

**Women's Access to and Control over Financial Resources:
Towards Development and Redesigning Policy**

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Executive Summary

The Women and Child Development Department, (WCD), Government of Karnataka initiated a series of policy dialogues for which this study, undertaken by the Best Practices Foundation and Rameshwari Varma, examined *Women's Access to and Control over Financial Resources*. The study's objectives included a) A critical review of existing initiatives b) A review of Self Help Group (SHG) concepts c) Identification of gaps and recommendations in information and field initiatives. Consultative meetings with a select group of field practitioners provided in depth discussion, policy analysis and recommendations. In addition a format or outline of information was created and mailed out to several organizations in Karnataka. Interviews supplemented the study's findings.

Promoting Agencies of SHGs

Individuals, voluntary organizations, local, district, state and national level support organizations (including government, banks and funding agencies), international donor agencies, and the corporate sector are the main promoters of SHGs.

Gaps for Government

Access to Resources by Poor Women:

- Schemes are not accessible to poor women and women's component not known.
- Women do not want concessional credit but timely credit, but are denied access.
- To conduct IGPs, women need backward and forward linkages in a timely manner.
- The budgeting and support for poor women has to have a long term perspective

Government Approaches:

- Programmes have individualistic approaches as opposed to groups approaches
- Schemes have a welfarist perspective and not a self-reliance one.
- Government systems are all target based and need to develop a culture of quality.
- Government should build on existing skills, activities and groups

Gender equality and gender justice:

- Programme personnel are not gender sensitized on the needs of poor illiterate women.

Information Gaps

- Communication gaps on policies, programmes and implementation at grassroots, NGO or even government levels and departments and women's budget component.
- Devolution of Information to the Gram Sabha and beyond is needed.

Gaps for Banks

- Certain banks still refuse to open accounts, insist on collateral from women and hold SHG members responsible for default on the part of their family members.
- Bank's procedures for SHGs have not changed to accommodate their needs.
- Women need to be treated as individual customers rather than wives/daughters.
- Banks remain distant from the community with bankers unwilling to visit the field.

- Most banks are target oriented and need to broaden their perspective beyond credit.

General Recommendations

- Strengthening and Revitalizing the Gram Sabha: the gram sabha should be the forum that determines priority areas, allocation and distribution.
- Overall Empowerment: Women's schemes cannot have a single (economic) focus but needs a gender and empowerment perspective with gender training as a major focus.
- SHGs Purpose and Concepts: *SHGs should not be entry or end points. An integrated approach focusing on priorities determined by the SHG should be the entry point.*
- Self-help concepts need to be rethought and agreed upon from all sectors

Training is needed on:

- Gender sensitization of personnel for officials, NGOs, SHG members and men.
- Budget formulation allocations, schemes, taxation, and expenditures.
- Foster horizontal exchanges and information dissemination between SHGs.
- *Training should build on existing skills and emphasize local markets*

People's Contribution

- Self-contribution and involvement are important for people's ownership and participation in development programmes using Gram Sabhas as forums.

Marketing

- Infrastructure: Joint committees of SHGs, NGOs, banks, NABARD, government should conduct participatory market studies using existing NGO methodologies and create the needed infrastructure.

Lobbying and Advocacy

- Policy should be informed by on going identification of gaps in action and research.
- Networking of SHGs or NGOs should facilitate advocacy at district and state levels.

Recommendations for the Government

Access to resources:

- Improve women's access to and control over resources like schemes, credit and so on incorporating gender sensitive eligibility criteria
- Information should be made available through Gram Sabhas on women specific schemes and women's component for all other schemes.
- Unutilized funds in the women's component in different schemes need to be identified, barriers removed and funds pooled to be used for priority areas for women.
- A single window clearance for all schemes for women is recommended at taluk level
- Stree Shakti information should be widely disseminated. The best conceptual thinking from past programmes and NGO experience should inform its framework.
- Different models on women's access to and control over financial resources needs to be documented with on-going sharing of how each works, gaps and successes.

Budgeting:

- Gram Sabhas should be involved in identifying priorities and needs for budgeting. NGOs should be involved in facilitating gram sabhas.

Services: Stabilization, Timely Provision and Access

- Creation of new support institutions (private or public) for timely service provision.

Monitoring and Evaluation

- Qualitative monitoring and evaluation mechanisms involving government and external personnel must provide constructive feedback to improve programmes.

Devolution of Planning:

- Basic needs assessment with all stake holders should inform programme planning.

Making the Women's Component of All Schemes Meaningful

- Increase applications from women to disburse funds from women's component of various schemes as women's component plan monies are under utilized.
- Proper knowledge of schemes should be made available: features, who benefits, costs, who monitors, evaluates and so on for officials, NGOs, PRIs, EWRs and women.

Building State Legitimacy:

- Honoring commitments: Government officials should start to honor their contracts and commitments to build the legitimacy and respect for their agencies.
- Greater levels of transparency and accountability in access to schemes are needed.
- Inculcate a quality oriented culture in the government and eliminate targets.

Recommendations for the Banks

Restructuring banks

- Banks should recognize that they are public servants and their function is to serve public interest. Their priorities therefore have to change to reflect those of the community. Bank structures have to be geared to accommodate women's needs.

Gender Sensitization of Officials, Banking Institutions and Policies

- Gender training of officials to inculcate the perspective that *women are partners in development and are credit worthy*.
- Individual responsibility for loans should replace family responsibility.

Mechanisms for Timely and Accessible Bank Credit:

- Banks should deal with the SHG, not individual members.
- Procedures should change to facilitate easy access to flexible credit to poor women.

Banking Conditions for Women and SHGs

- Bank guidelines should be made easily available and demystified.
- Field Visits by banks to SHG meetings can build good relations with SHGs.
- All banks should create an SHG cell to handle credit to women through SHGs.
- Eliminate the target approach in banks.
- Improve communication between banks, government and communities.

The twin goals of socio-economic-political empowerment of women and an integrated approach to development needs to inform SHG programme formulation. Government, banks and NGOs have disparate frameworks and understanding related to formation of SHGs. Mainstream institutions need to see *women as full partners in the development process*. To achieve the above goals dialogue and communication will move the three sectors towards a common understanding while retaining their individual strengths. All development should begin at the Gram Sabha. Community involvement via the Gram Sabha in all aspects of planning, monitoring and implementation of programmes is

needed. Particularly important are gender training, sensitization and incorporating gender sensitive tools in order to center stage women in development.

Introduction

The Women and Child Development Department, (WCD), Government of Karnataka initiated a series of dialogues towards creating a policy document for Karnataka State on women's issues and those of concern to the Department. At these broad consultative meetings, six areas were identified for research, analysis and field consultations towards redesigning policy for the WCD.

At a smaller follow up meeting of research institutions on 10th of August 2000 at Singamma Srinivasan Foundation, for formulating a viable policy document, six major aspects were assigned to and taken up by the following organizations:

- Women's Access to and Control Over Finances Best Practices Foundation
- Training for Women's Empowerment Institute of Social Studies Trust
- Administrative Reforms NIAS-Gender Studies Unit
- Evaluation of existing Government Schemes Department of WCD
- Domestic violence against women Vimochana
- Gender Audit Singamma Sreenivasan Foundation

Objectives

- Critical review of existing programmes and initiatives on facilitating women's access to and control over resources, from the perspectives of the government, banks, and the NGO sector.
- A review and rethinking of Self Help Group (SHG) concepts
- Identification of gaps in information and field initiatives.
- A summarization of the recommendations surfaced for all three sectors.

Methodology

In accordance with these objectives, the Best Practices Foundation (BPF) and the Institute of Social Studies Trust (ISST) jointly hosted consultative meetings on August 28-29th on Women's Access to and Control over Financial Resources and Training for Women respectively. A select group of field practitioners were invited for in depth discussion, policy analysis and recommendations. Several organizations present at this consultation were also part of the dialogue and discussions of the other six institutions so that an integrated policy document could be created keeping in mind the emerging issues in the other simultaneous meetings.

In addition a format or outline of information was created and mailed out to about 70 organizations in Karnataka working with SHGs requesting information on their work with SHGs, the gaps they identified in the field and their recommendations. A supplementary background paper outlines the work of various organizations that responded to our request for information also drawing from secondary information gathered. (Please refer to Supplementary paper entitled *Background Paper on the Current SHG Initiatives of NGOs*).

An important qualification and understanding that emerged was that the time assigned for the study, a month, was not enough to provide comprehensive data collection, understanding or policy input on all areas. Certain areas were identified in the meetings as requiring long term research and policy analysis, which would also be listed as part of the recommendations for further research, alongside recommendations for action.

This report will provide the findings for the study conducted by the Best Practices Foundation in collaboration with Rameshwari Varma based on the consultative meeting, personal interviews and secondary research. The Best Practices Foundation is a recently formed organization committed to documentation, dissemination and policy analysis in the fields of development, governance and gender.

Scope of the Report

Chapter 2 provides a brief overview of institutional actors in the field. Chapter 3 provides the gaps in policy and implementation in all three sectors. It also provides the information gaps that need to be addressed through further research. The recommendations and a summation of the report are provided in chapter 4.

An overview of existing concepts on the SHG approach from the perspective of NGOs, banks and government is provided in a supplementary paper entitled *Conceptual Framework Underlying Self Help Groups*. The disparate perspectives that emerge highlight the need for a common understanding of the entire approach and its concepts. A preliminary review of emerging concepts has been provided for further examination and refinement.

For a detailed review of NGO initiatives please refer to the supplementary paper number II entitled *Background Paper on the Current SHG Initiatives of NGOs*.

Promoting Institutions: NGOs, Government Agencies and Banks

2.1 *The Promoting Agencies*¹

Individuals, voluntary organizations, local, district, state and national level support organizations (including government, banks and funding agencies), international donor agencies, and the corporate sector are the main promoters of SHGs.

2.2 *Role of the NGO Sector*

F. Stephen (1999) classifies NGO response to micro credit into four categories:²

- The first category of NGOs consists of those who in the past promoted chit fund groups and formalised this into a thrift and savings programme.
- The second category included innovative NGO efforts in mobilising people into small groups, developing their latent entrepreneurial skills, initiating awareness generation on social issues, conducting thrift and credit activities alongside leadership development and linking SHGs to the banks.
- The third category of NGOs came from professionals specialising in sectoral approach who laid greater emphasis on economic activities, their market potential and viability. Less emphasis was initially placed on empowerment strategies. However, some NGOs began to incorporate 'social factors' in group processes.
- The fourth category of NGOs includes mere implementers of any programme for which funds are easily available. This category has different typologies. Common among them is the peer (NGO) group model. Another type is those who merely survive on government programmes such as CAPART programmes to social welfare department schemes, social forestry programmes to sanitation and drinking water schemes, watershed programme to 'Total literacy' programme.

(For a detailed examination of various NGO programmes with SHGs please refer to the background paper on NGO initiatives.)

1.2.1 *Positive and negative aspects of NGO involvement*³

NGOs are widely recognized as an alternate channel for delivery of development programmes of the government, national level support institutions, and funding agencies. NGOs are cost effective and are able to elicit people's participation, thus improving the efficacy of programmes. NGOs are close to people, understand their issues better, have the flexibility to evolve participatory development programmes, and have the potential to lobby for change at the policy level on behalf of the people. Mainstream credit and micro enterprise development organizations use NGOs as channels to reach the poor. The off

¹ Smita Premchander, Micro Enterprise Development on the Fast Track: Will the poor be left behind again? Sampark, Bangalore. December 1997

² F. Stephen (1999) "Microcredit: Trends and Pitfalls, Empowerment Revisited", *SEARCH Bulletin* Volume XIV, Issue No 1 Jan –March 1999.

³ Smita Premchander, Micro Enterprise Development on the Fast Track: Will the poor be left behind again? Sampark, Bangalore. December 1997

side of this is that NGOs can become arms of the government, with similar barriers to development programmes.

The target approach of the government has infiltrated micro credit programmes where NGOs are expected to show annual outputs in terms of numbers of SHGs organized. This is directly in conflict with the philosophy of working at people's pace. Even though indicators of the quality of SHGs have been evolved, the emphasis remains on numbers rather than quality of the programme. (Refer to annexure 2)

1.2.2 Limitations of Voluntary Organizations

NGOs face several constraints in the promotion of micro enterprises including:

- Lack of trained field staff to service existing needs.
- Need to raise separate funding for developmental tasks from income generating programmes (IGPs) or credit projects.
- The costs of training, initial support and learning have to be borne by NGOs.
- People need capacity building support for at least 6 to 12 months, before a group can handle credit or IGPs independently.
- Similarly, capacity building support for NGOs has to be provided by funding agencies in the form of grants.
- Start-up funds are not easy to come by. Only NGOs with a field base, already developed SHGs, salaries for staff and other administrative support get funding.

2.3 Banks and Financial Institutions

1.3.1 National Bank for Agriculture & Rural Development (NABARD)

Despite the vast expansion of rural banks, a large segment of rural poor, particularly women continue to depend upon non-institutional financial sources like moneylenders. Women require small, timely and frequent credit. Banks have problems dealing with individual women due to high risks and transaction costs.

The poor have successfully organised themselves into smaller groups known as Self-Help Groups (SHGs), to inculcate the habit of thrift and undertake useful credit operations among themselves. From the perspective of NABARD *they have proved beyond reasonable doubt that the poor as a group are creditworthy.*⁴

National Bank for Agriculture and Rural Development (NABARD) was established as an apex rural development bank in the year 1982, through an Act of Parliament, to provide refinance for agriculture, allied activities, small scale industries, cottage and village industries, rural artisans and crafts in an integrated manner (NABARD, 1999). NABARD supports the rural credit system by way of refinance for short-term, production/ marketing activities. NABARD provides finance to State Governments for completion of rural infrastructure development projects such as major and minor irrigation projects, soil conservation, rural roads and bridges, SHGs through PRIs etc.,

⁴ Interview with NABARD personnel, August 2000.

from the “Rural Infrastructure Development Fund” (RIDF) created for the purpose. NABARD launched in February 1992 a Project for linking SHGs with Banks with the objective of evolving supplementary credit strategies to meet the credit needs of rural poor and to encourage banking activity both on thrift as well as credit. This arrangement is expected to build mutual trust and confidence between the bankers and the rural poor. RBI has advised all commercial banks to treat the linkage programme as a regular banking activity and a business opportunity.

SHG-Members, NGOs, Bank branches and NABARD are programme partners. NABARD facilitates training needs of bankers and capacity building of partner NGOs. NABARD also extends 100% Automatic Refinance Facility at 7% p.a. to all banks against their lending to SHGs (direct) or through NGOs (bull lending). NGOs extend support to the SHG Linkage Programme in SHG formation and mobilization, initiating savings and credit activities, training of SHG members in managing group activities, proper credit utilization and economic upliftment and linking the rural poor to banks. Banks provide the facility of operating savings accounts, credit, technical assistance, relax margin and security norms, establishes liaison with NGOs/SHGs and oversee the functioning and create smooth linkages with SHGs.

2.4 Government agencies

For women government funds exist via:

- Programmes under the Department of Women and Child Development
- Programmes under KSWDC
- Karnataka Mahila Abhivridhi Yojana (KMAY)
- Stree Shakti (upcoming programme currently in planning stages)

Please see Annexure 3-4, and 5 for more details

1.4.1 The Stree Shakti Programme

Seen as one of the emerging programmes about to be implemented, for which major funds are allocated, this scheme deserves special treatment.

1.4.1.1 Main Objective

The main objective of this programme is to strengthen the process that promotes economic development of women and create an environment for social change. It aims to form one lakh SHGs of women during 2000-2001 to build self-reliance and provide them with greater access to and control over resources.

1.4.1.2 Related Goals:

- Creating self confidence among rural women and making them self reliant
- Enhancing financial stability in rural women through indulging them in income generating activities, thereby contributing to poverty alleviation

- Providing opportunities to the group members to avail the benefits of other departmental schemes by converging services of various departments and lending institutions to ensure women's access to credit financing.

1.4.1.3 Outline of the Project

- Anganwadi workers will form three SHGs each, in the geographical limits of her center.
- 15-20 lakhs of women will be organized in one lakh SHGs each of which will consist of 15-20 women.
- Use of information Technology: Computers, printers and email will be provided to all 27 districts and 175 taluks to computerize the entire information.

