borrow from money lenders or from the commercial MFIs at high rates of interest. Another fact



that does not even come to light is about the number of SHGs that are waiting for a savings bank account to be opened which could be at least 10 lakh SHGs. Of all the sample states, the percentage of SHG having active loan with banks is high in Andhra Pradesh with 94% and low in Maharashtra with 26%. The data in fig-2.1 shows that out of eight, five sample states have a smaller percentage of SHGs having active loans with banks when compared to the national average (55%). It shows that there are wide disparities between states in the percentage of SHGs have active loans with banks. At the national level 45% of SHGs that have a bank account are awaiting a bank loan, either for the first time or repeat.

Amount of loan outstanding to banks: In the sample states, 28.13 lakh SHGs have a total loan outstanding of Rs. 24,106 crores with an average of Rs. 85,689 per SHG, which is a little higher than the national average (Rs. 83455) (NABARD, 2012). The average amount of loan outstanding to bank per SHG is high in Karnataka with Rs. 130,000 followed by Andhra Pradesh at Rs. 110,000 and low in Gujarat with Rs. 24,323 when compared to other states (Maharashtra – Rs. 54,321, Assam – Rs. 53,495, Rajasthan – Rs. 52,971, Bihar – Rs. 46,662, and West Bengal Rs. 40,999). The average SHG loan amount outstanding to banks is more than double in Karnataka and Andhra Pradesh when compared to other states. This could be due to the fact that scaling up of SHG Bank linkage has been slow and more recent in other states. It illustrates that the SHG-BL programme, in terms of depth & breadth, is not impressive in many sample states.

NABARD- NGO Collaboration for the promotion of SHGs: The data in table 2.3 shows that as on March 2012, Nabard collaborated with 1,388 NGOs in the study states, and released a grant of Rs. 2108 lakh against the sanction of Rs. 6049 lakh to promote 209,846 SHGs.

**Table-2.3: State-wise Grant Support Sanctioned to NGOs Functioning as SHPIs
As on March 2012.**

S. No.	Name of the state	No of NGOs	Grant sanctioned (lakh)	Grant Released (lakh)	No. of SHGs to be promoted/ linked	No. of SHGs Promoted	No. of SHGs Savings linked	No. of SHGs Credit linked
1	RJN	196	804.67	182.88	23,922	10,878	10,140	6,546
2	ASM	96	399.11	221.00	15,920	15,514	14,998	10,065
3	BHR	279	985.51	138.10	27,501	11,278	9,870	5,886
4	WB	137	494.49	137.14	24,486	13,430	12,531	9,094
5	GJR	253	526.37	187.66	21,616	13,944	12,166	5,410
6	MHR	280	2,446.26	1,077.87	78,149	47,972	47,613	34,730
7	AP	2	8.96	1.15	600	15	13	11
8	KNT	145	383.82	162.37	17,652	13,413	13,111	9,528
Total		1388	6,049.19	2,108.17	2,09,846	1,26,444	1,20,442	81,270
India		3013	16,200.59	4,882.31	4,99,909	2,83,007	2,67,152	1,81,196

Source: Nabard, Status of Microfinance in India 2011-12

This clearly indicates that a third of the sanctioned amount was released to the SHPIs by NABARD. As such the promotional cost support from NABARD is less at Rs.4,000 per

SHG. If only a part that is released to the SHPI, there will be serious issues related to the quality and sustainability of those SHGs promoted. Of the total 126,444 SHGs formed, 120,442 SHGs (95%) have opened savings account with bank, in which 81,270 SHGs (67%) were credit linked. Except in Andhra Pradesh, more than 100 to 280 NGOs have collaborated with Nabard in the sample states; the number of SHGs promoted/credit linked also vary from 15,000 to 78,000. The SHG targets to NGOs in Maharashtra are very high, almost thrice when compared to other sample states. More or less 90% of the SHGs formed by the NGOs were savings linked to banks; however, of the savings linked SHGs, 67% of the SHGs were credit linked.

Growth of SHG Bank linkage programme in India during the last three years: The data in table 2.3a shows that the number of SHGs savings linked to banks has been increased during period 2009-10 to 2011-12. The balance in SHGs' SB accounts has increased during 2010-11 and it has decreased during 2011-12. The number of SHGs credit linked with banks has been decreased from 2009-10 to 2011-12; however, the amount of loan disbursed has increased during the period. The number of SHGs having loans outstanding with banks has been decreased year to year, but the amount of loan outstanding has increased. Further, the amount of gross non-performing assets against SHGs has been increased during the period.

Particulars	2009-10	2010-11	2011-12
1. No. of SHGs savings linked	69,53,250	74,61,946	79,60,349
2. Savings amount in SB Account (Rs. in Lakh)	6,19,871	7,01,630	6,55,141
3. Bank loans disbursed to SHGs during the year	15,86,822	11,96,134	11,47,878
4. Amount disbursed during the year (Rs. in lakh)	14,45,330	14,54,773	16,53,477
5. No. of SHGs having loans outstanding	48,51,356	47,86,763	43,54,442
6. Amount of loan outstanding (Rs. in lakh)	28,03,828	31,22,117	36,34,000
7. Amount of Gross NPAs Against SHGs	82,304	1,47,411	2,21,273

Source: Status of Microfinance in India, 2009-10; 2010-11; 2011-12

Number of SHG federations: Of the total 166,742 SHG federations in India, about 120,751 are in the sample states (see table 2.4). Of these, 116,688 (96.63%) federations are primary level federations, 4010 (3.32%) are secondary and the remaining 53 (0.04%) are tertiary level federations. Of the sample states, the number of primary levels federations are high in Andhra Pradesh (47993) followed by West Bengal (46780) and low in Assam (143) followed by Gujarat (153). Similarly, the number of secondary and tertiary level federations is also high in Andhra Pradesh and West Bengal. But in Maharashtra, there are no secondary and tertiary level federations, though there are a large number of primary federations.

S. No.	Name of the state	Federation			
		Primary	Secondary	Tertiary	Total
1	Rajasthan	354	20	12	386
2	Assam	143	3	0	146
3	Bihar	5,335	7	0	5,342
4	West Bengal	46,780	2,536	16	49,332
5	Gujarat	153	11	1	165
6	Maharashtra	8,476	0	0	8,476
7	Andhra Pradesh	47,993	1,371	22	49,386
8	Karnataka	7,454	62	2	7,518
Total		1,16,688	4,010	53	1,20,751
India		1,60,286	6,358	98	1,66,742

Source: Federations in India, APMAS, 2012

2.2 Formation of SHGs– The insiders' view

To understand how the poor, particularly women, form into groups, data was collected on who motivated them; before joining the SHGs, were they already in any group; how did they select the members, whom did they include and exclude. The study teams collected data during focus group discussions with the groups.

During focus group discussions, the members reported that many key persons in the community such as NGOs, government officials, key persons like the Sarpanch, teachers, educated persons and old groups in the village motivated them to form into the SHGs. According to SHG members, promoters played a critical role in forming them into groups. Some groups have mentioned that they were inspired by the kind of benefits that the members of DWCRA groups availed from the government.

Purpose of joining SHGs: During focus group discussions, the members have mentioned the following reasons for forming group.

- To avail of credit for taking up income generation activities and for fulfilling social needs/obligations;
- To promote savings and/ or to minimize household consumption expenditure for future needs such as children's education and marriages, health, old age security, and to build a house;
- To avail credit easily at low interest rates, without collateral and with flexible repayment norms, unlike loan from moneylenders;
- To avail benefits from NGOs and government channeled through SHGs like a revolving fund, interest free loans, skill improvement trainings, and other social and food security programmes meant for the poor; and
- To develop awareness about what is happening around them and help each other for their own development in all spheres of life.

Selection of SHG members: While forming a group, they drew up criteria to select members or reject others. During focus group discussions, most of the groups reported that they considered the following criteria while selecting / rejecting members.

<u>Criteria</u>	<u>Inclusion</u>	<u>Exclusion</u>
Geographic aspects	Preference to women staying in the same street, area, locality and village	No preference to women staying in other streets, areas and villages
Economic aspects	Poor; same economic activity; can pay savings and loan installments regularly	Rich/non-poor; job holders; can't or will not pay savings and loan installments regularly
Social aspects	Many members are known to each other – relatives, friends, and some other working relationships; Preference to same caste; More preference to non-migrant households	Unknown people not admitted/selected as members Different caste; Low preference to migrant households
Personal aspects	Good character; friendly; helps others; patient; and has faith on others; Mixes freely with others; Preference to literates; Preference to young and middle age women; Preference to women having experience in managing the group; Interest of both the members and household members, especially husband	Quarrelsome, unfriendly, nuisance, no faith in others; attitude of dominating others; Illiteracy is not a bar; Not allowing aged persons; Not allowing women who defaulted in DWCRA groups; Low preference to women whose household members are not interested
Group procedures	Women willing to attend group meetings within and outside the village; Willing to respect group norms/procedures Joined up to 20 members	Unwilling to attend meetings within and/ or outside the village No respect for group norms; Not joined more than 20 members

The above criteria reveal that the groups have taken care while selecting or not selecting members of a group, which is required for smooth functioning and sustainability.

Prior experience as groups: The data shows that 80 out of 1942 sample SHGs existed as groups before being formed into the SHG. The percentage of SHGs that were in groups is high in Karnataka (17%) and low in Bihar (4%) when compared to all other states (Andhra Pradesh-4.4%, Assam- 6.4%, West Bengal-6.6%, Maharashtra-8% and Gujarat-9.4%). Interestingly, the high percentages of SHGs promoted by banks (17%) were as groups before they formed into SHGs when compared to SHGs promoted by Government (7%), NGOs (7%) and community (8%).

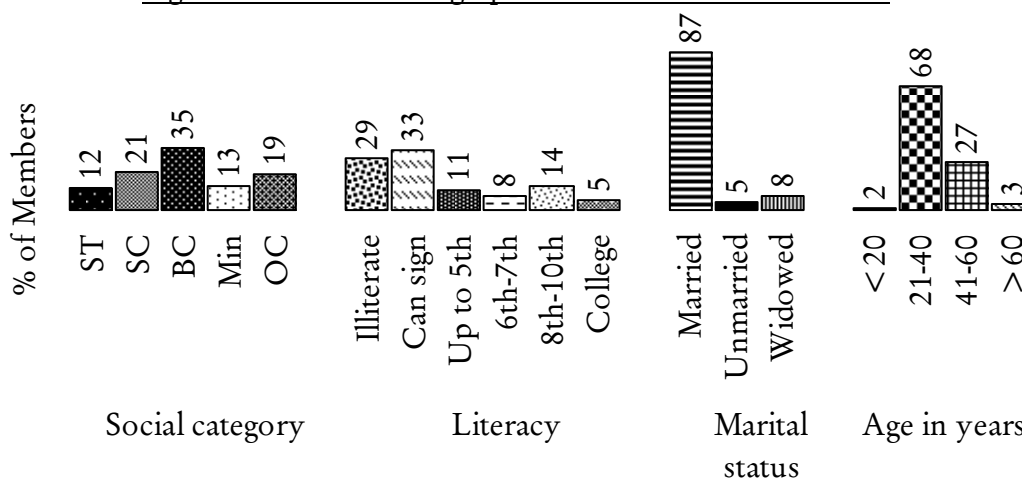
2.3 Socio-economic background of SHG Members

Social category: There are a total of 23,781 members in 1,942 sample SHGs. The data in state-wise table 2.1 on social category of SHG members shows that many are BCs (35%) followed by SCs (21%) and OCs (19%). The percentage of STs (42%) in Gujarat, SCs (53%) in West Bengal, BCs (68%) in Bihar and OCs (35%) in Maharashtra are more when compared to all other sample states.

Educational levels: The educational levels of sample SHG members shows that the majority of the members are illiterate (62%). Of the literates (38%), many have studied up to 8th-10th class (14%) followed by 5th class (11%), 6th-7th (8%) and college (5%) (see fig-2.2). Of the sample states, the percentage of literate members in SHGs is very low in Rajasthan (15%) and Bihar (18%). The literacy levels of SHG members in Assam (72%) Karnataka (47%) and Maharashtra (46%) are high compared to other sample states (see state-wise table 2.2). Interestingly, the percentage of literates in SHGs of Assam is very high (72%) and it could be because of the presence of Christian Missionaries in the remote villages of the North Eastern region.

Age of SHG members: The data in state-wise table-2.3 shows that the majority of SHG members are between the ages of 21-40 years (68%), followed by 41-60 years (27%). There is a small percentage of SHG members of less than 20 years of age (2%) and more than 60 year old (3%). It shows that most of the members are in the productive age.

Fig-2.2: Social & Demographic Profile of SHG Members



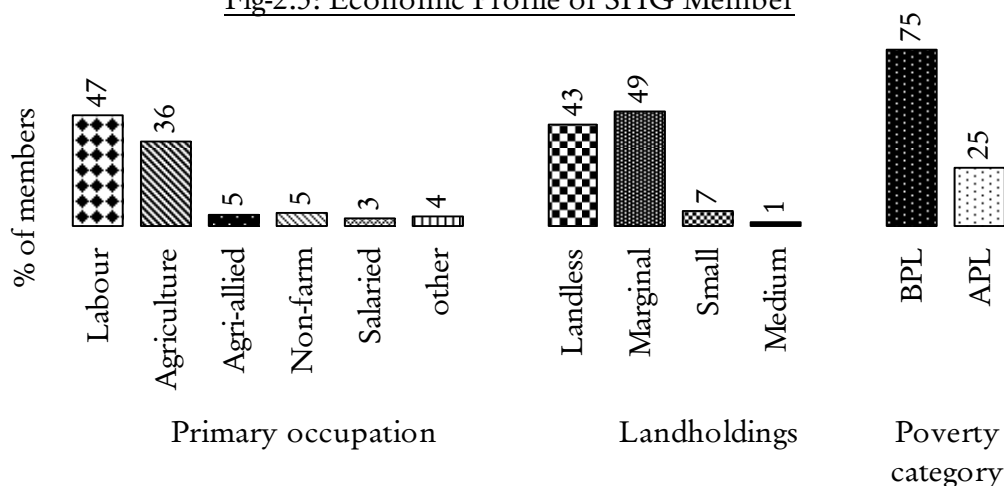
Marital status: The data on marital status of SHG members shows that the majority of them are married (87%) followed by widowed/separated (9%) and unmarried (5%). The percentage of unmarried SHGs members is high in Assam (14%) followed by Karnataka (6%) and Andhra Pradesh (6%) compared to other sample states. Further, the percentage of widowed and separated women members is high in AP (16%) and Karnataka (11%) when compared to other states (see state-wise table-2.4).

Primary occupation of the SHG Members' Households: The data in fig-2.3 shows that nearly one half of the households primarily depend on labour (47%) followed by agriculture (36%) and agri-allied activities (5%). A small number of household (13%) depend on non-

farm activities, monthly wages and other activities. The data in state-wise table-2.5 shows that the major portion of SHG members primarily depend on labour in West Bengal (72%), Rajasthan (59%), Karnataka (51%) and Maharashtra (51%) when compared to other states. More than half of the SHG member households primarily depend on agriculture and allied activities in Assam (58%) and Gujarat (62%) when compared to all other states. It is because of a higher percentage of ST members depending on forest based agriculture activities.

Landholdings of SHG members' Households: The data in state-wise table 2.6 shows that majority of the SHG member households possessed landholdings (57%). However, there are a good number of landless households (43%). Of the total households, who possessed land, most of them are marginal (49%) and few are small, medium and large farmers. The percentage of landless SHG members households, is high in Bihar (70%), Maharashtra (63%), West Bengal (54%) and Karnataka (52%) compared to all other states. The highest percentage of SHG member households in Assam (90%), Rajasthan (75%) and Gujarat (52%) are marginal farmers. The primary occupation and the landholdings clearly reveals that the majority of the SHG member households are marginal farmers and landless, who mainly depend on labour and agriculture.

Fig-2.3: Economic Profile of SHG Member



Economic category: The data in fig-2.3 on poverty category of the households shows that the majority of the households (75%) belong to below poverty level category, and the remaining 25% are above poverty level category. The percentage of BPL households is high in AP (98%) and Karnataka (82%) and low in Maharashtra (51%) and Assam (63%) compared to all other sample states (see state-wise table- 2.7). There are serious issues related to BPL in India. Many of the very poor are not included in the BPL category and some of the non-poor are given BPL cards. In Andhra Pradesh the number of households that have a white ration card (which is given to only BPL families) is more than the number of total households in the State. It may be necessary to undertake participatory identification of the poor which may give a more realistic list of poor households. Some estimates suggest that nearly 50% of the rural households in India are poor. It illustrates that the non-poor households were also included as members in the SHGs by the promoters.

Of the total SHG member households, 86% of the households possessed ration cards to avail food material and other benefits provided by the government on subsidy. Of the total households possessing ration cards, majority of them are under BPL (62%) and the other are under APL (24%) categories. Of the total households, 14% of them don't have any ration card of which most of them come under BPL category (13%).

2.4 Profile of SHGs

'The basis of self help groups exists prior to any intervention. The members are linked by a common bond like caste, sub-caste, blood, and community, place of origin or activity. These natural groups are commonly called "affinity groups". Even when group members are engaged in a similar traditional activity like basket weaving, the basis of the group's affinity is a common caste or origin (MYRADA, 2001).

SHGs are usually formed on the basis of homogeneity among members, which roughly means having similar social and economic characteristics implying both reciprocity in relationships and similarity of cash flow (ability to save and the need for credit) Francis et al, 2009)

Social category of SHGs: The term homogeneity applies to 'same/ similar' caste, economic activity or socio-economic status. The term heterogeneity applies to groups whose members belong to 'different' castes, occupations or economic categories. To assess the caste homogeneity of SHGs, all the sample SHGs were categorized into six categories namely (i) Scheduled Tribe, (ii) Scheduled Caste, (iii) Backward Classes, (iv) Minorities, (v) Open Category and (vi) Mixed. In a 20-member group, if 14 and above members belong to ST community, then the group was classified as 'ST'. If no social category has more than half of its members or several social categories had small representation, then those groups were categorized as 'mixed'. The data in fig- 2.4 shows that, of the 1942 sample SHGs, 32% are BC-SHG, 20% are SC-SHG, 17% are OC-SHG, 12% are Minority SHG, 11% are ST-SHG and the remaining are mixed SHG (9%). In terms of social category, majority of the SHGs are homogenous in nature.

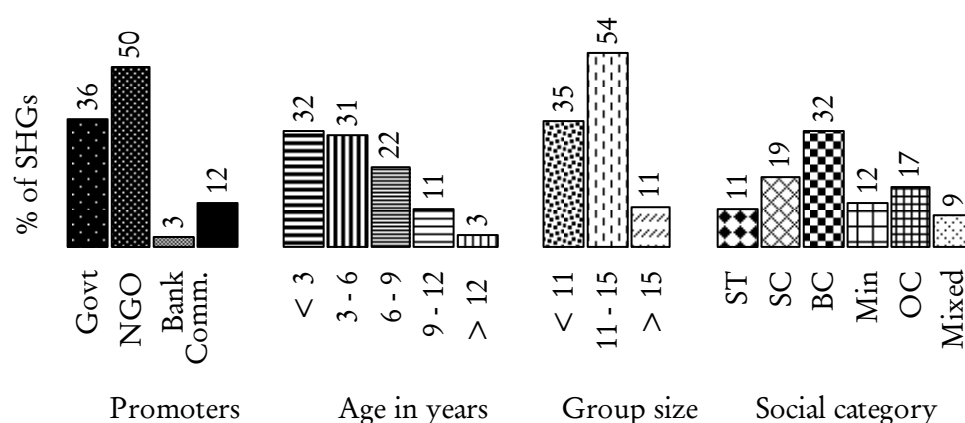
The data in state-wise table-2.8 shows that the percentage of ST-SHG is very high in Gujarat (40%) and Rajasthan (22%) and low in Bihar (0.4%) and West Bengal (4%) as compared to all other states. The percentage of SC-SHG is high in West Bengal (51%); the percentage of BC SHG is high in Bihar (66%) and Andhra Pradesh (51%) and very low in Maharashtra (5%) and West Bengal (7%) as compared to all other states. The percentage of Minorities-SHG is high in Assam (23%) and Maharashtra (21%) and West Bengal (20%) and very low in Gujarat (1%) and Andhra Pradesh (3%); and the percentage of OC SHG is high in Maharashtra (29%), Karnataka (26%) and Assam (23%) and very low in Bihar (2%), when compared to all other states. It shows that there are no uniform patterns across the states in the coverage of SHG members.

Age of SHGs: The age of sample SHGs is between one to more than 20 years with an average of 5.38 years. Majority of the sample SHGs (68%) are more than three years old. Of the sample SHGs, up to 3 years, between 3 -6 years and more than 6 years are more or less one-third in each category (see fig-2.4). Major percentage of SHGs in Bihar (61%), West Bengal (59%) and Rajasthan (53%) are less than 3 year old, and 3-6 years old in Maharashtra; many SHGs are of 6-9 year old in West Bengal (46%) and Assam (38%), and

less than 3 year old is in Karnataka (36%). The percentage of more than 12 year old SHGs is high in Andhra Pradesh with 14% when compared to other states (see table-2.9).

The average age of sample SHGs in Andhra Pradesh is high with 7.50 years and low in Bihar with 3.21 years, when compared to all other sample states (West Bengal-6.51, Assam-6.26, Karnataka- 5.43, Rajasthan-5.34, Maharashtra-4.71 and Gujarat-3.39). It shows that states like Andhra Pradesh, West Bengal, Assam, and Karnataka have taken up the formation of SHGs very long back, under various state and centrally sponsored programme and with the financial support of international agencies-UNDP, IFAD, World Bank etc.

Fig-2.4: Profile of SHGs



SHPIs and SHGs: The institutions/agencies that are engaged in the promotion of self help groups and their apex bodies are called Self Help Promoting Institutions (SHPIs). The non-government organizations (NGOs), banks and the government have been acting as SHPIs in India. The Department of Rural Development and Women & Child Development have promoted many SHGs in the country under various programmes sponsored by state and central governments. The government and banks collaborated with NGOs for the promotion and strengthening of SHGs and their federations in many states .

Of the 1942 sample SHGs, about 50% of the SHGs were promoted by the NGOs; 36% of SHGs were formed by the government under SGSY, DWCRA programmes through rural development and woman & child welfare etc and the remaining were formed by banks (3%) and community (12%) (see fig-2.4). The data shows that majority of the sample SHGs were formed by NGOs in the sample states such as Gujarat (83%), West Bengal (73%), Karnataka (69%) and Bihar (65%), where many NGOs collaborated with respective state governments for the promotion of SHGs under various schemes sponsored by state and central governments. On the other hand, Government has formed large number of SHGs in the states like Andhra Pradesh (73%), and Rajasthan (55%) as a result of which the governments have taken the lead role, with financial support of international funding agencies. In some states like Assam and Maharashtra both NGOs and government played a key role in the promotion of SHGs. The percentage of SHGs, which were promoted by self/community, is very high in Maharashtra (35%), Assam (20%) and Andhra Pradesh (14%), as compared to other sample states (see state-wise table-2.10). It could be the demonstrated effect of SHGs on the community/non-members, how the women being a

member of SHG benefiting in many ways - access credit and various welfare & development programmes of the government etc.

Group Size: The total number of members in a group varies from 6 to 22 members with an average of 12. Of the sample SHGs, majority of the SHGs (54%) are of 11-15 members followed by up to 10 (35%) and 16 & above (11%) members. There are nearly 35% sample SHGs that have 10 or less number of members indicating that over a period of time the groups are becoming smaller due to some dropouts. Also, in the recent past, many SHPIs are promoting SHGs which have 10 members. In hilly regions, the SHGs have even five members. However, majority percentage of SHGs in Rajasthan (55%) was formed with less than 10 members. It is because of low density of population in Rajasthan. Further, the larger percentage of SHGs in Karnataka was formed with 16 & above members (35%). The average size of SHGs is high in Karnataka (14 members) and Bihar (13 members) and low in Rajasthan and West Bengal with 11 members, as compared to other states (12 members) (see state-wise table-2.11). There is no difference in the average size or age composition of SHGs promoted by SHPIs. There is not much difference in the average size of SHGs between the age groups of up to 3 years, 3-6 years and 6-9 years; similarly between the age groups of 9-12 years and more than 12 year old groups. However, there is a difference in the average size of SHGs less than 9 years old (12 members) and more than 9 year old SHGs (13 members). It means the old SHGs were formed with more members.

