

CEO Workshop 2010
Credit Unions Providing Financial Services to the Bottom line Pyramid
March 13-17, 2010 **Self Help Groups in India**
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1. **Growth of SHGs in India**

- India is brimming with Self Help Groups who are part of a bank linkage programme supported by the National Bank for Agriculture and Rural Development (NABARD).
- This programme, involving banks, NGOs and Government agencies throughout the country
- It now the largest microfinance movement in the world, with 3 million Self Help Groups and over 25 million members.
- Self Help Groups or SHGs represent a unique approach to financial intermediation. The approach combines access to low-cost financial services with a process of self-management and development for the women who are SHG members.
- Self-help groups are started by non-profit organizations (NGOs) that generally have broad anti-poverty agendas

2. **What is self-help group (SHG)?**

- Self help group (SHG) is a village-based financial intermediary usually composed of between 10-15 local women.
- Registered or unregistered group of having homogenous social and economic backgrounds, voluntarily coming together to save regular small sums of money, mutually agreeing to contribute to a common fund and to meet their emergency needs on the basis of mutual help.
- The group members use collective wisdom and peer pressure to ensure proper end-use of credit and timely repayment.
- To make the book-keeping simple enough to be handled by the members, flat interest rates are used for most loan calculations.
- Self-help groups are seen as instruments for a variety of goals including empowering women, developing leadership abilities among poor people, increasing school enrolments, and improving nutrition and the use of birth control.

3. **Panchayat / Cluster Level Federation**

- In Mahalir Thittam, federations of SHGs are formed at Village Panchayat Level called Panchayat Level Federation (PLF).
- These federations, by pooling in talent and resources and exploiting economies of scale in production and marketing, can benefit member SHGs immensely.
- They can also guide and monitor functioning of SHGs in all Village Panchayats and strengthening them is the key for ensuring sustainability and self reliance of SHGs.
- Two representatives from each SHGs coming under a panchayat / group of villages.
- 20 – 50 members

- Each contribute Re.1 as subsidy and then one value share of Rs.100/- plus Rs.20 service charge.
- Government provides Rs.10,000 – Rs.1,00,000/- towards initial expenses
- Rs.4 – 10 lakh are to be transferred as micro finance.
- To strengthen the unity and team spirit, cultural competitions were organized among PLFs at Block and district levels.
- From 2006-07, the Government of Tamil Nadu have been taking various initiatives to strengthen the PLFs.6,367 well-functioning PLFs
- PLF certification has been made mandatory for processing NGO claims for new group formation, monitoring and training. Well-functioning PLFs are affiliated under Mahalir Thittam on par with NGOs for formation of new SHGs, monitoring etc.

4. **Apex Body Federation**

- ❖ One representative from each SHGs. OR
- ❖ Representative from Cluster Level Federations
- ❖ General body meets once in a year
- ❖ Management Committee 10 – 25 members. Thumb rule one member for every 10 GBMs.
- ❖ Management committee meets every month 10th – 25th
- ❖ There are three office bearers
- ❖ It manages funds ranging from Rs.10 – 28 lakh
- ❖ Provides loans to individuals on the recommendation of SHGs.
- ❖ Interest 12 – 15% reducing balance

Apex Bodies in DPG

Sl. No.	Name of Apex Bodies	No. of SHGs	Micro Finance managed by them
1.	ASSCOD / Sangammam & Puthiya Pathai	243	17,80,000
2.	BGM / BGM United	150	3,00,000
3.	COMPASSION / _____	80	3,00,000
4.	GRAMIYA / Kalasam Vattara Seyar Kuzhu	265	17,29,300
5.	GPKC / _____	91	1,50,000
6.	HFO / Consortium of Vidial Groups	409	15,46,457
7.	KDI / Karunya Womens SHG	122	3,75,000
8.	MVKS / Pengal Urimai Pathukappu Munnetra Sangham	184	16,90,360
9.	MVM / Jeeva Jothi	282	13,96,839
10.	NEED / Sangammam	176	9,48,500
11.	PAGE / Vizhuthugal	213	23,60,000
12.	POETS / Puthiya Pathai	292	22,74,000
13.	SDG / _____	73	-
14.	WORD-P / Kaveri Women Federation	217	11,29,108
15.	WORD – T / Pengal Maru Malarchi Iyakkam	221	10,00,400