1.4.1.4 Strategy

SHGs could be strengthened and made more effective through forming homogenous groups. Hence the following points will be observed while forming groups:

- Rural women living below the poverty line
- Literacy level of women
- Landless agricultural women labourers
- Women belonging to SC/ST
- Families having persons addicted to alcohol or drugs.

1.4.2 Stree Shakthi Program Gaps identified in the Project Proposal Document

The broad objectives of women's empowerment and also the specific objectives are laudable.

- The specific objective of the programme is mainly economic empowerment.
- Incorporating What Works: The main problem, as with all government programs introduced over time, is that there is insufficient dialogue, reflection and analysis on what has worked and not worked in previous programmes, and incorporating the best of past experiences. A clear conceptual framework should be informed by best practices in all sectors (including NGOs, financial institutions and the private sector) and by experiments in other states.
- Group Formation: Criteria for selection of groups are mentioned, but process of group formation has not been elaborated. It is well documented that if the process of SHG formation is not clearly understood and implemented it is possible that they will remain together until they get the money and disintegrate after that.
- SHG concept is a mutual help concept. If it has to empower women, several inputs have to be given to the group. The scheme visualises not only empowerment but also the availing by the group of other government schemes. If this is so, merely bringing some women together does not help either empowerment or any other goal. The group has to be cohesive and the group dynamics will have to be of a co-operative nature. They should be able to articulate issues of common consensus. The group should enable women to gain some personal autonomy and control. All these can happen only when the group 'evolves' and is not 'formed' by an outside agency. If SHGs are viewed as vehicles for doling out money, there is a strong likelihood of political and local interference and there may not be any group homogeneity.

- Anganwadi Workers: The program envisages using Anganwadi workers, for forming and sustaining groups, who are already overburdened with work and poorly remunerated. Instead of Anganwadi workers, other 'motivators' may be employed.
- Proper forward and backward linkages, services and infrastructure need to be planned.
- Training components are not elaborated. Most government programs for women fail because of gender insensitivity of functionaries. *Therefore gender sensitisation should become an important component of training for Stree Shakti functionaries.* Functionaries should also get training in group dynamics.

1.4.3 K MAY Programs Gaps Identified

- There is a plethora of schemes in each department not all of which are known.
- Even the officers at district, taluk and panchayat levels are often not clear about the existence and conditions of the scheme. There is not enough publicity about the schemes/programs. Lack of gender sensitivity among the implementing officers makes them feel that women are just 'added on'. Either they are not gender sensitive or they are insensitive and sometimes even antagonistic. The result is that either the implementation suffers or the delivery of the schemes becomes ritualistic.

2 Gaps Identified in Policies and Implementation: NGOs, Government Agencies and Banks

In this chapter problems and gaps that exist for the NGOs, government and banks are examined separately.

3.1 NGOs⁵

Funding: For NGOs, the main bottleneck is funds. To organise a single SHG, Rs. 3,000-4,000 is required. NABARD provides Rs. 1,500 for group formation. Bigger NGOs can work with this capital but small NGOs need double the amount.

Perceptions of villagers: Some people have embezzled funds from people and created a bad image, which NGOs have to overcome.

3.2 Lack of Support Systems

- Follow up services and related technical guidance.
- Marketing support is lacking and outlets for women's products must be developed.
- Infrastructure: Public works can also build work sheds for SHGs

3.3 Government

The state has an important and confirmed role in the improvement of women's access to financial resources like implementing programmes for women's development. Yet the state in improving women's access to financial resources has not been very effective. One of the most important changes in policy has been giving access to NGOs to policy arenas in their formulation.⁶

2.3.1 Lack of State Legitimacy:

One serious issue raised by several NGOs is that of institutional trust and legitimacy. *The government does not keep its commitments. It does not release funds as per schedule.*⁷ Often it does not monitor in the field nor read reports and therefore is not confident of releasing funds. When the government collaborates with several NGOs and if one or two do not perform all are penalized. Government and NGOs should take each other into confidence, remove causes of dissent and improve participation.⁸

2.3.2 SHG Involvement:

The government has 1.25 lakh for infrastructure for SHGs which their engineers and contractors construct. In Koppal, women were not allowed to make an anganwadi, part

⁵ Interview with Sreedharan, Outreach, August 2000.

⁶ India Development Service, Correspondence to BPF, response to information request towards policy study for The WCD, August, 2000.

⁷ Interview with Smita, Sampark, August 2000.

⁸ Sumana, Correspondence, response to information request towards WCD policy study, August, 2000.

factory and part educational. Instead engineers made a small building which did not serve any body's purpose.⁹ SHGs should build structures themselves.

Short Sightedness in Budgeting: The budgeting and support for poor women has to have a long term perspective. It takes time to motivate and form a group and commitment of sustained work has to be for at least 10 years. Often after motivating the group to form there are no funds available.

Funds are released only once in six months, not when needed.¹⁰ If funds are not utilized exactly when allocated it is withdrawn. Money is not sufficiently allocated for all aspects of development. Departments do not fund those NGOs already being funded by one department. But each department has different target areas. They want a specific piece of work done but does not fund the necessary background and follow up work.

Government is not practical in formulating budgets or planning projects. They should dialogue with NGOs while planning and budgeting. Allocation for salaries in collaborative projects is typically too low.

2.3.3 Information Gaps

- Communication gaps about policies, programmes and implementation at grassroots, NGO or even government levels and departments exist.
- Linking Activities to Departments: NGOs provide strong inputs for new activities. Hence after they exit, this source of information shrinks. Information pertaining to the government is complicated. If you want a cow you go to animal husbandry department, if you are want to run bee keeping it is under the department of Industries and Commerce, but this is not known. *Finding the right place to get the information needed and finding the person who has the information is a big gap.*
- Transient Nature of Government Schemes: Current schemes are populist, often do not last more than five years and there is very little information at all levels. Just when the public gets to know about the scheme, it is withdrawn and new ones introduced. While launched, programmes are not publicized. This is true even of Stree Shakti.
- Devolution of Information to the Gram Sabha and Beyond: Information from the government is limited and only reaches the educated if at all. The people who get the money are not those who need it. How is the information to reach those people who really need it? The gram sabha are potential forums where the schemes are explained to the people but many do not even attend gram sabhas.

2.3.4 Access to Resources by Poor Women:

- Schemes must be accessible to poor women. SJSRY wants SHG members to take up common activities but it is unlikely that all members have common needs, skills or the same capacity to access loans.¹¹ The women's component in various schemes remains inaccessible for multiple reasons. For agriculture for example, it is because funds cannot be issued to someone without land. In industry it is because women do

⁹ Interview with Smita, Sampark, August 2000.

¹⁰ Interview with Prameela, Sampark, August 2000.

¹¹ PRACHODANA, Correspondence, response to information request for the policy WCD study, August, 2000.

not apply. Analysis needs to take place department by department to understand constraints to access.

SHG members are not all listed under BPL. The state machinery is ill equipped to identify the poor.¹² BPL lists are not inclusive of the very poor so groups are broken in order to access funds.

- Access to Loans: Government programmes, such as those of the Department of Women and Child Development and Rural Development Departments, has made it mandatory for loans linked to subsidies be given to women. Since they are related to subsidies, they have not played a very major role in opening unsubsidized credit to women.¹³ Even if the officials agree to release the subsidy, often the banks do not sanction the loan, unless women produce collateral or security, which is difficult for them. In many cases, the loans may not be used for productive purposes, which programmes do not allow. Many of the receivers may spend the money on repaying old loans, fulfilling their social obligations, for illnesses and so on.

Women do not want concessional credit but timely credit. Money lenders provide timely credit at high interest rates. Banks on the other hand have concessional rates of 12-15 percent but are inaccessible and untimely. The same is true of government schemes.

- Insufficient Linkages: To conduct IGPs and generate employment, backward and forward linkages are needed. A new group would require at least three years of support. It also needs to do pre-preparation, entrepreneurship development and group formation. The government has short term training programmes, at best. Often after short term training, the SHG has to fend for itself or the NGO if left to do the follow up.
- Availability of Timely Problem Solving Services: The response to rural IGPs has to be within 24 hours. Some departments are very responsive while others are not. For example, *If your bees are escaping you got to know now what to do, if your cow is not breeding you can't wait 6 months, you will have lost profits.*¹⁴ Personnel in Animal Husbandry are accustomed to going to the village, have local level staff and are thus responsive. But other departments do not respond the same way when SHGs need it.
- Stabilization of Services: To stabilize provision of timely services, privatization is one option, as people are ready to pay for this. Currently SHGs cannot even get services for payment. Part of the entrepreneurship programmes should include initiatives to stabilize support services.
- Marketing: Government schemes have no market linkages. NGOs or business can initiate other viable marketing systems.

¹² Sumana, Correspondence, response to information request towards WCD policy study, August 2000.

¹³ India Development Service, Correspondence to BPF, response to information request towards policy study for The WCD, August, 2000.

¹⁴ Shyamala Hiremath, India Development Service, Consultative Meeting, Bangalore, 28 August 2000.

2.3.5 Government Approaches:

- Individual Approach: Very few programmes have a group approach and most are oriented towards individual women.
- Charity Approach: Schemes have a welfarist perspective and not a self-reliance one. Subsidies more and more are seen to be hurting rather than helping people.
- Quality vs Target approach: Government monitoring and reporting mechanisms are all target based. Government project officers (POs) who give their supervisors qualitative information are ridiculed and asked for the target number of groups formed. Quality input remains a philosophy rather than a reality. Thinking is needed on qualitative indicators rather than targets (physical and financial) in forming and building SHGs.¹⁵ The project officers are trained in PLA techniques and when they actually do mapping and Venn diagrams exercises with the community it goes unappreciated. Despite all the training in alternative approaches in the end the government only wants targets.¹⁶

POs are told not to compete with NGOs, nor to take over their SHGs. In their hurry to report success however POs report existing groups. Government has limitations in SHG formation. *If they have to do it let them take the process orientation from NGOs.*¹⁷ Government should not interfere with NGOs and SHGs, instead should develop different monitoring and accounting formats.

- Target Approach enters NGO-government Collaborations: NGOs initiate all the processes leading to group formation, but at the end are paid for only those who form groups and not for the process.
- Emphasis on New Activities: Introduction of new economic activities in SHGs is difficult especially when targeting district markets. SHGs succeed usually when they take up what they already know.
- Formation of New Groups: Different government departments want different groups for each scheme, thereby breaking up and disrupting existing SHGs. Groups formed only for a given scheme do not last very long. Long term change in society is hard if groups continue to break up. The government continues to offer incentives to form new SHGs.

Local politicians and government try to quickly form SHGs without realizing the effort involved. The government should work through existing NGOs who have already established SHGs to prevent local vested interests from usurping funds by forming groups only to get the money, dissolving it thereafter. This hurts and demoralizes existing groups.

¹⁵ See Annexure 2 for qualitative indicators developed by Search

¹⁶ Chandrakantha, Shramik Vidhya Peeth, Consultative Meeting, Bangalore, 28 August 2000

¹⁷ Chandrakantha, Shramik Vidhya Peeth, Consultative Meeting, Bangalore, 28 August 2000.

- *When is a Group a Group:* When do you decide what is a group? Is the group formed after a year or two? What is the definition of a group? Government pressurizes its officers to form groups quickly. If NGOs can form groups, why cannot government officers form groups as well? Capacity of government officers should be built to do this so they too can understand the process and time required for group formation.
- *Gender equality and gender justice:* Programme personnel are not gender sensitized to accommodate the needs of poor illiterate women. The forms to be filled up are long and complicated and processes are complex leading to emergence of intermediaries. Changing patriarchy is theoretically easy to say but difficult to implement in the field as patriarchy, a 5,000-year-old system, cannot be changed overnight. Gender sensitization at all levels, NGO, official and SHG, should be an essential component of training.

2.3.6 Other Gaps

- One tendency is to involve NGOs in the government's plans and make them train outside their area of operation.
- Programmes do not reach interior areas.
- The government does not bring together all the NGOs working in the same topic together to talk.
- Women's schemes are not given priority in the lower level offices of Women and Child Development.
- Frequent transfers of officials disrupt the implementation of the programmes.

3.4 Banks

The Bank acts as a link between Department and people in financial matters.¹⁸ Banks have been assigned a crucial role w.r.t. SHGs, but implementation is poor. From the NGO experience, banks are reluctant to open accounts for several groups who save small amounts.¹⁹ According to Sampark, *They don't want to open accounts with self help groups. They don't want to work for small accounts such as Rs. 250. They want collateral even for small amounts.* Cumbersome procedures should be dropped and flexibility adopted according to the capability of the SHG for quick services like deposits or withdrawals. Loans to SHGs should be based on stable growth of the group. When groups apply for loans banks take at least six months processing papers. Ideas change during this period so this processing time is too long. Therefore, NGOs have started financing SHGs. NGOs release the money to groups within a week maximum.²⁰

2.4.1 Attitudes of Banks toward Poor Women:

According to some NGOs few banks were positive in providing loans to women SHGs. Yet for bigger NGOs like IDS banks were found to be extremely supportive in providing loans to women's SHGs. *The banks have made strides in increasing access to credit to poor women through the SHG loan programme. It has made bankers more aware of women as customers. However, still loans are given to individual women only when the*

¹⁸ Vikasana, Correspondence, response to information request on WCD policy study, August, 2000.

¹⁹ Sumana, Correspondence, response to information request on WCD policy study, August, 2000.

²⁰ Interview with Prameela, Sampark, August 2000.

*“head of household” signs for it.*²¹ In the development of women’s SHGs local banks assistance is essential. Too many rules and regulation create gaps between SHGs and banks.²²

2.4.2 Gender Sensitization:

Women need to be treated as individual customers rather than as a subordinate member of a male headed household. Treating her as a defaulter because her husband has defaulted is not acceptable. The constitution gives equal rights to all citizens, but when it comes to credit, all rights seem to be with men of the household. Nationalized banks, at least, should follow the constitution.²³ Women have no family support yet banks ask for the house or even land as collateral.

2.4.3 Bank-Government Relations:

There is a vast gap between government and banks. Bank employees are not aware about Government programmes. The government and bank policies on support and provisions of loans do not seem to match.²⁴ Departments approve programmes in some villages but bankers kept it on the black list.

2.4.4 Bank Community Relations:

The gap between the community and the banks is still very large and has not narrowed. To reduce that gap the bank managers have to come to the villages explain the rules and spend time with women and understand what they need. Some bank managers are not willing to go to villages. Now there are no joint families only single families. Women cannot leave their home responsibilities and run to districts, so a taluk level branch should encourage women to get information and training.

2.4.5 Bank’s Guidelines for SHGs:

Banks do not give loans to government organized groups or those not organized properly. They usually fund groups that are at least 2 years old and meet regularly once a week. Bankers can judge or decide on SHGs better than government. Banks should set guidelines, evaluate quality, background. NABARD does a good job of both motivating and warning bankers. NABARD claims its past experience with SHGs has been good with a 95% return rate and bankers should maintain those standards. *Not all NGOs however, get easy access to banks.*

2.4.6 Opening Bank Accounts:

Some programmes began through Rashtriya Mahila Kosh (RMK). However certain banks still refuse to open accounts. Banks claim that groups have defaulted on IRDP loans and ask NGOs to get SHGs to return these loans before they can get bank support. This, however, is not the role of NGOs and banks that have sanctioned the money should be responsible for recovery.

²¹ India Development Service (IDS), Correspondence, response to information request on WCD policy study, August, 2000.

²² ASHRAYA, Correspondence, response to information request on WCD policy study, August, 2000.

²³ IDS, Correspondence, response to information request towards WCD policy study, August, 2000.

²⁴ Sumana, Correspondence, response to information request towards WCD policy study, August, 2000.

2.4.7 Target Orientation:

Most banks are target oriented even the Cauvery Grameena Bank. If NABARD instructs a bank to work with a set number of groups they will work with only that many groups, no more. Banks also report on numbers of groups formed.

2.4.8 Beyond an Economic Perspective:

A group cannot be started with an SHG concept or credit as the entry point. Instead, overall development in the long term can only be achieved with an integrated approach. Forming women's groups helps empower them, and gets them family respect, community respect and self respect. Women have problems among themselves but through SHGs they learn to sort it out.

3 Conclusions and Recommendations

Recommendations are presented in general and then sector-wise.

4.1 General Recommendations

3.1.1 Gram Sabhas

- Strengthening and Revitalizing the Gram Sabha: the gram sabha should be the forum that determines priority areas, allocation and distribution.