2.5 Membership enrollment and withdrawal

Entry and exist norms: Entry norms: The entry norms vary from group to group. Some are encouraging and a few are discouraging. The norms that encourage new memberships are- i) replacement of household members in case of member withdrawal due to marriage, old-age and death; ii) admission to new members without any financial obligation at the time of joining SHG; iii) adherence to group norms - payment of monthly savings and attending meetings regularly, on-time payment of loan installment; and iv) good character. In the present study, 10 out of 1942 SHGs have admitted 1000 new members.

The norms that discourage new membership are: i) New member should pay the total savings of an old member /member withdrawn her membership on any reason, as on the date of admission; then only, the new members are entitled to all kind of benefits on par with the other members; other wise, they are not expected to get large loans from funds borrowed from banks and internal funds. However, in case of replacement of members with family members in case of death or old age, there are no pre-conditions. ii) The new members are not immediately selected for leadership positions, even though they deserve the same.

Like entry norms, the exit norms also vary from group to group, some are encouraging and others are not. During focus group discussions, the SHGs reported exit norms as i) no payment of interest on the savings and no share in accumulated profits of SHGs, if the member leaves the group before 3 years; and in some cases it is for 5 years. ii) Member savings will be adjusted to loan outstanding, if any. iii) The outgoing member should clear all loans borrowed from SHG, bank and NGO funds, if any. During focus group discussions, the SHGs reported that, though some of the entry and exit norms seem to be discouraging, those norms help in smooth functioning of SHGs by avoiding differences

between members in accessing various kinds of benefits and in maintaining cohesiveness among the members.

Drop outs: Out of 1942, 733 SHGs (38%) have reported about 1794 drop-outs ranging from 1-15 members, on an average two in a group. The data in state-wise table-2.12 shows that high percentage of SHGs in Andhra Pradesh (57%) followed by Karnataka (49%), and low percentage of SHGs in Rajasthan (25%) followed by Maharashtra (27%) have reported dropouts. Of the sample SHGs, the percentage of SHGs that reported dropouts is high among the SHGs promoted by banks (41%) and low among the SHGs promoted by NGOs (36%) compared to SHGs promoted by Government (39%) and community (37%). The data in table 2.5 shows that the percentage of SHGs that reported dropouts is low in less than 3 year old SHGs (25%) and high in more than 12 year old SHGs (79%) compared to 3-6 year (35%), 6-9 year (45%) and 9-12 year (66%) old SHGs. It shows that the incidence of dropouts is high in older SHGs and low in younger SHGs.

Table-2.5: Age of SHGs and No. of Dropouts (% of SHGs)							
S. No.	Members	< 3 years	03 – 06 years	06 – 09 years	09 – 12 years	> 12 years	Total
1	Zero	75.3	64.6	55.1	43.5	20.6	62.3
2	1 - 2	19.2	24.9	27.2	29.5	34.9	24.4
3	3 - 4	3.8	7.1	11.1	16.4	27.0	8.5
4	> 4	1.7	3.5	6.7	10.6	17.5	4.8
Total		100.0	100.0	100.0	100.0	100.0	100.0

According to a study *Microfinance Self Help Groups in India: Living up to their promise?* the proportion of groups with drop-outs ranges from 45% of SHGs in the southern sample to 56-66% in the northern sample, suggesting greater group stability as well as incentives to remain in a group in the south (Frances et al, 2009). It shows that the incidence of dropouts has increased over a period. It could be because of reengineering of groups in the recent years.

According to a study conducted by The National Council for Applied Economic Research (NCAER) the incidence of dropouts has increased due to varied reasons. Members' dissatisfaction and migrations are the most significant reasons. But the situation relating to members dropout is not alarming as new members were being admitted into the existing SHGs (N.Srinivasan, 2009). During focus group discussions, the groups have reported the reasons for dropouts as:

- *Migration:* Many groups have reported the foremost reason is migration of SHG members to nearby towns/cities for employment and for children's education.
- *Marriage:* A few groups have reported that, SHG members, after their marriages, have moved to their husband's villages.
- *Health reasons:* Chronic ill health of SHG members is one of the reasons for withdrawal of membership.
- *Age & death:* Some groups have reported that, a few members were unable to even attend meetings due to old age and dropped out. Death is another reason.

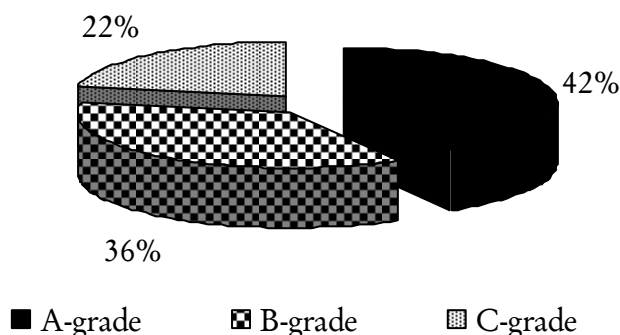
- *Negative attitude of household members:* Few members' husbands have raised objections; hence, they have dropped out. During personal interactions, few members reported the reasons for husband's objections as i) more work pressure on husbands, ii) unsuitable meeting time, and iii) suspicion about wife's character.
- *Multiple memberships:* As the groups do not allow membership in more than one group, few members with multiple memberships have dropped out, especially in Andhra Pradesh.
- *Group norms and procedures:* Few groups have reported that some members dropped out due to their unwillingness to pay a fine and unsuitable timings of group meetings, such as late nights and at noon, which is a hindrance to the members, who mainly depend on labour.
- *Ineligible members- employed and non-poor:* Women, whose husbands are employed and who were not poor joined the groups initially, but later dropped out due to increased awareness of members on group norms and continuous capacity building inputs of the promoters.
- *To avail pro-poor programmes:* It was reported that all the 10 Scheduled Caste members separated and formed a new group under Sri Shakthi Programme to avail revolving fund and subsidy loan from DRDA.
- *Small volume of loan:* In some groups, members requested large loans. Due to paucity of funds, groups have given small loans during the initial periods. As a result, a few members were disappointed, and stopped attending the meetings.
- *Delay in getting bank linkage:* In some group, members dropped out due to delay in getting revolving fund/matching grant and bank linkage or financial assistance from external agencies.

SHGs and Membership in Federations: Out of 1942 sample SHGs, 28.12% of SHGs have enrolled their membership with federations to avail various kinds of services. The data in state-wise table 2.13 shows that the percentage of SHGs, which have membership in federations is high in AP with 100% and low in West Bengal with 1.24% compared to all other states (Bihar – 39%), Karnataka – 37%, Gujarat -18%, Maharashtra – 16%, Assam – 8%, and Rajasthan – 3%). It shows that the percentage of SHGs having membership in federations, depends on the promotion of SHG federations at various levels in a state by the SHPIs.

2.6 Grades of SHGs

All 1942 SHGs studied, were graded by using the Critical Rating Index (CRI) tool developed by NABARD during the course of the study. Of the 1942 SHGs, 42% of SHGs are in A-grade, 36% are in B-grade and the remaining is C-grade (22%) (see fig-2.5). Having 42% SHGs as A grade groups clearly indicates that there is still

Fig-2.5: Grades of SHGs



considerable work to be done, particularly capacity building & financial literacy, to develop all the SHGs in India into A grade groups. It shows that nearly three-fourths of sample SHGs are of good quality and only one-fourth of SHGs are of poor quality. The highest percentage of A-grade SHGs was in Assam (54%) and the lowest was in Rajasthan (34%) when compared to other states. The highest percentage of B-grade SHGs was in Karnataka (50%) and the lowest was in Maharashtra (23%) when compared to other states (see state-wise table-2.14). The highest percentage of C-grade SHGs was in Rajasthan (32%) and the lowest was in Karnataka (11%) when compared to other states. The percentage of A-grade SHGs was high in groups promoted by Community (51%) compared to other SHPIs- Government (38%), NGOs (42%) and banks (41%) (See table-2.6).

S.No.	Grade	Govt.	NGO	Bank	Self	Total
1	A - Grade	38.3	42.0	41.2	50.9	41.7
2	B - Grade	39.6	34.9	43.1	31.5	36.4
3	C - Grade	22.1	23.2	15.7	17.7	21.9
	Total	100.0	100.0	100.0	100.0	100.0

The percentage of A-grade SHGs was low among STs (32%) and high among the OCs (48%) compared to other SHG social categories. There is no significant difference in the percentage of SHG grades between different age groups. However, the percentage of SHGs in A-grade was high in large size SHGs (more than 15 members) (47%) and low in (37%) small size SHGs (Less than 11 members). The percentage of A-grade SHGs was high in SHGs credit linked to bank (46%) and SHGs not credit linked to bank (36%). In other words, the percentage of C-grade SHGs was high in SHGs, which were not credit linked to bank (28%) while it was low in SHG –credit linked to bank. It indicates that the SHGs which are poor in quality are even linked to banks.

In conclusion, there is no uniformity in the growth of the SHG movement across the states, and wide disparities in SHGs credit linkage with banks. The Government and the NGOs are the major SHG promoters. The groups have taken care while selecting or not selecting members of a group, which is required for smooth functioning and sustainability. The households belong to higher social order and economically better off, particularly the BCs and OCs, were enrolled as SHG members in majority of SHGs. Illiteracy is high among the members. Most of the SHG members are married and of productive age between 20 and 40 years. Labor and agriculture are the primary economic activities of majority of SHG members' households, and most of them are marginal farmers and landless, who belong to below poverty category.

SHGs are mostly homogenous by social category, and marital status and household economic activity; and heterogeneous by age. The group size varies from state to state and larger in old groups, when compared to new groups. About one third of SHGs reported dropouts. The percentage of SHGs that reported dropouts is high in the states where government has played a vital role and low percentage in the states, where NGOs have played an important role. Further, the incidence of dropouts is high in older and low in younger groups. The reasons for dropout are diverse and many. Of the entry and exit

norms, some are encouraging and some are discouraging for membership enrollment and dropouts.

Many sample SHGs are in A-grade followed by B-grade and C- grade. The quality or grades of SHGs vary across the states, promoters, age of the groups, size of SHGs, social categories and credit linkage with bank.

Chapter 3

Organizational Face of SHGs

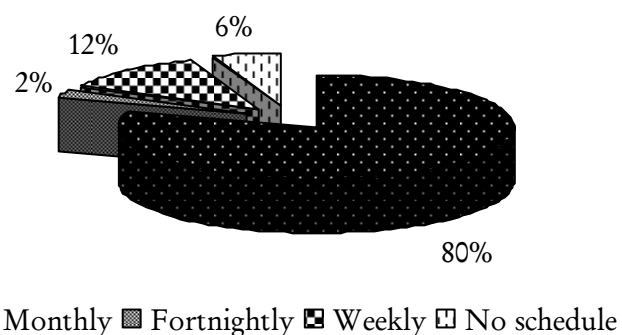
To get an understanding on what the SHGs are, one has to analyse the basic organizational features of SHGs namely i) savings, ii) meetings, iii) book keeping, iv) leadership and v) group norms. The present section of the report mainly discusses the six organizational aspects of SHGs. What are the types of savings and products with which the SHGs have been promoted? What is the periodicity and volume of savings? And how are they using savings mobilized from members? What is the agenda for SHG meetings, how frequently SHG conduct meetings, and members' attendance in meetings, and what the agenda for meetings is? What is the quality of book keeping, which maintains and writes the books of accounts? How do the SHGs select their representatives and is there leadership rotation? Do groups formulate any norms about the organizations aspects? If yes, are they in practice? This chapter covers all these aspects of SHGs.

3.1 Savings

Types of savings: There are two types of savings: i) compulsory and ii) voluntary. Most groups have only compulsory savings where all the members save an equal amount. On the other hand, a few groups have both voluntary and compulsory savings, and the members are free to save any amount as voluntary savings after depositing the compulsory savings amount which is equal (Myrada, 2010). In the present study, all the SHGs have reported compulsory savings only.

Periodicity of savings: Monthly saving is common in all the study states. Of the sample SHGs, 80% of SHGs have the practice of monthly savings, 12% of SHGs follow weekly savings, a negligible percentage of SHGs have the practice of fortnightly savings (2%) and a few SHGs do not have any schedule (6%) (See fig-3.1). However, in Karnataka, majority of the sample SHGs have the practice of weekly savings followed by monthly savings. Further, the percentage of SHGs, who don't have a regular schedule to save, is high in Bihar (11%) Assam (10%) and West Bengal (10%) compared to other states (see state-wise table-3.1). Though monthly savings are common, the percentage of SHGs, who scheduled to save monthly, is high among the SHGs promoted by bank (92%) and community (91%) as compared to government (80%) and NGOs (77%). In contrast, the percentage of SHGs, who scheduled to save weekly is high among the SHGs promoted by government (13%) and NGOs (13%) compared to banks (6%) and community (4%).

Fig-3.1: Periodicity of Savings



Promotion of savings: The promotion of savings is at two levels – i) members at SHGs level and ii) SHGs and SHG federations with banks in the form of fixed deposits (FD) and

recurring deposit (RD). Promotion of savings by the SHG members is mandatory. Fixed and/or recurring deposits by the SHGs in banks are sometimes voluntary and/ or compulsory. The details of different types of savings and its products will be discussed in the subsequent chapter.

Amount of savings: For the purpose of analysis, the amount that the SHGs are saving weekly, fortnightly and irregularly, is computed for the month though they don't have a monthly saving pattern. The amount of saving varies from group to group, depending on the saving capacity and majority group members' decision. The saving amount varies from Rs. 20 to 200 with an average of Rs. 53 per month per member. The data in state-wise table -3.2 shows that of the sample SHGs, 41% of SHGs save an amount of Rs. 31-50, 35% of SHGs save an amount less than Rs. 30, 24% of SHGs save Rs. 51-100 and the remaining 1% save more than Rs. 100 per month per member.

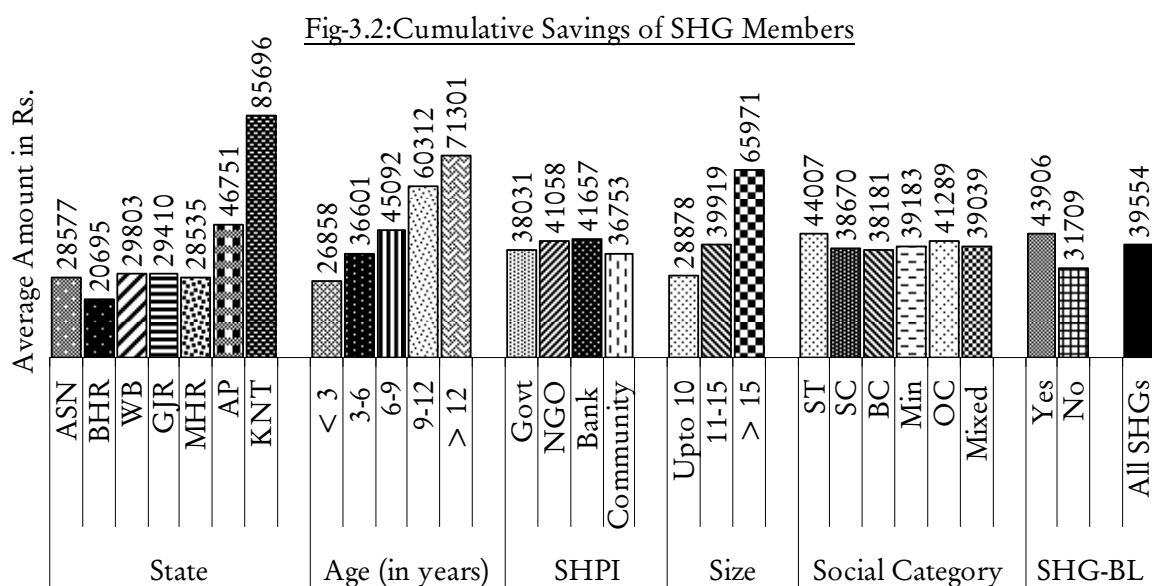
The average monthly saving amount per member is high in Maharashtra (Rs. 69) and Andhra Pradesh (Rs.69) and low in Assam (Rs. 37) and West Bengal (Rs. 37) compared to other states (Rajasthan - Rs. 58, Bihar – Rs. 52, Gujarat – Rs. 56, and Karnataka – Rs. 43). There is a significant difference in the average monthly savings of members of SHGs promoted by various SHPIs. The average saving amount is high in case of SHGs promoted by community (Rs.67) and banks (Rs. 60) compared to NGOs (Rs. 52) and Government (Rs. 52). The average monthly saving amount of an SHG member of a less than 3 years old SHGs is high with Rs. 57, and low in 6-9 year old SHGs with Rs. 44 compared to all other age groups of SHGs.

Further, of the sample SHGs, about 35% of SHGs have increased the saving amount over a period of time; and an insignificant number of SHGs (0.7%) have decreased the saving amount. But there is no change of saving amount in a majority of SHGs. The data in table-3.1 shows that the percentage of SHGs which increased/decreased the saving amount is high (73%) in more than 12 old groups and low (19%) in less than 3 year old SHGs compared to other age groups (3-6 year old – 33%, 6-9 year old – 44% and 9-12 year old 63%). It indicates that as age of the SHG increases the percentage of SHGs saving amount also increases over a period of time. Except OC- SHGs (44%), there is no much difference in the percentage of saving amount between the social categories of SHGs.

S.No	particulars	< 3 years	03 – 06 years	06 – 09 years	09 – 12 years	> 12 years	Total
1	No change	80.7	67.1	54.6	36.2	27.0	64.1
2	Increase	18.7	32.5	44.2	62.8	73.0	35.2
3	Decrease	0.6	0.5	1.2	1.0	0.0	0.7
	Total	100.0	100.0	100.0	100.0	100.0	100.0

Total savings of SHG Members in SHGs: As on March 2011, all the 1676 sample SHG members' total savings was Rs. 6.63 crores with an average of Rs. 39,554. As the study team in Rajasthan collected the total savings of SHG for the last one year instead of since inception, 266 sample SHGs of Rajasthan excluded from the analysis. The majority of SHGs (57%) have more than Rs. 50,000 of savings and the remaining have less than Rs.

50,000 of savings. However, many SHGs (35%) have more than Rs. 75,000 of savings. The average cumulative savings is high in Karnataka (Rs. 46,751) and low in Bihar (Rs. 20,695) compared to other states (see state-wise table-3.3). The average total savings is high in the SHGs promoted by banks (Rs. 41,657) and low in self/community (Rs. 36,753) compared to others. Old SHGs, which are more than 12 year old, have large amount of average savings (Rs.72,647) and the young groups ,which are less than 3 year old have less amount of average savings (Rs. 27,023) see fig 3.2. Even though a large percentage of old SHGs refunded savings to their members, the average savings of old groups is high as they increased monthly saving amount per member 2 to 3 times in the past to maintain a good amount of corpus for varied reasons. Of all the SHG social categories, the average savings is high in OCs (Rs. 41,289) and low in BCs (Rs. 38,181).



There is a significant difference in the average savings of SHGs which are credit linked to bank (Rs. 43,906) and those that are not bank linked (Rs.31,709). After credit linkage, many groups have increased monthly savings on the advice of banks and promoters, and with the intention to get large volume of loan in repeat linkage thereby building the faith among the bankers. The above discussion reveals that the average savings of SHGs influences the age, size, social category, promoter, credit linkages with banks and usage of savings by the SHGs.

Savings of SHGs as a group: The sample SHGs promoted savings not only from their members, but also as a group in their SHG federations and in banks voluntarily or involuntarily with the initiative of promoters and banks. Savings in federations, being a member of it, is mandatory to avail credit services. i) Recurring or fixed deposits in banks, as they are linked to loan size and ii) SHGs' intention of getting a large loan instead of small loan. Out of 1942 sample SHGs, 414 (21.3%) SHGs have a total savings of Rs. 5.35 lakhs with an average of Rs. 12,919 in SHG federations; And 341 (17.56%) SHGs paid Rs. 2.05 lakhs with an average of Rs. 603 as share capital to federations. About 125 SHGs have a total fixed deposit of Rs. 39,63,455 with an average of Rs. 31,708 in banks. A few SHGs (0.36%) have a total savings of Rs. 32,480 with an average of Rs. 4,640 in other agencies.

Refund of members' savings: Of the 1942 sample SHGs, 450 (23%) SHG refunded a total savings of Rs. 1.25 crores with an average of Rs. 27,741 per SHG. There is a relationship between the age of SHGs and the practice of distribution or refund of members' savings. As the age of the SHGs increases the percentage of SHGs refunding member savings also increases. The data in state-wise table 3.4 shows that the practice of distribution or refunding of member savings is high in Assam (46%) and AP (42%) and low in Bihar (5%) and Karnataka (9%) when compared to other states.

As a part of risk mitigation measure, the SHGs can be graduated into stronger saving based institutions by adding more number of saving products and services like fixed maturity deposits, voluntary savings, recurring deposits, insurance, pensions, etc. But in practice, in most of the cases the compulsory savings are taken by few of the banks as security deposits, thereby denying the groups the opportunity of making small loans to its members, out of their own resources. Hence the opportunity of generating a significant income on account of the high margin in lending out of member savings has been lost in such cases (N.Srinivasan, 2009).

During focus group discussions, the SHGs reiterated the above. The SHGs have reported a variety of reasons that illustrates how the SHGs manage funds, builds harmony within group members and cater to the credit needs of the members. The reasons includes i) groups having high internal funds, ii) difficulties in managing large amount of funds, iii) availability of credit from multiple external sources on low interest rates, iv) distribution of group funds/member savings periodically as an alternative to avoid problems in lending to members, v) at the time of external loan disbursement to members, the cumulative savings also combine with the loan to take up income generation activities with a large funds, vi) delay in getting bank linkage, vii) to avoid idle funds in the group, viii) at the time of settlement of savings of dropouts and ix) to procure useful assets with cumulative amount of savings.

Further, the SHGs have given various explanations for irregular savings. They are i) less earnings and less work due to off seasons of agriculture, ii) unexpected medical expenses, iii) migration, iv) no support from household members to pay savings on time, v) additional expenditure on festive days, vi) large loan installment and inability to pay both savings and loan installment, vii) multiple loans and pressure from lending agencies, viii) irregular meetings, ix) willful default, if one member does not pay, other members also do not pay. Besides, the SHGs raised the issue of collection of savings outside the group meeting for about 2 to 7 days depends on the periodicity of savings. The above reasons illustrate the issues like absence of cohesiveness among the members and the regularity of meetings and socio-economic conditions of SHG members. The savings potential that exists among the SHG members has not been fully harnessed by the SHGs and their federations.

3.2 Meetings

Regular meetings of SHGs determine whether they are active or dormant. The SHG meetings serve many purposes. It is the meeting place and the learning platform for all the members to exchange ideas, to discuss and to take decisions on group activities etc. SHGs

have formed norms for meetings- venue, meeting time, attendance, agenda, recording of meeting minutes, fines and penalties etc. All this reflects the quality of SHGs.

Periodicity: The data in state-wise table 3.5 shows that majority of the sample SHGs at present have the practice of monthly meetings (67%) followed by weekly (13%) and fortnightly (8%); and some SHGs have reported that there is no fixed schedule for meeting (12%). A Majority of the SHGs have the practice of monthly meetings in Rajasthan (89%), Assam (74%), Gujarat (89%), Maharashtra (80%) and Andhra Pradesh (76%). However, a majority SHGs have the practice of weekly meetings in Karnataka (52%). The percentage of SHGs which do not have regular meeting schedule is high in West Bengal (21%) and Bihar (21%) and low in AP (2%) followed by Karnataka (4%) compared to all other states. Further, there are a few SHGs with irregular meeting schedule across the SHPIs.

