

Report on
**State Level Workshop on
Institution Development for
Livelihoods**

23.06.08

Windsor Hotel,
Patna, Bihar

Jointly Organised by

APMAS, RGVN, BASIX and The Livelihood School



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State Level Workshop on Institution Development for Livelihoods

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APMAS, RGVN, BASIX and The Livelihood School jointly organized a one day state level workshop on Institution Development for Livelihoods on 23rd June'08 in Patna.

Objectives of the Workshop are -

1. To gain an understanding on the status of SHG movement in Bihar.
2. To discuss the concerns of different stakeholders in SHG promotion
3. Way forward in strengthening the SHG movement in Bihar.
4. Introduction of APMAS, and its interventions in Bihar

More than 80 representatives from SHG Federations, NGO/SHPIs, Government agencies, Banks and academic institutions attended the workshop. Guests attending the workshop included Dr. Sandeep Ghosh, CGM, NABARD, Ms. Sidhoo, IAS, Managing Director, WDC, and the Director, Institutional Finance. Mr. CS Reddy, CEO, APMAS and Mr. Sankar Datta, Dean, The Livelihood School facilitated the workshop (List of participants given in Annexure-1 with contact details).

Schedule for the workshop

9.30 am to 10.30 am - Registrations		
Session 1	10.30 am to 11.45 am	Welcome and briefing about proposed APMAS work in Bihar
		Introductory remarks by the guest speakers
Session 2	11.45 am to 12.30 pm	Presentations on the status of SHGs and federations in Bihar
Session 3	12.30 pm to 1.30 pm	Group discussions on <ol style="list-style-type: none"> 1. Vision and Strategy for the SHG movement in Bihar 2. Role of the SHGs and Federations 3. Role of the SHPI and support agencies/ Technical Support Providers 4. Coordination and communication mechanisms, methods/models for sharing and learning 5. Expectations from different stakeholders to strengthen their institutions - community members exclusively
1.30 pm to 2.30 pm Lunch		
Session 4	2.30 pm to 5.00 pm	Presentations of the Outcomes of Group Discussions
		Summing Up
Session 5	5.00 pm to 5.30 pm	Closing Remarks

Session 1

Welcome and briefing about proposed APMAS work in Bihar

Mr. CS Reddy welcomed the participants and formally announced launch of APMAS Bihar Program with the funding support of SDTT. In his welcome note he explained briefly about the SHG movement in India, and in Bihar and its current scenario. He mentioned that, with more than 50 lakh SHGs India has become biggest mF system in the world. He opined that it has become possible only because of the collective effort of four major stakeholders in the SHG movement - SHG members, NGOs, NABARD/Banking System and State Governments/GoI. But the progress is varying from state to state. Bihar SHG movement, though it has a long history, progressed slow when compared to the Southern states. Available data says that there are about one lakh active SHGs in the state, still leaving many poor households out of the SHG fold. Mr. Reddy explained that the workshop is an attempt to bring all the stakeholders together to share the concerns in SHG promotion and develop a common vision for the strengthening of SHG movement in Bihar.

Introductory remarks by the guest speakers

Ms. Surinder Sidhoo, Chairperson & MD, BSWDC addressed the participants. Ms. Sidhoo pointed out that building people's institutions is the best way of empowering the community. She felt that SHG Federations can be the best means for making women independent and economically secure. She emphasized the need for strengthening SHG Federations in the areas of Capacity Building, building Linkages, Livelihood promotion, etc. She said that WDC would continue to provide support in these areas. She appreciated APMAS entry into Bihar, and expressed the hope that APMAS, with its rich experience in AP, can demonstrate good results in Bihar.

Subsequently, Dr. Sandeep Ghosh CGM, NABARD spoke on the SHGs and micro credit. He felt that SHG is an intervention that can help agencies reach women at grass root level and it can give proper space required for women to express their concerns. He quoted an example of Vana Samrakshana Samiti in Mahaboobnagar district of AP, and the way women raised voice against the watershed practices. He further stated that the social conflicts should be appropriately addressed to gain maximum results from SHG movement. He felt that the policies should have a longer vision and if their focus is for short term, they may lead to conflicts among groups. Further he quoted the example of agriculture loan waiver introduced by the government which might be through SHGs also. He expressed the hope that, the new PACS policies would help the agriculture cooperatives revive and become stronger and sustainable.