3.1.2 Gender Equality, Justice and Training

- Overall Empowerment: Women's schemes cannot have a single (economic) focus but needs a gender and empowerment perspective.
- Gender sensitization should be an essential component of all programmes for bank and government officials, NGOs, PRIs, community women and men.

3.1.3 SHGs Purpose and Concepts

- Why SHGs: SHGs should not be entry or end points. The term 'credit plus' implies that credit is the most important aspect of SHG formation. An integrated balanced programme focusing on priorities determined by the SHG depending on their needs should be the entry point.
- Self-help concepts need to be rethought and agreed upon from all sectors (*See Supplementary Paper I*). SHGs should not become mere instruments for carrying out schemes but must have women's empowerment as a central aim.
- The Underlying Philosophy: The underlying philosophical basis of programmes needs to shift from charity (read subsidy) to self-reliance (credit).

3.1.4 Training:

- Training on budget formulation, allocations, schemes, taxation and expenditures should be given to EWRs.
- Horizontal Learning and Information Dissemination: Ongoing dialogue forums, which share lessons learnt and field insights, should be fostered between SHGs.
- Skill Training: District industry centres should provide skill training. Skills training should build on women strengths thereby strengthening existing **activities**.
- Training on marketing, exposure and linkages is required through market study tours to assess the appropriate level of market demand and supply that women can handle.

3.1.5 Build on Local Skills and Demand in Activities

- Prioritize existing activities over new ones.
- Autonomy in Decision Making: Let SHGs decide its own activities

3.1.6 People's Contribution

- Self-contribution and involvement, self-saving, self-help and responsibility are important for people's ownership and participation in development programmes.

- Local Government and Gram Sabhas should take into confidence the community in planning and all levies (water charges etc) should be linked to community planning.

3.1.7 Marketing

- Local Markets: SHGs should, through participatory methods, understand, cultivate and produce for local markets as far as possible.
- Diversify Production: Review programmes which develop large-scale activities with distant markets or large-scale investment for single activity targeted at local markets both of which are high risk.
- Understanding Traditional Markets: TECSOK and other institutions should conduct local market studies on traditional, local, small-scale and multiple activities.
- Infrastructure: Joint committees of SHGs, NGOs, banks, NABARD, government should create infrastructure for marketing and conduct market studies. Use existing NGO methodologies for participatory research on local markets.
- Sustained long-term support for new activities for at least three years is needed.

3.1.8 Lobbying and Advocacy

- Policy should be informed by on going analysis and identification of gaps in action and information.
- Federations of SHGs or NGOs should take on advocacy at district and state levels.

4.2 Recommendations for the Government

3.2.1 Access to resources:

- Improve women's access to and control over resources like schemes, credit and so on.
- Gender Sensitive Eligibility Criteria should be designed to incorporate women's situations.
- Involve communities in decision making on schemes, training, capacity building and group formation. Departments should dovetail their work through NGOs.²⁵
- Unutilized funds in the women's component in different schemes need to be identified. Barriers to the same need to be removed and wherever this is not possible, these funds must be pooled into a common fund to be used for priority areas for women.

3.2.2 Rethinking SHG Concepts for Strishakti and all Programmes

- The best conceptual thinking and experience from past programmes and NGO experience should inform the framework for Stree Shakti and other new programmes.

3.2.3 Information Gaps

- Access to Information on all schemes should be made accessible to its potential users.
- Research on government programmes should be user friendly, compiled, translated and disseminated (government offices, NGOs and communities) including:
 - Different schemes in the different departments.
 - Terminology which should then be demystified and simplified.
 - Budgets including the women's component for different schemes.
 - Matching of schemes to local activities and needs.

²⁵ Interview with Salila, Myrada, August 2000

- Devolution of Information to the Gram Sabha and Beyond: Information needs to permeate to lower levels of government, horizontally to other government departments, to field practitioners and finally to the gram sabha, a potential forum where schemes can be explained to people.
 - A single window clearance and cell for all schemes is recommended at taluk level
 - Stree Shakti information: Before launching any programme, information on it should be widely disseminated and dialogue, feedback, and planing needs to inform it in a participatory manner to ensure its success.
- 3.2.4 Documentation Areas:
- Different models on women's access to and control over financial resources needs to be documented with on-going sharing of how each works, gaps and successes.
 - Urban Poverty issues w.r.t. housing related schemes, HIV, is also badly needed.
- 3.2.5 Budgeting:
- Community Involvement: Gram Sabhas should be involved in identifying priorities and needs for budgeting. NGOs should be involved in facilitating gram sabhas.
 - Flexibility: Budgets should be flexible, transparent and reflect area needs.
 - Appropriate Budgets: Government budgets are much lower than what NGOs pay for their staff and often NGOs incur losses while conducting work for the government.
 - Comprehensive Budgeting: Budgets should be designed with longer-term goals and with follow up processes in mind and therefore should be much higher.
- 3.2.6 Services: Stabilization, Timely Provision and Access
- Creation of new support institutions (private or public) for timely service provision.
- 3.2.7 Monitoring and Evaluation
- Qualitative monitoring and evaluation mechanisms need to be on-going, involve government and external personnel, providing constructive feedback towards improving programmes.²⁶
 - Develop qualitative indicators and train higher government officials in these indicators to change current reporting mechanisms and de-emphasize targets.
- 3.2.8 Devolution of Planning:
- Participatory planning processes should involve communities from inception.
 - Basic needs assessment with all stake holders should inform programme planning.²⁷
- 3.2.9 Making the Women's Component of All Schemes Meaningful
- Increase Applications from Women to disburse funds from women's component of various schemes as women's component plan monies are under utilized.
 - Proper knowledge of schemes should be made available: features, who benefits, costs, who monitors, evaluates and so on.
 - Publicity should reach Taluk officials and NGOs who do not know about schemes.
 - Link to PRIs: EWRs should be aware of the schemes and the women's component. All women specific schemes information should be given to EWRs.
 - Success stories should be publicized so that all stakeholders are aware of successful schemes and of the potential of each scheme.
 - Ensure Single Window for all schemes: Currently different schemes are run by different sections and departments unable to keep village and taluks informed.

²⁶ Vikasana, Correspondence, response to information request towards WCD policy study, August, 2000.

²⁷ Vikasana, Correspondence, response to information request towards WCD policy study, August, 2000.

3.2.10 Building State Legitimacy:

- Honoring Commitments: Government officials should start to honor their contracts and commitments to build the legitimacy and respect for their agencies.
- Training: Higher officials should be trained and have more knowledge in SHGs.
- Greater levels of transparency and accountability in access to schemes are needed.
- De-politicization must take place: Schemes may be target oriented but there is no political will to implement them. Also schemes should not be accessed through MLAs or party interference.
- Ensure that all districts have common policies: Currently different districts have different policies for the same schemes.
- Inculcating a Quality Oriented Culture in the Government, Eliminating Targets: Government monitoring, accountability and reporting mechanisms should be based more on quality and process orientation and less on physical targets. Fresh thinking and formulation of quality indicators for each programme and their stages is needed.

3.2.11 Others

- Areas Where NGOs and SHGs Can Implement Programmes: Implementation of programmes should be given to the NGOs in the following areas: Soil conservation, water conservation, forestry, horticulture, bunds and watershed development.
- Assessing the Deserving: Authentic updated Below Poverty Line Lists needs to be systematically created involving NGOs.
- Coordination: NGOs and other actors working in similar areas should be brought together for dialogue, coordination and policy.

4.3 Recommendations for the Banks

3.3.1 Restructuring banks

- Banks should recognize that they are public servants and their function is to serve public interest. Their priorities therefore have to change to reflect those of the community. The structure of the banks has to be geared to accommodate women's needs. The RBI should lead this initiative.

3.3.2 Gender Sensitization of Officials, Banking Institutions and Policies

- Gender training of officials to inculcate the perspective that *women are partners in development and are credit worthy*.
- Reassessment of all procedures and policies to ensure inclusion of poor women.
- Individual responsibility for loans should replace family responsibility. Women should be informed when her husband is taking a loan in her name.

3.3.3 Mechanisms for Timely and Accessible Bank Credit:

- Banks should deal with the SHG, not individual members and let the SHG handle the small loans to members.
- Reduction of processing time and procedures for small amounts to individuals.
- Gender sensitive lending mechanisms incorporating women's overall situation needs to be designed and implemented.

- Stop inordinate delays: Ten days should be the maximum mean time limit between the sanctioning and releasing of the loan by the banks.

3.3.4 Banking Conditions for Women and SHGs

- Bank Information, Demystification and Dissemination: NABARD and RBI guidelines should be made easily available and demystified in language and style.
- Reduce the Cheque Eligibility slab of Rs. 500/ to be maintained in the SB account.²⁸
- Area limitation for the bank should not apply for women.
- Lower interest rates: Banks should reduce interest rates from 12 to 8% for SHGs.
- Duty on stamp paper should be reduced.
- Paper work should be simplified based on literacy levels.
- Field Visits by banks to SHG meetings can build good relations with SHGs.
- Bank must deal with each SHG as unique not on uniform base.²⁹
- All banks should create an SHG cell to handle credit to women through SHGs.³⁰
- More SHG cells in district banks are needed.

3.3.5 New Initiatives

- SRDA (Sahakara Rural Development Academy) and NABARD's piloting of Area Development Programmes for women should be documented towards replication.

3.3.6 Other Recommendations

- Opening SHG Accounts: Banks should be instructed to facilitate the opening of savings accounts for SHGs.
- Guidelines, evaluating quality, background of the SHGs for loans should be assessed by banks. Bankers can decide on SHGs better than government.
- Eliminate the target approach in banks.
- Improve communication and collaboration between banks, government and communities.
- Shortage of application forms in banks must be dealt with.
- Federations of SHGs or Cluster Level Associations: Banks are still hesitant to deal with CLAs or federations, and currently deal directly with SHGs. They need to start to dealing with federation of SHGs or CLAs.³¹

4.4 Conclusions

Micro-credit and self-help groups are emergent concepts that need to be broadened if overall empowerment of women, and integrated development of communities is to be the overarching goal. What emerges from this review is that unlike ten years ago, today women are seen as credit worthy. Lending to women's SHGs by banks is seen as the most viable way to lending to the rural poor and women are seen as good repayers. Similarly government is also increasingly looking at poor women as a way to ensure

²⁸ PRACHODANA, Correspondence, response to information request towards WCD policy study, August, 2000.

²⁹ BIRDS, Correspondence, response to information request towards WCD policy study, August, 2000.

³⁰ Sumana, Correspondence, response to information request towards WCD policy study, August, 2000.

³¹ Interview with Sreedharan, Outreach, August 2000.

success and efficiency in schemes. NGOs too work largely with community women to initiate collectives, thrift and credit activities and IGPs. What remains is for mainstream institutions to now see *women as full partners in the development process*. If this were indeed to happen, women's priorities would in fact be shaping the face of development very differently than men have.

Micro-credit is neither a beginning nor an end point but one aspect of a larger process that aims at women's overall empowerment. To now move towards that larger end, there needs to be a convergence in thinking of all institutional players and a common understanding that shapes the future strategies of the coming millenium. The aim today is therefore to consolidate our understanding on what increases and sustains women's access to and control over resources and to now seek the next set of strategies that will move this agenda forward in a more comprehensive integrated manner. It is to move away from simple numbers or targets that obscure real progress towards quality and a real improvement of women's livelihoods. It is also to converge the different strengths of the three sectors keeping women's needs as central and to start listening to them and taking up their priorities in the next attempt to move forward.

Access to resources must be complemented by access to information so people can make informed choices. The plethora of schemes and the women's component contains a tremendous amount of resources earmarked for women. However the larger public, nor the potential users even know about these resources or their magnitude. Information therefore becomes akin to power in this scenario.

This being the Year of the Gram sabha, the emphasis in all developmental programmes should be to push access to power, resources and decision making down to this level. This would mean involving communities via the forum of the Gram Sabha in all aspects of planning, monitoring and implementation of programmes.

Particularly important in this process of devolution are aspects that engender governance and development. Therefore gender training, sensitization and incorporating gender sensitive tools into policy must be the agenda if women are to be center staged in development processes.

Ruth Manorama, Women's Voice provides a summation of the field experiences.

Concluding Remarks and Summation of the Consultative Meeting

The policy currently designed is meant to help women in Karnataka particularly the marginal sections. *The core of such a policy should reflect the life situation of the poor.* When we talk about the poor, we touch upon the entire group of women, not the higher classes of women. We measure the development of women from the grass roots.

To make a policy on micro credit for women we need to understand the intention of Government. Micro-credit for women is a feather in their cap. The Rashtriya Mahila Kosh is now at the center and we want it at the state level. However women should not become beneficiaries of programmes. *The major principle in micro credit that we need to abide by is that women have to become partners in development.* All stakeholders from top to bottom need to understand that *women will survive without micro-credit.* Women generate money; they will not die if they do not get government money.

The second guiding principle should be *empowerment*. World Bank, IMF and Government all use the word 'empowerment', but there is a far greater meaning to this word than their usage. With the exception of Mahila Samakhya there is no other mainstream institution that has actually empowered women. In the process of attempting empowerment, the Government has actually disempowered women. We need to understand what forces disempower women and see if the government is willing to listen to us on countering these forces. Empowerment doesn't mean informing the women about government schemes, *information alone is not empowerment.* People need to critique their own status, why they are disempowered, and what is needed to empower them. What are the actions the Government must take? Micro credit is not the answer to empowerment, it is only a tool for energizing women and at the very least getting women out of the home to a street corner/meeting. Whether micro credit will help women get further that that is a larger question.

Micro-credit did not start off creating employment but only helps upgrade it. There are no examples where micro credit has actually created employment. Now that women are getting loans, they need to be encouraged to upgrade their skills through training. Women can become part of an ancillary unit to produce and sell.

Micro-credit is for the poor while macro-credit is for the rich. There is more failure of macro credit due to setting up of industries that fall sick than micro credit. Lakhs of money is wasted on sick units in macro credit while conditions are set for women to be very honest in micro credit. The NGOs also encourage women pay their debts, ensure all papers are in place, because NGOs also want the program to run well, and put pressure on women not to default. *Women should not be seen only as beneficiaries or good repayers but they need to be seen as producers.* Only when seen as producers will they get credit, skills in marketing and become good entrepreneurs. Women do well in cooperatives currently because cooperatives are able to strike a deal with the government for lands, and cooperatives are able to assess the market before production begins.

Women should be promoted from being asset-less to owning assets. Only then can we say that empowerment has taken place. After this, education and political training will help. Just giving loans or political awareness doesn't work. It has to go hand in hand.

When it comes to banking, we do not know how many women will get loans, in which districts, what benefits are offered, who all benefit, and what types of training exist. How many women will be covered by the micro credit of the Department of Women and Child Development? *Like cut lime for pickle that has to be soaked in salt water, women are soaked for the various other programs and never have any hope of working.*

Stree Shakti is working through anganwadi workers. We should oppose this because they already have enough work. We need to find others who can handle this program. We strongly recommended that it should not be in the hands of the Department of Women and Child Development. It should be handled by a single window agency with banks giving them money to operate.

NGOs should have the decision-making powers to operationalize micro credit programs. If NGOs have to be involved they have to be compensated for the time spent, training and other inputs, otherwise the government does not respect the NGO. After all the work NGOs put in, they are neither involved in implementation nor evaluation of the program. NGOs should demand that they are involved at all levels and promote an advisory Committee to instruct the government and ensure they listen to NGOs. NGOs are also not beneficiaries and there should be a partnership between the NGOs and the government.

Karnataka experiences on micro-credit should be put together and while reporting the NGOs have to be honest enough to say that rarely is micro credit a program that we can ask government to promote. NGOs should document their experiences, gaps, and issues they think have to be worked out. Best practices as well as failures need to be researched.

Women's Voice has worked on housing related credit schemes. There has been a long struggle of linking the urban poor, but there have been a lot of success stories. Recently Women's Voice has taken 300 women to work with micro credit in three areas. The urban poor are losing their jobs due to mechanization. People working in micro credit programs should be trained to handle them and we need to have systems worked out for the programs for better management.

Micro credit needs to be accompanied by a lot of support programs like social securities measures, because many of the women borrow for death, marriage, education and not for production or self employment. A social security component need to be built into the micro credit programs and a fund can be created where even women can contribute. We need to give clear guidelines to the government.

Schemes should not make people dependent. NGOs themselves are not trained sufficiently in handling groups. Existing initiatives and practices should train NGOs.