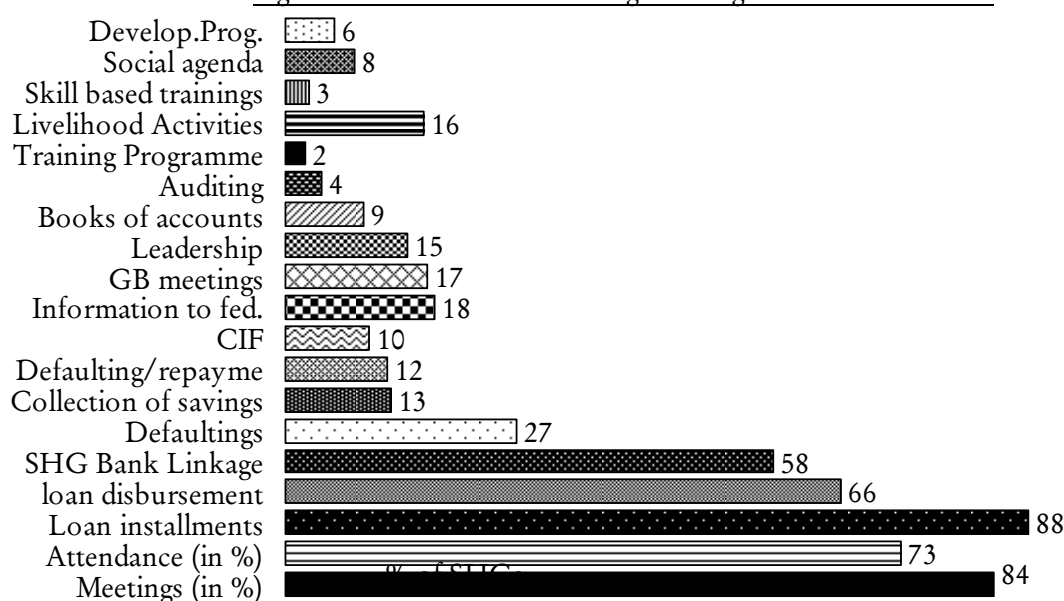
Regularity of meetings: The percentage of meetings conducted during the last 6 months varies from no meetings to 100 percent of meeting with an average of 84 percent. The data in table-3.2 shows that majority of the SHGs conducted more than 75% of meetings followed by less than 25% of meetings (13%). A small number of SHGs conducted 26- 50 percent (4%) and 51-75 percent (2%) of meetings. For state-wise details see state-wise table-3.6. It shows that more or less one-third of SHGs conducted very few meetings.

S.No.	Percentage	Meetings		Attendance	
		F	%	F	%
1	< 25	260	13.4	211	10.9
2	26 - 50	76	3.9	94	4.8
3	51 - 75	45	2.3	294	15.1
4	> 75	1321	68.0	1077	55.5
5	Irregular	240	12.4	266	13.7
Total		1942	100.0	1942	100.0

Members' attendance in meetings: The members' attendance in meetings varies from 10 to 100 percent with an average of 73 percent in a meeting. A majority of the SHGs (56%) have reported more than 75% of attendance of members followed by 51-75 percent of member attendance (15%) and less than 25 percent of attendance (11%). The percentage of SHGs having less than 50% of attendance of members is high in Maharashtra (39%) followed by Bihar (25%) and Karnataka (22%) compared to other states (see state-wise table-3.7). The members' attendance in meetings is very good in Assam (82%) and West Bengal (84%) compared to other states. There is no significant difference in members' attendance and periodicity of meetings.

During focus group discussions, the SHGs reported the reasons for low attendance of members in meetings as i) unexpected or emergency work (38%), ii) ill-health of the member or household members (24%) iii) visitors in the house (20%), iv) work pressure during peak agriculture season (17%), v) migration (8%), vi) lactating mothers who are exempted (7%) vii) members not interested in weekly meetings and viii) others - such as, meeting venue is far away, unsuitable meeting time, loan defaulting etc.

Fig-3.3: Details of SHG Meetings During the Last Six Months



Meeting agenda: To understand the nature of SHG activities, the study team has collected the information on the agenda for meetings held during the last six months. The agenda items of SHG meetings fall broadly under two categories –i) financial and ii) non-financial. The data in fig-3.3 shows that most of the SHGs’ agenda for meetings is limited to financial aspects and few SHGs included non-financial items. The financial agenda includes i) collection of savings and loan installment (88%), ii) disbursement of loans (66%), iii) SHG bank linkage (58%), iv) defaulting & repayment (39%), v) community investment funds (CIF)/revolving fund/ matching grant (10%). The non-financial agenda includes i) information to federations/SHPs (18%), ii) general body meetings (17%), iii) leadership issues (15%), iv) development programmes (6%) v) social agenda (8%), vi) maintenance of books of SHG accounts (9%), vii) auditing (4%) and training programmes (2%). Of the non-financial agenda, there is a little more focus on governance and livelihoods compared to other non-financial agenda items for meetings. For state-wise details see state-wise table-3.8.

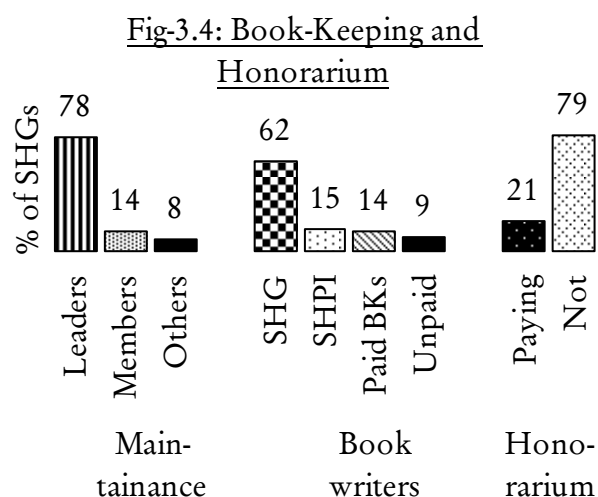
3.3 Book keeping

Book keeping is one of the key indicators to measure the performance of a group. The quality of books of a group can be measured by the set of books that they are maintaining, on whether or not they are up-to-date, on whether the required information is complete and if there are over writings.

Types of books: The SHGs books includes i) minutes book, ii) members’ passbook, iii) savings ledger, iv) loan ledger, v) general ledger, vi) cash book, vii) receipts & payments book . The data in state-wise table-3.9 shows that most of the SHGs maintained minutes book (85%) and member pass books (75%) followed by savings ledger (59%), loan ledger (56%) and cash book (51%); a few SHGs maintained receipts and payments book; Some of the SHGs maintained all the accounts in one book (9%). The books are not up to date; and pending for a period of 3 to 12 months; majority of the books are with incomplete information and over writings. It reveals the poor book- keeping of SHGs.

Who maintains records: The data in fig-3.4 shows that majority of the SHGs keep their records either at group leaders' (78%) or at one of the member's house (14%) and the remaining SHGs keep their books with book keepers/ SHPI staff/ in community hall. However, a higher percentage of SHGs in Karnataka (34%) and Rajasthan (25%) keep books at one of the member's house (see state-wise table-3.10). It shows leaders dominance, and low access of members to group records.

SHGs and the book writers: The data in fig-3.4 shows that the SHG members (62%) are the book writers for majority of the SHGs followed by SHPI staff (15%), book keepers paid by SHGs (14%), unpaid non SHG members (7%) and the relatives of SHG members (2%). However, a majority of the SHGs engaged paid book keepers in Andhra Pradesh (58%), mostly from within the group and SHPI staff in Bihar (53%) compared to other states.



Honorarium to Book keepers: The data in fig-3.4 shows that majority of the SHGs (79%) have not paid any honorarium to book keepers. However, about 21% of SHGs have paid an honorarium of Rs. 10 to Rs. 270 with an average of Rs. 72 per month. However, majority of the SHGs, 12.5 % out of 21% of SHGs, have paid less than Rs. 50 as honorarium to the book keepers followed by Rs. 51-100 (5.3%) and more than Rs. 100 (3.7%)(see state-wise table-3.11). The absence of book keepers and the low honorarium are the reasons for poor book keeping. The data on the book keepers and the amount of honorarium paid to them shows that unpaid SHG members are the book keepers in most of the sample SHGs, which could be one of the causes of poor quality of book keeping and accounting.

During focus group discussions, the SHGs raised many issues related to i) type of books – too many books, no supply of SHG books, change of books; ii) book keepers – willingness and availability of eligible persons to write SHG books, no/ poor quality training on book keeping, book-keepers from other villages, low levels of commitment; iii) honorarium – meager amount, unwillingness to pay honorarium to the SHG members who writes their group records; iv) quality of books- no up-dation, over writings and incomplete information.

3.4 Leadership

Criteria for the selection of SHG leaders: Each group selects two or three members, who are called as 1st and 2nd leaders or ‘President’, ‘Secretary’ and ‘Treasurer’ to lead the group. The SHGs have formulated certain rules and regulations, which include the selection of leaders, roles and responsibilities, term of leadership, etc. No group follows a single criterion to select their leaders or representatives. But they consider multiple criteria. The data in state-wise table 3.12 shows that while selecting group leaders/representatives, the SHGs have considered the educational levels of the members, whether they can sign or not

(69%), ii) the members have the ability to communicate with others or good communication skills (69%), iii) good in character (43%), iv) elderly/middle aged (12%), v) economically well placed and vi) influence in the community/society. However, most of the SHGs have given importance to educational levels, communication skills and the character while selecting members for leadership positions. During discussions, a few SHGs have reported that the term of office of leaders as being two to three years.

Method of selection of SHG leaders: The data in state-wise table 3.13 shows that the majority of the SHGs selected their representatives through all members consent (77%). However, some of the SHGs selected their representatives through other means such as on rotation basis (4%), by conducting elections (4%), nominated by SHPIs (4%), and in a very few cases the members declared themselves as leaders/representatives (1%).

Change of leaders/representatives: The data in table -3.3 shows that majority of the groups (59%) have not changed their group leaders/representatives since inception. However, about 41% of SHGs have changed their leaders 1- 6 times. Changing of SHG leaders is high in Karnataka (86%) and low in Bihar (7%) compared to other states (Rajasthan-12%, Assam-40%, West Bengal-61%, Gujarat-59%, Maharashtra-27%, Andhra Pradesh-41%) (see state-wise table -3.14). It shows that the leadership rotation is low in the states having low women literacy rate. The incidence of change of leaders/representatives is high among the SHGs promoted by banks (51%) and NGOs (49%) compared to government (31%) and community (35%). Further, as the age of SHGs increases the percentage of SHGs changing leaders also increases. For instance, the percentage of SHGs changing leaders is low in less than 3 year old groups (28%) and high in 9-12 year old groups (65%). The above discussion reveals that the literacy levels of SHG members, age of the groups, norms relating to term of representatives determines the change of leaders in SHGs.

S. No.	No. of times	< 3 years	3-6 years	6-9 years	9-12 years	> 12 years	Total
1	No change	71.9	60.1	52.1	34.8	50.8	59.2
2	1-2 times	24.1	28.3	26.7	44.4	31.7	28.4
3	3-4 times	3.2	9.6	18.2	13.5	4.8	9.7
4	> 4 times	.8	2.0	3.0	7.2	12.7	2.7
	Total	100.0	100.0	100.0	100.0	100.0	100.0

During focus group discussions, the SHGs mentioned the issues related to leadership rotation as i) presence and willingness of literate members to act as group leaders, ii) many have a feeling that it is burdensome and additional responsibility, iii) present leaders' unwillingness to step down or change them because of multiple reasons iv) no/low awareness and norms on leadership rotation at SHG level.

Participation in elections: Of the total 23,781 members of 1942 SHGs, 375 members from 241 SHGs contested for various positions in PRI (see state-wise table -3.15). Of the women who contested, 239 members were elected. It is evident that the women participation in local body elections is very low and the percentage of women who won from those who contested in the elections, is very high.

3.5 Fines

The fines and penalties are the chief methods used to control the behaviour of members for the smooth running of SHGs. The sample SHGs have specific norms relating to fines. The amount of fine and penalty depends on group terms and conditions, and vary from group to group. During focus group discussions, many groups have mentioned that the fines and penalties ensure high percentage of member attendance, regular savings, regular payment of loan installment, and transparency by members' participation in meetings and discussions. The details of purposes and amount of fines are as follows:

- Not attending meeting but with prior information : No fine
- Not attending meeting without prior information : Rs. 2-5
- Not attending meeting without genuine reason : Rs. 5
- Late attendance in meetings : Rs. 1-2
- Non-payment of loan installment : Rs. 2

The study team during data collection has found that the fines and penalties were not reflected in the books of accounts, except in the case of very few groups. During the interactions, many groups said that though they have such norms, but in practice, they have not followed them due to various negative implications such as resulting quarrels, member dropout, delay in decision making, fault finding and unnecessarily finger pointing etc.

In conclusion, the SHGs have promoted limited saving products. Monthly saving is common across states and promoters, and the amount varies from group to group, states, promoters, age, size, etc. A lion's share of savings mobilized from members is used for on-lending; however, some SHGs refunded or distributed this to their members because of various reasons that has mixed implications on the functioning of SHGs. The age, size, social category, promoter, credit linkages with banks and usage of savings of SHGs have influenced the total savings of SHGs.

Like savings, monthly meetings are common; however, some of the SHGs have no regular meetings. Member attendance in meetings is good. However, work pressure during peak agriculture seasons and unexpected work influence member attendance in group meetings. The agenda for SHG meetings is mostly on financial aspects rather than non-financial, social and livelihood aspects. Though the majority of the SHGs have maintained some set of books, the quality is poor because of poor member literacy levels, untrained SHG members as book writers, lack of training on book keeping and low honorarium to book writers. Members' access to group records is low as majority of the SHGs books are maintained by leaders.

No group follows a single criterion to select their leaders. Mostly, leaders were selected on the consent of majority of the group members. There is no leadership rotation in a significant number of SHGs as the groups don't have specified norms about change in leadership and it is not considered as a non-negotiable by the SHPI, which includes change of leaders and term, willingness of members to be as leaders etc. However, the incidence of leadership change is high in NGO promoted and old SHGs. Though a majority of the SHGs are aware of group norms, very few SHGs have placed them in practice.

Financial Performance & Sustainability of SHGs

As we discussed earlier, the women were primarily formed into SHGs based on the principles of self-help, mutual-benefit and self-reliance to access financial services and to access information and to use SHG as a platform for their empowerment and to access pro-poor programmes channeled through SHGs. In this context, the sustainability of SHGs depends on the financial performance of SHGs. The financial performance depends on how best the groups mobilize member savings, leverage bank loans and build a group corpus for on lending to their members for consumption and production purposes and recover from the members. This chapter addresses the questions - What is the financial performance of SHGs? How does SHGs mobilize funds (both internal and external funds) for on lending to members, ensure recovery and manage default? It also analyzes how successfully SHGs have accessed credit from banks, SHG federations and NGO-MFIs and the on-time repayment rate. Further, it also discusses about the changes brought in at SHG level that have led to group's sustainability.

4.1 Financial Status

Liabilities and Assets: Out of 1942 sample SHGs, 609 (31.36%) SHGs have complete and up-to-date financial information. Hence, we analyzed the financial statements (balance sheets) of 609 SHGs that have all the financial details. The data in table 4.1 shows that the 609 SHGs have assets of Rs. 626.43 lakhs with an average of Rs.1.03 lakhs. Of the total liabilities, 45.9% is of the loan amount outstanding with banks, 28% is of members savings, 10% is of either profit or loss, 8% is of grants received from external agencies, 7% is of revolving funds from the SHPIs and the remaining is in the form of reserve funds and others. It shows that the greater part of the liabilities is in the form of loans outstanding to external credit agencies especially banks and members' savings.

Table-4.1: Details of Liabilities As on March 2011 (Amount in Rs.)

S. No.	Particulars	Total Amount	Average amount	% to total amount
1	Bank Borrowings O/S	28,760,867	47,226	45.9
2	Other external borrowings O/s	4,219,199	6,928	6.7
3	Members' total savings	17,296,701	28,402	27.6
4	Revolving Fund (RF)	4,667,900	7,665	7.5
5	Other Grants	696,365	1,143	1.1
6	Profit or Loss	6,121,916	10,052	9.8
7	Reserve & other funds	49,096	81	0.1
9	Liabilities	450,637	740	0.7
10	Liabilities	380,700	625	0.6
	Total	62,643,381	102,863	100.0

Surplus and deficit: Out of 609 SHGs, 86.7% of the SHGs reported a profit of Rs. 64.1 lakh with an average of Rs. 12,140; About 30 (4.9%) small percentage of SHGs reported a loss of

Rs. 2.88 lakh with an average of Rs. 9608; and the remaining 51 (8.4%) SHGs reported no profit or loss. It is because many SHGs are old groups and earned more income in the form of interest by on lending the funds, members' savings and loans borrowed from external agencies, to their members.

The fact that nearly 5% of SHGs reported loss is an indication that these SHGs are not managed effectively. The number of SHGs that have a loss might have been much larger if we were able to analyze the data from all the SHGs studied in the sample. Considering the fact that bookkeeping is still a problem in nearly half of the SHGs and there is no effective system of ensuring transparency and accountability in the SHGs, there is a possibility of SHGs and consequently their members losing money. As SHGs manage a large amount of funds, thought not required by law, it would be useful to have annual internal audit system of each of the SHG to provide information to the members to manage their SHG more effectively. SHG federations are uniquely positioned to take the responsibility for annual audit and grading of their SHGs and provide necessary support of those SHGs in loss to improve their performance. Having a system of annual audit will surely improve the book keeping systems in the SHGs and can enhance the transparency and accountability in SHGs. This will have a positive effect on SHG sustainability.

The data in table – 4.2 shows that of the total assets, a major portion is as loan outstanding with the members (70%) followed by balance in SHG savings bank accounts (12%) and distribution of revolving fund (5.7%) and member's savings (6.8%) by SHGs to the members (6.8%); and a small portion is as cash in hand (1.6%), share capital and savings in federations, and loan outstanding with non-SHG members.

Table-4.2: Details of Assets As on March 2011 (Amount in Rs.)

S. No.	Particulars	Total Amount	Average amount	% to total amount
1	Loans O/S with members	43,710,003	71,773	69.8
2	Savings in federations	568,860	934	0.9
3	Share capital in federations	132,945	218	0.2
4	RF if distributed	3,589,160	5,894	5.7
5	Fixed Deposits	936,422	1,538	1.5
6	Loan O/S to non-members	221,629	364	0.4
7	Savings distributed	4,232,923	6,951	6.8
8	Cash in hand	984,366	1,616	1.6
9	Balance SHG SB account	7,246,909	11,900	11.6
10	Suspense Account	1,020,164	1,675	1.6
	Total	62,643,381	102,863	100.0

Idle funds: Idle fund includes the amount of balance in SHG SB account and cash on hand. The amount of idle funds varies from 0 to more than Rs. 50,000 with an average of Rs. 13,516. With average loan outstanding of Rs.71,773, the idle fund is 19% of loan outstanding. It is considered as high and can be misused by the SHG leaders or the staff of the SHPI, particularly if the idle fund is there for a long period of time.. Out of 609 SHGs, majority of the SHGs have idle funds of less than Rs. 10,000 (60%) followed by Rs. 20,000-30,000 (23%) and more than Rs. 20,000 (18%). The percentage of SHGs having less than

Rs. 10,000 of idle funds is high in Maharashtra (95.8%) and low in Gujarat (100%) (see state-wise table-4.1). The percentage of SHGs whose idle funds are more than Rs. 20,000 (32%) is high in Andhra Pradesh when compared to other states. The percentage of SHGs whose idle funds are more than Rs. 20,000 (35.7%) is high among the SHGs promoted by banks when compared to other SHPIs. The percentage of SHGs having more than Rs. 20,000 of idle funds is high in 9-12 year old groups (36%) and low in 1-3 year old groups (see table -4.3). Higher idle fund in older SHGs that have a large corpus is not surprising as they would need to have a relatively larger amount in their bank account to provide a large loan to a member.

Table-4.3: Age of SHGs and Amount of Idle Funds (% of SHGs)

S. No.	Amount Rs. in '000	Age of SHGs as on March 2011					Total
		0.01 - 03 years	03.01 - 06 years	06.01 - 09 years	09.01 - 12 years	> 12 years	
1	< 10	76.2	57.4	51.6	40.7	44.4	59.6
2	11-20	18.9	24.5	23.9	23.7	22.2	22.5
3	> 20	4.9	18.1	24.5	35.6	33.3	17.9
Total		100.0	100.0	100.0	100.0	100.0	100.0

The percentage of SHGs having more than Rs. 20,000 of idle funds is high in large groups (24%) and low in small groups (15%); contrary to it, the percentage of SHGs having less than Rs. 10,000 of idle funds is high in small groups (64%) and low in large groups (48%). The percentage of SHGs having more than Rs. 20,000 of idle funds is high in SHGs credit linked to bank (22%) and low in non credit linked groups (10%). It shows that the amount of idle funds is high in the SHGs promoted by banks, credit linked older groups and in the states where SHG-BL programme is being implemented rigorously.

Out of 609 SHGs, 206 (33.8%) have cash in hand a total of Rs. 9.84 lakhs with an average of Rs. 4778; but majority of the SHGs have between Rs. 1000 to Rs. 10,000. The balance in SHG SB account varies from no balance to more than Rs. 1 lakh with an average of Rs. 11,900 which is more than the national average of Rs.8230, as per the NABARD.

During focus group discussions, the reasons mentioned by the groups for large funds lying in SB account are i) banks not allowing it to withdraw savings once the group gained credit linkage, ii) payment of loan installment through SB account where there is no separate account for loan, iii) large amount of monthly savings in the recent years, iv) no lending with group funds v) the practice of distribution of group funds once in a year or at the time of disbursement of loan borrowed from bank.

4.2 Grants and Loans

The SHGs have mobilized funds in the form of grants and loans from various external sources such as Dept. of Rural Development, Women Development Corporation, banks, federations, NGO-MFIs/SHPIs to cater the SHG members' household credit needs.

Grants: As far as grants are concerned, the data in table – 4.4 show that the sample SHGs have received cumulatively a total of Rs. 2.73 crores with an average of Rs. 31,576 per

SHG. Of all 1942 sample SHGs, about 38% of the SHGs have received a grant of Rs. 2.16 crore (79.2%) from DRDA with an average of Rs. 29,639. A very small percentage of the sample SHGs have received a small portion of its grant from federations (Rs. 3.19 lakh-1.2%), NGOs (Rs. 59000 – 0.2%), banks (Rs. 21.61 lakh – 7.9%), and others (Rs. 31.34 lakh – 11.5%). It shows that SHGs received a lion portion of grants from DRDA. During focus group discussions, in response to a question how did they use the grants, the majority of the SHGs said that the grants were distributed among the members; some added it to group corpus for on lending; a portion of it made as payments to get subsidy loans.

Table-4.4 : Extent of Funds Mobilized from External Credit Agencies

S. No.	Name of the agency	Grants (Amount in Rs.)			Loans (Amount in Rs.)		
		% of SHGs	Total amount	Average amount	% of SHGs	Total amount	Average amount
1	DRDA	37.5	21577475	29639	3.7	7780900	109590
2	Federation	0.3	318500	53083	15.1	21019271	71738
3	NGO	0.2	59000	19667	4.2	9966246	123040
4	Banks	1.4	2161100	80041	50.4	175226460	179168
5	Others	10.5	3134491	15365	0.9	3798298	211017
Total		44.4	27250566	31576	60.0	217791175	186945

Loans: All the sample SHGs, since inception, have borrowed a cumulative loan amount of Rs. 21.78 crores from DRDA, Federations, NGOs, banks and others with an average of Rs. 186,945. One half of the sample SHGs (50.4%) have borrowed a cumulative loan of Rs. 17.52 crores (80.5%) from banks with an average of Rs. 1.79 lakhs. About 15% of the sample SHGs borrowed a cumulative loan of Rs. 2.1 crores (9.7%) from federations with an average of Rs. 71,738. DRDA has sanctioned a cumulative loan of Rs. 7.78 lakhs (3.6%) with an average of Rs. 1.09 lakh to 3.7% of sample SHGs. About 4% of sample SHGs have borrowed a cumulative loan of Rs. 9.97 lakh (4.6%) from NGOs with an average of Rs. 1.23 lakhs. Less than one percent of SHGs borrowed a loan of Rs. 3.8 lakhs (1.7%) from other sources. It shows that majority of the sample SHGs borrowed a major chunk of cumulative loan from banks (80.5%) followed by federations.