5. National Bank for Agriculture & Rural Development (NABARD)

- Many self help groups, especially in India under NABARD's SHG bank linkage programme, borrow from banks once they have accumulated a base of their own capital and have established a track record of regular repayment.
- NABARD estimates 3.2 million SHGs in India, representing 43 million members that have taken loans from banks under its linkage programme to date.
- Nearly 57% of the SHG are credit linked. *Assisting in formulation of credit guidelines.*
- *Assisting in creation of SHG-friendly banking environment in districts and State.*
- *Solving all field-level bank-related problems of SHGs through prompt intervention.*
- *Providing refinance support to SHG credit to banks.*
- *Ensuring inclusion of SHG credit outlay under District Annual Credit Plan and disaggregation into branch-wise credit.*
- *Promotional assistance to NGOs/SHGs for their capacity building.*
- Providing training opportunities to banks, NGOs, and development agencies on SHG related aspects.
- Assist through funding some of the training programmes

6. KUDUMBASHREE

- It is a woman oriented community based state poverty eradication mission of Government of Kerala,
- Kudumbashree initiative has today succeeded in addressing the basic needs of the less privileged women, thus providing them a more dignified life and a better future.
- *Its main mission is to eradicate absolute poverty in ten years through concerted community action under the leadership of local governments, by facilitating organization of the poor for combining self-help with demand-led convergence of available services and resources to tackle the multiple dimensions and manifestations of poverty, holistically."*
- It is using these opportunities that Kudumbashree strives to convert a microfinance led financial security model into a more comprehensive model of local economic development.
- Kudumbashree functions as the community voice of the LSG – in particular the voice of the economically and socially weak, and of women. Most of the plan interventions of grama panchayats and urban local governments in the areas of poverty reduction and women's development use the CDS network as agency.

8. Tamil Nadu Women Development Corporation of India (wdc):

- Mahalir Thittam is a socio-economic empowerment programme for women implemented by Tamil Nadu Corporation for Development of Women Ltd. Mahalir Thittam is based on Self Help Group (SHG) approach and is implemented in partnership with Non Governmental Organisations (NGOs) and Community based organizations.

- The SHG approach was started in a small way in Dharmapuri district in the year 1989. Today the SHG movement is a very vibrant movement spread across all districts of the State with nearly 59, 00,000 women as members.
- Mahalir Thittam is implemented in partnership with NGOs who help in formation of SHGs, provide training and monitor them. The NGOs are given funds for providing the above services. Interested NGOs are affiliated as partners with Mahalir Thittam if they satisfy the norms for affiliation.
- So far nearly 3.70 lakh SHGs have been formed with 59.25 lakh women with total savings of Rs.1826.38 crore.
- The hallmark of the SHGs promoted by Mahalir Thittam is the systematic training provided to the SHG members and the office bearers. This capacity building brings about qualitative changes in the attitude of the women and promotes cohesion and effective functioning of the group.
- All the SHG members are imparted training in 4 modules for 4 days to orient them to the SHG concept. The office bearers of the SHGs (Animator and Representative) are given training in 3 modules for 6 days. This training enhances the leadership quality, team building spirit and capacity to maintain books of accounts.
- In addition, SHG members who are interested in starting economic activities or develop skills to get self employment are provided skill training. The skill training includes a 5 day capsule on entrepreneurial development.
- The SHGs that complete 6 months become eligible for credit rating. Credit rating is a bench marking exercise to grade the group and ascertain its credit worthiness. The credit rating committee consists of an Assistant Project Officer from Mahalir Thittam, a representative from DRDA, a Banker, and a NGO representative.
- The successfully credit rated SHGs, become eligible for credit linkage. They are given revolving fund through schemes like SGSY (Swarna Jayanthi Swa Rozgar Yojana), Tamil Nadu Adi Dravidar Housing & Development Corporation (TAHDCO) Tamil or directly provided loans by banks.
- The groups also undergo a second credit rating after the lapse of another six months to ascertain their readiness and suitability to undertake an economic activity. The groups which pass the second credit rating are provided financial assistance to start an economic activity through SGSY / TAHDCO schemes along with bank funding.
- After the groups in rural areas pass the first credit rating, Revolving Fund (RF) subsidy of Rs.10,000/- is provided under Swarna Jayanthi Gram Swarozgar Yojana (SGSY) to facilitate credit linkage with the banks.

7. ROSE MALAR DEVELOPMENTAL CO-OPERATIVE SOCIETY LIMITED

- Individual become share holders by taking one share or more.
 - Value of share - Rs.100
 - Admission cost - Rs. 25
 - Documentation cost - Rs. 15 (Service charges for share)
- 2354 have taken shares (Till January 31st)
 - The Total shares - 18421
 - Total share amount - Rs.18,42,100
- There is a Board of Directors, 2 representatives from each state.
 - 2 x 4 state plus CEO = 9 directors.
- Meets every month
- There is loan committee, meets the last day of the month.
- There is an admission committee, meets once in a month.
- Loan ranges from Rs.5,000/- to Rs.2,00,000/-
 - Interest Rate – 18% reducing balance

Indian Affiliation

It is a member of National Co-operative Union of India, New Delhi