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Conceptual Framework Underlying SHGs

Supplementary Paper I

Women's Access to and Control over Financial Resources: Towards Development and Redesigning Policy

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Introduction

Approaches to building community based organizations vary widely based on the promoting institution and its framework. The very purpose of an SHG as it is constituted varies based on the institution from credit to income generation or social causes depending on whether the promoting institution is a bank, a government agency or an NGO respectively.

One very important finding of this study is that there has to be a convergence in approaches between institutions and a common understanding of why one has to build an SHG. The needs of the SHG and poor women have to be central to the entire initiative at every stage and not the needs of banks or government agencies.

A second major finding is that there is a plethora of schemes and initiatives on the ground by NGOs, banks and government in micro-credit, self help groups and schemes related to the same. After years of experimentation on the parts of all three institutions the time has come to consolidate the lessons learnt and to reflect on the successes and failures of these initiatives to come to a common understanding of what works. This is particularly important in light of the fact that Stree Shakti a new programme is being introduced on an extremely large scale. At the very least this is the defining moment where planning and conceptualizations needs clarification.

In other words the following must take place now:

- An in-depth analysis and dialogue on past programmes must inform the planning of the programmes. The best of what has worked in past programmes needs to be incorporated in the schemes and the failures of past schemes and their causes need to be analysed and all attempts made to not repeat those mistakes.
- An overview and reflection of the best initiatives outside government is further needed i.e. of NGO and bank initiatives within and outside the state.
- Other state experiments in micro-credit and SHGs need to be examined.

This paper therefore attempts at a first cut to bring together some of the underlying concepts that have informed the formation of SHGs. Presented below are various concepts that need to be kept in mind in designing any programme related to SHGs. It will require further research, analysis, dialogue, consolidation and refinement for future use but nevertheless it is a first cut.

The SHG Approach

Functioning of SHGs³²

SHGs emerge from the needs of the people. Members are usually the poor, not served by formal credit agencies. The groups evolve flexible systems of working and managing their pooled resources in a democratic way, with participation of every member in decision making. The groups create a common fund by contributing small savings on a regular basis which inculcates the habit of thrift amongst the group members.

³² National Bank For Agriculture & Rural Development

Savings, repayment of loans and reviews of consumption and production loan requests take place in periodic groups meetings (weekly/monthly) by consensus. Loans are given mainly on trust with bare minimum documentation and without insistence on security. Amounts loaned are small, usually within Rs.1,000 and are often for short periods (1 to 3 months) with minimal procedures and transactions costs. Such loans carry a rate of interest of 2 to 3 percent per month. Interest rates also vary according to the category of the borrowers and the purpose. Non-repayment of the loan installments on due dates entails fines. Defaults are thus very rare, as prestige, group pressure and group support all aid recovery of dues. Since the resources given out as loans are the group's "own money" a very satisfactory climate for recovery is induced.

Purpose of the SHG: For banks the purpose of forming an SHG is thrift, for government it is income generation. Here the purpose emphasized would be as defined by the SHG and could be collective action of any kind, social, economic or political.

What Constitutes Homogeneity? Government, banks and NGOs stress homogeneity of the group members. Within the definition of homogeneity, NGOs mainly stress kinship while banks and government agencies stress economic homogeneity.

*Group Cohesiveness:*³³ NGOs encourage groups to take loans for individual enterprises but also to work as a group on an economic enterprise. The main interest of NGOs is not economic enterprise per se but cohesiveness of the group. When a group has something to make decisions about every week, something they are vested in, not only to do thrift and credit like a bank but to actually work together and to visit the bigger world together as a group is very empowering. Economic activities are secondary to empowerment. SHGs through whole sale purchase and sales understand how business works, who is getting profits, the areas they were being exploited in the past and so on. So something that looks simple like buying soap powder together becomes very empowering in their understanding on how the system works, the political system, middle men and so on.

Socio-economic, political and legal empowerment methodology: Community women/leaders should be actively involved in surfacing community needs and creating strategies for community participation for literacy, health and so on. NGOs can act as facilitators in raising issues and SHGs can provide support structures for community needs. However, the latter cannot take up these issues in isolation. Here is where political education and empowerment of SHG members is needed through creating linkages with PRIs. These linkages are needed for SHGs to act as a pressure group to the GPs. Finally, legal literacy must be an essential part of the training and empowerment strategy towards social empowerment. Women need to understand and be made aware of their rights as women. Communities need to be made aware of their right to development. To overcome violence women face in the family and the larger community and for them to become productive members of society, legal literacy camps/sessions must accompany other forms of training. Awareness raising and attitudinal shifts (on the part of the community and the government) on development programmes and funds and

³³ Shyamala Hiremath, India Development Service, Consultative Meeting, Bangalore, 28 August 2000.

as public money as a right (not as charity) needs to occur initially. Hence, NGOs must be involved to facilitate women's empowerment by a) enhancing their knowledge base or raising awareness b) at the cognitive level through facilitating attitudinal change and c) finally at the implementation level (help women access resources and information and then control its use).

Self Help Group as a Vehicle for Individual Empowerment: The self-help group is not a bank. It is a place for women to develop together, and maybe to develop as a group, but a primary focus has always been empowerment of the individual woman. If the groups disperse it does not matter, because individuals have developed and can form new groups. *The group is a vehicle for individual empowerment of women and any weaker sections.*

A Space and a Time for Women: The SHG should represent a non traditional space and time which enables women, all oppressed in a variety of ways, to articulate their situation, look at old problems in new ways, determine priorities, seek information, and initiate change at their own pace. Through the collective energy of all the women the group becomes the vehicle of transformation. The SHG should represent a space for women to meet, talk, learn, analyse, solve, laugh, and celebrate.³⁴

Gender Perspective: As women form the mainstay of SHGs, their needs and priorities should be center-staged. Discrimination against women takes the form of negative attitudes and stereotypes of women, which act as barriers. At other times, problems are systemic and need policy intervention for which district and statewide forums for such analysis and decision-making is needed. Gender training and sensitization should be an intrinsic part of any SHG program. At the core of this perspective lies the recognition of women's traditional contribution to the family, the community and society and due share of value given to that work. Child care, elderly care, voluntary community work are women's unrecognized contributions. These contributions need to be made visible. Second, the traditional perspective that this work is unimportant needs to change on the part of NGOs, government, banking personnel, and women themselves.

Allowing the Primary Group to Retain the Power and Resources: Money should stay with the women who own it and should not move out of the primary group. Taking money out of the hands of the primary group is disempowering to the group. When money moves to bigger things, educated and elite women take over. It is better instead if the small group grows slowly and access its own credit and so forth.³⁵

People's Contribution: Outreach programmes are through a participatory approach. As people's contribution is important be it thrift and credit activities, micro credit or skill enhancement or even in training programmes, 10-60 percent of the contribution could be from the people. This contribution could go to the sangha which would in turn set up committees for sale, purchase, monitoring and other purposes.

³⁴ Mahila Samakhya Karnataka (1996).

³⁵ Shyamala Hiremath, India Development Service, Consultative Meeting, Bangalore, 28 August 2000.

A holistic integrated long term approach is the only one that will work in designing programmes for SHGs. The Mahila Samakhya concept is one that is particularly important for women who are denied this space and time in their lives. Therefore for women SHGs represent not just a vehicle for collective action per se but a means towards a larger goal of empowerment and even further a non-traditional space for reflection and analysis towards the same. For promoting institutions, have women central to their organizing efforts cannot be overemphasized. Finally allowing the SHG to retain decision making power and resources is yet another perspective that needs to be consciously preserved as the group starts to grow.

Training

A radical clarity on gender is vital at this stage. First, through training, promoting agencies must recognize women's economic contribution and second, women's overall contribution to society. Third, like the SHGs, they too must be brought together regularly to critically analyse their problems to understand when a problem requires policy intervention and when it requires a localized solution. In prior experiments, NGOs undertaking savings and income generation with SHGs, typically blame themselves and/or women for the lack of management skills in times of difficulty. A shift in attitude, from blame to understanding the problem, needs to occur.

Capacity Building: The initial emphasis must be on building capacities of SHGs and for NGOs (to play a facilitative role to SHGs). Capacity building later on shifts in scale to SHG clusters and associations, which need to functionally replace NGOs. Therefore, the end goal must not be NGOs brokering resources successfully for SHGs. Instead SHGs need to be fully capable of their own negotiations.

Building Credit Absorption Capacities: Often groups are given loans on a scale that they cannot use. However, if women know that they can get that kind of money they are tempted to take it and there is no training that accompanies it so the money lies wasted. The group will often default. Instead groups should be given smaller amounts of 5 lakhs or so at a time.

Peer Exchanges: The fastest, easiest way for women to learn is from each other. This is true for all actors, including NGOs, government and bank officials. Peer exchanges for all actors, especially SHG representatives, must occur at the following levels: within the group, between groups within a village, and at cluster, inter-block, district, regional, inter-state and state levels. These forums can provide a safe, supportive environment in which women (and NGOs) can share experiences, communicate, analyse problems, build their confidence and raise their consciousness. A mix of old and new groups can be present. Besides, skill training sessions can be specifically designed for new groups based on needs assessment.

NGOs too need a safe, supportive environment to learn from each other, know how to pace their work, review the stages of their SHGs, learn strategies and surface training inputs needed and peer exchanges here too can help. Learning exchanges for government

and bank officials of neighboring blocks, districts and states can help them learn from each other, center stage the work of progressive officials, facilitate the spread of gender sensitive tools/policies and expand their vision. Finally, it will pressurize officials to ensure that the program progresses.

Follow Up: Promotion of SHG should be clearly supported with follow-up action at least up to its self sustainability or else quick formation and breaking up of groups creates loss of faith in the SHG concept by other community members.

Withdrawing after Imparting Knowledge to Groups: One motto of promoting agencies should be to work with people till they understand the things they did not understand before, that they need to know and then to withdraw.

Access to Resources and Information

Documentation should be participatory in that the purpose of documentation should be towards obtaining information that will be useful to SHGs finally.

Information Dissemination: Poverty takes a variety of forms. However, primarily women lack access to resources and to information. Providing women with financial resources, through government subsidies, bank loans and introducing savings strategies is not enough. To provide women a sense of ownership and control over resources and the decision making process, information on savings, investment, production, marketing, storage, accounting, documentation and skills are essential inputs. Embedded in the SHG concept, is the priority given to providing information to prevent new dependencies. Throwing resources at the poor without access to information may only increase their debt burden. It is only by providing them information and expanding their options, can they exercise their right to choice and own their decisions. *Therefore, women making this choice is far more important than giving them the resources and telling them the most viable way to spend it.*

Critical Reflection: Information is vital for the training resource team. Intrinsic to the notion of *informed training* is regular documentation, feedback, analysis and critical rethinking of strategies. Capacity building of NGOs to conduct regular documentation, analysis and re-evaluation of training strategies will be a part of training. Reflection will be built into training such that learning and change is an expected part of the process for all actors. Here, close coordination between the monitoring agency, training agency and NGOs is a must.

Development of Indicators: The development of indicators, especially qualitative indicators, can guide all actors particularly banks and government at each stage of the process of forming and sustaining SHGs. It can further help NGOs assess the health of their groups, particularly the financial health, through financial indicators.

Participatory Processes: All initiatives should be process oriented, collaborative and participatory in all phases, planning, monitoring and implementation. Process

orientation implies the emphasis will not be only on outputs, but on ownership of the entire process and decisions by the women themselves. It also means that all actors should have a stake in and own their decisions right from the planning stages. For training, this means that in the start up phase, training needs assessment (TNA) workshops will determine the module necessary for the Build up phase and TNA workshops conducted in the Build up phase will determine modules for the Stabilization Phase and so forth. Therefore all actors will have a say on training needs in the phase prior to the implementation of training modules.

Snowball effect: To create momentum and a sense of dynamism and growth, regular local exchanges will encourage sharing, creation of local support groups and facilitate formation of new groups.

Model Villages and Best Practices: Visits to best practices can serve as a motivational strategy for all actors, in particular officials, to destroy any initial doubts they may have about women's capabilities. Exposure trips to the best SHGs in the country (preferably those in Karnataka) can expose all actors to what SHGs can achieve.

Partnerships and Collaborations

True partnerships are based on the assumption that every actor gets something out of the interaction. Making these gains explicit for each actor at the onset is therefore the foundation upon which partnerships are built and help role clarification. Creating forums for dialogue are an essential part of training. Equal partnerships require recognizing women's contribution to society and to development. For the government, interaction with women provides them the means to reevaluate their programmes, assess past performance, to understand reasons for the lack of participation and learn the basis for successful implementation of future programmes. Interaction must be staged carefully, such that women first learn to articulate their concerns and to negotiate with mainstream institutions, for these partnerships to be equal and sustainable.

Facilitating Convergence: Convergence here is defined as a coming together of all resources, programmes, and approaches on issues relevant to poor women and their communities. It means all similar approaches through different government schemes be brought together towards a comprehensive set of solutions. The concept underlying convergence is that all stakeholders must be involved from the beginning.

Network formation: The formation of networks among all actors at various levels (block, district, state) can facilitate sharing and advocacy. At the cluster level, SHG federations can provide support and ultimately replace functions performed by NGOs, which act as the initial primary support structure. The capacity of federations needs to be built to prepare their take over, while facilitating NGO withdrawal and to prevent creating new forms of dependencies. Federating groups can facilitate the formation of new groups and the quick spread of concepts from old to new groups. Associations of federations at the district level will create further support mechanisms for SHGs, facilitate their institutionalization and help them intervene formally. Capacity building of these

associations can be fostered through access to regular dialogue forums with state and bank officials. This will simultaneously sensitize officials to the needs of SHGs.

Sangha Level: Empowerment needs to be at the sangha level. Government and bank programs are only vehicles to help sanghas do what they want to do. The decision on what has to be done has to lie with the sangha, not with banks or government.

Village Level Federations as a Vehicle for Political Empowerment: Federations of SHGs at the village level could take up other kinds of issues and is the place for political empowerment and sharing. At the Gram Sabha, these federations can decide community needs, priorities, which poor people get what scheme, and where government money should be spent.

Cluster Level Associations: 10-15 groups at the panchayat level can form cluster level associations (CLAs). Further SHG follow up can happen through the CLA so that the NGO can withdraw. So the CLA can play the role of an NGO at the panchayat level.

Federations at the Taluk level: Federating SHGs in a particular taluk would be largely for sharing but decisions and policies can also be taken at the taluk panchayat level.

Policy Changes: Barriers are typically of two kinds, barriers specific to the local setting and those that are systemic and require policy intervention at district, state or national level. SHGs can collectively identify these barriers and analyse their source. Once the sources of these bottlenecks are identified, which could be embedded in eligibility criteria of banks or government agencies, then state level forums with representatives of NGOs, government and bank officials from all districts should be the arena for policy change. Only if properly backed by adequate documentation, policy change and follow up through local forums with officials where policy changes are discussed can such policy interventions be effective.

Linkage of SHGs with banks

These groups serve as intermediaries between banks and the rural poor for the mutual benefits of both parties.

Advantage for the rural poor

1. Access to banks
2. Money is available in time and for all purposes
3. Significant reduction in transaction cost of borrowing
4. Loan is available without any tangible collateral
5. Procedure is very simple and flexible

Advantage for the banks

1. Reduction in their transaction cost of lending as the responsibilities like loan appraisal, follow up and recovery lies with groups.
2. Access to rural poor
3. Recovery is assured even without any tangible collateral

Linkage models can be direct or indirect through SHG promoting institutions.

Direct linkage: In this case, the bank deals directly with the group for both mobilising the savings and for extending loan facilities. The group opens a savings bank account with bank to keep its savings which can be operated by president/secretary as decided by all the members. The bank lends the money to the group at the rate of 12% per annum which further lends the same to its members.

Indirect linkage: Since most groups are informal and there is no tangible collateral some bankers may be hesitant to lend to them, particularly when there is no trust and confidence between bankers and rural people. In this case the banks can provide the money to groups through self help promoting institutions such as cooperatives or NGOs at the rate of 10.5 per cent per annum. Since the bank does not know the purpose for loans, the credit amount can be linked initially with group saving because of the following two basic principles:

1. The person who cannot save, cannot use the money.
2. The person who cannot save, cannot repay the money

Features of linkage scheme with the banks

1. Savings first, credit second
2. No credit without saving
3. Group pressure as a substitute for tangible collateral
4. Interest rate and other terms for loans to members decided by the group, not the bank
5. Initially small loan, increased amount over time based on good repayment record.