SHGs denied external grants and funds: The data shows that the majority of the SHGs (56.4%) have not accessed grants from any of the external agencies such as DRDA, federations, NGOs and banks. However, 46% of SHGs received grants 1 to 2 times from external agencies. The percentage of SHGs not accessed grants from any external source is high in bank promoted groups (67%) followed by NGOs (62%) and low in SHGs promoted by community (48.3%) followed by Government (48.4%). The percentage of SHGs not accessed grants from any source is high in ST groups (62%) followed by SC groups (56%) and low in Minority SHGs (52%) followed by OC category (54%) when compared to other social categories. Major percentage of sample SHGs took loans from 1-2 credit sources. However, 40% of SHGs have not taken loans from any external credit agency. The percentage of SHGs not accessed loan from any external source is high in SHGs promoted by NGOs (43%) and low in SHGs promoted by banks (33%) when compared to other SHG promoters. Further, about one-third of sample SHGs have not received neither grants nor loans.

The percentage of SHGs which have not accessed grants and/or loans decreases when the age of the sample SHGs increases. The percentage of SHGs that have not accessed grants and/or loans is high in 1-3 year old groups (49%) and low in more than 12 year old groups (18%) compared to all other age groups of SHGs (3-6 year old -29%, 6-9 year old -24, and 9-12 year old 19%). Similar trends are found in case of the percentage of SHGs that have received/borrowed grants and loans with regards to the age of SHGs.

The data in table - 4.5 shows that as the social category of SHGs increases, the percentage of SHGs not received any grants and loans has decreased. The percentage of SHGs that have received neither grants nor loans or both are high in STs (51%) and low in OCs (28%) compared to other SHG social categories. The percentage of SHGs received grants from external agencies is high in STs (9.6%) and low in Minorities (4.7%) followed by OCs (6.5%). The percentage of SHGs that have taken loans from external agencies is high in OCs (26%) and low in STs (11%) compared to all other social categories. There is no much difference between social categories in the percentage of SHGs that have received or not received grants from external agencies. However, as far as loans are concerned, the percentage of SHGs who did not take loans from any external agency is high in STs (61%) and low in OCs (35%) when compared to all other social categories. It is once again confirmed that the vulnerable social categories, especially the STs and SCs, have less access to credit from external agencies.

S. No.	Particulars	Caste Composition of SHGs						Total
		ST	SC	BC	Min	OC	Mixed	
1	Grants	61.7	56.1	55.3	52.1	54.3	54.9	55.6
2	Loans	60.8	38.9	37.6	36.4	34.5	41.1	40.0
3	Both	51.2	32.0	30.5	31.8	28.0	32.6	33.0

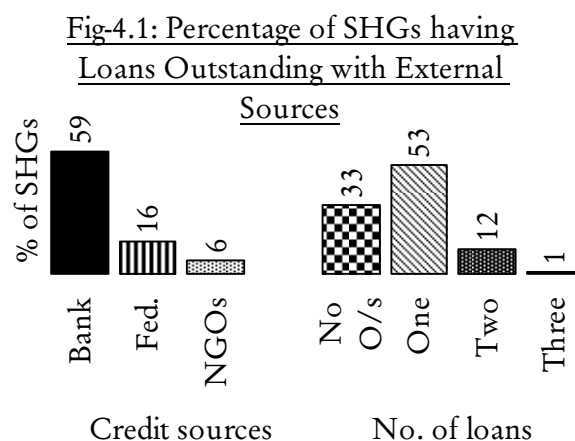
4.3 Credit linkages

Lending norms: The lending norms of external agencies provide credit to SHGs, and the lending norms of SHGs to members are given below in the table - 4.6. The loan size varies from agency to agency and depends on the credit cycle, availability of funds, type of loan etc. The loan term depends on the amount of loan and purpose. Both need based lending and equal distribution is found. Monthly installment with both principle and interest is common. Rate of interest varies from source to source and ranges from 12 to 24 percent. There is no provision of providing collateral to lending agencies for loans taken; but there is a formal agreement (inter-se-agreement and/ or promissory note) between the borrowers and lenders.

Table-4.6: Details of Lending Norms

Lending norms	Internal Funds SHG to Member	External agencies to SHGs		
		Bank	NGO-MFI	VO
Loan size	Rs. 200 to 20000 per member depends on purpose and repaying capacity	Rs. 10000 to Rs. 3,00,000 per SHG depends on credit cycle and repayment track record	Rs. 5000 to Rs. 15,000 per member depends on credit cycle and repayment track record	Rs. 5000-15000 per member depends on availability of funds
Loan period	Mostly 3-24 months depends on loan purpose and size	12-60 months depend on loan size and loan cycle	12-15 months.	12 to 24 months depends on loan size
Type of lending	Need based lending; some groups there is no lending, only equal distribution along with external loans	Mostly equal distribution	Need based lending	Need based lending
Installment frequency	Mostly monthly; in few cases bimonthly –yearly depends on loan purpose and size	Mostly monthly; Very rarely quarterly	1-2 months depends on purpose of loan	Mostly monthly
Rate of interest	Mostly 12% to 36% per annum; few SHGs Rs. 48% & above per month.	About 9% to 15% per annum; diminishing rate of interest	About 18% to 24% per annum on diminishing rate of interest.	About 12% to 24% on diminishing rate of interest.

Credit sources: As discussed earlier, the SHGs mobilized funds from multiple credit agencies such as banks, federations and NGO-SHPIs, to meet members’ household credit needs. In India, as on March 2012, about 54.7% of SHGs have a total loan outstanding of Rs. 36,34,000 lakh (Nabard, 2012). The data in fig-4.1 shows that about 59% of SHGs have loan outstanding to banks; about 16% of SHGs have loan outstanding to SHG federations and another 6.4% of SHGs have loan outstanding to NGO/SHPIs.



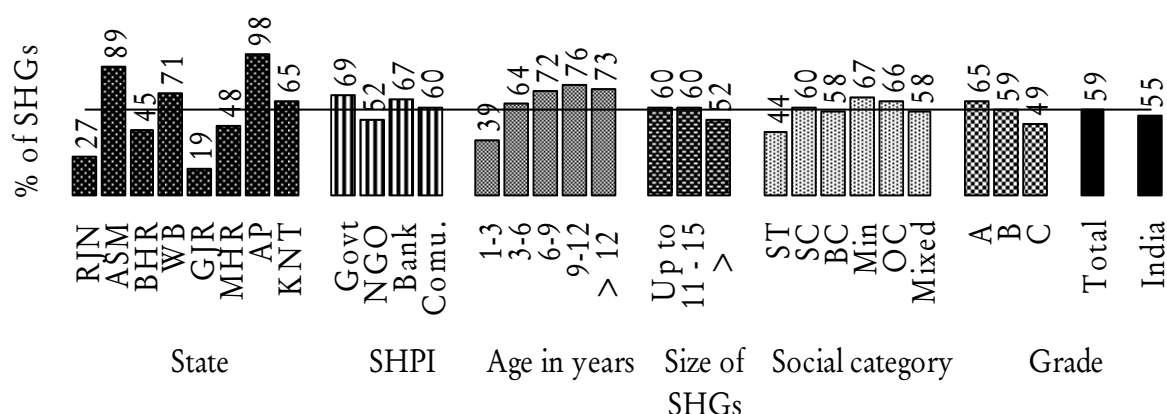
Loan outstanding with federations is predominantly found among the SHGs in Andhra Pradesh and Bihar, and very small percentage of SHGs in Karnataka, Assam, Rajasthan, Gujarat and Maharashtra. Similarly, an insignificant percentage of SHGs have loans outstanding with the NGOs in all the states studied.

No. of loans: The data shows that of the total 1942 SHGs, two-third of SHGs have loan outstanding with 1-3 credit agencies and the other one-third of SHGs don't have loan outstanding with banks, federations and NGOs. The majority of the SHGs have loans outstanding to one agency (52.8%) followed by two (12.4%) and three (1.4%) agencies.

Volume of loan: About 65% (1292) of SHGs have taken a loan of Rs. 16.66 crores from banks (Rs. 13.63 crores- 82.8%), federations (Rs. 1.61 crores-9.7%) and NGOs (1.4 crores-Rs. 8.5%). The average loan size varies from source to source, and it is high for bank loans (Rs. 1.18 lakh) followed by NGOs (Rs. 1.14 lakh), and federations (Rs. 51945). It shows that the NGO-SHPIs have provided large volume of loan more or less on par with the banks. The average loan size under SHG-Bank linkage is high in Andhra Pradesh (Rs. 2.69 lakh) and low in Gujarat (Rs. 24567) compared to other states.

SHGs having loans outstanding with banks: In India, as on March 2012, about 55% of SHGs having a total loan outstanding of Rs. 3634000 lakh with banks (Nabard, 2012). The data in fig-4.2 shows that the highest percentage of SHGs having loan outstanding with banks is high in Andhra Pradesh (98%) and low in Gujarat (19%) when compared to other sample states. The SHG-bank linkage programme is less than fifty percent, in about half of the sample states, particularly in Rajasthan Bihar Maharashtra Gujarat. The percentage of SHGs having loans outstanding with banks is high in among Government promoted SHGs (69%) and low in NGO promoted groups (52%) as compared to other promoters. It indicates that Govt. gives first preference to the groups promoted by them than NGOs while implementing pro-poor programmes through SHGs. The age of the groups and the

Fig-4.2: Percentage of SHGs Having Loans Outstanding with Bank

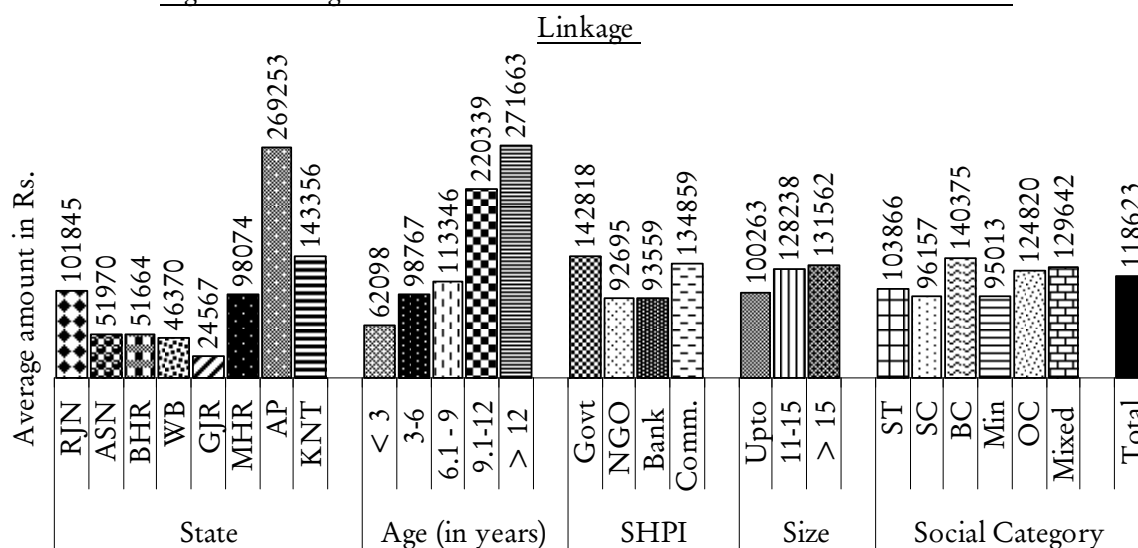


percentage of SHGs having loans outstanding with banks are also positively correlated. The percentage of large sized groups having loans outstanding with banks is low as compared to the small and medium sized SHGs. The percentage of SHGs having loans outstanding with banks is high in A-grade SHGs as compared to B and C grade groups. Interestingly, nearly one half of C-grade SHGs having loan outstanding with banks; and

on the other hand, about one-third of A-grade SHGs not having loans outstanding with the banks. As it because, the promoters and banks provided loans to the groups in vicinity by overlooking ‘quality’ to reach targets fixed by the apex bodies and/or organizations

Current loan size to SHGs under SHG bank linkage programme: The bank loan per SHG varies between Rs. 1000 and Rs. 7 lakh with an average of Rs. 118623. In the sample states, except in Andhra Pradesh (Rs. 2.7 lakh), the average bank loan size is low as compared to the national average (Rs. 144046 as per the NABARD data). The data in fig-4.3 shows that the average loan size is high in Andhra Pradesh (Rs. 2.69 lakh) and low in Gujarat (Rs. 24567) as compared to other states (Karnataka – Rs. 1.43 lakh, Rajasthan – Rs. 1.02 lakh, Maharashtra –Rs. 98074, Assam – Rs. 51970, Bihar – Rs. 51664 and West Bengal – Rs. 46370). The average bank loan is low in less the 3 years old groups (Rs. 62098) and is high in older SHGs (Rs. 2.72 lakh).

Fig-4.3: Average Amount of Current Loan to SHGs under SHG-Bank



The age of the groups and the bank loan size are positively related. The average bank loan is high in SHGs promoted by Government (Rs. 1.43 lakh) and low in NGOs (Rs. 92695). It is because of large volume of subsidy loans sanctioned to SHGs promoted by Government under SGSY programme. The size of the SHGs and the average bank loan are also positively correlated, as it because, the banks decide loan volume based on number of members in a group. For instance, if there are 10 members in a group, decide loan as Rs. 10000 at the rate of Rs. 1000 per members; in the subsequent linkages, the amount per member multiplies. The above discussion reveals that the average bank loan per SHG determines multiple factors such as age, size, social category, promoter of the SHGs.

4.4 Repayment Rate and Default Management

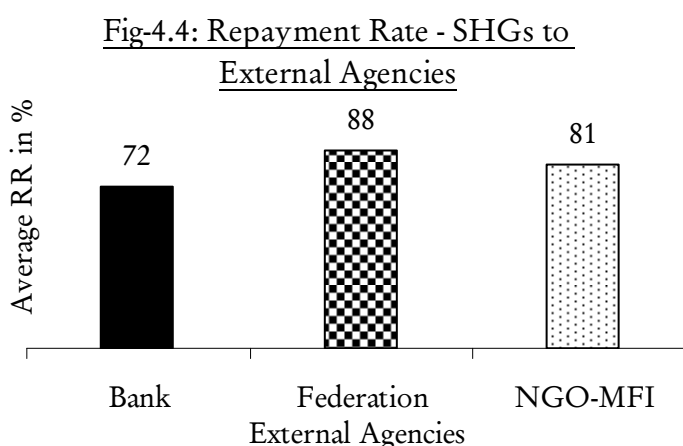
4.4.1 Repayment Rate

Repayment is at two levels – from member to SHG, and SHG to external agencies such as banks, federations, NGOs etc. But, the present analysis is limited to repayment rate from SHGs to external agencies. As there is no complete information, of the 1149 SHGs having active loan with banks, repayment rate was calculated only to 811 SHGs; of the 310 SHGs

having active loan with federations, repayment rate was computed only to 192 SHGs; and of the total 125 SHGs having active loans with NGO-MFIs, repayment rate was calculated only to 79 SHGs that have required information to calculate repayment rate.

Repayment Rate from SHGs to Banks: The repayment rate varies from zero to 100 percent with an average of 72 percent (see fig-4.4). The data in table –4.7 shows that majority of the SHGs’ loan repayment rate is more than 95 percent (56%) followed by less than 50 percent (25%) and between 51-95 percent (19%). The percentage of SHGs’ repayment rate, which is more than 95 percent, is high in Rajasthan (79%) and low in Bengal (25%). In contrast to it, the percentage of SHGs repayment rate, which is less than 50 percent, is high in West Bengal (65%) and low in Rajasthan (9%) (see state-wise table-4.2). The average repayment rate from SHGs to bank is high in Rajasthan (90%) and low in West Bengal (35%) compared to all other states (Gujarat -85%, AP -85%, Maharashtra – 82%, Karnataka – 80%, Assam -71% and Bihar – 63%). On the whole, the average repayment rate is high in Rajasthan with 90% and low in West Bengal with 35% when compared to other states (Andhra Pradesh-85%, Gujarat-85%, Maharashtra -82%, Karnataka -80%, Assam-70%, Bihar -63%)

The average repayment rate of SHGs promoted by government is high with 81% compared to other SHPIs (Community – 69%, NGOs - 65% and bank – 65%). The average repayment rate is high in young or less than 3 year old SHGs and old /more than 12 years old SHGs (83%) compared to other age groups of SHGs (3-6 year old – 72%, 6-9 year old -60% and 9-12 year old -77%). It means that the age of SHGs advance up 9 years, the average repayment rate has been decreased; however, again it has increased in 9-12 year old SHGs and more than 12 year old SHGs.



S.No.	RR (in %)	SHGs-Bank		SHGs-Fed		SHGs-NGOs	
		F	%	F	%	F	%
1	< 50	206	25.4	21	10.9	13	16.5
2	51 - 75	83	10.2	16	8.3	9	11.4
3	76 - 95	71	8.8	25	13.0	7	8.9
4	> 95	451	55.6	130	67.7	50	63.3
Total		811	100.0	192	100.0	79	100.0

According to a project report of a research study on *Loan Default by SHGs*, the repayment rates of bank loans among SHGs have decreased over the last few years. It has highlighted the reasons for default as i) SHGs have departed from formation norms such as area selection, wealth ranking and members with the same socio economic condition; ii) SHGs have been coming together mainly for credit and subsidies, instead of for savings; iii) SHG leaders and members do not understand the group concept; iv) SHGs exhibit a progressive

erosion in quality in terms of maintenance of attendance registers, cash books and ledgers; v) SHG members do not fully utilize group funds; vi) Paucity of funds and personnel, force small NGOs that support SHGs to leave the community; vii) Pressure on banks to disburse subsidized loans disturbs the normal process of SHG growth and maturation; viii) Group leaders often take the largest share of bank loans (Singh, J & Singh A 2010).

According to another study *SHG Bank Linkage Programme: A Recurrent study in Andhra Pradesh* conducted by, the repayment rate from SHGs to bank is 80.11 per cent and the average loan portfolio at risk is 34.04 percent (APMAS, 2007).

According to Nabard (2012), as on March 2012, the gross non performing assets (NPA) against SHG bank loans are of Rs. 90769.68 lakhs with an average of Rs. 11346 lakhs in the study area. The percentage of gross NPA against bank loans is high in Maharashtra with 8.89% and low in West Bengal with 3.11% when compared to other states (Rajasthan-6.49%, Bihar – 6.18%, Gujarat-4.8%, Assam -4.59%, Andhra Pradesh- 3.46% and Karnataka -3.35%).

SHGs to Federation: The repayment rate from SHGs to federations varies from zero to 100 percent with an average of 88 percent (see fig-4.4). The data in table – 4.7 shows that of the total 192 SHGs, majority of the SHGs' loan repayment rate is more than 95 percent (68%) followed by 51-75 percent (21%) and less than 50 percent (11%). However, the percentage of SHGs repayment rate, which is less than 50 percent, is high in Rajasthan (100%) and Assam (50%) when compared to other states. The average repayment rate is high in Gujarat (100%) and Maharashtra (100%) and low in Rajasthan (40%) when compared to other states (Karnataka – 91%, Andhra Pradesh -90%, Bihar – 83% and Assam (60%) (see state-wise table 4.2). It indicates that the repayment rate from SHGs to bank is good when compared to federations.

SHGs to NGO-MFIs: The loan repayment rate from SHGs to NGOs varies from no repayment to 100 percent with an average of 81 percent (see fig-4.4). The data in table –4.7 shows that of the 79 SHGs, major percent of SHGs' repayment rate is more than 95 percent followed by 51-95 percent (20%) and less than 50 percent (17%). The data in state-wise table 4.2 shows that the percentage of SHGs whose repayment rate is more than 95 percent is high in Maharashtra (80%) and low in Assam (33%), when compared to other states (Karnataka – 73%, Bihar – 71%, Gujarat – 64%, Rajasthan - 63% and Andhra Pradesh -50%)

4.4.2 Default management

Reasons for delayed payment or defaulting to banks: During focus group discussions, the SHGs reported multiple and variety of reasons for delayed payment / default. These can be categorized broadly into two- genuine and willful. The first list includes i) less availability of work, ii) ill-health of household members, iii) death of borrower and iv) migration. These reasons influence the households' cash flows and the expenditure which in turn hampers the repayment of loan installment. The second category of reasons include i) quarrels between group members, ii) misuse of funds by the leaders/members, iii) to recover long pending loans from internal funds, iv) loan waiving by the government. Default is not because of inability; it is willful.

Default management strategies: During interactions with the SHGs, bank branch managers and SHPIs, it was reported that the criteria followed before and after sanctioning the loan to members or groups and the strategies followed after default, if any, to ensure good repayment or to avoid default is listed below:

Groups	Banks
<i>A. Strategies Before Loaning</i>	
<ol style="list-style-type: none"> 1. Loans based on member savings 2. Repaying capacity of borrower 3. Loan for IGA 4. Current loan outstanding 5. Loan repayment track record 6. Purpose of loan/need based 7. No. of loans 	<ol style="list-style-type: none"> 1. Grading of SHG by using CRI tool 2. Loan volume based on savings and MCP 3. Repayment period based on loan volume 4. Repayment track record 5. Large funds in SAG-SB a/c 6. Fixed deposits on the name of SHGs 7. Insurance products
<i>B. Strategies- After loaning</i>	
<ol style="list-style-type: none"> 1. Monthly - fixed amount 2. Fines with penal interest 3. Adjustment of group funds/ savings to loan installments 4. To avail subsidies 5. Rescheduling of loans 6. Bullet payments 7. Sharing defaulters list with self help promoting institutions (SHPIs) 8. Review on SHG-BL repayment in federation meetings 	<ol style="list-style-type: none"> 1. Fund transfer from SB A/c to loan A/c 2. Sharing overdue list with SHPIs 3. Formal letters to SHGs 4. Personal visits to SHGs 5. Compound interest 6. Ceiling on the withdrawal of savings 7. Repeat loans with large amounts 8. Seeking assistance from Mandal Development Officer (MDO) 9. Review on SHG-BL repayment in Community Based Recovery Mechanism (CBRM) Sub-committee meetings

The banks, SHPIs and SHGs are well aware of the negative implications. However, they have followed different strategies because of varied reasons - target pressure, vested interest of stakeholders etc. As a result, on one hand all have benefitted and on the other all have faced risks (K. Raja Reddy, TCS Reddy and S. Prahallada, 2011).

4.5 Voices of SHGs on SHG –Bank Linkage

To know the view of SHGs on SHG-BL programme, particularly on loan size, timeliness, repayment period and number of visits made and time taken to get the loan. The study team gathered information by using two/three point scale – adequate, inadequate and more than requested; timely and untimely; less, reasonable and more. The opinion of the majority members who participated in discussions, was recorded as the opinion of SHG.

The data in fig 4.5 shows that majority of the SHGs said that the present loan size is adequate (66%); however, nearly one-third of SHGs viewed it as inadequate. About

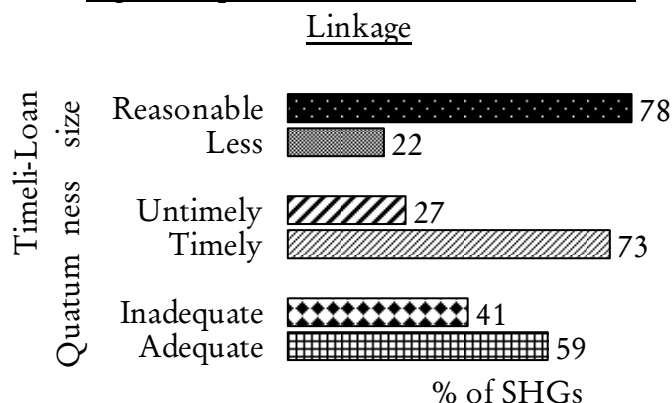
timeliness, most of the SHGs reported that the present loan was sanctioned timely (83%) rather than untimely (17%). Regarding repayment period of loan, most of the SHGs felt that the repayment period is reasonable (86%); only 14% of SHGs reported it as being less. It shows that majority of the SHGs are comfortable with the quantum of loan, timeliness and repayment period.