Session-2

Presentations on the status of SHGs and federations in Bihar

This session began with a presentation of findings by Mr. Mihir Sahana, AVP, BASIX from the study done on 'SHG Movement and Livelihood Challenges in Bihar' during 2006-07. Ms. Poorna Chandrika, AVP, APMAS made a presentation on 'the preliminary findings of APMAS team on the status of SHGs in Bihar' based on the field visits, interaction with different stakeholders involved in SHG movement in the State .

Mr. Mihir, in his presentation gave some facts and figures on the poverty conditions and livelihood situation in Bihar. Data says that 42% of Bihar's population is below poverty line, illiteracy is 48%, and the per capita GDP is only Rs. 4000, much below the national average. Though there is a growth in primary and tertiary sectors in the last few years, Secondary sector is almost in stagnant state. The present unskilled livelihood patterns, flood proneness, migration (31%) are the major factors affecting livelihoods in Bihar. BASIX estimates a credit requirement of Rs. 10,000 crores in Bihar, where as the supply is only Rs. 1000 crores. They felt that there is a need for institutional strengthening to help the poor to access resources and services. For this, they suggested that NGOs approach could include adoption of techniques to manage risks and uncertainties, education and skill development of members and mF+ activities.

This study was conducted for Bihar Rural Livelihoods Project in 6 districts, covering 1200 SHGs, promoted by NABARD, SGSY, WDC, PACS and through NGOs. As per the study, majority of the groups studied were in B and C grades. The groups were assessed based on different factors like homogeneity, governance, conduct of meetings, attendance, financial transactions in groups and awareness about SHGs among the members at various levels. In the financial aspects, though regularity of savings is 70-75%, SHGs showed poor performance in internal loaning, repayments and bank linkage. However, almost 60% of the SHGs are maintaining minimum records. Health needs are found to be the major purpose of taking loans. The study states that, contrary to the general belief SHGs focus is poor on social agenda. According to the study, major concerns of SHGs are subsidy tendency and dependency on SHPIs. **Skewed distribution of SHGs, target pressures and quality manpower are observed to be major concerns of SHPIs.** The recommendations made in the study included promotion of SHG Federations by building proper forward and backward linkages, adopting complementary roles for different tiers of federations, introducing innovative products, avoiding subsidy orientation, developing systems for internal regulation, periodical quality check of SHGs, incubation of smaller NGOs through CB and use of technology. Major recommendation was that there is a need for liaising of support Stakeholders

for strengthening of the movement, and for this a **State level forum** or working committee can be formed.

Presentation by Ms. Poorna Chandrika was based on some preliminary observations of APMAS team's visit to Nalanda and muzaffarpur districts during May'08. During the visit, team interacted with SHG members and SHPIs including NGOs and MFIs and verified the SHG records to understand the quality of SHGs. The presentation pointed out certain strengths and weaknesses in the SHG promotion activity in Bihar. The strengths cited were spread & reach of NGOs even in remote places, their interest in building linkages and addressing the needs of the community. The weaknesses or major concerns included limited availability of promotional funds, discontinuity of Government programs, subsidy orientation, delays in linkages, limited manpower in NGOs, lack of technical support, etc. Major issues observed in SHGs were poor member level education; defunction of SHGs; problems in opening bank accounts, promoters keeping saving deposits; irregular Savings; withdrawals and discontinuity of savings; absence of internal loaning; poor repayment pattern; NGO staff writing books; etc. The presentation stresses that in order to systematize and strengthen SHGs, there is a need to focus on CB inputs to SHPIs, Institution Building, standardized rating systems and advocacy issues.

After the presentations, Dr. Sankar Datta, Livelihood School, Mr. Tarun Singh, RGVN and Ms. Ratna, SDTT shared the commitment of their respective organizations to the SHG movement in Bihar and their future plans. They stressed the need of NGOs taking active part in the formulation of a roadmap for the SHG federation development.