*Linkages with Mainstream Institutions:*³⁶ Earlier SHGs implies a self-contained unit outside mainstream institutions. Today, SHGs are no longer 'Self-Help Groups' in the true sense of the term. They avail assistance from NGOs, banks, NBFCs, NABARD, RBI and government agencies. Today, mainstream institutions believe that SHGs can be effective tools in meeting credit needs of the poor and in ensuring their holistic development by performing non-credit functions relating to health and hygiene, education, family planning, infrastructure development, etc. Hence, the need for promotion, financing and functioning of SHGs has been realised and has become a macro national level strategy for all-round development of the poor even attracting international agencies' interest in financing and supporting SHGs.

³⁶ William D' Souza (1999) "Microcredit Programme Monitoring Systems: A Review of the MYRADA Experience", *SEARCH Bulletin* Volume XIV, Issue No 3 July –Sept 1999

Assessment of Self Help Groups by Banks

Like any borrower, SHGs should also be assessed by banks before extending credit.

Norms: The banker must ensure that the group has developed specific norms particularly with respect to meetings, savings, credit, fines and leadership.

Functioning of the SHG

- *Meeting:* meetings should be regular and the time should be in convenience to all the members (usually late evenings when women are free from their domestic works). This can be verified by checking meeting books and minutes.
- *Member participation:* For a dynamic, sustainable group, the member's participation should be very high based on attendance which can be easily verified from the minutes book. In order to ensure that participation is not reduced purely to a head count or that it is dominated by a few, bankers should attend some of these meetings.
- *Homogeneity of members:* The group should be homogeneous in membership in terms of caste, sex or economic status. In rural society, women don't speak before their male counterpart or lower cast people cannot sit beside higher caste. To avoid these problems, the more homogeneous the group, the better.
- *Savings:* Since thrift is a major strength of SHG, the most important criteria is regularity of savings and each member should contribute a minimum amount at least. Further groups should also maintain a saving book clearly mentioning the contribution of each member which bankers should use to assess the SHG.
- *Credit:* With respect to lending, the group must decide priorities for lending which determines who gets loans and the interest rate to be charged (this may be different for different purposes or may be uniform for all the purposes). Bankers must ensure that the group should lend its own funds among members before linking. The group must have some experience of lending before it approaches the bank for loan. Bankers should examine the purpose of loans and their recovery rate. If the group has a high recovery rate, it is expected that qualities like group dynamics and group pressure are strong, which are substitutes for tangible collateral in the SHG Bank linkage scheme.
- *Fine system:* The bankers should see how groups deal with defaulters w.r.t. saving, repayment of their loans, and absenteeism in meetings. The bankers must review the penalty system to curb the free rider problem and how penalty systems are implemented. For this purpose, personal interaction of bankers with the group members is necessary.
- *Leadership:* In order to ensure the democratic functioning of the group and that it is not run by one or two members, the banker must see how leaders are chosen

(selection or election or nomination), tenure of leaders, and rotation of leadership. If literacy is the main criteria for leaders not rotating then this should not become a disqualifying feature.

- *Maintenance of books and records:* The activities of the group should be transparent and accessible to each and every member. In the absence of financial transparency, doubts and mistrust among members may start leading to disintegration of the group. It is, therefore, very important a minimum level of records particularly minutes books of the meetings, saving and loan register indicating the financial transaction of each member with group be maintained.

Dependence on external promoting agent :

In the initial years, the groups may be totally dependent on external agency for its functioning. However, over a period of time, the groups should be empowered to make their own decisions and the role of external agent should be gradually reduced. The bankers should also assess the role of NGOs which are generally involved in promoting and nurturing the groups, at different point of time during the whole life cycle of group. This judgment is particularly more important for the bankers to decide whether the loan should be made directly to the group or through NGO.

Mainstreaming and Institutionalization of SHGs

Institutionalization: This phase is particularly important as it defines the stage of withdrawal of NGOs, banks and government agencies and the takeover of their functions by the community. The SHGs' capacity need to be built in a way that can handle this take over. Their institutionalization is needed as in the long term, the SHGs will be the final providers of support for the socio-economic, political and legal empowerment of women. The type of institutional structure that the SHGs need to develop will also determine their access to mainstream institutions and resources. SHGs need to know what institutional choices are available and benefits associated with each. The possible institutional structures currently in existence are cooperatives, development societies and development cooperatives (lesser known). Cooperatives are primarily economic organizations and have been criticized for being hierarchically structured and not flexible enough to address the myriad needs of women. Development societies, on the other hand, typically are funded for "social needs" such as education, training, literacy, health and so on and do not allow the same access as cooperatives to economic arenas. The newer, more innovative organizational forms that allow women access to both economic and social resources and simultaneous institutional linkages are development cooperatives (for which there is a legal precedent and which is in existence). Similarly other new emergent initiatives need to be looked at to examine the extent to which they empowers women and what lessons need to be learnt and replicated. The SHGs through formation of development cooperatives could therefore act as a fourth intermediary to community, banks and funding agencies and political institutions through their own institutional structures. SHGs can be exposed to different types of institutions and allowed to then determine what type of structure best serves their purpose.

Mainstreaming SHGs: The first stage builds a parallel credit system, flexible and responsive to women's needs, and the second builds an alternative set of economic institutions, run and operated by poor women. Grassroots women even while conducting economic activities are unlikely to threaten their livelihoods by destroying the environment. Therefore the income generation projects that emerge will be best practices of sustainable, economically viable, and environmentally friendly projects where women are the central actors. The final stage is to institutionalize these groups, federate them, and facilitate their involvement in community development, governance and policy.

To build a constituency with a strong alternative voice on development, SHGs cannot remain at the scale of small businesses. In other words, the creation of alternative economic institutions that can conduct economic development in a sustainable, equitable and gender sensitive manner will not suffice in the long term for creating sustainable community development. They must be able to influence decisions in the village, undertake projects themselves that can provide examples of community development that can set a new tone for the next millenium. By creating strong engendered civil society institutions, a gender perspective enters every aspect of the development process: planning, monitoring and implementation. The aim is to promote convergence where women bring together all stakeholders in the development process and collectively plan development for their communities using all resources available for that purpose. For this, cluster level federations and their associations at district level need to be created. Awareness building must occur to ensure that development does not take a traditional trajectory but one that is shaped by women and their communities. The associations must act as information and planning centers within the community that provide women with information as well as allow the forums and mechanisms for planning from below.

Annexure 1: Format of Information Requested on Access to Credit for Women

1. Describe your credit programme (SHGs, loans, number of credit groups or individuals, members, area of operation)
2. Who is the target audience for your credit programme (women, men or both)?
3. What is the approach to credit (group or individual)?
4. What type of training is given – before and after they take credit and for whom?
5. What is the content of training given to different audiences? (access to credit, running the SHG, repayment of credit)
6. For what purpose is credit used/given (income generation, self-employment, consumption, production needs)?
7. What do the repayment schedules look like?
8. What is the interest rate for the target group?
9. How much does the NGO contribute?
10. What other forms of support are provided? (backward and forward linkages)
11. What are the outcomes, expected and actual of the credit programme? (empowerment, training, income generation, and mobilization for change) Please provide any evaluations conducted of the program.
12. How do you evaluate your programme? Give highlights of evaluations. Please enumerate the impact of your credit.
13. How do you operate your credit programme (cluster approach, area approach, other)
14. How has your programme impacted on women in terms of their empowerment (freedom of mobility, access to and control of resources –family and outside, increase in decision making, improved status at home and in the community, improved self confidence and self image). Please provide us with stories.
15. Critically evaluate the role of the state in improving women’s access to financial resources, the gaps in the programme strategy of the state.
16. What should be the role of the state in this context and provide recommendations for policy and implementation.
17. Critically evaluate the role of the banks in improving women’s access to financial resources, the gaps in the programme strategy of the banks.
18. What should be the role of the banks in this context and provide recommendations for policy and implementation.

Annexure 2: Qualitative Indicators for Group Functioning	
INDICATOR	QUALITY DIMENSION
Member attendance in meetings	Are borrowers attending?
Agenda of meetings	Inclusions of delicate issues like default by members in repayment, savings, attendance, etc.
Regularity in savings	Do members continue to save after obtaining a loan?
Loan performance	Is there equitable coverage of members? Is there a shift from consumption to production purposes?
Recovery performance	Number of defaulting members. Is the default willful?
Transparency of cash dealings	Are there transactions taking place outside meeting?
Adherence to rules and discipline	Enforcement of penalties.
Decision-making process	Is it collective? Are all opinions heard?
Economic capability building	Is there a skill / resource development plan for providing income to members?
Confidence level	Ability to interact with other agencies. Resolve to stand up for rights.
Social relevance	Community development activities. Support for social causes.

Source: Girija Srinivasan and Radha N. "Management Information System for a Transformation of MFI." in *Monitoring Systems in Microcredit*, *SEARCH Bulletin* Volume XIV, Issue No 3 July –Sept 1999

Annexure 3: Programmes of the Department of Women and Child Development

Swashakti

Objectives:

To provide financial help to start training and production units for widows and financially backward women.

Eligibility

Registered SHG's or groups who work for the upliftment of women and mahila samaja mandalis.

Entitlement

- ◆ For groups training women: Rs.6000/ for 15 members for 4 days for 3 years.
- ◆ For each family planning program: Rs. 1000 for first 2 years.
- ◆ For skill improvement training:
 - ◆ Stipend: Rs. 300 Per month
 - ◆ Trainer: Rs. 2000 max. per month
 - ◆ Rent in Bangalore Rs.2000, district Head Quarters Rs. 1500, Taluks Rs. 1000
 - ◆ Tools and machinery Rs.100000 max. 80% subsidy 20 % to be borne by the group
- ◆ For production units
 - ◆ Rent: for first 2 years as above, after that the group bears the cost.
 - ◆ Working capital: depending upon the profession max Rs. 5,000 which should be repaid in the second year at 4% interest per annum.
 - ◆ Marketing and operational expenditure Rs.2,000 /month for the first 2 years and for the 3rd years 1,000.

Navajeevana (New Life)

Objectives

The financial upliftment of widows below the poverty line. To start Income Generation Programmes to make them financially and socially secure, and increase their standard of living.

Eligibility

Widows below the poverty line, aged 18-50 years and children of widows attending anganwadis. Priority will be given to SC/STs.

Entitlement

25% or Rs.5000 maximum will be borne by the government.

Vikasini

Objectives:

Financial aid to below poverty line women to start self-employment. Help is also provided to market products.

Eligibility

Women below the poverty line who are 18 years and above. Priority will be given to handicapped, SC/ST, widows and homeless.

Entitlement

Rs.10,000 will be released to the District Collector out of which Rs.5,000 for building construction, the balance for the repayment of loans and 25% will be given as subsidy.

Jagruthi

Objectives:

Children's health, welfare and education.

Eligibility:

Children of parents of below the poverty line, 14-18 years, should be literate and from the same locality. Priority will be given to school going children.

Entitlement

Total expenditure will be borne by the government, bicycles are provided for selected girls, Rs. 1,000 NSC will be given after training.

Balakarmikara Punarvasathi Yojana (Child Labour Rehabilitation Plan)

Objectives

Rehabilitation and education of child labourers. Each district starts a school to provide informal education, food, health, and entertainment for 6 months. After 6 months the children are admitted at regular schools. The district officers will identify self help groups to start these schools and will provide the required help.

Eligibility:

Child labours working in hazardous and non-hazardous industries, particularly girls.

Mahila Kanoon Padhavidhararighe Dhanasahaya - Individual

(Financial aid to law graduates)

Objectives

Financial aid to law graduate women for training purposes.

Eligibility

- ◆ Family income should be less than 40,000 per year.
- ◆ Should be below 35 years

- ◆ Should be a member of bar council and should be trained under a public prosecutor or lawyers who have practised for 2 years.

Entitlement

Rs.1,000 per month for 4 years, Rs.460 for registration and Rs.500 to buy books.

Gramanthara Pradeshadha Henu Makhilige Haajarathi Shishyavethana

Objective: - individual

Stipend for continuing education, who had discontinued or planning to discontinue education.

Eligibility

- ◆ Girl child should be an Indian national.
- ◆ Should be living in an area below 20k population.
- ◆ Should have studied from 5-10 standard in a government or aided schools.
- ◆ Family income should be below 10,000 per annum.
- ◆ She should have 80% attendance in the last attended year

Entitlement

- ◆ 5-7 standards: Rs.25 per months for 10 months
- ◆ 8-10 standards: Rs.50 per month for 10 months.

Vrithi Tharabeti Padeyuva Mahileyarige Aarthika Sahaya

Financial aid for professional training. - individual

Objectives:

Training for TV and Radio assembling, clock repair, typing and short hand, motor rewinding etc.

Eligibility:

Should be below the poverty line

Entitlement

- ◆ Reimbursements will be done on production of bills to a maximum of Rs.1500.
- ◆ Rs.250 per month for 10 months will be reimbursed for hostel expenditure provided a certificate issued by the hostel authority is produced

Sankasta Paristhithiyalliruva Makkalige Shishyavethana

Objective: - individual

Aid to children of prostitutes, devadasis, alcoholics, prisoners

Eligibility:

- ◆ Should be below the poverty line.
- ◆ For boys 18 years and girls 20 years

Entitlement

- ◆ 5-7th standard: Rs. 100 for 10 months
- ◆ 8-10 Standard: Rs. 150 for 10 months
- ◆ PUC – Degree: Rs. 300 for 10 months

Griha Kaigarikegalalli (Cottage Industry) Tharabethi Needuva Mahilaa Samaga Mahila Mandalige Anudhana

Training for cottage industries for mahila samaja.

Objective:

To upgrade training facilities and increase participation strength. To encourage the mahila samaja madals to offer better training in cottage industries.

Entitlement

Rs.5,000 for 5 years as operational expenses.

Vidhava Vethana - individual

Widow allowance

Objective:

Financial aid to widows who do not have any support systems.

Eligibility:

- ◆ 18 years and above
- ◆ Should not be residing with relatives and her income should be less than 6,000 per annum.
- ◆ She or her deceased husband should have been residing in Karnataka for 3 years.

Entitlement

Rs. 100/month provided till her income crosses 6,000 or she remarries.

Hennu Makkala Vasathi Nilayagalu (ladies hostel)

Objectives:

Provide hostel facility for rural students pre and post matriculation studying in Government schools.

Arunodhaya

Objective:

ICDS has given subsidised loan for land development.

Eligibility:

Income should be less than 11.5 thousand.

Entitlement

Maximum loan amount will be Rs.5,000 per acre, and a max of 2 acres for fencing etc for protection of crops. 25% subsidy from the government. Loan should be repaid with interest within 2 years.

Samagika Shasanaganvaya Nadesalaguttiruva Karyakramagalu.
Financial aid for Operation of social issues.

Rs. 7,000 financial aid for communal wedding for orphans, Rs.2,000 is for marriage expenses and Rs.5,000 as fixed deposit in couples' name.

Makkala Kallyana Kshethradhalli Seve Sallisidavarige Prashasthigalu

Awards for outstanding contribution in the area of child welfare.

- ◆ For societies: Rs.30,000 – first prize, 20,000 second with certificate.
- ◆ For individual; Rs.10,000 per person and certificate.

Kithur Rani Chennamma Prashasthi.

Award given for work on protection of women.

Rs. 50,000 for societies and Rs.10,000 for individual.

Dhayrya Sahasa Prashasthi Padeda Makkala Vidhabyasakke Arthika Neravu.

Financial aid for education who have won bravery award.

Rs.2,000 per year till the recipient finishes education.

Jilla Panchayithi Vyapthiyalli Baruva Yojanegalu (District Panchayat Area Schemes)

Samagra Shishu Abivrudhi Yojanae

Objectives:

Aimed at children 0-6 years primarily for health and hygiene, mental health, child death due to malnutrition. Vaccination, health check ups and counselling for 3-6 years pre school children.

Namma Magalu Namma Shakti.

Objective:

Financial aid to the girl child

Eligibility:

Parents should not have more than 3 children, and aid given only to 2 children.
Parents should have done vasectomy.

Entitlements:

- ◆ For 5 year old child: Rs.2500 as FD in LIC.
- ◆ 6-9 years: Rs.200 / annum as intrest on FD
- ◆ 10-13 Years: Rs.300 per year as interest on FD
- ◆ 14-17 years: Rs.400 per year as interest on FD
- ◆ At 18 years: Rs.4410 will be given, should be unmarried.