During focus group discussions, a majority of the SHGs reported that they have waited for 1-6 months (period between submission of the loan application to bankers by SHGs and the day loan amount was deposited in SHG SB account) to get a loan; some SHGs have waited for more than a year.

A majority of the SHGs made 4-7 visits to get the latest loan. Sometimes leaders, sometimes SHPIs and some times all the group members have visited the banks. While discussing it, the SHGs have mentioned i) the burden of loan costs on members, ii) wastage of time and iii) mental torture. The above discussion tells that

though majority of SHGs are satisfied with loan size, timeliness and repayment period, they are unhappy with the amount of time and energy invested for getting bank loans.

Fig-4.5: Opinion of SHGs on SHG-Bank



During interactions, the SHGs shared many more problems/issues besides cost, time and visits. They are:

- Location of bank is far from the villages
- Delay in opening of SHG SB account
- Too much delay in processing loan application
- No comprehensive understanding on loan, term, rate of interest charged on loans, mode of repayment, installment amount etc.
- Bribe/ payments to bankers and/or middlemen in case of SGSY/subsidy loans
- Delay and small amount of loan in repeat/subsequent linkages
- No credit linkage to many quality SHGs
- Loan size based on the amount of savings in SB account, fixed deposits and insurance
- Adjustment of SHG loans to long pending crop loans borrowed by the SHG member households
- Informal control on withdrawals from SB account, after credit linkage to SHG

4.6 Changes at SHG level and Sustainability of SHGs

To understand the changes over a period, at SHG level, the study team collected the perception of SHGs, based on the majority of members, on groups' financial aspects (credit to members and group corpus), institutional (cooperation among members, adherence to group norms and quarrels among the members) and functional aspects by

using a five point scale – i) significantly increased, ii) increased, iii) decreased, iv) significantly decreased and v) no change.

The data in table -4.8 shows that most of the SHGs have reported ‘increase’ followed by ‘significant increase’ in member’s access to credit (94%) and in group corpus (93%) when compared to the access to credit at the beginning of the group. The majority of the SHGs have reported ‘increase’ followed by ‘significant increase’ on cooperation among the group members (89%) and adherence to group norms (82%).

Table-4.8: Opinion of SHGs on the Changes at Group Level (% of SHGs)

S.No.	Particulars	SI	Inc.	Dec.	SD	No
1	Credit to members	36.7	57.0	1.6	0.2	4.5
2	Group corpus	26.7	65.9	1.4	0.5	5.5
3	Group solidarity	29.0	60.4	1.4	0.7	8.5
4	Adherence to norms	18.8	63.5	3.9	0.7	13.1
5	Quarrels within the group	3.7	32.6	31.2	16.6	15.8
6	Group’s respect in bank	18.8	67.0	1.8	0.6	11.8
7	External credit sources	21.2	39.6	9.7	5.6	23.9

Note: SI-Significantly Increase; Inc.-Increased; Dec.-Decreased Significantly Decrease

About the quarrels within the group, though a high percentage of SHGs have reported ‘decrease’ and ‘significant decrease’ (48%), 37% of SHGs reported ‘increase of quarrels’ because of lack of SHG bank linkage, subsidy loans from DRDA, revolving funds/matching grant, misuse of funds by leaders and/or dominant members in the group etc.; and another 16% of SHGs have reported that there is no change in the amount of quarrels at present when compared to the initial years of SHGs. Most of the SHGs (86%) reported that there is an ‘increase’ and ‘significant increase’ as regards change in respect for groups at bank. It shows that majority of the SHGs have reported that there is a positive change in all financial and institutional aspects at present when compared to the situation in the beginning years of the SHGs.

In conclusion, the SHGs over a period of time have built a good amount of assets. Mounting of idle funds over years is the result of informal practices of banks as a risk mitigation strategy and the vested interest of groups to get optimum credit and to protect group funds. A lion’s share of grants received by the SHGs are from the DRDA, and loans borrowed from banks. More or less, one half of the SHGs did not access grants and loans from external agencies. However, the older SHGs and higher social categories have good access to external loans. In other words, the younger SHGs and the vulnerable sections have less access to credit from external agencies. The lending norms of external agencies to SHGs and the norms of SHGs to members vary.

The majority of the SHGs have active loans with banks; however, majority of the SHGs did not have active loans with federations, and NGO-MFIs across the states studied. The loan repayment rate of SHGs varies from SHGs to bank, VO and NGO-MFI. It is high to federations and MFIs when compared to banks. The repayment rate is good in younger and older groups. The groups and banks have followed various default management strategies, before and after loaning, to ensure recovery. A majority of the SHGs, which

have active loans with banks are happy about loan size, term and timeliness. However, the SHGs have mentioned many impediments in the implementation of SHG BL programme at all stages. Over a period of time, the financial performance of SHGs has brought lot of changes at group level, adding to the institutional sustainability of SHGs. Even today, having a bank account opened for SHG is difficult and getting a bank loan is even more difficult. The situation seems to be really bad in states like Rajasthan, West Bengal, Gujarath and Bihar.

SHGs – As Agents of Social & Economic Empowerment

The present chapter focuses on the changes at household, SHG, village, and community levels as a result of group activity. Further, it also analyses the empowerment of women with reference to self confidence levels, support from family to attend SHG activities, access to family resources and control over those, role in decision making at household level, work burden and division/ sharing of household labour, participation in political activities and gender and social discrimination and changes in traditional roles of women.

5.1 SHGs as SHPIs - Promotion and strengthening of SHGs

Promotion of new SHGs and revival of defunct groups: The sample SHGs have taken up the roles of SHPIs, particularly formation of new SHGs and revival of defunct SHGs in the villages. Out of 1942 SHGs, 379 (19.5%) SHGs formed 1030 new SHGs with an average of 2.7; however, a majority of the SHG formed 1-2 SHGs. About 10% of SHGs have revived 310 defunct SHGs by motivating members and by solving problems (see table 5.1). The percentage of SHGs that formed new groups and revived defunct groups, are high in more than 9 year old SHGs and the SHGs promoted by NGOs. Further, as the age of SHGs increases, the percentage of SHGs' involvement in formation of new groups and reviving defunct groups also increases. It shows that the old groups are more capable with their rich experience in forming new SHGs and reviving defunct SHGs. It illustrates that the SHGs are capable of carrying out some of the roles of promoters, even if they withdraw from the field.

Table-5.1: Age Wise Percentage of SHGs formed New SHGs & Revived Defunct SHGs

S.No.	No. of SHGs	1-3 years	3-6ears	6-9 years	9-12 years	> 12 years	Total
<i>A. Formed</i>							
1	Zero	84.0	80.6	80.6	73.9	65.1	80.5
2	1 - 2	12.5	14.3	13.1	16.4	17.5	13.8
3	> 2	3.5	5.1	6.2	9.7	17.5	5.7
	Total	100.0	100.0	100.0	100.0	100.0	100.0
<i>B. Revived</i>							
1	Zero	94.6	89.8	90.8	78.3	73.0	89.8
2	1 - 2	5.1	9.7	8.3	18.8	22.2	9.3
3	> 2	.3	.5	.9	2.9	4.8	.9
	Total	100.0	100.0	100.0	100.0	100.0	100.0

Demonstration effect of SHGs: One of the influences of SHGs is that the community itself formed into groups because of the demonstration effect of the several ways in which the SHG members are benefitting. It is evident that, in the present study, out of 1942, 12% of SHGs were formed by self /community. This reduces the promotional cost of SHG promotion. Of course, capacity building will still be required.

5.2 SHGs at Social Service

Social Activities: The social activities that the SHGs have taken up were broadly categorized as i) health, ii) social capital building and education, iii) social issues, iv) community infrastructure and v) development activities. The data in table-5.2 shows that some of the sample SHGs were involved in health related activities such as cleaning of drains (5), cleaning of roads (58), drinking water facilities(40), health campaigns (212), toilets (5), protest against the issues at the hospital (4), awareness campaigns on HIV AIDS (3) and blood donation (3). About 50 sample SHGs were involved in school activities - running a mid-day meal programme (8), literacy campaigns (6) education for children (35) and celebration of national festivals (3). Some of the SHGs were involved in protesting child marriages (88), anti-arrack campaigns (75), domestic violence and family disputes (83), girl child education & infanticide (160), support to vulnerable sections (8), divorce, counseling (2), education of women (23) and women rights and gender issues (29). Some of the sample SHGs took a lead in improving community infrastructure such as roads (75), getting permission to open a school in a remote village (1), hand pump/bore repairs (5), milk cooperative dairy (10), electricity (5), bus stand (2), cleaning of community water ponds (2), community hall (4) and kitchen in school (3). Some SHGs assisted the poor to access social and food security programmes such as ration card or PDS (53), old age pension (1) and ICDS activities (19).

Who motivated SHGs to involve themselves in various development programmes/ activities? The SHGs have been motivated by many people to take up social issues and development programmes. Those include i) the staff of promoting agencies, ii) the development professionals or para-workers at community/village level such as ICDS teacher/worker, ANM, ASHA workers, iii) people's representatives of Panchayat Raj Institutions such as Surpanch and Ward Members, iv) experienced and literate women members within SHG, v) school teachers and vi) educated persons in the village.

Table-5.2: Details of SHGs' Participation in Social & Development Activities

Name of the Social Activity	No. of SHGs	Role of SHGs & outcome
<i>A. Health</i>		
1. Roads - cleaning	58	Cleaned the streets in the village and promoted hygiene and sanitation in the village
2. Health campaign	212	Participated in many awareness creation campaigns on sanitation, immunization, health insurance, regular support for pregnant women organized by the promoters.
<i>B. Social Capital and Education</i>		
1. Education for Children	35	Demanded to open a school in the village; distributed books to poor children; proposed an English medium school; approached concerned authorities to have a traffic policeman at the school
2. Women rights and gender issues	29	Political participation of SHG women; training on leadership; created awareness on women rights

<i>C. Social issues</i>		
1. Child marriage	88	A few women protested against child marriages; created awareness about the negative implications of child marriages among the villagers
2. Anti-arrack movement	75	Protested against belt shops, advised the men to quit alcohol, stopped the sale of liquor in the villages
3. Domestic violence and family disputes	83	Campaigned and protested against the ill-treatment and harassment of women; resolved the quarrels between the household members.
4. Girl child education & infanticide	160	Created awareness on the importance of girl child education among the villagers and the parents through campaigns and discussions and promoted girl child education in the villages
5. Education of women	23	Discussed the importance of education in group meetings; held evening classes for the women
<i>D. Community infrastructure</i>		
1. Roads	75	laid kachcha roads; repaired roads without taking wages, approached concerned authorities for sanctioning of roads to their villages
<i>E. Development programmes</i>		
1. ICDS activities	19	Mobilized children, repaired anganwadi centers, involved in monitoring and supervision of the centers.
2. PDS maintenance	53	Questioned the authorities and dealers on the quality of the rations supplied also brought the issue to the notice of the Gram Panchayat and other officials

Role of SHGs: The SHGs have played a role in addressing various issues of SHG members and the community. Those needs include i) Cleaning of roads and drains in the locality, ii) information sharing on various welfare and development programmes pulse polio, ration cards, MGNREGS job cards, etc., iii) implementation of programme like midday meal, iv) informal monitoring of ICDS center, school teachers' attendance and implementation of mid-day meal programme in schools, v) community mobilization, such as enrolling the girl child and drop-out in schools, women and children for pulse polio programme, vi) providing handholding support in filling, and submitting forms and in meeting concern officials for sanctions vii) participation in awareness campaigns organized by promoters on various social issues. Mostly, the SHGs engaged in these activities independently rather than in cooperation with other SHGs in the village.

Out comes: During discussions, the SHGs have reported the outcomes of their engagement in social and development activities as i) clean and neat surroundings, ii) teachers attending schools regularly, iii) comparatively better quality food and enrollment in schools and ICDS centers, iv) poor access to various welfare and development programmes implemented by the Government and v) awareness on various govt. programmes.

5.3 SHGs - Access to pro-poor programmes

To mobilize rural women, to provide information to groups and to sustain them, provide livelihood opportunities and for the effective the implementation of various welfare and development activities through people's participation, various government programmes have been linked or implemented through community based organizations. The data in table 5.3 shows that the sample SHGs participated in awareness creation campaigns on child labour (14%), total literacy (16%), AIDS (9%); some SHGs were actively participated in enrolling girl children in schools (22%), community mobilization to avail pulse polio programme (29%), motivated women for family planning (17%), implementation of ICDS activities (16%) and participation in anti liquor movement campaigns (10%).

Table -5.3: SHGs' Participation in Various Welfare & Development Programmes

S.No.	Activities	Govt.	NGO	Bank	Comm.	Total
1	Child labour campaign	11.4	17.3	7.8	6.5	13.6
2	Girl Child Education	17.8	24.9	29.4	19.0	21.8
3	AIDS campaign	10.0	9.0	0	6.9	8.9
4	Family planning	15.2	19.0	7.8	12.9	16.6
5	Pulse polio	28.0	31.9	31.4	22.0	29.3
6	ICDS activities	15.3	17.3	9.8	16.8	16.3
7	Anti-liquor campaign	7.4	12.2	11.8	10.3	10.2
8	Total Literacy campaign	11.3	18.8	19.6	16.4	15.9
9	NREGS	43.2	29.0	7.8	25.4	33.1
10	Mid-day meal	11.7	14.3	3.9	12.5	12.9
11	PDS maintenance	3.6	5.7	3.9	3.0	4.6
12	Disbursement of OAP	2.2	2.0	0.0	1.3	1.9

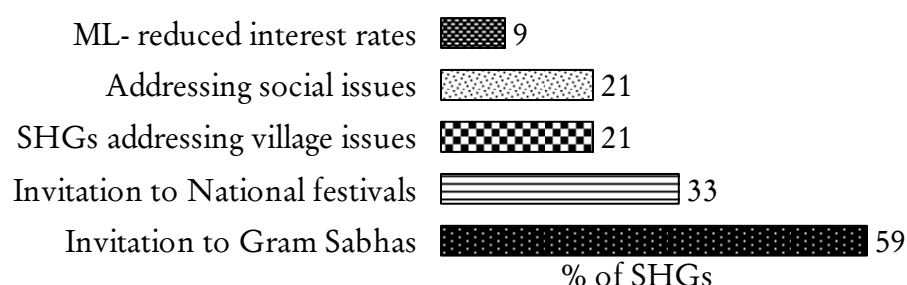
About one-third of sample SHGs have benefitted from the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS). A few SHGs had livelihood opportunities by running mid-day meal programme (13%), rations shop/PDS stores (5%) and disbursement of old-age pensions (2%) at their villages. It seems that SHGs' response is high in addressing health and educational issues compared to other. The incidence of SHGs' participation in the implementation of welfare & development programmes is high among SHGs promoted by NGOs as it could be because of greater focus of them on social agenda. The percentage of SHGs' participation in NREGS is high in government promoted SHGs (43%) and low in bank promoted SHGs (8%). The response of SHGs promoted by banks towards welfare and development activities is low compared to all other promoters as it could be because of less focus on non-financial agenda.

5.4 Changes at village and household levels

Changes at village/community level: To know the nature of linkages between SHGs and the community and Panchayat Raj Institutions, the study team has collected information on participation of SHGs in the national festivals, *Gram Sabha*, addressing community issues, social issues and lowering of interest rates by the money lenders.

The data in fig-5.1 shows that the majority of the sample SHGs have received an invitation to participate in *Gram Sabhas*, and nearly one-third of SHGs have received an invitation from the Gram Panchayats to participate in the national festivals like the Republic Day, the Independence Day and other such events organized at village level. It specifies the association between SHGs and PRIs being established and strengthened. The data shows that most of the sample SHGs did not pay attention to the amenities in the village (79%) like roads, health, education, drinking water, and social issues (79%); however, more than one-fifth of sample SHGs were involved in addressing infrastructure, health, education, drinking water etc. It could be because most women formed into groups to avail financial benefits rather than addressing social issues. Small percentage of sample SHGs (9%) have reported about the reduction of interest rates by the money lenders, so as to keep their patron-client relationship in tact.

Fig-5.1: Changes at Village Level



Changes at Household Level: Regarding the changes at household level, the study team have elicited the opinion of SHG women on the habit of savings, availability of credit, health status & educational levels of household members, access to formal institutions & pro-poor programmes and dependency on money lenders.

Table-5.4: Opinion of SHGs on the Changes at Household Level (% of SHGs)

S. No.	Particulars	SI	Inc.	Dec.	SD	No
1	Habit of savings	36.5	56.7	1.7	0.1	5.0
2	Availability of credit	37.6	53.7	2.9	0.2	5.5
3	Health status	23.1	60.5	4.3	0.1	12.1
4	Educational levels	24.8	58.4	0.0	0.0	16.9
5	Access to formal institutions	18.1	60.9	3.4	0.3	17.4
6	Access to pro-poor programs	18.9	53.3	4.7	0.4	22.7
7	Dependency on money lenders	2.5	28.3	28.2	25.9	15.2

Note: SI-Significantly Increase; Inc.-Increased; Dec.-Decreased Significantly Decrease

The data in table 5.4 shows that majority women in most SHGs expressed the view that there is an ‘increase’ (57%) followed by ‘significant increase’ (37%) in the habit of savings at the household level; however, a few SHGs felt that the habit of savings has ‘decreased’ and ‘no change’. Further, 85% of the SHGs felt that credit opportunities have ‘increased’ (54%) followed by ‘significant increase’ (38%). Regarding health status, a majority of the SHGs felt that there is an ‘increase’ (60.5%) followed by ‘significant increase’ (38%) in health status. It is because of loans taken by the members being used towards health expenses. About educational levels of the household members, the majority of the SHGs

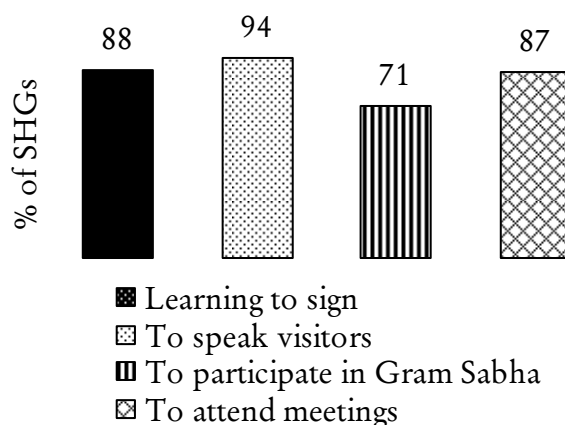
have reported 'increase' (58.4%) followed by 'significant increase' (24.8%); however, about 17% of SHGs have reported 'no change'.

It is interesting that many SHGs have reported that the dependency on money lenders has 'decreased' (28%) followed by 'significantly decreased' (26%). This could be because of on lending of savings mobilized from members, external grants and loans taken from promoting and credit agencies. On the other hand, about 31% of SHGs felt that there is an 'increased' dependency on money lenders. A majority of the SHGs have felt that there is an 'increase' in access to formal institutions (60.9%) and pro-poor programmes (53.3%); but more or less one-fifth of the SHGs have felt that there is 'no change' in access to formal institutions (17.4%) and pro-poor programmes (22.7%). The changes at household level indicates that the amount of 'positive change' is 'more' in case of financial aspects such as habit of savings, availability of credit, dependency on money lenders when compared to health status, educational levels and access to formal institutions and pro-poor programmes. It could be because of various government programmes being implemented through SHGs and saving and credit linkage of SHGs with banks. The study conducted by APMAS (2007) also confirms that SHGs have reported significant impact on members' habit of savings, their income, access to credit, health, food and educational status in their families (APMAS, 2007)

5.5 SHGs and the Women Empowerment

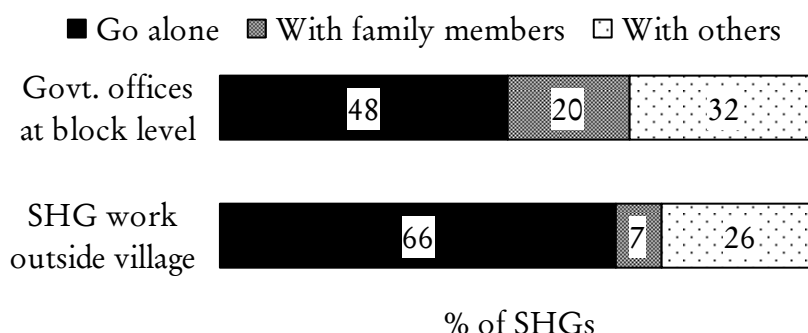
Self confidence: To appraise the self confidence levels of SHG women, the study team has collected information on those actions that indicates the self confidence levels of an individual such as i) learning to sign, ii) speaking to visitors, iii) participating in Gram Sabha and iv) attending meetings outside the village. The data in fig 5.2 shows that women in a majority of the SHGs reported that the percentage of women members who can sign has increased when compared to the beginning of the group. Most of the SHGs have reported that, at present, they are able to speak to visitors from any office. Before joining SHGs the participation of women in Gram Sabhas was very minimal. A majority of the SHGs have reported that, now, women are freely participating in Gram Sabhas (71%) and attending meetings within or outside the village (87%). It is because of relations between SHGs and PRIs in recent times. However, about 30% of the SHGs have reported that they have not participated in Gram Sabhas. It could be because of male dominance in a patriarchal society. The above discussion validates the fact that the confidence levels of SHGs/ women have gone up when compared to that at the formation of the groups.

Fig-5.2: Opinion on Changes in Selfconfidence & Women Roles



Mobility: Ability to move easily from one place to another or move easily around with or without the support of others is one of the indicators of empowerment. The study team has collected information on whose support the SHG women attend work at different places, by using a three point scale – i) go alone ii) family members and iii) with others. The data in fig 5.3 shows that, a majority of the SHGs said that many women ‘go alone’ (66%) to SHG work outside village; but about one-third of SHGs reported that they go either with the support of other members in the group (26%) or family members (7%). It is because of two things – i) members are familiar with SHG activities outside the village, ii) there is no resentment from family to go alone outside the village for SHG work.

Fig-5.3: Opinion of SHGs on Mobility of Women



To attend the offices at block level, the majority of the SHGs have reported that they go either ‘with other members’ (32%) or ‘with family members’ (20%). However, nearly one half of the SHGs reported that they go alone (48%). It shows that the women’s dependency on other members and family members to attend SHG work outside the village is low when compared to attend the offices at block levels as the women are not that familiar with the complexity of government procedures when compared to SHG work.

Family support to SHG members: To know the nature of support that the family is extending to SHG members, the study team has collected information on the support that the SHGs members have received from the family to attend SHG meetings and to repay loan installments now, compared to at the beginning of the groups. A majority of the SHGs have reported that their families are cooperative (91%) followed by indifferent (5%) and put hurdles (4%) to attend SHG meetings. Similar kind of support is found in repaying loan installments (88%- cooperative, 6%- indifferent and 6%- put hurdles). More support from family members could be because the men realized the amount of benefits, women were getting, being members of SHGs. During focus group discussion, many groups have reported that there was much opposition from husband to attend SHG meetings, pay savings and monthly loan installment. The groups also mentioned the reasons for resistance as wasting of time to attend the meetings without financial benefits.

Access to family income & control on resources: To know the SHG women’s access to family income, the study team has collected information on sale of household produce and repayment of hand loans by using a four point scale – i) do solely, ii) major and iii) equal and iv) minor role. The data in table 5.5 shows that in both the cases, majority of the SHGs have reported that a majority of women have equal access to family income like her husband/ senior male head of the family, with regard to sale of household produce and

repayment of hand loans; however, more or less one-fifth of SHGs reported that women have sole access to family income. It could be the case with female headed households.