Session-3

Group discussions

This was followed by Group Discussions. Dr. Sankar Datta facilitated the session. While federation members were asked to discuss separately on their expectations from the stakeholders, all the remaining participants were divided into four groups; each group with a topic for discussion. They are -

1. Vision and Strategy for the SHG movement in Bihar
2. Role of the SHGs and Federations
3. Role of the SHPI and support agencies/ Technical Support Providers
4. Coordination and communication mechanisms, methods/models for sharing and learning
5. Expectations from different stakeholders to strengthen their institutions - community members discussed on this exclusively

Guidelines given for group discussions

1. The group should select the facilitator within the group members
2. The group should select the presenter within the group members
3. For the first 15 minutes group members share their experience in promoting SHG, Federation / Cooperatives.
4. For next 20 minutes the group members discuss on the reasons/constraints that impeded the SHG movement in Bihar.
5. Discussions should focus on “ways and means of going ahead”

Session 4

Presentations of the Outcomes of Group Discussions

Groups presented the concerns and strategies to resolve them and way forward for each of the topics given to them.



The following were the outcomes of presentations in a nutshell:

Federation members strongly voiced their concerns and stated that they need transparent and committed support from the stakeholders. They asked the SHPIs and donor agencies not to impose their agenda on Federations and be supportive to the cause of SH movement. Specifically they asked the Bankers to be sensitive to the SHG credit needs. They felt that the Government and NABARD should take pro-active role in developing awareness at various levels. They requested technical agencies to provide Capacity Building and guidance on employment and market linkages.

1. A vision of promoting self-reliant, women collective working towards financial independence, social empowerment in a sustainable fashion

- with the help of strong supportive agencies - Bringing the poor into the SHG fold and promoting 10-12 lakh SHGs in a 10 year period.
2. Setting up of a state level working committee comprising of major promoters NABARD, State Government, Banks, WDC and other experts that can influence the policies, guide the process, provide technical support and evolve a strategy for up scaling SHG Bank Linkage Programme.
 3. Setting up of a State level Resource and Research institution that can cater to the needs of SH movement in Bihar - developing a pool of Resource persons, providing continuous trainings, conduct studies and advocate the concerns.
 4. Sensitization and adequate capacity building of different stakeholders on SHGs
 5. Transparency and accountability in the promotional activities, with due respect to the autonomy of SHGs and Federations
 6. Speeding up the strengthening process of federations for making them vibrant and develop self-regulation practices within federations for sustainability and self reliance.
 7. Develop institutional mechanisms for increased access to resources, credit, markets and other services and networking of federations with other organizations, specifically for livelihood enhancement.
 8. Linkages with Banks and MFIs, using transparent , accountable processes that empowers civil society to work towards empowerment, safeguarding democratic values, Greater role for Banks- meeting the need of individual loan requirement of Rs. 10,000.
 9. Perspective building for income generation
 10. CB with in SHG for IG Activities, Literacy, exposure to Melas for understanding external environment and advocacy for social issues.
 11. Simple and uniform books of accounts for robust and disciplined groups - Sensitizing banks to the account keeping abilities and limitations of SHG-using experience of various banks to provide simple and uniform format - **State level working group to be formed for the purpose**

Session 5

Closing Remarks

The workshop concluded with an assurance from Ms. Sidhoo, the Managing Director, WDC to establish a State Level Working Group on SHG movement to establish standards, best practices, bookkeeping systems, promotional guidelines for SHG federations and other related activities. WDC has taken up the responsibility of setting up the committee in which APMAS, BASIX and the Livelihood School would also join. The workshop also felt the need to have a state level resource agency for Bihar which could be jointly set up by major stakeholders. The need for building the capacities of NGOs and the need for

availability of adequate funds for promotional costs and also for lending were some of the areas that the Working Group would have to prioritize.

The Director Institutional finance also gave his remarks at the end of the day requesting WDC and other important stakeholders like NABARD to boost up the linkages with the Community Based Organisations in the State.

The Workshop concluded with vote of thanks from Ms. P. Poorna Chandrika, APMAS.