Shishupalana Kendragalu.

Objective:

Infant/baby care centres.

Eligibility:

Below 3 years, registration under societies registration act 1960.

Entitlement:

90% will be given by the government and the rest 10% by the society.

Kendra Sarkaradha Anudhanitha Yojanagalu (Central Govt. Aided Plan)

Udyogastha Mahileyara Vasathigrihagalu.

Working women's hostel. Hostel facility for unmarried, widowed, divorced and married but husband staying at a different place. The government will provide 50% for buying land, 75% of the construction cost borne by the central government, and 12.5 % by the state government, and the remaining by the society.

Alpavathi Vasathigrihagalu (Short Term).

Short-term boarding facility offered for women.

Total cost will be borne by the central government.

Samaghika Badhratha Kshethradhadi Swayamseva Samsthegalike Niravu.

Social security and welfare bodies. Education centeres, research centeres, red cross society etc. are eligible.

90% will be borne by the central government, and 10 by the society.

Rashtriya Shishupalana Nidhi Yojane.

National child welfare fund. Rs.18480/ for child care centres, a maximum 25 children and Rs.8100 for anganvadi cum child care centres. Rs.4000 at the time of inception of child care centres. 90 % operational cost borne by central govt and the rest by the society.

Kendra Sarkaradha Yoganagalu Central Government Programs.

Rashtriya Herige Bhathye Yojana

Objective:

National delivery allowance.

Eligibility:

Pregnant women BPL for medical and nutrition.

Entitlement:

First 2 surviving children Rs.500 delivery allowance.

Balika Samridhi Yojane.

Objective:

Girl child development program.

Eligibility:

Born after 15-8-97

Limited to 2 girls

Entitlements:

Rs. 500 to the mother of girl child, and yearly scholarship given to the school going girl.

Makkala Kalyana Kshetradhalli Seve Sallisidhavarige Prashisthigalu.

Award for work on child development.

Rs.200,000 for societies restricted to 5 societies.

Rs.50,000 for individuals, restricted to 3 persons.

4: KSWDC Programs

KSWDC established in 1987 as a corporation under the Companies Act, concentrates on programs / schemes for poor women, women below poverty line, SC, ST, Minority, Backward class women and Middle class women.

Given below are the details of programs / schemes with a greater emphasis on loans and subsidy schemes –

Name / Type of Scheme	Objectives	Eligibility	Activities	Assistance	Implementing Authority
Training Program	For self-employment and production	Women below 12,000 annual income	E.g. Tailoring, Computers, Embroidery Printing etc,	Stipend of Rs. 100, remuneration for teachers, rent for buildings, Stationery etc.	AD, WCD Joint Director, District Industries Centre
Training & Production Centres	Encouraging I G activities through training and production centres	NGO's, Co-operatives, Trusts etc.	Any I G activity – e.g. – pottery, screen printing, Weaving etc.	80% of project expenditure as loan & remaining 20% to be put in by beneficiary time period of repayment in instalments	AD, WCD
Mane Belaku (State Scheme)	I G activities	Women below 12,000 annual income	Small Business, Cottage industries, Crafts	Max – Rs. 25,000 of which the subsidy is Rs. 5000 and the rest is a bank loan	AD, WCD
Entrepreneurial Development program	To develop Entrepreneurship among women	NGO's and registered institutions	Entrepreneurial awareness programs Entrepreneur	Up to 36,000	AD, WCD KSWDC head office

s			rial Developme nt programs		
Name / Type of Scheme	Objectives	Eligibility	Activities	Assistance	Implementing Authority
Comput er training	To give computer training to educated women	SSLC passed students for data entry course and PUC passed for programmer s course	Training in data entry and programmin g	Free training	AD, WCD KSWDC head office
Program s for Assistan ce to Marketi ng	To arrange exhibitions for the marketing of products produced under income generation activities with the assistance of KSWDC	Directly and through NGO's	Exhibition of products	Not mentioned	AD, WCD KSWDC head office
Seminar s and worksho ps	All round devlpt of women and Devpt of women in economic, political, legal, health and other aspects	Universities, research institutions etc	Arranging of workshops and seminars	50% of expenditur e	KSWDC head office
State resource centre for women	Research establishin g library etc	Not mentioned	Not mentioned	Not mentioned	KSWDC head office

Counseling Services	To disseminate information, to identify suitable investment Projects, preparation of project proposals etc for women	Not mentioned	Not mentioned	Not mentioned	SAMPARK
Devadaasi rehabilitation program (Belagum and Bijapur Dists.)	Rehabilitation of devadaasi's through training and estab. of production centres and through IG activities by means of providing loans through financial institutions	Devadaasis	Training, estab. production centres, forming SHG's, Awareness camps, Health camps etc.	60 % as subsidy for loans	Project Officers, Devadaasi rehab. program
Name / Type of Scheme	Objectives	Eligibility	Activities	Assistance	Implementing Authority
Rural women's development and empowerment scheme - Graamin	----- details not properly furnished except saying 24,000 poor women will benefit.	-----details not properly furnished except saying 24,000 poor women will benefit. Total expected budget – 39	-----details not properly furnished except saying 24,000 poor women will benefit. Total expected budget – 39	----- details not properly furnished except saying 24,000 poor women will benefit.	-----details not properly furnished except saying 24,000 poor women will benefit. Total expected budget – 39 crores. Project to be assisted by world bank, national

a Mahileya Abhivru dhi Mathu Adhikar a Needike Yojane (only Bellary, Kolar, Tumkur and Chitradu rga Dists.)	Total expected budget – 39 crores. Project to be assisted by world bank, national agriculture devpt fund, central govt and banks	crores. Project to be assisted by world bank, national agriculture devpt fund, central govt and banks	crores. Project to be assisted by world bank, national agriculture devpt fund, central govt and banks	Total expected budget – 39 crores. Project to be assisted by world bank, national agriculture devpt fund, central govt and banks	agriculture devpt fund, central govt and banks
Women's economic self help scheme - Mahileya Arthika Swawal ambane Yojane (Gulbar ga, Raichur, Bidar, Bijapur Dists.)	Training in Marketing to link up with banks and financial institutions for starting I G activities	Through SHG's	Thrift and Credit and I G activities	Not mentioned	Not Mentioned
Name / Type of Scheme	Objectives	Eligibility	Activities	Assistance	Implementing Authority
Udhyogi ni	For provision of loan and subsidies for women to take up	Women b/n 18 and 50 Yrs Age limit relaxed for SC ST,	Starting businesses	Max. 50000, subsidy 40% for special grps and	AD, WCD

	business.	handicap and widows Income of women from general group should not be more than 25,000		25% for general	
Animal Husbandry	Income generation	Not mentioned This scheme is taken up with the assistance of Karnataka Milk Producers Society and District Milk Producers Okkuta	Animal Husbandry	80% as loan and 20% beneficiaries own money	KSWDC head office

B P L – below poverty line

I G – income generation

AD – Assistant Director

WCD – Women and Child Development Department

KSWDC – Karnataka State Women Development Corporation

Annexure 5: Details of Karnataka Mahila Abhivrudhi Yojana (KMAY) Programs

Department	No. of Programs / Schemes	Progress / Achievement	Comments
Housing	7	100 %	
Rural Development	8	Good Progress	
Agriculture, Horticulture and Allied Services	23 42	Poor performance in mini kit distribution and study tour re agriculture. 29 % for Horticulture	
Animal Husbandry	8	Poor performance of centrally assisted schemes	
Sericulture	Not Specified	83 %	Women not coming forward for long training. Women do not have bank accounts in their names and hence this is a problem
Fisheries	9	84 %	
Forestry	14	3600 women members in forestry committee	
Co-operation Department	12	Poor performance of centrally sponsored schemes	
Education	10	97 %	Schemes are basically for giving uniforms, books, etc.
Health and Family Welfare	14	Not Specified	
Industries and Commerce	8	PMRY only 50 %	Difficult to identify beneficiaries and non co-operation of banks
Social Welfare	38	Progress Satisfactory	
Handicap Welfare	Not Specified		
Backward Classes Department & Backward Classes Devpt. Corporation	Not Specified	72 %	Women not coming forward for schemes like driving automobiles and diploma in foremanship etc.
Scheduled Class & Scheduled Tribe Devpt. Corporation	Not Specified	Satisfactory Progress	
Minorities Devpt. Commission	Not Specified	30 %	
Employment & Training Schemes	Not Specified	75 %	Poor Performance due to girls not having hostels to stay. Only 44% admission in Polytechnics

Annexure 6: NABARD's Role in Rural Development -At A Glance

Women Development – NABARD's Experience

- Women need credit and credit plus services.
- Need to strengthen institutional capabilities on gender in credit and support services.
- Gender planning and maintenance of gender disaggregated data are of utmost importance and need to be built up on an on-going basis.
- Women related action research projects and area programmes to be supported.
- Support for skill training, skill up-gradation, REDPs and other economic training for rural poor women assume significance in the context of women empowerment
- Supplementary and alternative models for effective credit delivery system for women need to be encouraged and supported.
- NABARD's SHG linkage programme vouchsafes the Group approach as an effective intervention for women development. Group approach facilitates larger outreach, reduces transaction costs for banks, group savings act as collateral and 'peer' pressure ensures timely repayment.
- Use of second tier financial intermediaries such as VAs, NGOs yields better results.

Gender Issues in Credit and Support Services: NABARD's Initiatives

NABARD's refinance and promotional schemes are 'gender neutral' i.e., both men and women are equally eligible for assistance under various schemes of NABARD.

NABARD has initiated the following steps to increase the flow of credit to rural women:

- Set up a Women's Cell at its Head Office, Mumbai and posted nodal officers in each Regional Office to focus attention on gender issues in credit and support services and evolve suitable policies and programmes for rural women.
- Held a "National Consultation on Gender Issues in Credit in the Rural Non-farm Sector" with SNDT Women's University, Mumbai, in September 1992 whose recommendations were widely circulated and action points followed up.
- Set up a "Standing Advisory Committee on Gender Issues in Credit and Support Services" to guide banks on policies and programmes pertaining to rural women.
- Evolved exclusive schemes for women such as (i) *Assistance to Rural Women in Non-Farm Development* (ARWIND), (ii) *Assistance for Marketing of Non-Farm Products of Rural Women* (MAHIMA), (iii) Support via grant assistance for setting up "*Women Development Cells*" by RRBs/ Co-operative Banks.
- Initiated an Action Research project with AWAKE, Bangalore to improve skills of women in handloom and handicraft activities in two districts of Karnataka.
- Women's micro enterprise study (Gujarat & Tamil Nadu) with ICECD, Ahmedabad.
- Produced two video films on Women Entrepreneurship and institutional support (Nayi Manzil, Naya Avasar and Sahyog se Safalta).
- Provides bulk lending to NGOs for on-lending to women's micro/household enterprises through the self-help group linkage programme or otherwise.
- Sanctions promotional schemes for rural women for skill training, upgradation, entrepreneurship development, mother units, and common facility centres.
- Gender sensitisation meeting for banks, government and NGO at district/state level.

Promotional Efforts of NABARD in Micro-Finance

The key to this tremendous success is NABARD's efforts in building up capacities of all the partner organisations (like banks, NGOs, and government agencies) and their personnel through a large number of training and exposure programmes. NABARD has also selectively supported NGOs in forming, nurturing, and monitoring SHGs.

- *Highlights of NABARD's Promotional Efforts in Micro Finance:*

1999-2000

- 40 exposure cum training programmes for senior officers of commercial banks and chairmen of RRBs were conducted
- 135 training programmes for branch managers were conducted
- 5 Trainers Programmes to help faculty members of training colleges of commercial banks to equip them to conduct their own training programmes.
- Over 4,500 bank officers trained through these programmes.
- 540 training and awareness building programmes were conducted through Regional Offices and partner NGOs for SHG members and their leaders. Over 24,300 SHG members were trained through these programmes.
- 110 training cum exposure programmes were conducted through Regional Offices and partner NGOs for new and upcoming NGOs to understand nuances of microFinance.
- To develop a conducive policy environment in the Government, NABARD conducted, in association with the Lal Bahadur Shastri National Academy of Administration, Mussoorie, a high level training cum exposure programme for 23 senior IAS officers and ten programmes for other state government officers.
- NABARD spent Rs. 1.46 crore during the year towards training programmes.
- As part of capacity building support to grassroots level workers, NABARD would be reimbursing the entire tuition fees of Rs. 1,000 per candidate of a certificate course in SHGs being started by the Indira Gandhi National Open University.
- NABARD is helping small NGOs, primarily those engaged in the social sector, to promote SHGs as an "add on" activity and provides grant assistance to them to meet such additional expenditure. An amount of Rs. 1.05 crore was sanctioned to 44 NGOs during the year 1999-2000 bringing the cumulative grants sanctioned to 80 NGOs to Rs. 2.66 crore for promoting about 17,000 SHGs and linking them to banks.

NABARD Programmes for women – Sanctioned till 31 March 1999

Training-cum-Production Centres (TPCs)	3
Rural Entrepreneurship Development Programmes (REDPs)	72
Training of women artisans	1
Training under Mother Unit/CSC concepts	2
Assistance for Marketing of Non-Farm Products of Rural Women (MAHIMA).	6
Assistance to Rural Women in Non-Farm Development (ARWIND)	77
Gender sensitisation meets	57
Bulk lending to NGOs	21
Production of Audio-Video films	2
Other training related programmes	3
Orientation Programme for WDC Officers	5
Research Studies/workshops	3
Action Research Projects	
Women Development Cells in RRBs/	67
Co-operative banks	
Promotion of Women SHGs	Over 25000

Credit facilities for promotion of small, cottage, tiny, village industries, handicrafts and other crafts in rural areas are eligible for refinance from NABARD. Any industry conducive to rural development and approved by Development Commissioner (SSI), Government of India is eligible for assistance.

I. NABARD's Non-Farm Promotional Schemes –A Boon To Rural Women

1. Rural Entrepreneurship Development Programmes (REDPs) and other Training Programmes

Under the programme, grant assistance is sanctioned to reputed Vas and professional agencies for conducting REDPs. It envisages the agency to provide 2 years' escort and follow-up support to the trained women. In addition to REDPs, special training programmes are also sanctioned covering skill upgradation, market-oriented raining programmes and t raining of and by master-craftsmen/ women.

2. Artisan Guild

These are multi-grade organisations of working artisans/ entrepreneurs formed for the purpose of developing among themselves a sense of self-help and mutual help and to secure for themselves better bargaining power through supportive linkages provided by reputed Vas, promotional institutions, banks, KVIC/ KVIBs or even private industrial houses. Under the scheme, grant assistance is provided to Vas and other promotional organizations for the purpose of organizing such guilds and to provide initial support as

foster agency with the ultimate objective of the guild members taking over its management in due course.

3. Mother Units and Common Service Centres

The schemes aim at providing credit linked promotional support for sub-contracting and ancillarisation and to encourage setting up of centralised support systems for the benefit of cluster of units as well as decentralised units in rural areas.

II. NABARD's Women's Self-Help Groups

A pilot project for linking Self Help Groups (SHGs) with banks was introduced in 1992 to encourage thrift and savings amongst the rural poor and to supplement their credit needs through the banking system. The project has the following main features:

- * The NGOs and other Self Help Promotional Institutions (SHPIs) including a few banks who play the role of facilitator.
- * SHGs should be in existence for atleast six months actively promoting savings and lendings amongst their members.
- * SHGs are normally informal groups.
- * The size of the group is not to exceed 20.
- * Banks will finance the SHGs in proportion to the savings mobilised by the group. The proportion of savings to loan could vary from 1:1 to 1:4 depending on the assessment by the bank.

The financing of SHGs has now become part of the mainstream activities of banks.

NABARD's target for coverage of SHGs during the year 1999-2000 is 50,000 SHGs and upto 2008 – 1 Million SHGs.

Rate of Refinance

NABARD provides 100% refinance assistance to banks.

III. A Flexible Model For Promotion Of Rural Non-Farm Enterprises

The concept of 'Flexible Approach' was adopted by NABARD with a view to capitalizing on the strong points of many established NGOs/ Vas in the country, particularly the indigenous systems and programmes developed by them through their vast experience over the period. The concept envisages supporting such programmes of NGOs/ Vas that fit into the goals and perspective of NABARD instead of suggesting to them a pre-defined concept and programme in all detail for implementation. Under this approach, the choice of project concept, methodology regarding implementation, etc. are left to the discretion of the agency with the only pre-condition that the objectives should be achieved in a viable and cost-effective manner. NABARD's support will be for a specific project or a programme to be implemented during a period not exceeding five years, aimed at facilitating establishment or modernisation of rural non-farm enterprises.