Table-5.5: Opinion of SHGs on Access to Family Income & Control on Resources (% of SHGs)

S.No.	Particulars	Solely/total	Major	Equal	Minor
A	Access to family income				
1	Sale of HH produce	20.1	7.3	67.3	5.3
2	Repayment of hand loans	18.4	8.4	67.7	5.5
B	Control on resources				
1	Use of SHG loan	12.9	9.2	71.9	6.1
2	Sale or mortgage of jeweler	8.7	11.7	71.2	8.4

Control on resources/assets: The data on control on resources/ assets in table 5.5 shows that majority of the SHGs have reported that women have equal control on the use of SHG loan (72%) and sale or mortgage of jeweler (71%). Nevertheless, one-fifth of the SHGs have reported that the women have more total control on use of SHG loan and sale and/or mortgage of jewellery. This change indirectly influences the decision making of usage of loan and assets for meaningful purposes rather than frivolous spending by men.

Decision making: To assess the changes in the role of women in decision making, the study team has collected data on the kind of role played by the women while taking decisions on the purchase/sale of household assets, promotion of family savings, children education/marriage and casting of own vote by using a four point scale – i) decide solely, ii) major role, iii) equal role and iv) minor role. The data in table 5.6 shows that majority of the SHGs have mentioned that the women have played ‘equal’ role while taking decisions on purchase of /sale of assets (75%), promotion of family savings (71%), children’s marriage/education (75%) followed by decide solely in women headed households. This is because of mobilization of loans to meet the household credit needs by the women. Where as in the case of casting of own votes, a majority of the SHGs have reported that the members decide solely (52%) followed by major (23%), equal (18%) and minor (7%) role. It is for the reason that no one watches a secret ballot, and they are free to take independent decisions.

Table-5.6: Opinion of SHGs on Decision Making Role (% of SHGs)

S.No.	Particulars	Decide solely	Major	Equal	Minor
1	Purchase/sale of assets	15.7	4.5	75.0	4.8
2	Family savings	15.7	10.2	70.5	3.6
3	Children’s education/marriage	16.7	4.4	75.1	3.8
4	Casting of own vote	52.3	23.3	17.8	6.5

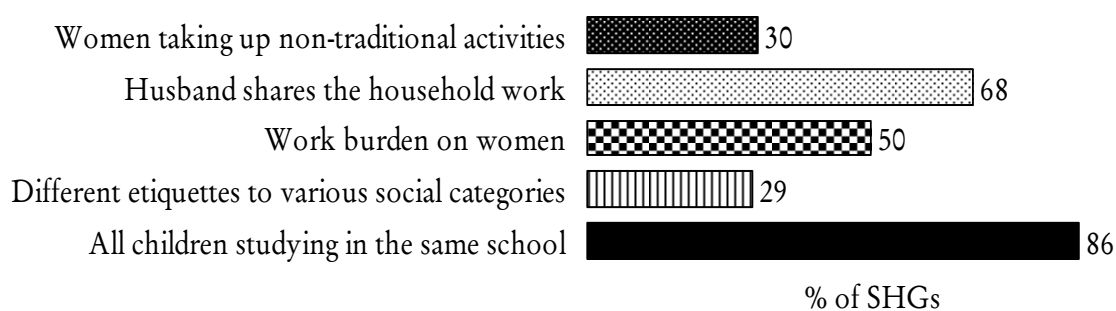
Political participation/governance: To assess the political participation of SHG women, the study team has gathered information on the details on: SHG members who have contested for political offices, who have been selected as representative for any CBO, campaigned for a candidate and campaigned against injustice. The data table 5.7 shows that majority of the SHGs have reported that no group member had contested for any political office (71%), selected for CBOs (69%), campaigned for a candidate (69%) and campaigned against

injustice. Of the members contested or selected or campaigned for a candidate or campaigned against injustice, the majority of the members have participated because of family' interest, followed by own will and other's pressure.

S. No.	Particulars	Not participated	Own will	Family interest	Other's pressure
1	Contested in any political office	70.9	5.7	22.0	1.5
2	Selected as member of CBO	68.9	5.9	23.4	1.8
3	Campaigned for a candidate	69.1	9.8	20.2	1.0
4	Campaigned against injustice	61.2	12.7	23.4	2.6

Gender and social discrimination: To know the changes in gender discrimination the study team has collected the information indicating such as i) equality between the boy and girl child in providing same schooling, ii) different etiquette to various social categories, iii) work burden on women, iv) husbands' support in the household work iv) and women taking the non-traditional works. The data in fig 5.4 shows that most of the SHGs (86.3%) are sending their children to the same school irrespective of gender, whether they are boys and/or girls. A majority of the SHGs have reported that there are no different places for members belonging to different social categories; but 29% of SHGs have reported different etiquette for various social categories. It indicates the existence of casteism even in SHGs also.

Fig-5.4: Opinion of SHGs on Changes in Gender and Social Discrimination



About work burden, nearly one half of the SHGs felt that work burden on women has increased because of SHG activities; Nevertheless, another one half of SHGs whispered that there is no work burden on women. It could be because of no cooperation or support from the household members to women for attending SHG work including repayment of loan installments. Majority of the SHGs reported that husbands share the household work when the members attend SHG work/activities. During focus group discussion, the SHGs reported that the sharing of the household work by the husbands is due of two reasons – i) women borrowing loans from SHGs to meet the credit needs of households; hence, women are able to demand and delegate work to other household members. ii) Generally, mobilization of loans to meet household credit needs is the responsibility of the husband in the family. As men delegated this responsibility to women, they are also ready to share the household work. About 30% of SHGs have reported that the women started taking up

non-traditional activities. The above discussion shows that there is a change in social practices, division of labour, and discrimination on gender basis, when compared to that before joining the SHGs.

In conclusion, the number of SHGs, who have taken part in the implementation of various welfare and development programmes directed through SHGs and in addressing various social issues is nominal. Many old SHGs and the groups promoted by NGOs have in turn formed many new SHGs and rejuvenated defunct groups with their rich experience. Many SHGs have taken part in the awareness campaigns on various welfare & development programmes, social and community issues at village level. The relation and the mutual respect between SHGs and PRIs have grown. The dependency on money lenders has decreased. The interest rate of informal credit sources has gone down. The health and educational status of household members, savings at household level have increased. Access to formal financial institutions and pro-poor programmes has increased.

The confidence levels of SHG women have gone up, when compared to that before joining the groups. In terms of mobility, the dependency of women on family members and others has decreased. There is a high support to SHG members from the family to attend meetings and payment of savings and monthly loan installments, as the men realized the advantages of SHGs. The SHG women have equal access to family income and control on resources or assets.

The role of women in taking household decisions has increased, when compared to that before joining groups. The SHG women's participation in political activities is low and mostly due to the interest of family rather than 'own will'. There is no discrimination of children by gender in sending children to schools, but, it is found that there is a different etiquette for various social categories of members in some SHGs. A majority of the SHG women felt that the work burden on women has increased; on the other hand sharing of household work by men has increased. There is not much change in women taking up non-traditional activities. On the whole, there is a significant upward change in women status and role, when compared to that before joining the SHGs.

Chapter 6

Conclusions and Way Forward

The broad objective of the present study is to understand the quality and sustainability of SHGs and changes at individual, household, group and village or community levels. Besides, the empowerment of SHG women with reference to self confidence levels, mobility, access to resources, decision making and changes in taking the roles of non-traditional activities.

The study covered a sample of 1942 SHGs from 41 districts of 8 states namely Rajasthan (266), Assam (250), Bihar (252), West Bengal (241), Gujarat (160), Maharashtra (253), Andhra Pradesh (250) and Karnataka (270) in India promoted by various SHPIs such as Government (692), NGOs (967), banks (51) and self/community (232). Fieldwork for data collection was carried out during June - September 2011 by the teams of ENABLE Network member organizations in the states where they have been mainly working.

6.1 Conclusions

Wide disparities between states in the growth of SHG movement: There is an uneven growth of SHG movement across the states, and wide disparities in SHGs' credit linkage with banks. According to NABARD's microfinance report 2012, the number of SHGs that have a savings bank account is high in Andhra Pradesh with 14.96 lakh SHGs and low in Gujarat with 2.27 lakh SHGs compared to other sample states. The percentage of SHGs having active loan with banks is high in Andhra Pradesh at 94% and low in Maharashtra at 26%. Out of eight, five sample states (Maharashtra, Gujarat, Bihar, Karnataka and Assam) have a lower percentage of SHGs having active loans with banks when compared to the national average (55%).

Regarding SHG Bank linkage, there are a number of concerns as is evident from NABARD's microfinance report of 2012: 1) Decreasing trend in the number of SHGs that have a loan outstanding with banks during 2010-12 which came down from 48.51 lakh SHGs in 2010 to 43.54 lakh SHGs as on March 2012, a reduction of nearly 10%. 2) During the same period, the number of SHGs having a savings bank account has gone up from 69.53 lakh SHGs to 79.6 lakh SHGs, an increase of nearly 15%. 3) SHPIs have accelerated SHG promotional effort in many states and still many more SHGs (do not know the exact number as there is no national database of SHGs!) waiting to have a savings bank account opened. 4) However, the saving grace is that the total amount of loan outstanding has been showing a steady increase over the years, gone up from Rs.28,038 crores in 2010 to Rs.36,430 crores in 2012, an increase of 30% a clear indication of increasing loan size to mature SHGs. 5) While the bank loan outstanding to SHGs is steadily increasing, there is a disturbing trend of increasing Non Performing Assets (NPAs), doubled in two years from 2.9% in 2010 to 6.1% in 2012. 6) A six percent NPA means a much higher proportion of SHGs not paying loans to banks on-time, as is evident from this study which show a repayment rate of 72% among bank linked SHGs, and there is potential danger of these overdue loans becoming NPA. 7) Many banks have the practice of not lending to any SHG in a given village/area if one or more SHGs from that area defaults to a bank. This

could be one of the reasons for significant reduction in the number of SHGs that have loan outstanding with banks. 8) There are concerns about the quality of data related to SHG bank linkage as NABARD collects data from banks, each bank having its own system of SHG data compilation, and there is no other comprehensive and reliable national database on SHGs. 9) For the year 2012, NABARD has made an effort to collect SHG data from the Core Banking System (CBS), which is likely to be more reliable.

The Government and the NGOs are the major SHG promoters. Most of the members joined SHGs in order to avail credit to meet household credit needs, social obligations and to take up income generation activities. The groups have taken care while selecting or not selecting members of a group, which is required for smooth functioning and sustainability.

Socially and economically active women have taken advantage of SHGs: The households belonging to higher social order and economically better off, particularly the BCs (35%) and OCs (19%), were enrolled as SHG members. The poorest of the poor seems to have been left out as they require special social mobilization efforts and SHG norms discourage them from joining. Illiteracy is high among the members (62%). Most of the SHG members are married (87%) and of productive age between 20 and 40 years (68%). Labor (47%) and agriculture (36%) are the primary economic activities of majority SHG members' households, and most of them are marginal farmers (49%) and landless (43%), who belong to below poverty category (75%).

SHGs are mostly homogenous: SHGs are mostly homogenous by social category, marital status and household economic activity; and heterogeneous by age. The group size varies from state to state and larger in old groups, when compared to new groups. About one third of SHGs reported dropouts due to migration, not getting loan and not able to cope with the group norms.

The incidence of dropouts is high in the SHGs promoted by government & older SHGs: The percentage of SHGs that reported dropouts is high in the states, where government has played a vital role and low percentage in the states, where NGOs have played an important role. Further, the incidence of dropouts is high in older and less in younger groups. The reasons for dropout are diverse and many: migration, marriage, health, age & death, negative attitude of household members, group norms and procedures, small volume of loan and delay in getting bank and/or subsidy loan. Regarding entry and exit norms in SHGs, some are encouraging and some are discouraging the membership enrollment and dropouts.

Quality groups are numerically dominant: Many sample SHGs are in A-grade (42%) followed by B-grade (36%) and C- grade (22%). The highest percentage of A-grade SHGs is in Assam (54%) and the lowest is in Rajasthan (34%) when compared to other states. The highest percentage of B-grade SHGs is in Karnataka (50%) and the lowest is in Maharashtra (23%) when compared to other states (see state-wise table-2.14). The highest percentage of C-grade SHGs is in Rajasthan (32%) and the lowest is in Karnataka (11%), when compared to other states. The percentage of A-grade SHGs is high in groups promoted by Community (51%) compared to other SHPIs- Government (38%), NGOs (42%) and banks (41%). The percentage of A-grade SHGs is low among STs (32%) and high among the OCs

(48%) compared to other SHG social categories. The percentage of A-grade SHGs is high in SHGs credit linked to bank (46%) and SHGs not credit linked to bank (36%).

Limited focus on growth of savings and need-based savings products: The SHGs have promoted limited saving products like compulsory savings rather than voluntary savings for various purposes such as health, education, insurance etc. Monthly saving is common (80%) across the states and promoters, and the amount varies between Rs. 20 and Rs. 200 with an average of Rs. 53 across groups, states, promoters, age and size. A lion's portion of savings mobilized from members is used for on-lending. Majority of the SHGs (57%) have more than Rs. 50,000 of cumulative savings. The age, size, social category, promoter, credit linkages with banks and usage of savings of SHGs have influenced the total savings of SHGs.

Distribution of savings among members and its implications: Nearly one-fourth of the SHGs distributed a portion of savings, on an average Rs.27,741 per SHG, to their members because of difficulties in managing large amount of group funds, availability of external funds on low interest rate and to avoid default and/or misuse of funds etc which has mixed implications on SHG functioning –no income to group, less availability of funds for on lending; usage of funds for asset creation and minimize misuse of funds. One of the positive aspects is that more than one-third of SHGs increased monthly savings of members over a period of time with their own interest to increase group corpus, and by the facilitation of promoters and banks.

there are still some SHGs with no fixed meeting date/day and regular meetings, and financial agenda dominant in meetings: Like savings, monthly meetings are common (67%); there are some SHGs that have no regular meeting schedule (12%), and 13% of SHGs have conducted less than 25% of scheduled meetings during the last six months. Member attendance in meetings is good (73%). However, work pressure during peak agriculture seasons and unexpected works influence member attendance in group meetings. The agenda for SHG meetings is mostly on financial aspects rather than non-financial, social and livelihood aspects. The SHG meeting agenda is dominated by financial aspects with very little attention on social aspects. The major issues regarding meetings are financial transactions outside the meetings and taking more time, 5 to 10 days, for the collection of savings and loan installments.

Poor quality of book keeping; mostly untrained and unpaid SHG members as book keepers: Though majority of the SHGs have maintained some set of books, the quality of books is poor in terms of up-dation, completeness of information and over writings because of illiteracy or poor literacy levels of members (73%), having untrained SHG members as book writers, lack of training on book keeping (79%) only 21 percent of SHGs pay honorarium to their book writer ; on an average Rs. 72 per month paid as honorarium which is meager. Members' access to group records is low as majority of the SHG books are kept with SHG leaders (78%). Book keeping is one of the challenges of SHGs, and one of the core areas requiring attention.

Leadership change is a recent phenomenon; the incidence of leadership rotations is high in older and NGO promoted SHGs: None of the SHGs follow a single criterion to select their leaders. Mostly, leaders were selected on the consent of majority of the group

members. There is no leadership rotation in significant number of SHGs (59%) as the groups don't have specified norms about the leadership, which includes change of leaders and term, willingness of members to take up leadership responsibilities. However, the incidence of leadership change is high in NGO promoted and older SHGs. For SHG members to have stronger ownership and to sustain their SHG regular elections at SHG level is a must and can be conducted once a year. Though majority of the SHGs are aware of group norms, but a few SHGs strictly adhere to them in practice. Institutional capacity building on SHG concept, functioning, leadership and financial literacy is very much needed for the organizational health of SHGs.

High dependency on external credit sources rather than internal fund mobilization:

The SHGs over a period of time have built good amount of corpus. The loan outstanding to banks (46%) and members' total savings (28%) are the major chunk of liabilities; where as loans outstanding with the members (70%) and the balance amount in SHG savings bank account (12%) are the major portion of SHG assets. SHGs are built on the principle of self-help, mutual-benefit and self-reliance and it is hoped that SHGs having built their own corpus will not need bank loans in the long-term. As SHGs do not increase their savings periodically to build sufficient group fund to meet the credit needs of the members, there is perpetual dependence on banks for loans which makes these groups vulnerable to external forces.

Large amount of idle funds, particularly among bank linked and older SHGs, due to vested interests of banks and SHGs: The large amount of idle funds (average of Rs. 13,516 per SHG), includes both balance in SHG SB account and cash on hand, is the result of informal practices of banks to block SHG savings from withdrawal as a risk mitigation strategy, and strategy of the groups to get optimum credit and to protect group funds.

A significant number of SHGs are still waiting for grants and loans from promoters and external credit agencies: About 44% of the SHGs have received grants from external sources. About 59% of SHGs accessed loans from banks and the remaining are awaiting a bank loan. Even after 20 years of sustained emphasis on SHG-Bank linkage, it takes a long time for a SHG to have a savings bank account and to obtain a bank loan. However, the older SHGs and higher social categories have good access to external loans. In other words, the younger SHGs and the vulnerable sections have less access to credit from external agencies. There seems to be an urgent need for conducting training & orientation for bankers on a campaign mode and for the banks to come up with need-based loan products for SHGs.

In many sample states not even 50% of SHGs credit linked to banks; and the group savings and loan ratio is meager: About 41% of the SHGs do not have active loans with banks. The average loan size is Rs. 1.18 lakh. But there is a wide disparity between states, age of SHGs, promoters and social categories of SHGs; and it depends on number of cycles that the SHG is credit linked to bank, group corpus & quality, attitude of bank branch managers and repayment track record.

The repayment rate from SHGs to banks is low as compared to other external agencies: The loan repayment rate of SHGs varies from SHGs to bank, VO and NGO-MFI. It is high to federations (88%) and MFIs (81%) and low to banks (72%). The

repayment rate is good in newer (< 3 year) and older (>9 years) groups, however, it's not satisfactory in the SHGs which are 3-9 year old category. Over the past two decades, there have always been problems of ensuring more than 95% on-time repayment rate from SHGs to Bank as the SHGs are flexible in recovering loans from members, particularly if they have problems with their livelihoods. What has been very interesting is that the Non-Performing Assets (NPAs) as reported by NABARD each year has been low, though it has increased over the years. Not having institutionalized system of annual audit of SHGs, effective monitoring and MIS have been some of the contributing factors for some increase in NPAs. SHGs promoted under SGSY programme have also contributed to lower repayment rate and higher NPAs.

Several impediments at all stages of SHG-BL programme implementation: The groups and banks have followed various default management strategies, before and after lending, to ensure recovery although there are some risks /disadvantages and opportunities/advantages. Majority of the SHGs, which have active loans with banks are in high spirits about loan size (59%), term and timeliness (73%). However, the SHGs have mentioned many impediments in the implementation of SHG BL programme at all stages such as too much delay in loan sanctioning, no credit linkage to quality groups, control of bank managers on SHG withdrawing their own savings. Innovations like "Bank Mitra" a carefully selected SHG member to support SHGs and the bank in facilitating SHG Bank linkage, would go a long way in supporting SHG bank linkage. In Andhra Pradesh these Bank Mitras are hired, managed and paid by the SHG federations. Considering the fact that the rural bank branches have very few staff and their work load has significantly increased in the recent past due to several Government Schemes, a support system like Bank Mitra is needed to facilitate SHG Bank linkage. It is also hoped that the recent policy of providing cash-credit facility for SHGs may resolve some of the problems.

Increased cohesiveness and harmony in SHGs: As evident from focus group discussions, over a period of time, the financial performance of SHGs, in other words, the kinds of services that the SHGs are providing to their members, has brought several constructive changes in groups – increased member access to credit, ever-growing group corpus, adherence to norms, more cohesiveness among SHG members, and increased bankers' respect to SHG.

SHGs engaged in promoting & strengthening SHGs: A number of SHGs have taken part in the implementation of various welfare and development programmes of the Government and are increasingly addressing various social issues. Many old SHGs and their federations promoted by NGOs and Government have formed new SHGs and revived defunct groups with their rich experience. Community to community approach using the services of 'Jankars' and 'Community Resource Persons' proved to be a cost effective approach for scaling up and sustaining SHG movement. For saturating the villages with almost all the poor households having membership in SHGs, older SHGs and SHG federations can play a significant role.

Growing linkages between SHGs and other institutions at village level: The relation and the mutual respect between SHGs and PRIs seem to have grown over the years. The dependency on money lenders seem to have come down. The interest rates of informal credit sources have definitely gone down. The health and educational status of household

members, particularly children, savings at household level have increased. Access to formal financial institutions and pro-poor programmes seem to have improved.

Significant impact of SHGs on Women's empowerment: The confidence levels of SHG women have gone up with reference to learning to sign (88%), to speak to visitors (94%) to participate in Gram Sabha (71%) and to attend meetings (87%), when compared to before joining the groups. In terms of mobility, the dependency of women on family members and others has decreased as reported by 66% of women who can go alone to meetings outside their village. There is a strong support to SHG members from family to attend meetings (91%-cooperate) and payment of savings & monthly loan installments (88% - cooperate), as the men realized the advantages of SHGs. Majority of the SHG women have equal access to family income, and control on family resources or assets. Strong and sustained capacity building and SHG bank linkage seem to be critical for significant increase in aspects related to women's empowerment. In the northern states where the capacity building inputs for SHG members have been limited and the banks are still reluctant to open accounts and lend to SHGs, women's empowerment is not evident. For the SHGs and their federations to become transformational in terms of SHG women becoming a social and economic force at the local level requires a much greater focus on their institutional capacity building that will make them a strong demand system.

The role of women in taking household decisions on purchase/sale of assets, family savings, children's education/ marriage and casting of own vote has increased, when compared to before joining groups. The SHG women's participation in political activities is low and mostly due to the interest of family rather than 'own will'. There is no discrimination of children by gender in sending to schools (86%), but in certain mixed SHGs the socially excluded groups sit separately and do not mingle with other social groups.

Significant changes in men & women roles at household level: Majority of the SHG women felt that the work burden on women has increased (50%); on the other hand, sharing of household work by men has increased (68%). There is not much change in women taking up non-traditional activities (30%). *On the whole, there is a significant 'upward mobility' of SHG woman's status and roles, when compared to before joining the SHG.*

6.2 Way forward

ENABLE undertook the responsibility of conducting a large-scale SHG sample study in India covering a sample of 1,942 SHGs in eight States which provides a very good representation of the diversity of the SHG movement in the country. Though the SHG Bank linkage program has been in existence for more than two decades, there have been very few large-scale studies on SHGs, particularly on issues related to their performance, problems faced by them and their sustainability. This study on "quality and sustainability of SHGs" is an effort to develop a deeper understanding on the SHG movement and to come up with appropriate recommendations for the consideration of policy makers, planners, banking sector, donor community and program implementers. It has been a great learning experience for each of the members of the ENABLE network in collecting the data, analyzing it and coming up with state-specific reports, and has provided very useful data for taking up evidence-based advocacy at national and state level.

Study findings and data from many of the publications available in the sector like the NABARD's annual report on microfinance, book titled Banking on SHGs: 2-decades on, State of the Sector Report on microfinance, SHGs in India: a study on the lights & shades, NCAER study on impact of SHG Bank linkage and many other previous studies provided useful information in writing this report, particularly in coming up with a set of recommendations and way forward.

6.2.1 Quality of SHGs

To assess the quality of SHGs, a standardized and well-developed tool called Critical Rating Index was used. All sample SHGs in the study were classified into A, B and C grades based on their scores on a 16 parameter grading index. The percentage of A grade SHGs was 42%, B grade SHGs stood at 36% and the remaining 22% SHGs were C grade. SHGs that are in A grade can be considered as good quality capable of managing their own affairs, B grade groups need improvement to become self-reliant, and C grade groups are of poor quality requiring significant improvement.