Annexure 1

Presentation 1 - The SHG and Livelihood Status in Bihar - by BASIX

Livelihood Status of Bihar

- One of the poorer states in India with 42% below poverty line.
- Low human development index. Lowest literacy rates (48%; Nat. Avg. 67%), Women literacy 35% (national average of 54%).
- Per capita GDP Rs. 4,000 pm (Nat. Avg. of Rs.12,000 pm)
- Average annual growth rate of GSDP 1993-94 to 2004-05 is 5.08% while nation touched 8%
- Primary sector (agriculture and allied sector), growing between 3.5 to 4.5% and is higher than Nat Avg 2.6 %,
- Secondary sector declined in its growth rate from 6.59 percent in 2000-01 to 4.17 percent in 2004-05
- Tertiary sector growth between 6.5 to 7.5% with high growth in communication, banking , insurance and other service sectors.
- The share of primary sector has fallen from 48.8 percent to 42.0 percent while the secondary sector has remained nearly stagnant 9.0 percent. The share of tertiary sector has increased from 41.3 to 49.0 percent.

Livelihood Promotion Strategy

- Strengthening of existing livelihoods in short term and promotion of alternate livelihood in the medium or long term
- Develop institutional mechanisms for access to resources, credit , markets and other services
- Work towards providing livelihood security through addressing risks and uncertainties
- Strengthening of skills for wider range of occupations, especially for migrant population
- Adopt a credit plus approach for empowerment and entrepreneurial skills along with capital formation

Study of SHG - Sample Size-1200 SHGs of 6 Dists

Status of SHGs vis-à-vis Other States

	SHGs linked in 05-06	Cu SHGs till Mar 06	Cu. Bank loan Mar 06 (in million)
Rajasthan	38,165	98,171	2,448
Assam	25,215	56,449	1,424
MP	12,020	57,125	1,667

Maharashtra	60,324	131,470	3,952
AP	94,311	587,238	43,455
Orissa	57,640	180,896	4,755
Bihar	18,206	46,221	1,052

SHG Data in Selected Survey Districts

District	NABARD*	SGSY	WDC	PACS	Others
Gaya	1,800	2,738	1,285	434	2525
Nalanda	600	2,307	385	298	NA
Madhubani	492	9981	285	532	300
Purnea	524	1058	385	-	NA
Khagaria	556	855	285	100	156
Muz	700	7718	523	644	NA
Sub Total	4,672	24,657	3,148	2008	2981
All Bihar- Total	32116	85136	10,773	3170	11300

* These SHG nos are bank linked.

SHGs at a Glance

District (s)	Performance %			
	A	B	C	Total
Nalanda	26	21	53	100
Gaya	0.5	81	18.5	100
Muzaffarpur	28	40	32	100
Madhubani	10	25.5	64.5	100
Purnia	28	59	13	100
Khagaria	9.5	50	40.5	100

Group discipline

Parameters	Maximum score	Obtained average score
Homogeneity	4	2.5
Governance	6	3
Conduct of meetings	8	5.1
Attendance	8	5.4
Financial Transaction	8	5.8
Member awareness on financial transaction	8	5.3

Financial discipline

Parameters	Maximum score	Obtained average score
Regularity of Savings	6	3.7
Pattern of internal lending	6	4
Velocity of internal lending	4	1.9
Repayment terms	4	2
Bank linkages	6	1.8
Borrower Quality	8	4.4
Asset quality	6	3.5
Record maintenance	10	5.9

Social Discipline

Parameter	Maximum score	Obtained average score
Uses of Social Assets	4	0.8
Involvement in Village issues	4	1.4

General observations

- Homogeneity and solidarity among members found to be moderate
- Dominance of 2-3 members
- Groups unaware of rules and regulations
- Members are not sure of group finance position.
- Groups have tendency to get subsidized loans
- Most of the groups have bank account
- SHGs formed by WDC have higher training inputs in comparison to other groups

Findings

- Regularity of saving in SHGs is average (70%-75%)
- Internal loan against deposit = < 1.
- No repayment schedule or terms clear to members
- Loans used for both consumption (30-40%) and production purposes
- Groups are very much dependent on the promoting agencies
- Groups are formed in weak foundation
- Group norms have not been shared and followed by all the group members.
- Poor linkages of the groups with out side agencies and bank
- The level of homogeneity among members seem to be low
- SHGs are dependent on subsidized funds from government departments.
- Low level of awareness of all the members about activities
- Most of the SGSY groups are formed with BPL members with a membership of 10, which is considered as high-risk groups.
- There are cases where groups formed by other agencies have been hijacked by the SGSY promoters by assuring to give Rs. 10,000/- as subsidy per member and Rs. 10,000/- to the promoting agencies.
- Under SGSY scheme 10 member groups are formed intentionally to give Rs. 10,000/- per member as the maximum limit per group is Rs. 1, 25,000. The other reason is to form more number of groups with the existing resources.
- The major objective of the BPL group is to avail loan with subsidy.