The programme should lead to credit flow to enterprises in rural areas. NABARD will provide refinance for the credit component and grant will be linked to the number of employment opportunities generated and quantum of credit flow. Under this concept, grant could also be made available to NGOs for engaging the services of one or two professionals for a limited period.

IV. Bulk Lending To NGOs For On-Lending To Rural Micro and Household Enterprises – A Scheme Most Suited For Women’s Groups/ Enterprises

As a supplement to the broad objectives of the SHG linkage project, NABARD introduce the concept of ‘Bulk Lending’ in the form of ‘Revolving Fund Assistance’ to be provided on a selective basis to NGOs who find it difficult to secure loans from banks for on-lending to individuals / groups yet to be formed into SHGs. The assistance facilitates reduction in transaction costs, makes the credit closer to women, encourages savings and ensures better repayment through ‘peer’ pressure. Group savings also serve as ‘collateral’ for lendings by banks.

Salient Features of the Scheme

1. The scheme provides for loans to Vas/ NGOs, which are engaged in thrift and provision of credit to rural poor individually or through small groups.
2. The agency will prepare projections for its lending programme for a period of say 1 to 3 years.
3. The agency may normally provide 25% of the outlay as its own involvement.
4. Compulsory savings by individuals/ groups on a regular basis.

Rate of interest

NABARD to Bank: 6.5%

Eligibility norms of NGOs/ Vas for the Assistance

- * Agency shall have a legal status and its functionaries shall not be holding any elected public office.
- * Organizational capacity and managerial competence – representation of women in the management of the NGO.
- * Commitment for socio-economic development of the poor.
- * Experience in group activities, savings mobilisation and credit intermediation.
- * Outreach potential for linkage.
- * Sound financial position and regular audit.
- * Transparency in operations.
- * Good track record.

V. WOMEN’S CLUBS UNDER VIKAS VOLUNTEER VAHINI (VVV) PROGRAMME

Salient Features

NABARD encourages banks to form informal groups of farmers, artisans etc. under Vikas Volunteer Vahini (VVV) programme for propagating principle of 'Development through Credit' inculcating repayment ethics and promoting people's participation in the process of development. The assistance is available on selective basis for launching clubs under VVV programme for rural women, farmers, artisans, etc. at the rate of Rs. 1,500/- per club per year towards maintenance expenses to the designated Service Area Bank for five years. Clubs are formed for building up mutually beneficial relationships between banks and borrowers, farmers, etc. in the villages covered by the clubs. Such clubs, if run in association with VAs/ NOGs, the VAs/ NGOs are entitled for additional administrative grant to the extent of Rs. 2,000/- per club per annum for a period of five years. NABARD also extends maintenance expenses at the rate of Rs. 1,500/- per annum for five years to the clubs maintained by VAs/NGOs.

VI. NABARD's EXCLUSIVE SCHEMES FOR WOMEN – ASSISTANT TO RURAL WOMEN IN NON-FARM DEVELOPMENT (ARWIND)

Objective

Encouraging lending to rural women, preferably organised in groups and supported by VAs, Women Development Corporations, KVIC/KVIB, Co-operative Societies, Trusts, etc.

The scheme has both credit and grant components. It is envisaged that women groups organised or sponsored by a suitable agency could avail of bank credit normally not exceeding Rs. 50,000/- per woman member for an own account activity or a group activity, with 100% refinance support from NABARD.

Salient Features

NABARD will also consider need-based grant assistance subject to availability of promotional funds, to meet the sponsoring agency's expenditure for organisation of groups, sensitisation, training and other related expenditures. In case the sponsoring agency provides services such as supply of raw materials, quality control, marketing, etc., such services undertaken by it, will also be eligible for financial assistance under NABARD's credit-linked promotional schemes, viz.; Mother Units/ Common Service Centres. The items eligible for grant assistance are as under.

VII. ASSISTANCE FOR MARKETING OF NON-FARM PRODUCTS OF RURAL WOMEN (MAHIMA)

Objective

Extending credit and credit linked promotional assistance to agencies dealing with marketing of non-farm products of rural women with a view to giving a fillip to their efforts for creating a “niche” or “pro-women” market.

Types of assistance

Credit by way of refinance : 100% refinance upto Rs. 10 lakh.
Promotional Grant or RFA.

VIII. SETTING UP OF WOMEN DEVELOPMENT CELLS’ BY RRBs/ SCBs/ DCCBs/ SCARDBs

Objective

To provide promotional assistance to SCBs/ DCCBs/ SCARDBs and RRBs for setting up ‘Women Development Cells’ to pay focussed attention for the economic empowerment of rural women through improved and increased flow of credit to them through “relationship banking” and formulation of appropriate operational strategies therefor.

Salient Features of the Scheme

Purpose: The ‘WCDs’ will be constituted by the banks concerned with one or two lady officers to deal with project preparation, appraisal, monitoring, evaluation exclusively for women’s economic development and other related aspects. The lady officer should be a bank employee or a deputationist from sponsor bank (in the case of RRBs) or Govt. Department (in the case of Co-op. Banks) and should have graduate or post-graduate qualifications preferably in social science, management, rural development, with experience in project formulation, appraisal, financing and monitoring and should have been specifically earmarked for the purpose. NABARD would arrange sensitisation training to such officers. The banks concerned should agree to maintain the cell on a long-term basis even after NABARD’s assistance ceases after the expiry of three years.

Quantum and Duration of Assistance:

NABARD’s assistance will be in the form of ‘grant’ to cover 50% of the salary comprising pay and allowances of the designated lady officer (s) plus additional expenditure not exceeding 10 percent towards supporting staff/or overheads, subject to a maximum of 75,000 per cell per annum for a three year period. The balance expenditure will have to be met by the banks concerned. The target is to set up 100 WDCs initially and selection of banks should be on the basis of regional and institutional spread and the overall potential that exists for development of women action plan drawn interest evinced in financing non farm sector SHGs etc.

Annexure 7: Institutional Arrangements around SHGs

Banks and Financial Institutions

National Bank for Agriculture & Rural Development (NABARD)

Despite the vast expansion of rural banks, a large segment of rural poor, particularly women continue to depend upon non-institutional financial sources like moneylenders. Women require small, timely and frequent credit. Banks have problems dealing with individual women due to high risks and transaction costs. The poor have successfully organised themselves into smaller groups known as Self- Help Groups (SHGs), to inculcate the habit of thrift and undertake useful credit operations among themselves. From the perspective of NABARD *they have proved beyond reasonable doubt that the poor as a group are creditworthy.*³⁷

National Bank for Agriculture and Rural Development (NABARD) was established as an apex rural development bank in the year 1982, through an Act of Parliament, to provide refinance for agriculture, allied activities, small scale industries, cottage and village industries, rural artisans and crafts in an integrated manner (NABARD, 1999). NABARD supports the rural credit system by way of refinance for short-term, production/ marketing activities, medium-term and long-term loans for technically feasible and financially viable projects in both Farm and Non-Farm sectors, through State Co-operative Banks (SCBs), and Regional Rural Banks (RRBs).

NABARD provides finance to State Governments for completion of rural infrastructure development projects such as major and minor irrigation projects, soil conservation, rural roads and bridges, SHGs through PRIS etc., from the “Rural Infrastructure Development Fund” (RIDF) created for the purpose. NABARD also provides loans to State Governments to enable them to contribute to the share capital of co-operative credit institutions. NABARD works in co-ordination with various central/state government agencies, and NGOs to implement projects like, watershed development, dry land farming, waste land development, forestry, Swarnjayanthi Grama Swarozgar Yojana (SGSY) and other poverty alleviation programmes.

NABARD has raised a cadre of volunteers under its programme of Vikas volunteer Vahini (VVV) to spread the message of “Development through Credit” to farmers and non-farm rural entrepreneurs.

NABARD has provided promotional grants to NGOs for programmes such as mother units, ancillarisation, common facility centres, training including skill upgradation and entrepreneurship development and marketing under exclusive women and other schemes for its “Rural Promotion Corpus Fund”. The cumulative promotional assistance for such purposes aggregated Rs. 286 million as on 31 March 1999.

³⁷ Interview with NABARD personnel, August 2000.

NABARD launched in February 1992 a Project for linking SHGs with Banks with the objective of evolving supplementary credit strategies for meeting the credit needs of rural poor and to encourage banking activity both on the thrift as well as credit. This arrangement is expected to build mutual trust and confidence between the bankers and the rural poor. RBI has advised all commercial banks to treat linkage programme as a regular banking activity and a business opportunity.

NABARD has constituted a “Credit and Financial Services Fund” to support credit innovations to improve the outreach of credit to the unreached rural poor. Till 31st March 1999, over 32,995 SHGs (84% thereof are women groups) were linked with 38 Commercial Banks, 129 Regional Rural Banks and 35 Co-operative Banks in 22 States and 2 Union Territories. The bank loan and NABARD refinance to these groups aggregated Rs. 570.7 million and Rs. 520.6 million respectively as on that date. Besides, bulk loans by way of revolving fund assistance were sanctioned to the tune of Rs. 107.2 million to 21 NGOs for financing smaller NGOs/ on-lending to women/small women groups, etc.

SHG-Members, NGOs, Bank branches and NABARD are programme partners. NABARD facilitates training needs of bankers and capacity building of partner NGOs. NABARD also extends 100% Automatic Refinance Facility at 7% p.a. to all banks against their lending to SHGs (direct) or through NGO (bull lending).

NGOs extend support to the SHG Linkage Programme in the following key areas:

- Motivation to rural people to organise themselves into SHGs at the village level.
- Inculcating and promoting thrift and saving habits among SHG members.
- Education and training of SHG members in managing group activities like maintenance of books of accounts, management of funds etc.
- Training members on proper credit utilization and economic upliftment.
- Act as a link between the rural poor and banks.

According to NABARD, banks should:

- Provide the facility of operating savings accounts.
- Provide credit to SHGs in a flexible manner.
- Relax margin and security norms.
- Establishes liaison with NGOs/SHGs
- Oversee the functioning and create smooth linkages with SHGs.
- Bring about confidence in NGOs/SHGs in credit dispensation activities
- Make available profiles of bankable schemes/activities.

Banks have reported definite advantages in promoting SHGs as a rural credit dispensation in the following ways:

- Branches have problems in dealing efficiently and economically with a large number of small accounts. With the acceptance of the SHG concept, a rural branch can meet the credit needs of several rural poor.
- With SHGs, the burden of identifying individual borrowers, assessing their credit needs, sanctioning, disbursements, and supervising credit and monitoring the

repayment will be considerably externalised and reduced bringing down the banks' transaction costs.

- SHGs are helpful in tapping small savings at low costs.
- The group pressure ensures very high rates of recovery, almost cent percent.
- Group supervision ensures proper use of funds by the members and thus misutilisation and diversion is avoided.
- Role of middleman is minimised and benefits of credit reach people directly.
- Financing SHGs leads strong bonds of trust between people and bankers resulting in business growth. Thus, the banks get trained and tested clients for tomorrow.

Lending to SHGs is to be treated as a normal business activity of the banks for improving the coverage of the rural poor by the banking sector. Accordingly, lending to SHGs should be a part of mainstream credit branch operations. As per RBI instructions, loans and advances granted to them are to be treated as priority sector advance. Further, lending to SHGs should be viewed by the branches as a part of their lending to weaker sections.

Initially, SHGs are encouraged and trained to provide loans to their members out of savings collected. For additional loan requirement of members, SHGs are to be linked to banks. The broad criteria for credit linkage are:

- The Group should be in active existence for a period of six months to two years.
- The Group should have successfully undertaken savings and credit operations from its own resources.
- The Group must have a savings account.
- The Group should maintain proper accounts/records.
- Groups should reflect a genuine need to help each other and work together.

The importance of these criteria is that it eliminates any fly-by-night groups formed for the sole purpose of getting loans. It promotes a culture of thrift and self reliance as opposed to dependence generated by government subsidies. It promotes a culture of accountability and good management. The emphasis is on group cohesiveness rather than on the economic activity per se.

NABARD Regulations for Banks-SHG's Linkage Programmes

- *Size: Loan size should be linked to thrift*, which provides an incentive for the group to save.
- *The purpose for loans* to be left to the group. Bank officers or NGOs are not expected to override local decisions by SHG members. Initially the group tends to utilise loans for consumption gradually switching to production purposes.
- *Credit Delivery*: Disbursement of credit to an SHG should be made in the presence of its office bearers/elected members. Bank loans may be credited to the groups' savings accounts from where authorised representatives may jointly draw money as per their requirements.
- *Flexible repayment schedule*: Due deliberation and negotiations with the group on the repayment schedule of the loan should take place upon the loan being sanctioned.

Often SHGs repay bank loans out of members' repayments, before the due dates and demand higher loans.

- As per RBI directives, no guarantee or collateral security or margin is to be insisted upon from SHGs.
- *Simplifying Documentation*: Only the following simple documents are to be used while lending to SHGs.
 - Loan application on a plain paper
 - Inter-se-agreement on a stamp paper
 - Loan agreement on a stamp paper
 - The NGO may also give a sponsorship letter but it is not mandatory.
- *Flexibility* in meeting credit needs of the SHGs is a key concept. In all banks, branch managers are empowered to sanction loans to SHGs. Operational issues of general nature can be discussed during BLBC meetings.
- Banks can consider both, Term Loan and Cash Credit Limit depending upon the requirement and convenience of the group.
- *Presence of Defaulters in SHGs*: The default by a few members of an SHG and/or their family members to the financial branch should not ordinarily come in the way of financing the SHG. However, the SHG may not use the bank loan to finance members who are defaulters. There are several examples where SHGs were responsible for clearing of bank's overdues by old/chronic defaulters.
- *Service Area Norms*: After assessing potential and availability of SHGs, branches should fix their own programme for lending to SHGs. However, SHGs/NGOs can avail of saving and credit facilities at any branch of their choice. Service Area Norms will not apply to SHGs.
- *Monitoring*: Branch Managers are expected to develop close rapport with group members by attending some of their regular meetings. In such meetings, registers and books relating to the meetings and savings and credit accounts of the members should be reviewed and weaknesses/discrepancies observed, if any, and feedback given. However, SHGs decision making process or style of functioning should not be influenced/commented upon.

According to NABARD, banks should not fund SHGs when there are:

- Irregularity in savings.
- Lump sum contribution in the form of savings to attain eligibility for higher loans.
- Irregular group meetings.
- No regular system of weekly/monthly loan repayment by members to the SHG.
- Repayment of bank loan installments by raising new loans from other sources.

Infrastructure Funds for SHGs and Rural Development³⁸

According to NABARD personnel, the most important gap w.r.t. SHGs is the absence of forward and backward linkages particularly of marketing and infrastructure. NABARD has a Rural Infrastructure Development Fund, which it lends to government.

³⁸ Interview with NABARD personnel, August 2000.

For commercial banks, 40 percent of total lending has to go to the priority sectors of agriculture, Small Scale industries (SSI), and tertiary sector. Out of 40 percent, 18 percent has to go to agriculture. If there is a shortfall this money remains with NABARD. It is then given to government departments for the following purposes:

- Irrigation
- Roads
- Bridges
- Cold Storage
- Primary Health Centers
- Schools

From last year, 1999 NABARD has decided to give these funds to NGOs and SHGs instead of to the government. Particularly in watershed development these funds can go directly to SHGs.

Non-Farm Activities Funding for SHGs

Women can get credit under refinancing schemes for non farm activities such as:

- Computers
- Cyber-cafes
- Information technology
- Tourism
- Water Tourism

In addition to this, women can get funding for crafts, embroidery, canteens, small petty shops, vegetable vending and coffee shops.

*Women's Development Cells:*³⁹

There is an information gap on which activities are being done by women. WDCs are being set up since 1995 in banks for which 50 percent of the salary is given by NABARD of the Women's Development Officer for the first three years. This money is not released unless and until data disaggregated by gender is released. The lead bank is supposed to give data with gender attributes but typically they do not. The WDCs are one way of ensuring this. Disbursement of loans to women is being demanded by NABARD along with a bank's claim for the WDO salary. So far 10 WDCs have been set up in RRBs and Cooperative banks. The purpose of the WDOs are to conduct programmes for:

- Gender sensitization
- Gender awareness

They have to provide work plans on

- How many gender awareness meetings they will hold.
- Counseling sessions for women to contact them.