One of the fundamental issues related to the quality of SHGs is the kind of foundation laid in promoting the SHG. **Did the promoter follow the principles of self-help, mutual-benefit and self-reliance in promoting the SHGs? May be not.** At present, the SHG promotional process is target-oriented with inadequate effort in providing all the SHG members with the adequate **training** (or what is more popularly known as “member education” and more recently “financial literacy”) and exposure visits to “best practice” SHGs. In many SHGs, the members do not go through the experiential learning process of *norming-storming-performing*. Often, the norms are already “printed” in the SHG books by the promoter and “handed over” to the SHG. This initial process does not build a strong sense of belonging and ownership among the SHG members. Often, the SHPI motivates the women to join a SHG to get “benefits” from the Government like subsidy or other government schemes. There is generally very limited discussion as part of social mobilization and community organization about “self-help”, more specifically what the women can do together, which they can't do alone. There is not much discussion about how their **savings** can build their stake in the SHG; how savings can provide them a sense of security and motivate them to play a proactive role in ensuring that their SHG becomes successful in achieving its objectives, going much beyond access to financial services.

A critical analysis of the key variables in the SHG grading tool point to the fact that **book keeping is a serious weakness** in more than half of the sample SHGs. **More than two-thirds of the SHGs do not pay honorarium to the SHG book writers** and many of the book writers have not received adequate training and handholding support in writing the books properly and accurately. **Another area of concern in the SHG movement is democracy within the groups.** Though many SHGs do talk about leadership rotation and regular elections in SHGs, less than half of the sample SHGs practiced that and the situation is not very different in other SHGs. Inadequate book keeping coupled with leadership rotation not being practiced can seriously affect the **transparency and accountability** in SHGs.

To improve the quality of the SHGs, there is a need to focus on the following:

- **Continuous training and capacity building to SHG members**, including financial literacy. To provide such training to all the SHG members using participatory methodologies, a large cadre of community trainers (called as Jankars or community resource persons) need to be identified and trained. Based on past experience, SHG trainers have to necessarily come from SHGs as experienced SHG members can be very effective trainers and motivators. They need to be effectively supported to train SHGs.
- **All SHGs must have a system of annual elections** to elect their leaders. Even if the SHG re-elects the same leaders, the election must be conducted to promote democracy in SHGs. All the members of SHG must have a chance to become a leader of their SHG.
- Ideally, **every SHG should have one of its members writing the books**, preferable not the leader of that SHG. Master trainers, from the SHGs, to be developed to provide continuous training on accounting and book keeping to SHG book writers. These master trainers will identify SHG book writers and train them in 2-3 rounds over a period of time. There must be a system of book writers getting reasonable amount of honorarium which will motivate them to write books properly and be responsible for any mistakes.
- **A system of internal audit needs to be introduced to ensure that all the SHGs have audit of their accounts at least once a year.** These auditors can be identified from among the SHG book writers and trained on SHG audit. The SHG can pay for the audit and the audit findings can be presented in the SHG meeting. Perhaps, SHG federations are best suited to identify, train and monitor the SHG auditors and their supervisors.
- **A system of self regulation for SHGs & their federations need to be evolved.** Today SHGs manage nearly Rs.50,000 crores in India. For these funds to be effectively utilized by their members for improved incomes and economic security, a self-regulatory system (well-established performance standards, annual elections, annual rating & audit, annual planning, publishing annual reports, internal control systems and MIS) own, managed & controlled by the SHGs must be developed and institutionalized.
- **Social and women's empowerment agenda not getting adequate attention from SHGs and SHPIs.** Though SHGs are predominantly of the women, by the women and for the women, the full potential of the SHG movement has not been exploited for addressing social issues and promoting women's empowerment. Though a large number of SHGs have been promoted, the training and capacity building support seem to promote "status quo" and not develop the SHG movement as a strong demand system that can alter the power equations and driven by the needs and aspirations of the women. Women's health, legal rights of women and other laws meant for women must become an integral part of the training and capacity building of the SHGs & their federations.

- **Many NGO promoted SHGs not able to access grants & Government Schemes.** Many of the SHGs which are promoted by NGOs are not able to access grants and schemes from the Government as those are only provided to Government promoted SHGs. There is a need for a policy that ensures that SHGs become eligible for certain schemes based on their performance (grade) and not based on who promoted them.
- **Bank linkage can be facilitated by Bank Mitras.** SHGs accessing bank loan perhaps is the most important “capacity building” input for the SHG members as it creates an opportunity for them to manage the funds effectively. Many SHGs wait for one or two years to get loans from the bank. Out of frustration, they approach commercial MFIs for loans at much higher interest rates which may result in over indebtedness. Care must be taken to ensure that SHGs which are either A or B grade only must be given a bank loan and the amount of loan must have some relationship with their grade. If C grade SHGs are given bank loan, it will increase default and can contribute to NPA as is evident from the study. Considering the fact that the bank staff in rural areas not able to cater the SHGs effectively, identifying active SHG members and appointing them as bank mitra would improve SHG Bank linkage.
- **All bank staff must be trained.** There is an urgent need to provide good quality training and exposure to all the bank officials in rural and urban areas to actively support the SHG Bank linkage and respond to the demand.
- **Need based products to be designed by banks for SHGs.** The existing term-loan product has certain limitations to serve the needs of the SHGs. The new policy of cash credit facility for SHGs is a step in the right direction. Banks, with support from NABARD and NRLM, must design need based products for SHG members to engage in sustainable livelihoods to overcome poverty.
- **NGOs engaged in promoting SHGs & their federations do not have adequate funds.** With international funding drying up, Indian CSR agencies and NABARD are the major sources of funds for NGOs to engage in the promotional work. NABARD will have to identify credible and capable NGOs to promote SHGs. A time has come for NABARD to fund NGOs for a period of 3-5 years to promote SHGs and SHG federations. Each NGO must be given the responsibility of promoting at least 1,000 SHGs and their federations over a period of five years. Even if NABARD is able to work with 100-200 such NGOs, there will be high quality SHGs in the country. The women SHG program of the Government of India is an interesting initiative. However, in many states, this program is being taken over by the societies promoted by the State Governments, leaving very little scope for the NGOs to be engaged in that program.
- **NRLM could partner with NGOs.** A large number of NGOs are already engaged in promoting SHGs and their federations. NRLM can map the NGOs in India and carefully select good NGOs as its partners for implementing the mission program in select blocks and districts of India. This can enable the NGOs to build on what

they have already done. This will also provide NRLM alternative models and considerable scope for innovation in promoting institutions of the poor.

- **Capacity building of SHPIs.** There are a large number of SHPIs that are engaged in promoting SHGs. In the recent years, State Governments have promoted State Rural Livelihood Mission (SRLM) for promoting institutions of the poor. All these SHPIs require sustained capacity building and on-the-job support. This requires a systematic approach to identifying the “capacity builders” of the SHPIs, ensuring high quality training modules and resource material and a well-organized capacity building strategy. All this require significant investments which will have to be incurred by the Government of India, NABARD and the donor community.
- **National database on SHGs to be established.** A web-based national database (similar to the credit bureaus) needs to be developed and maintained to ensure effective monitoring and support for the SHG movement in the country.

6.2.2 Sustainability of the SHGs

The above recommendations focus on improving the quality of the SHGs which will enable them to move towards sustainability. For small informal groups of poor women to become sustainable, **SHGs can promote their own federations based on their felt need**, which can emerge as strong and vibrant institutions having appropriate legal form would immensely contribute to their sustainability. The study shows that only 28% of the SHGs have membership in a federation. There is a policy to promote SHG federations in every village and every slum area in India. There will be several issues related to capacity building and costs of promotion. But, these institutions are much needed for monitoring and supporting the SHGs and eventually become self-regulating organizations. These SHG federations, once mature and institutionalized, can promote a number of institutions around various livelihoods and communities which will enhance the productivity and production of the SHG members.

There are a number of concerns about federating SHGs as these federations have the risk of elite and political capture. Such federations emerging without having strong SHGs that forms the foundation may not be desirable. Experience suggests that SHG federations can impose agenda on the SHGs and can become a burden for the groups. There is a real temptation on the part of the Government to use SHGs and SHG federations to deliver various welfare schemes. While these schemes are beneficial for the poor, these might undermine the autonomy and self-management of these institutions. In the promotional process, care must be taken to minimize the risks and maximize the benefits. Again, at the SHG federation level institutional capacity building becomes very important. Focus must be on effective governance, management and systems at the SHG federation level

For sustaining the SHGs, broadening their agenda to look at larger issues that affect their livelihoods and livelihoods would be critical. For that to happen, there is a need for a **strong support system of resource organizations** that can provide them required technical and thematic support. A number of resource organizations have been playing a pivotal role in supporting the institutions of the poor, promoting livelihoods and addressing larger agenda of social, economic and political empowerment of marginalized

and women. A national policy is needed for evolving a strategy for all the players – Government, NGOs, Banks, Private Sector and International Organizations – to work in synergy.

SHG federations can also systematically focus on social agenda and specific themes related to women's empowerment. SHG federations having multiple and competing agenda can undermine their sustainability. As SHG federations emerge through a bottom-up process, specialized institutions can be promoted by the SHG federations to address major issues.

For promoting, developing and sustaining the SHG federations, the following specific recommendations are made:

- SHG federations require a national policy recognizing them as institutions of the poor. The policy must also provide for the SHG federations playing roles that they decide and there must be enabling provisions.
- **NABARD to issue guidelines to all banks for providing bulk finance and other financial services to the SHG federations** for enabling those SHG federations that choose to play a financial intermediation role.
- **An appropriate legal form is needed for the SHG federations.** Many SHG federations are registered under the cooperative laws, particularly in those states that have parallel liberal cooperative laws. Some SHG federations engaged in social intermediation are registered under the societies / trusts. However, these laws have been inadequate to serve the needs of the SHG federations. There is a need to draft a model SHG federation law at the national level based on wide consultations which can provide the framework for State Governments to enact specific legislations for SHG federations.
- **Livelihood Organizations to be promoted.** To provide livelihood promotion services, livelihood organizations need to be promoted. Those SHG members that are engaged in a particular livelihood can become a member of the livelihood organization.
- **Training and capacity building organizations to be promoted and supported.** To provide need-based support to SHGs, SHG federations, livelihood organizations and other social organizations, considerable training and handholding support would be needed. District, State and National Level training and capacity building organizations need to be identified, developed and provided support for a period of 5-10 years.

In conclusion, SHG movement holds great promise for poverty reduction and women's empowerment as evident from a number of studies, including this one. Some of the constraints faced by the SHGs must be addressed, the most important being the need for sustained training and capacity building support. Banks must look at SHG Bank linkage as a business opportunity and not just as a social obligation. Imbibing the principles of self-help, mutual benefit and self-reliance in the SHPIs and SHGs is a prerequisite. Broadening and deepening the engagement of SHGs would address the larger issues of inequalities and

discrimination. SHG federations can have a useful role to play, if they are well-developed and have the required capacity. For SHG federations to be effective, a new legal form specifically meant for them is needed. Evolving an ecosystem to support the SHGs and their institutions will go a long way in realizing the vision of poverty free India.

State-Wise Tables

Table-2.1: Social Category of SHG Members (in %)

S. No.	Social category	RJN (N=2995)	ASM (N=2925)	BHR (N=3208)	WB (N=2705)	GJR (N=1935)	MHR (N=3023)	AP (N=3081)	KNT (N=3909)	Total (N=23781)
1	Scheduled Tribe	25.0	7.7	0.7	5.0	42.0	10.2	7.9	10.1	12.1
2	Scheduled Caste	18.8	12.9	17.1	52.5	12.6	24.7	15.7	16.3	21.1
3	Backward Classes	38.1	33.5	67.6	9.0	24.5	7.0	52.4	35.5	34.6
4	Minorities	4.8	21.6	12.5	19.0	2.4	23.2	4.7	11.9	12.8
5	Open Category	13.3	24.4	2.2	14.5	18.4	35.0	19.3	26.3	19.4
	Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table-2.2: Educational Levels of SHG Members (in %)

S. No.	Educational levels	RJN (N=2995)	ASM (N=2925)	BHR (N=3208)	WB (N=2705)	GJR (N=1935)	MHR (N=3023)	AP (N=3081)	KNT (N=3909)	Total (N=23781)
1	Illiterate	84.8	28.0	82.4	57.1	76.3	53.6	65.9	52.9	62.0
2	Up to 5th	8.9	9.0	4.0	18.3	15.0	12.5	12.3	12.8	11.4
3	6th-7th	4.1	10.1	3.8	8.0	5.0	7.5	7.4	14.0	7.8
4	8th-10th	1.5	33.4	7.5	14.3	3.3	19.9	10.0	15.7	13.6
5	College	0.8	19.5	2.3	2.2	0.4	6.5	4.5	4.7	5.3
	Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table -2.3: Age of SHG Members (in %)

S. No.	Age in years	RJN (N=2995)	ASM (N=2925)	BHR (N=3208)	WB (N=2705)	GJR (N=1935)	MHR (N=3023)	AP (N=3081)	KNT (N=3909)	Total (N=18851)
1	< 20	NA	0.9	0.6	1.2	NA	0.5	0.3	5.0	1.6
2	21 - 40	NA	78.4	63.6	77.9	NA	71.8	54.5	66.1	68.3
3	41 - 60	NA	19.9	30.9	20.3	NA	26.0	37.3	25.6	26.9
4	> 60	NA	0.8	4.8	0.6	NA	1.7	7.9	3.3	3.3
	Total	NA	100.0	100.0	100.0	NA	100.0	100.0	100.0	100.0

Table-2.4: Marital Status of SHG Members (in %)

S. No.	Marital status	RJN (N=2995)	ASM (N=2925)	BHR (N=3208)	WB (N=2705)	GJR (N=1935)	MHR (N=3023)	AP (N=3081)	KNT (N=3909)	Total (N=23781)
1	Married	91.6	80.2	92.4	92.3	91.4	88.7	78.6	83.6	87.0
2	Unmarried	1.0	13.8	1.5	1.8	3.4	2.8	5.5	5.8	4.5
3	Others	7.4	6.0	6.1	6.0	5.2	9.3	15.9	10.6	9.3
	Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table -2.5: Primary Occupation of SHG Members Households (in %)

S. No.	Primary occupation	RJN (N=2995)	ASM (N=2925)	BHR (N=3208)	WB (N=2705)	GJR (N=1935)	MHR (N=3023)	AP (N=3081)	KNT (N=3909)	Total (N=23781)
1	Labour	58.5	16.2	55.9	71.5	28.2	51.2	38.4	50.7	47.1
2	Agriculture	38.5	48.0	29.8	18.9	54.3	37.9	33.6	31.1	35.6
3	Agri-allied	0.0	10.2	2.1	0.2	7.8	4.8	10.8	3.4	4.8
4	Non-farm	0.5	5.7	6.8	2.5	2.9	0.8	14.9	7.5	5.5
5	Salaried	1.7	9.2	1.2	2.7	1.2	2.2	1.4	3.9	3.0
6	Other	0.8	10.7	4.3	4.3	5.6	3.1	0.9	3.4	4.0
	Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table -2.6 Landholdings of SHG Members Households (in %)

S. No.	Particulars	RJN (N=2995)	ASM (N=2925)	BHR (N=3208)	WB (N=2705)	GJR (N=1935)	MHR (N=3023)	AP (N=3081)	KNT (N=3909)	Total (N=23781)
1	Landless	14.0	1.4	69.9	53.9	33.9	62.7	47.1	52.2	42.9
2	Marginal	75.1	90.3	29.1	44.1	52.4	29.3	42.9	36.3	49.0
3	Small & above	11.0	8.3	1.0	2.0	13.8	7.9	10.0	11.4	8.0
	Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table – 2.7: Poverty Category of SHG Members Households (in %)

S. No.	Poverty category	RJN (N=2995)	ASM (N=2925)	BHR (N=3208)	WB (N=2705)	GJR (N=1935)	MHR (N=3023)	AP (N=3081)	KNT (N=3909)	Total (N=18851)
1	BPL	NA	63.2	77.2	73.8	NA	50.6	97.8	81.8	74.7
2	APL	NA	36.8	22.8	26.2	NA	49.4	2.2	18.2	25.3
	Total	NA	100.0	100.0	100.0	NA	100.0	100.0	100.0	100.0

Table -2.8: Social Category of SHGs (% of SHGs)

S. No.	Social category	RJN (N=266)	ASM (N=250)	BHR (N=252)	WB (241)	GJR (N=160)	MHR (N=253)	AP (N=250)	KNT (N=270)	Total (N=1942)
1	Scheduled Caste	21.8	6.4	0.4	4.1	40.0	7.9	7.2	8.1	10.8
2	Scheduled Tribe	17.7	10.8	13.5	50.6	10.0	21.3	14.8	15.2	19.5
3	Backward Classes	35.7	30.4	65.5	6.6	26.3	5.1	50.8	32.6	32.0
4	Minorities	4.5	23.2	11.5	20.3	1.3	21.3	3.2	8.9	12.2
5	Open Category	11.7	22.8	1.6	11.6	13.8	29.2	14.4	25.9	16.6
6	Mixed Category	8.6	6.4	7.5	6.6	8.8	15.0	9.6	9.3	9.0
	Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table-2.9: Age of Sample SHGs (% of SHGs)

S. No.	Age in years	RJN (N=266)	ASM (N=250)	BHR (N=252)	WB (N=241)	GJR (N=160)	MHR (N=253)	AP (N=250)	KNT (N=270)	Total (N=1942)
1	00.01 - 03	52.63	19.60	61.11	0.00	58.75	24.11	14.40	35.93	32.49
2	03.01 - 06	22.93	26.00	22.22	46.06	28.13	50.59	27.60	26.67	31.26
3	06.01 - 09	14.66	38.40	15.08	46.06	8.13	18.18	20.00	15.19	22.35
4	09.01 - 12	6.39	14.80	1.59	7.47	3.75	6.32	24.40	17.78	10.66
5	> 12	3.38	1.20		0.41	1.25	0.79	13.60	4.44	3.24
	Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Table-2.10: State-wise Promoters of Sample SHGs (% of SHGs)										
S. No.	Name of SHPI	RJN (N=266)	ASM (N=250)	BHR (N=252)	WB (N=241)	GJR (N=160)	MHR (N=253)	AP (N=250)	KNT (N=270)	Total (N=1942)
1	Government	55.3	37.6	34.1	16.6	16.9	25.7	73.2	18.5	35.6
2	NGOs	34.6	40.0	64.7	73.0	83.1	32.8	13.2	69.3	49.8
3	Banks	1.5	2.0	0.0	6.2	0.0	6.7	0.0	3.7	2.6
4	Self/community	8.6	20.4	1.2	4.2	0.0	34.8	13.6	8.5	12.0
Total		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table-2.11: Size of SHGs (% of SHGs)										
S. No.	Number of members	RJN (N=266)	ASM (N=250)	BHR (N=252)	WB (N=241)	GJR (N=160)	MHR (N=253)	AP (N=250)	KNT (N=270)	Total (N=1942)
1	Up to 10	54.89	47.60	15.87	47.72	40.63	34.39	29.20	12.22	34.91
2	11 - 15	40.98	43.20	75.00	47.30	46.88	56.52	68.00	52.96	54.12
3	16 & above	4.14	9.20	9.13	4.98	12.50	9.09	2.80	34.81	10.97
Total		100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Average SHG size		11.26	11.70	12.73	11.22	12.09	11.95	12.32	14.48	12.25

Table-2.12: No. of Dropouts in SHGs (% of SHGs)										
S. No.	Number of members	RJN (N=266)	ASM (N=250)	BHR (N=252)	WB (N=241)	GJR (N=160)	MHR (N=253)	AP (N=250)	KNT (N=270)	Total (N=1942)
1	No dropouts	74.81	63.60	67.46	57.26	69.38	73.12	43.20	51.48	62.26
2	1 - 2 members	17.67	18.80	26.98	28.22	13.75	20.95	37.60	27.41	24.36
3	3 & Above	7.52	17.60	5.56	14.52	16.88	5.93	19.20	21.11	13.39
Total		100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Table-2.13: SHG's Membership in Federations (% of SHGs)

S. No.	Membership	RJN (N=266)	ASM (N=250)	BHR (N=252)	WB (N=241)	GJR (N=160)	MHR (N=253)	AP (N=250)	KNT (N=270)	Total (N=1942)
1	Having	3.38	7.60	38.49	1.24	18.13	15.81	100.00	36.67	28.12
2	Not having	96.62	92.40	61.51	98.76	81.88	84.19	0.00	63.33	71.88
	Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Table-2.14: Grades of SHGs (% of SHGs)

S. No.	Grade	RJN (N=266)	ASM (N=250)	BHR (N=252)	WB (N=241)	GJR (N=160)	MHR (N=253)	AP (N=250)	KNT (N=270)	Total (N=1942)
1	A - grade	33.46	53.60	38.10	40.66	39.38	49.01	40	39.26	41.71
2	B - grade	34.96	30.80	38.10	32.37	36.25	22.53	45.2	49.63	36.35
3	C - grade	31.58	15.60	23.80	26.97	24.38	28.46	14.8	11.11	21.94
	Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Table-3.1: Periodicity of Savings of SHGs (% of SHGs)

S. No.	Periodicity	RJN (N=266)	ASM (N=250)	BHR (N=252)	WB (N=241)	GJR (N=160)	MHR (N=253)	AP (N=250)	KNT (N=270)	Total (N=1942)
1	Monthly	89.47	84.80	66.27	87.14	100.00	83.40	87.60	37.41	78.17
2	Fortnightly	1.50	0.40	1.19	1.66	0.00	0.00	4.40	6.30	2.06
3	Weekly	1.50	4.80	21.43	0.00	0.00	1.19	8.00	51.85	12.00
4	Not regular	7.52	10.00	11.11	11.20	0.00	15.42	0.00	4.44	7.78
	Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Table -3.2: State-wise Amount of Savings of SHG Member Per Month (% of SHGs)

S. No.	Amount in Rs.	RJN (N=266)	ASM (N=250)	BHR (N=250)	WB (N=241)	GJR (N=160)	MHR (N=253)	AP (N=250)	KNT (N=270)	Total (N=1942)
1	Up to 30	28.6	56.0	41.3	62.7	11.3	18.6	4.4	48.9	35.0
2	31 - 50	37.2	38.0	29.4	33.2	73.1	40.7	52.0	33.3	40.6
3	51 - 100	33.8	5.6	28.6	4.1	15.0	37.2	43.2	17.8	23.7
4	> 100	0.4	0.4	0.8	0.0	0.6	3.6	0.4	0.0	0.8
Total		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table-3.3: Total Savings of SHG Members as on March 2011 (% of SHGs)

S. No.	Amount in Rs.' 000	RJN (N=266)	ASM (N=250)	BHR (N=250)	WB (N=241)	GJR (N=160)	MHR (N=253)	AP (N=250)	KNT (N=270)	Total (N=1942)
1	< 25	72.80	52.65	78.78	45.81	55.41	58.33	20.08	37.55	52.63
2	26 - 50	17.62	39.18	16.73	48.9	34.39	25.79	41.80	18.59	29.74
3	51 - 75	5.75	6.12	3.27	4.41	6.37	9.92	22.95	17.84	9.84
4	> 75	3.83	2.04	1.22	0.88	3.82	5.95	15.16	26.02	7.79
Total		100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Avg. Savings per SHG in Rs.		22021	27288	20695	29777	27276	28456	46826	59378	33148

Table - 3.4: Distribution of Member Savings (% of SHGs)

S. No.	Particulars	RJN (N=266)	ASM (N=250)	BHR (N=250)	WB (N=241)	GJR (N=160)	MHR (N=253)	AP (N=250)	KNT (N=270)	Total (N=1942)
1	Distributed	20.7	46.4	5.2	18.7	23.8	21.3	42.4	8.5	23.2
2	Not distributed	79.3	53.6	94.8	81.3	76.3	78.7	57.6	91.5	76.8
Total		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table-3.5: Periodicity of SHG Meetings (% of SHGs)