Challenges of SHG Bank linkages

- Skewed distribution of SHGs
- Quality of SHGs
- Credit to enterprise
- Impact of SGSY
- Target from State Governments without assessment of proper facilitation to SHGs.
- Sustainability of multi tier CBOs.

Constraints & Limitations - SHG credit linkages with Bank

- HR constraint with Banks

- Quality of Manpower with NGOs
- Subsidy driven promotion of SHG
- Lack of Proper Backward and Forward linkage

Suggestions

- State Government may constitute a working group comprising NABARD, RBI, State Government, Banks, BRLPS, WDC and experts to evolve a strategy for up scaling SHG Bank Linkage Programme.
- NABARD and Working Group to provide technical support to banks for diversified financing.
- A comprehensive strategy for RNFS development should also be prepared Banks need to step up their efforts to promote rural non-farm sector in the state. State Government to provide necessary support.
- SHG federations can play a better role in providing backward and forward linkages.
- More agencies should be involved in building federations or producers company for demand aggregation and should be able to bring in the market linkage expertise for the state.
- State level Forum should facilitate training of SHPIs and should standardize the SHG and Federation MIS in the state.
- NABARD, WDC, BRLP should make special efforts to sensitize bankers
- The bad effects of Government linked Subsidy programme should be discouraged
- **Need to identify multiple and appropriate institutions who can play complementary roles**
- There is a need to incubate NGOs to become MFIs and present MFIs to expand to interior areas and diversify to take up innovation in insurance, remittances and business development services.
- Need to incubate smaller NGOs as SHPIs with proper training and capacity building of the staffs .
- Agencies to support and explore new models and distribution channel through Mobile technology, internet kiosks, STD booths, NGOs, SHGs, MFIs and corporate agencies etc.
- Need to address risk mitigation issues beyond credit including social issues
- Tailor making projects to address the context, not standardizing, including looking at different sub sectors on the value chain

Presentation 2 - Preliminary findings from field visits by APMAS

Source for the findings

- Field visits to NGOs in Muzaffarpur and Nalanda Districts
- Interactions with the SHGs
- Interaction with Self Help Promoting Institutions (SHPIs)-WDC, NABARD etc.

- Interaction with DRDA
- Books of SHGs, MFIs and NGOs

Strengths in promotion of SHGs

- Promotion of SHGs possible in most backward areas with the efforts of NGOs
- Bank linkages done through continuous liaisoning.
- Neither office nor other infrastructure was a limitation in promotion of SHGs
- Geographical area was not a limitation for linkage - was possible with branches in other areas
- Needs of the community understood well through direct interaction with community
- Social agenda introduced into the SHGs to function better
- Regular meetings and interaction facilitated has strengthened SHGs

Issues in Promotion and Strengthening of SHGs

- Limited availability of funds for promotion of SHGs
- Delay in approval of bank loans is a major issue
- NGO staff leaving due to bigger schemes/ programs
- Very less amount of Member level education during formation stage
- Inability to spend more time is also leading to SHG becoming defunct
- Discontinuity of Government programs
- Subsidized funding from other agencies
- Lack of technical support for SHG formation

Status of bank linkages-2007-08

- NABARD has collaborated with 196 NGOs in 33 districts in the state.
- Cumulative no. of SHGs bank linked are 72,339 with a cumulative amount of Rs. 2334.068 lakhs disbursed of.
- Total grant support of Rs. 44.68 lakh for promotion and up scaling of SHG-BLP and related activities in the state.