WDO is a permanent position to be held only by a woman.

³⁹ See Annexure on NABARD's programmes

Ensuring Gender Equality by Institutional Agencies –Tips From NABARD

- Incorporation of ‘Gender Concerns’ in corporate policies of Governments, Banks and others
- Building up of an efficient financial system.
- Gender planning and maintenance of gender disaggregated data.
- Removal of barriers of credit to women.
- Provision of easy and timely credit.
- Treating poor women as risk-free bankable clients.
- Provision of linkages along with credit.
- Identification of appropriate economic activities for women
- Support to supplementary, innovative and alternative credit delivery systems.
- Promoting women SHGs and linkage with formal banking system.
- Use of second-tier financial intermediaries such as VAs, NGOs, etc.
- Formulation of long-range plans.
- Support to Area Programmes for women.
- Implementation of Action Research Projects.
- Support to women related studies.

Gender Disaggregated Data: NABARD’s most substantive contribution to promoting gender equality has been its insistence on gender disaggregated data.

*NABARD Recommendations for Banks and Financial Institutions:*⁴⁰

During the year, a high-powered Task Force on Micro Finance set up by NABARD examined the entire gamut of issues relating to Micro Finance and made several recommendations for catalysing its growth including:

- Bank financing to Micro Finance Institutions (MFIs),
- Steps for scaling up of SHG-bank linkage programme,
- Lowering Net Own Fund requirement for specialised MF-NBFC,
- Participation of foreign equity in microFinance Institutions,
- Mechanism for regulation of NGO-MFIs, and
- Constitution of a National microFinance Development Fund with NABARD for capacity building of SHGs, MFIs, banks and other related institutions.

Based on the above:

- RBI has since issued a circular advising banks that microcredit extended to intermediary Micro Finance agencies would be reckoned as priority sector lending.
- RBI has also issued another circular emphasising increased SHG-bank linkage
- The Union Finance Minister announced, in his Budget Speech, the setting up of a National Micro Finance Development Fund in NABARD.

⁴⁰ National Bank For Agriculture & Rural Development

Gaps Identified by NABARD personnel:⁴¹

- NABARD's corporate mission has a commitment to rural development. It does not believe in targets but instead believes in goals. The concept of targets is to get the work done. Target approach in government must end
- Information gaps exist between the government and banks and not enough coordination. For example, insufficient information exists about Stree Shakti.
- It takes a while for women in the villages to be able to talk to bankers, at least 3 years. NABARD suggests that the banks tie up with the NGOs to create communication channels for women. For this, NABARD is willing to reimburse conveyance costs and expenditures up to Rs. 75,000.
- Land for mortgage or collateral is often taken from the wife for loans issued to the husband, while the reverse is not true.
- ARWIND and MAHIMA provide higher levels of funding and projects under these programmes are like small factories. NGOs are unwilling to take up such a large responsibility.
- When a husband defaults the banks go after the wife for recovery.
- There are not enough NGOs able to take on the responsibility of training members. As a result groups are not matured.

A new type of bank called SRDA (Sahakara Rural Development Academy) has emerged promoted by DCC. SRDA has a network of 16 active NGOs, which it finances. Thus such new initiatives should be carefully documented to look towards successes and future looking strategies.

In a particular area women should be organised into an Area Development Programme (ADP) where all activities can be planned for and money be given for training. NABARD wants to bring this on a pilot basis.

Cauvery Grameena Bank (CGB) Experiment

The SHG Linkage Programme envisages a crucial role for NGOs in promotion, nurturing and linking of SHGs with banks. But NGOs do not work in every branch's service area. NABARD therefore conceptualized the idea of making a Regional Rural Bank to play the role of an NGO and thus the Cauvery Grameena Bank Experiment started in October 1994 on a pilot basis.

Cauvery Grameena bank operating in Mysore and Hassan Districts of Karnataka and MYRADA (NGO) have identified 5 of branches each in two talukas of Mysore district. All categories of staff in those branches were trained by MYRADA in various aspects of Group formation with assistance from NABARD.

The committed, trained and motivated staff from within the bank assume additional responsibilities. The bankers assume the dual role of Self Help Promoting Institutions and financier. An experienced NGO provides initial training and motivation to select

⁴¹ Interview with Personnel, NABARD, Bangalore, August 2000.

officers/staff of the banks in the art of group formation, nurturing and linkage. NABARD provides, apart from refinance, support for training, mobility and publicity to facilitate the process. The financing bank, sponsor bank and NABARD ensure proper monitoring, systematic approach and policy environment.

Government agencies

Department of Women and Children Development Programmes

Please see Annexure 3 for more details

Karnataka State Women Development Corporation (KSWDC) Schemes

- Skill Training
- Training cum production centres
- Mane Belaku (Micro Enterprise Devpt)
- EDP (Information and Guidance)
- Computer Training
- Arranging Exhibitions for marketing
- Seminars and Workshops
- Resource centre for women
- Counselling services
- Devadasi rehabilitation programs
- Rural women's development and empowerment scheme - Graamina Mahileyara Abhivrudhi Mathu Adhikara Needike Yojane
- Women's economic self help scheme - Mahileyara Arthika Swawalambane Yojane
- Scheme for development of business by women's – Udhyogini
- Animal Husbandry scheme for women

Please see Annexure 4 for more details on these schemes.

• KMAW Women's Component: Financial Allocations by Department					
	Name of the Department	Annual allocation		1/3 rd Allocation to women	
		Fin.	Phy.	Fin.	Phy.
1	Agriculture	3198.37	-	1161.27	-
2	Animal Husbandry & Vet. Ser	364.91	172236	169.88	58269
3	Backward Class Dept.	5341.07	876135	1476.48	265794
4	Co-operation	143.93	-	83.93	-
5	Disabled Welfare	225.37	22080	76.76	7371
6	Employment & Training	4085.87	15623	1395-29	5207
7	Education	3837.80	9214913	2070.50	4292383
8	Fisheries	35.62	3495	15.02	3069
9	Forest	13144.00	-	2656.00	-
10	Handloom & Textiles	105.21	-	31.86	-

11	Horticulture	1428.01	-	498.42	-
12	Housing	5228.21	225000	1725.31	74250
13	Health & Family Welfare Services	4124.95	-	4124.95	-
14	Industries & Commerce	751.60	60931	312.71	20892
15	Karnataka Backward Class Devt. Corporation	1598.00	18905	532.67	6302
16	Karnataka Minorities Devt. Corporation	796.00	5730	263.40	1894
17	Karnataka SC/ST Devt. Corp	2986.20	25181	1272.15	9780
18	Municipal Administration	845.55	31177	431.11	10880
19	Rural Development & Panchayat Raj	35357.01	140856	9042.91	904085
20	Social Welfare	21544.54	-	13422.28	-
21	Sericulture	170.24	29677	65.55	17301
22	Sports & Youth Services	394.73	34319	135.92	-
23	ST Devt. Dept.	1929.28	-	652.53	-
24	K.M.F.	157.18	13350	157.18	13350
	TOTAL	107693.65	10889108	41776.08	5690827

Please see Annexure 5 for more details on KMAY.

Department of Industries and Commerce: Women's Component

Women's programmes in the Department of Industries and Commerce such as

- *Mahila Coir Yojana*: Training and finance for women in coir industry of which two thirds are SC/ST women. Here 100% backwards and forward linkages are given. A total of 6,000 women are being employed through this scheme. Wages are linked to productivity where buy back is guaranteed.
- *Yashaswani*: Training, finance, marketing, managerial aspects personality development are all components of this programme.
- *Udhyogini*: Target is given to lead banks.
- *Mane Beluka*: Small target 120-130 per taluka administered through KSWDC.

Women's component applies to all schemes that are beneficiary oriented and labour intensive. The recommendation is to better utilize the women's component in all the departments of Industry, Education, Health Forestry, agriculture, Animal Husbandry, Fishery and Rural Development. Other schemes with women's component include:

- Entrepreneurship Development Programme
- IDPMS (EAP)
- Prime Minister's Rozhghar Yojana
- Vishva Scheme
- Lidkar
- Specialised skills
- Handicrafts
- Beekeeping Training Programme

- Living Cum Workshed

Just as the schemes for industries with women's components have been identified so must the schemes for all departments with the women's component be similarly identified and the allocations made transparent.

**Evaluation of Women's Access to and Control over Financial Resources:
Towards Development and Redesigning Policy**

August 28th 2000

Convened by

Best Practices Foundation

&

Institute of Social Studies Trust

Programme Schedule

Morning Session

10 am	Tea
10.30am	Rameshwari Varma Welcome Address and Context
10.40	Field Experience on SHGs – A critical review Mahila Samakhya Karnataka, IDS, Outreach, Sampark, Search, Gram Vikas, Vikasana, BIRDS, Sumana, Shramik Vidya Peeth and Pratidhwani
11.40.	Discussion on experiences on SHGs (current situation, impact, needs)
12.30- 1.30	Lunch

Afternoon Session

1.30 – 2.00	Formation of groups and points for discussion
2.00- 3.00	
3.00. – 4.00.	Group discussion on critical review of roles played by government, banks and NGOs in SHG formation and growth. Identification of gaps, problems and recommendations
4.00 – 4.15	Tea
4.15 – 5.30	Presentation of group discussions Summation on policy input for SHGs
5.30	Vote of Thanks

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Annexure 10: Stree-Shakti Programme

Objectives of the Scheme:

1. To strengthen the process that promotes economic development of women and create an environment for social change.
2. To form one lakh Self Help women groups during 2000-2001 based on thrift and credit which builds self reliance and provide them greater access to and control over resources.
3. Creating self-confidence in rural women and making them self reliant.
4. Enhancing financial stability in rural women through indulging them in income generating activities, thereby contributing to poverty alleviation.
5. Providing opportunities to the members of the groups to avail the benefits of other Departmental schemes by converging the services of various departments and lending institutions to ensure women's access to credit financing.

Scope of the Project:

Street-Shakti will be implemented in the limits of Anganwadi Centres of all 175 taluks of the state. About 20 lakhs of rural women will be organised through Self Help Groups during 2000-2001. Since Swarna, Jayanthy Rojgar Scheme is being implemented in urban areas, Stree-Shakti is limited to only rural areas.

Outline of the Project:

Each Anganwadi worker working in rural areas will form 3 SHGs in the limits of her centre. About 15-20 lakhs of women are aimed to be organised under the scheme by forming 1 lakhs SHGs consisting each group 15-20 women. Since 6 months have already been passed in the current year, 50,000 groups will only be formed and arrangements for forming the remaining 50,000 groups will be made during the current year.

The Director, Women and Child Development will monitor the scheme at State level. The Assistant Director, Women and Child Development will monitor the scheme at district level while the child Development Project Officer is entrusted with the responsibility of implementing and monitoring the scheme at taluk level.

Steering committee at State Level and Review Committees at District level are constituted for effective implementation of the scheme.

Hon'ble Chief Minister in the Budget Speech has declared that the scheme would be implemented making use of Information Technology. Hence, it is proposed to provide computer, printer and email to all the 27 districts and 175 taluks and computerise the information through developing a massive network. An amount of Rs. 205.00 lakhs is estimated for this purpose.

Strategies of the Project:

Self Help Groups could be strengthened and made more effective through forming homogenous groups. Hence, the following points will be observed while forming groups:

- a) Rural Women living below poverty line
- b) Literacy level of women
- c) Landless agricultural women labourers
- d) Women belonging to SC/STs
- e) Families having persons addicted to alcohol or drugs.

Administrative Cost of the Project:

The scheme will be implemented in all the 175 taluks and formation of one lakh self help group and their management is massive. Therefore, one post of project Director and Deputy Project Director each, two posts of project officer, one of post of Assistant project officer and other related ministerial posts totaling 15 posts are proposed to be created at State Level for effective implementation of the scheme.

The above 15 posts are essential for effective monitoring of the scheme. The activities of one lakhs groups, their interactions with various agencies need to be monitored regularly. Since these groups are going to be formed without the help of NGOs, proper and timely guidance from state level is very much necessary. Moreover, in another similar scheme called Swashakti assisted by World Bank, 11 posts at state level and 6 posts at district level are created for forming just 1200 groups. When compared to this, the creation of the 15 posts proposed is justified. The annual cost of the above posts would be around Rs. 16.00 lakhs.

Linkages to Banks:

Proper action will be taken to provide linkages to the local banks even during the formation of groups. The groups have to invest their savings in the banks. Members will get loans out of their own savings in the beginning, and on evaluating the repayment mode, bank will arrange for further loans. Rastriya Mahila Kosh (RMK) and NABARD will extend financial assistance to SHGs and action will be taken to avail this benefit.

Incentive to Anganwadi workers:

Each Anganwadi worker will be given an incentive of Rs. 50/ per month for each group formation for 6 months. Anganwadi workers will be given Rs. 50/ per month after six months for monitoring works. An amount of Rs. 600.00 lakhs is required for this purpose. Supervisors will have to spare a minimum of 20 days under this scheme and hence FTA of Rs. 200/ p.m. is fixed for them. An amount of Rs. 9.60 lakhs is required.

Impact of the Scheme:

- 1) About 15-20 lakhs poor rural women will be organised in one lakh Self-Help Groups for women empowerment.
- 2) Since the entire scheme rests on SHGs and these SHGs are centered around the individual savings of the members, the members will develop the habit of saving.
- 3) An amount of Rs. 72.00 crores is expected to evolve as savings form 15-20 lakhs members in one year.
- 4) Poverty Alleviation is achieved through financial self-reliance in rural women as the groups are linked to financial institutions to ensure women access to various types of credit.
- 5) A revolutionary growth in the organisation of rural women is possible as the concept of SHG provides self-confidence, which ensures control over resources.
- 6) Through organised women folk, the delivery mechanisms could be strengthened to achieve poverty alleviation at village level.
- 7) A suitable and powerful forum is prepared for rural women to solve their social and economic problems by themselves.

The total cost of the project is Rs. 72.67 crores and this has to be borne entirely by the State Government. An amount of Rs. 21.00 crores is required to take up initial activities. The Empowerment Committee has cleared this proposal along with the new posts proposed to be created in its meeting held on 12.6.2000.

b) District level Review Committee under the Chairmanship of Deputy Commissioner with District level officers of line Departments as Members. The Assistant Director, Women and Child Development Department will be the Member Secretary.

c) Taluk level Review Committee under the Chairmanship of Taluk Panchayat Executive officer with taluk level officers of line department as members. The Child Development Project Office will be the Member Secretary.

Empowerment of Groups:

The Anganwadi Workers, supervisors and ACDPOs will extend help and cooperation to the groups up to 6 months after formation and only monitor the activities after 6 months. After that, the group leaders are expected to carry out the activities on their own. If they are not able, they have to employ persons for this purpose from outside, and payment has to be made from their own savings. After 6 months, the groups will be made to take up internal credit activities on small scale and open bank accounts compulsorily.

Revolving Fund:

An amount of Rs. 5000/ per group is provided as Revolving Fund from government end. The group members will take up credit activities by making use of Revolving Fund and their savings. The CDPO, ACDPO, Supervisors and Anganwadi Workers will keep constant vigil over the proper repayment of loan and other probable misappropriation of group fund. An amount of Rs. 5000.00 lakhs is required for Revolving Fund.

Material Development:

Anganwadi workers, supervisors and trainers will be provided with materials giving details about group formation and their management. An amount of Rs. 21.20 lakhs is required for this.

Providing Kits:

Each group will be given a kit worth Rs. 500/ consisting some useful materials/instruments at the beginning. Rs.500.00 lakhs is required for this purpose.

Training:

To make the Training component very important, the following training programmes have been formulated:

- a) Two day State Level Sensitization Programme to all the District Assistant Directors, Programme Officers, Women and child Development Officers. (total 81 officers)
- b) Two days Training for Trainers – imparted to Assistant Child Development Project Officers, Supervisors and lecturers of Anganwadi Training centres. (800 members) at district level.
- c) Two Days Training to Animators (Anganwadi Workers) at taluk level. (40,000)
- d) Two days Training for Group leaders after formation of groups (two women members form each group) at taluk level. (21 lakh members)
- e) One days Divisional level workshop for all Department district level officers and CDPOs.
- f) One day State Level Conference.

The groups will start thrift and credit activities within three months after the formation of groups. The group members and leaders will be trained to carry out the activities of the groups on their own after the six months.