S. No.	Periodicity	RJN (N=266)	ASM (N=250)	BHR (N=250)	WB (N=241)	GJR (N=160)	MHR (N=253)	AP (N=250)	KNT (N=270)	Total (N=1942)
1	Monthly	89.47	74.40	49.21	43.57	89.38	80.24	76.00	37.78	66.48
2	Fortnightly	1.88	4.80	8.73	29.46	0.63	0.00	10.00	5.56	7.78
3	Weekly	1.88	6.00	21.03	5.81	0.63	0.40	12.00	52.22	13.39
4	Not regular	6.77	14.80	21.03	21.16	9.38	19.37	2.00	4.44	12.36
	Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Table-3.6: Average Percentage of Meetings Conducted During the Last Six Months (% of SHGs)

S. No.	% of Meetings	RJN (N=266)	ASM (N=250)	BHR (N=250)	WB (N=241)	GJR (N=160)	MHR (N=253)	AP (N=250)	KNT (N=270)	Total (N=1942)
1	< 25	13.9	3.6	4.4	1.7	1.3	21.7	4.4	48.5	13.4
2	26-50	1.5	2.0	4.4	3.7	3.1	3.6	2.4	10.0	3.9
3	51-75	1.5	1.2	2.8	7.5	0.6	1.6	2.0	1.1	2.3
4	> 75	76.3	78.4	67.5	66.0	85.6	53.8	89.2	35.9	68.0
5	Irregular	6.8	14.8	21.0	21.2	9.4	19.4	2.0	4.4	12.4
	Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table-3.7: Average Percentage of Member Attendance to Group Meetings During the Last Six Months (% of SHGs)

S. No.	% of Attendance	RJN (N=266)	ASM (N=250)	BHR (N=250)	WB (N=241)	GJR (N=160)	MHR (N=253)	AP (N=250)	KNT (N=270)	Total (N=1942)
1	< 25	0.0	9.6	19.0	4.1	0.6	35.6	4.8	9.6	10.9
2	26-50	0.0	1.6	6.0	0.8	8.8	3.6	6.8	12.2	4.8
3	51-75	0.0	6.4	19.0	10.8	17.5	7.5	32.8	27.8	15.1
4	> 75	0.0	82.4	56.0	84.2	73.1	53.4	55.6	50.4	55.5
5	DNA	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	13.7
	Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table -3.8: State-wise Agenda for Meetings of Sample SHGs During the Last Six Months (% of SHGs)

S. No.	Agenda for meetings	ASM (N=250)	BHR (N=250)	WB (N=241)	GJR (N=160)	MHR (N=253)	AP (N=250)	KNT (N=270)	Total (N=1676)
1	Collection of loan installments	88.8	81.7	92.9	81.9	80.2	96.8	91.1	88.2
2	Loan disbursement	79.6	75.0	70.1	75.0	65.6	90.8	78.1	66.0
3	SHG Bank Linkage	69.2	67.9	49.4	46.9	66.0	82.0	79.6	57.9
4	Defaults	42.4	22.6	24.1	41.9	34.0	22.0	38.1	27.4
5	Community Investment Fund	1.6	7.5	11.6	3.1	15.0	34.0	5.9	10.0
6	Training Programme	0.4	2.0	2.9	2.5	2.0	9.2	0.4	2.4
7	Livelihood Activities	18.0	6.3	19.5	46.3	18.2	12.0	21.9	16.3
8	Leadership	8.0	5.2	18.7	31.9	15.4	32.8	11.9	14.5
9	Defaulting/repayment	13.2	11.5	20.3	25.6	11.1	1.2	18.5	12.0
10	Skill based trainings	0.4	3.2	2.9	11.3	0.8	2.0	4.4	2.7
11	Development Programmes	0.8	4.0	7.5	21.9	7.5	5.2	6.7	5.9
12	Social agenda	3.2	5.2	24.9	17.5	4.3	10.4	4.8	8.2
13	Information to federations	17.2	24.2	41.5	18.8	15.0	15.2	11.9	17.6
14	Books of accounts	0.4	5.2	1.2	21.3	1.2	46.0	3.7	9.2
15	GB meetings	17.6	8.7	27.8	67.5	17.8	2.0	13.3	16.8
16	Auditing	4.4	1.2	3.3	16.9	6.7	2.0	4.8	4.3

Table -3.9: State-wise Maintenance of Books of Accounts (% of SHGs)

S. No.	Details of books	RJN (N=266)	ASM (N=250)	BHR (N=250)	WB (N=241)	GJR (N=160)	MHR (N=253)	AP (N=250)	KNT (N=270)	Total (N=1942)
1	Minutes Book	79.3	78.8	95.2	92.9	100.0	69.2	98.0	73.0	84.9
2	Member pass Book	62.0	52.4	72.2	100.0	100.0	64.0	90.0	72.6	75.3
3	Savings Ledger	--	73.2	81.3	93.8	88.1	32.4	62.8	52.6	58.5
4	Loan Ledger	--	75.2	73.4	88.0	88.8	20.2	68.8	53.7	56.4
5	General Ledger	--	13.2	37.3	0.8	58.1	20.2	47.6	32.6	24.7
6	Cash Book	21.8	68.0	46.0	82.2	71.9	32.8	59.2	39.3	51.2
7	R& P Book	--	3.2	15.9	0.4	1.3	14.6	--	7.4	5.6
8	All in one book	--	23.2	4.4	0.4	30.6	13.4	--	6.7	8.8

Table -3.10: Person/Agency Responsible for Maintenance of SHG Records (% of SHGs)

S. No.	Agency/person	RJN (N=266)	ASM (N=250)	BHR (N=250)	WB (N=241)	GJR (N=160)	MHR (N=253)	AP (N=250)	KNT (N=270)	Total (N=1942)
1	Group leader	57.1	99.2	90.5	90.5	83.8	82.6	89.2	36.7	77.8
2	Member's house	24.8	0.8	3.2	12.9	19.4	11.9	4.0	34.4	14.0
3	Book keeper	5.6	0.0	0.4	4.6	0.6	5.9	6.0	5.2	3.7
4	Community hall	7.9	0.0	0.8	0.4	0.0	0.4	1.2	4.4	2.1
5	SHPI staff	4.5	0.0	5.2	0.8	0.0	2.0	0.8	2.2	2.1

Table – 3.11: Honorarium to Book Keepers (% of SHGs)

S. No.	Amount in Rs.	RJN (N=266)	ASM (N=250)	BHR (N=250)	WB (N=241)	GJR (N=160)	MHR (N=253)	AP (N=250)	KNT (N=270)	Total (N=1942)
1	No payment	86.8	99.2	93.3	96.3	68.1	97.6	22.0	63.0	78.6
2	Up to 50	13.2	0.8	6.0	2.1	7.5	2.0	56.4	10.0	12.5
3	51 - 100	0.0	0.0	0.8	0.8	5.6	0.4	18.8	15.2	5.3
4	> 100	0.0	0.0	0.0	0.8	18.8	0.0	2.8	11.9	3.7
	Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table- 3.12: Criteria for the Selection of SHG Leaders (% of SHGs)

S. No.	Selection criteria	RJN (N=266)	ASM (N=250)	BHR (N=250)	WB (N=241)	GJR (N=160)	MHR (N=253)	AP (N=250)	KNT (N=270)	Total (N=1942)
1	Education/can sign	41.0	99.6	71.0	95.0	18.1	66.8	75.2	68.1	68.8
2	Good communication	29.7	70.8	81.3	88.4	48.8	60.5	92.8	80.4	69.7
3	Good character	0.0	59.2	67.1	68.9	0.0	28.1	35.6	74.1	43.4
4	Elderly	0.0	0.4	1.2	5.4	0.0	2.0	5.6	7.8	2.9
5	Young/middle aged	0.0	6.8	5.6	16.6	0.0	1.6	36.8	13.3	10.5
6	Economically good	0.0	0.8	1.2	2.9	0.0	9.1	1.2	4.4	2.6
7	Influenced person	0.0	1.6	5.6	0.8	0.0	21.3	0.8	3.0	4.3

Table-3.13: Methods/Ways Adopted for the Selection of SHG Leaders (% of SHGs)

S. No.	Method of selection	RJN (N=266)	ASM (N=250)	BHR (N=250)	WB (N=241)	GJR (N=160)	MHR (N=253)	AP (N=250)	KNT (N=270)	Total (N=1942)
1	All members consent	--	99.6	88.5	96.7	96.9	74.7	99.2	72.2	76.8
2	Elections	--	--	1.6	13.3	--	1.6	0.4	14.1	4.1
3	SHPI Nominated	3.4	--	9.5	2.9	17.5	1.6	--	1.1	3.9
4	Self declared	--	--	2.0	1.2	--	2.0	--	--	0.7
5	On rotation	--	6.0	--	2.5	31.9	--	--	4.8	4.4

Table- 3.14: No. of Times Leadership Changed (% of SHGs)

S. No.	Number of times	RJN (N=266)	ASM (N=250)	BHR (N=250)	WB (N=241)	GJR (N=160)	MHR (N=253)	AP (N=250)	KNT (N=270)	Total (N=1942)
1	No change	88.0	60.0	93.3	38.6	41.3	72.7	59.2	14.1	59.1
2	One -Two	11.7	32.4	6.7	10.8	50.0	25.3	36.4	60.4	28.5
3	Three-Four	0.4	4.0	--	49.8	8.1	2.0	3.6	11.1	9.7
4	> Four	--	3.6	--	0.8	0.6	--	0.8	14.4	2.7
	Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table -3.15: SHG Women Contested and Won in PRIs Elections

S.No.	PRI	RJN	ASM	BHR	WB	GJR	MHR	AP	KNT	Total
1	No. of SHGs	16	17	52	3	102	23	17	11	241
2	No. of women contested	17	19	60	10	183	39	19	28	375
3	No. of Women elected	12	9	27	5	145	18	19	4	239

Table--4.1: Details of Idle Funds in Sample SHGs (% of SHGs)

S. No.	Amount Rs. in '000	RJN	ASM (N=75)	BHR (N=213)	WB (N=134)	GJR (N=2)	MHR (N=24)	AP (N=155)	KNT (N=6)	Total (N=609)
1	< 10	NA	66.7	71.4	50.0	100.0	95.8	41.3	83.3	59.6
2	11-20	NA	21.3	19.7	26.9	0.00	4.2	26.5	16.7	22.5
3	> 20	NA	12.0	8.9	23.1	0.00	0.00	32.3	0.00	17.9
	Total	NA	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Average Amount in Rs.	NA	12938	10737	13371	1200	17138	20237	4283	13516

Table-4.2: State-wise Repayment Rate from SHGs to Banks, Federations and NGO-MFIs (% of SHGs)

S.No.	RR in %	RJN	ASM	BHR	WB	GJR	MHR	AP	KNT	Total
A	To banks (No. of SHGs)	(N=68)	(N=81)	(N=63)	(N=144)	(N=30)	(N=88)	(N=225)	(N=112)	(N=811)
1	< 50	8.8	28.4	39.7	64.6	10.0	17.0	10.2	16.1	25.4
2	51-75	5.9	7.4	6.3	5.6	10.0	6.8	16.9	12.5	10.2
3	76-95	5.9	9.9	9.5	4.9	6.7	5.7	15.6	3.6	8.8
4	> 95	79.4	54.3	44.4	25.0	73.3	70.5	57.3	67.9	55.6
	Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Average RR	89.9	70.9	62.6	34.8	85.3	82.2	84.7	80.1	72.3
B	To Fed. (No. of SHGs)	(N=1)	(N=2)	(N=58)		(N=2)	N=1)	(N=119)	(N=9)	(N=192)
1	< 50	100.0	50.0	19.0	--	--	--	6.7		10.9
2	51-75	--	--	5.2	--	--	--	10.1	11.1	8.3
3	76-95	--	--	10.3	--	--	--	14.3	22.2	13.0
4	> 95	--	50.0	65.5	--	100.0	100.0	68.9	66.7	67.7
	Total	100.0	100.0	100.0	--	100.0	100.0	100.0	100.0	100.0
	Average RR	40.0	59.6	83.4	--	100.0	100.0	90.2	91.4	87.7
C	To NGOs (No. of SHGs)	(N=8)	(N=3)	(N=7)		(N=14)	(N=5)	(N=20)	(N=22)	(N=79)
1	< 50	37.5	66.7	28.6	--		20.0	15.0	9.1	16.5
2	51-75	--	--	--	--	21.4	--	20.0	9.1	11.4
3	76-95	--	--	--	--	14.3	--	15.0	9.1	8.9
4	> 95	62.5	33.3	71.4	--	64.3	80.0	50.0	72.7	63.3
	Total	100.0	100.0	100.0	--	100.0	100.0	100.0	100.0	100.0
	Average RR	75.6	35.5	71.4	--	90.0	82.0	79.5	89.2	81.4

About ENABLE

ENABLE, a National Network Enabling Self Help Movement, was formed in the year 2007 to promote and fortify the women self-help movement in India and facilitate a conducive policy environment for its sustainable growth.

The Enable network has seven resource organizations as its members: APMAS, Chaitanya, CmF, Indian School of Microfinance for Women, Reach India, Sampark and SHGPF. The members together have presence in almost the entire country, and necessary techno-managerial expertise to promote member-owned, member-managed and member-controlled people's institutions to strengthen the SHG movement.

Vision

Vibrant Women SHG Movement in India

Goal

Achieving enhanced capacities and resources for SHGs and SHG federations, resulting in better institutions and increased economic and social opportunities for all members, especially marginalized, vulnerable and poor communities

1 Objectives

- Build the profile of the Community-Based microfinance model
- Improve the quality of human capital using effective capacity building modules
- Facilitate flow of funds for promotion of SHGs and their Federations
- Promote innovative models for up-scaling and replication
- Undertake evidence-based advocacy for attaining conducive policy environment for SHG movement

2 Key Achievements

- Organized National Conference on SHG federations and SHG women's sessions in the Microfinance India Summit, 2008
- Organised Women leaders' workshops at the State and National level
- Published and discussed State SHG sector reports in some of the States
- Organized State level policy workshops on SHG related issues
- Supported National and State level missions and expert committees such as National Rural Livelihood Mission (NRLM) and corresponding State missions, Malegam Committee and Y. C. Nanda Committee on SHGs in West Bengal
- Conducted a national level study on SHG federations

- Conducted national study on SHGs in eight states (Rajasthan, Assam, Bihar, West Bengal, Gujarat, Maharashtra, Andhra Pradesh and Karnataka)
- Promoted a model and up scaling on self regulatory management by SHGs and SHG Federations
- Developed a Training of Trainers module on ‘SHG federation’ and translated into Hindi
- Adopted the training modules of member organizations in local languages
- Organized exposure visits and discussion forums on various themes by member organizations for SHPIs, bankers and policy makers
- Successful in obtaining ‘a change in mindset’ of key stakeholders at national and states level in favour of the SHGs and SHG federations as self-reliant institutions of the poor

3 Collaborations

Enable strongly believes that only through collaborations with different stakeholders, the vital issues of women empowerment, poverty eradication and financial inclusion could be effectively addressed. Enable has been supported by the Ford Foundation since inception. The Network also has issue-based collaboration with UNDP Solution Exchange–Microfinance Community, Sa-Dhan, Microfinance India, Sir Ratan Tata Trust and DGRV and will have further strategic collaboration with different stakeholders in the SHG and livelihoods sectors, particularly working with Government of India, RBI, NRLM, SRLMs and NABARD.

4 Management

APMAS anchors the Network and hosts the secretariat. The CEOs of member organizations constitute the ‘**Management Committee**’ of the Network. An ‘**Advisory Committee**’ with the following eminent persons was constituted to guide and mentor the network:

1. Mr. B. N. Yugandhar, Former member, Planning Commission
2. Mr. Y. C. Nanda, Ex. Chairman, NABARD
3. Mr. Aloysius Fernandez, Member Secretary, Myrada
4. Mr. M. L. Mehta, Ex. Chief Secretary, Government of Rajasthan
5. Ms. Girija Srinivasan, Development Professional
6. Mr. Soumen Biswas, Executive Director, PRADAN
7. Ms. Jaya Sharma, Nirantar
8. Prof. H. S. Shylendra, IRMA
9. Mr. R. Ramakrishna, Senior Program Specialist, GIZ
10. Prof. S. Parasuraman, Director, TISS

5 ENABLE: Members Profile

APMAS was promoted in 2001 with the objective of enhancing the quality and sustainability of the SHG movement and community based inclusive interventions. The core activity of APMAS is building of the capacities of the Self Help Promoting Institutions (SHPIs) and SHG institutions through rating, capacity building, research and advocacy and livelihoods promotion. APMAS has advocated and influenced the policies related to the self-help movement and the livelihoods, at the state and national levels. It has established partnerships and collaboration with diverse stakeholders such as NGOs, national and international donors, State Governments, Planning Commission, NABARD, Banks, international agencies and other institutions.

Chaitanya is an NGO working since last two decades towards empowering women through promoting groups and federations which help them access small credit as well as information related to businesses that they are interested in setting up. It also works in the areas of women's health care and promotion of livelihood through value chain intervention. Chaitanya receives funding from NABARD, Ford Foundation, Sir Dorabjee Tata Trust, IFAD through semi-government agencies, corporate agencies like Suzlon, International Development Research Centre (Canada) and Government of Maharashtra.

Centre for microfinance (CmF) was set up in 2005 as an autonomous organization in response to the need for an agency to guide the growth of community-based microfinance in Rajasthan. CmF is seeded under 'Sakh Se vikas Initiative' (SSV) of Sir Ratan Tata Trust. CmF is also a knowledge and technical partner in a multilateral project "Mitigating Poverty in Western Rajasthan" (MPOWER) funded by Government of Rajasthan, IFAD and Sir Ratan Tata Trust with a projected outreach of 89,000 BPL families in six districts of Western Rajasthan.

Indian School of Microfinance for Women is an organisation with thrust areas in capacity building, research & publication and policy advocacy. It works towards nationwide outreach by providing education and training support in several vernacular languages. It also provides capacity building to financial service providers and thus, forms a bridge between the primary participants and the service providers leading towards inclusive growth.

Reach India started in the year 2006 as an initiative of Freedom from Hunger USA. Since 2009, Reach India has been working independently through a network of social franchisees known as service centres. These centres train Self Help Promoting Institutions (SHPIs), which in turn train women and adolescent girls in the areas of health, livelihoods and financial education. Headquartered in Kolkata, Reach India has regional office in Guwahati and has been working in all the North Eastern States, Bihar, Jharkhand, Odisha, Chattishgarh, Madhya Pradesh & West Bengal.

Sampark formed in 1991, conducts training programmes, wide range of participatory research, evaluations and impact studies and contributes to inform development practices and policies. Sampark works directly with over 6000 families in Koppal district, Karnataka by organizing women's self help groups and further into cooperatives. It facilitates women to gain knowledge on enterprise, vocational skills, functional literacy, and integrated

health services. It works on improving school education and runs crèches for children of construction workers in Bangalore.

Self Help Group Promotional Forum (SHGPF) is a state level network of Self Help Promotional Agencies (SHPA), community based Micro Finance Institutions (CBMFI), Capacity Building Institutions (CBI) and any other interested parties. SHGPF provides a platform for sharing, learning and addressing policy and operational issues of the sector by bringing in SHGs, Clusters and Federations, Civil Society Organizations, Banks, Government, NABARD and Insurance Companies to work in unison for a vibrant Self Help movement in West Bengal.

References

- APMAS (2007) *SHG-Bank Linkage Programme: A Recurrent Study in Andhra Pradesh*, Communication Division of APMAS published the draft report of the study.
- APMAS (2007) *SHG Federations in India*, Communication Division, APMAS, Hyderabad.
- APMAS (2009) 'Self Help Bank Linkage Programme: An enquiry on repayment and default management', Paper presented in a national seminar on *Rejuvenating SHGs* on 4th & 5th November 2009 organized by CSREM, Parlakimundi, Orissa.
- APMAS (2010) *Status of SHG Savings: A study with reference to SHGs in Andhra Pradesh*, In-house research study of APMAS.
- Ajay Thanka (2012) *Banking on Self Help Groups- Twenty Years*, New Delhi, Sage Publications.
- Centre for Microfinance (2006) *PEDO's SHG Programme Impact Assesmen*, Jaipur.
- Frances Sinha et al. (2009) *Microfinance Self Help Groups in India, Living Up to their promise?* Jaipur: Rawat Publications.
- Guha, S. (2010) *Microfinance for Micro Enterprises: An Impact Evaluation of SHGs*, Mumbai, NABARD.
- Karduck, S. A (2004) *Transaction Cost of SHGs: A Study of NABARD's SHG Bank Linking Programme in India*, New Delhi.
- Liu, D. (2009) *Longer- term Economic Impacts of SHGs in India*. The World Bank, Development Research Group , Policy Research Working Paper 4886. Sustainable Rural nad Urban Development Team.
- MYRADA, (2010) *An Evaluation of Self Help Affinity Groups Promoted by Myrada*, Bangalore, Myrada Publication.
- Srinivasan, N. (2009) *Microfinance India - State of the Sector Report, 2008*. Vivek Mehra, Sage Publications.
- NABARD (2010) *Status of Microfinance in India- 2009-10*, C-24, G-Block, Bandra Kurla Complex, Bandra, Mumbai.
- _____ (2012) *Status of Microfinance in India 2011-12*, C-24, G-Block, Bandra Kurla Complex, Bandra, Mumbai.
- Puhazendi, V. (1995). *Transaction Costs Of Lending To Rural Poor*. The Foundation for Development Cooperation, Brisbane.
- Raja Reddy, K and C.S. Reddy. (2010) 'What are SHG Members Doing with Large Loans?' *The Indian Journal of Social Work*, Volume 71: Issue-1, January 2010.
- Satyasai, P. A(1999) *Impact evaluation of SHGs*, NABARD, C-24, G-Block, Bandra Kurla Complex, Bandra, Mumbai.

- Singh, J & Singh, A (2010) *Project Report of Research Study on Loan default by SHGs*, study conducted by Center for Microfinance, Jaipur in collaboration with Bankers Institute of Rural Development, Lucknow.
- Srinivasan, G. (2012) *Microfinance India*. New Delhi: Vivek Mehra, Sage Publications.
- Wolfgang Salomo, et all (2010). *A Study of SHG Federation Structures in India*. DGRV & APMAS.

APMAS

Plot 20, Rao & Raju Colony
Road 2, Banjara Hills – 500 034
Hyderabad, Andhra Pradesh, India
Ph : +91 40 2354 7927/52
Fax : +91 40 2354 7926
Info@apmas.org
www.apmas.org; www.shggateway.in

Chaitanya

Moti Chowk, Rajgurunagar
Taluka Khed, District Pune - 410505
Maharashtra, India
Ph : +91 2135 223176
Fax : +91 2135 226590
info@chaitanyaindia.org
www.chaitanyaindia.org

Centre for microFinance

30, Jal Jawan Colony, II Tonk Road
Near Durgapura, Jaipur, India
Ph : +91 141 2546037, 3248119
Fax : +91 14 1 2792138
cmf@cmfraj.org
www.cmfraj.org

Indian School of Microfinance for Women

201, 2nd Floor, Shukun Arcade
Near Medi - Surge Hospital
Above Reliance fresh, Mithakhali
Ahmedabad - 380006, Gujarat, India
Ph : +91 79 4001 0000, 2644 2593
Fax : +91 79 2642 2819
admin@ismw.org.in
www.ismw.org.in

Reach India

4/2 Orient Row (near Park Circus)
Ground Floor
Kolkata - 700 017, India
Ph : +91 33 6452 1228 or 4007 2951
Fax : +91 33 2479 2450
Info@reach-india.net
www.reach-india.net

Sampark

No. 80, Shree Nilaya
2nd Main Road, 1st Block
Koramangala, Bangalore - 560 034
Karnataka, India
Ph : +91 80 2553 0196 / 2552 1268
sampark@sampark.org
www.sampark.org

Self Help Group Promotional Forum

59/A, Kankula Road, Kolkata - 700 029
West Bengal, India
Ph : +91 33 2461 0566/2842
Fax : +91 33 2461 0566
wbshgpf@yahoo.co.in
www.shgpromotionalforum.org

For more details contact

ENABLE Secretariat, C/o APMAS
enablenetworkindia@gmail.com
www.enableindia.net