Status of SHGs

- Some of the SHGs have no bank accounts
- Monthly savings by the SHG members varies from Rs. 50/- to Rs.100/-
- Few SHGs deposited their savings in banks, some are with their promoters
- Many SHGs stopped their monthly savings after external credit linkage.
- **Meetings**
- Monthly meetings with focus on savings and collection of repayments (MFI/SHG)
- Average attendance as per minutes book is 70 to 80 percent

Lending activities

- *Internal*
 - Absence of internal lending practice in many of the groups
 - Absence of fixed schedule for loan repayment-no. of installments & amount
 - Fines and penalties- there are norms but not being practiced
 - Mostly equal distribution of funds as loans rather than need based lending
 - Loan scheduling is absent and repayments are made in lump sum
- *External*
 - External loan amounts accessed by SHG members is more compared to direct bank linkage
 - Usually 12 months is the loan repayment period. Varies from organization to organization from 12 months to 24 months
 - Mode of repayment -monthly both principal and interest
 - Fines and penalties- there are norms but not being practiced
 - Mostly equal distribution of funds as loans rather than need based lending
 - Loan scheduling is absent and repayments are made in lump sum

Book keeping & accountancy

- In majority of SHGs, NGO staff are writing the books
- SHG books of accounts vary from promoter to promoter
- All the records relating to SHGs are with the secretary
- Few SHGs pay Rs. 2 per head to the book keeper or to the NGO staff who is writing the books.
- Community based book keeping system not yet institutionalized

Decision making & Leadership

- Majority cases leaders/promoters take decisions
- Leadership rotation is a rare phenomena
 - unwillingness to take up the group responsibilities
 - Costs involved-transportation
- Leadership rotation not part of the group norms.

CB inputs to SHGs from promoters

- Some NGOs have provided training to SHGs on SHG concept and promotion
 - most of them focus on income generating activities (pappad making, pickle making, tailoring, ape culture etc.)

Issues and concerns

- Irregular savings; some times savings done once in 3-6 months

- After external loan most groups stopped their savings and internal lending
- Large amount of idle funds Rs. 5,000 to 10,000
- Bank operations of SHG being dealt by promoters
- Leadership rotation
- Group Members have very less knowledge of the financial transaction.
- Lack of conceptual understanding among the leaders about the group and its norms.
- Role clarity among promoters, Group leaders and members
- Equal distribution rather than need based lending is found in external loaning
- Grading of SHGs is adhoc.
- MFI accounts are up to date compared to the SHG books of accounts
- Lack of focus on advocacy issues.
- Opening of SHG accounts in the Bank and linkages with the banks

Annexure 2 Group Presentations

Group I: Vision and Strategy for the SHG movement in Bihar

Vision –SHG Movement

- 10 years 10 to 12 lakhs SHGs.
- Self-Reliant, women collective working towards financial independence, social empowerment in a sustainable fashion with the help of strong supportive agencies
- Linkages with Banks and MFIs, using transparent, accountable processes to promote a pluralistic order that empowers civil society to work towards empowerment safeguarding democratic values.

Strategy

- Simple and uniform books of account for robust and disciplined groups - Sensitizing banks to the account keeping abilities and limitations of SHG- using experience of various banks to provide simple and uniform format - **State level working group to be formed for the purpose**
- Adequate capacity building for Civil societies, bankers and SHG members.
- No compromise on books of account.
- Audit for social transparency and accountability.
- Accessibility to financial services through banks and MFI's.
- Perspective building for income generation
- Convergence with different departments
- CB with in SHG for IG Activities, Literacy, exposure to Melas for understanding external environment and advocacy for social issues.
- Identification and CB of cadre of crps.
- Rating of the ngos (Field experience).
- Resource institution to provide training.
- Financial support from Govt to take up institutional building of Civil societies in terms of better HR, MIS.
- Participatory identification of poor.
- Need for creation of platform for experience sharing of shgs and other stakeholders.
- Seeding of aspirations amongst the SHG members.
- Preparedness of NGO to deal with SHG/Federations.
- Need based and not target based
- Revenue model
- SHG members to be the decision makers.

Group II: Role of shgs and Federations:

WHY shgs?

Shgs are a tool of building civil society

A tool for social change
For empowering powerless, poor, women
To make them self reliant
To provide them social identity
Platform to enhance livelihoods

What is a Federation?

Federation is a network, association, coalition of primary organisations to collectively achieve what they cannot do alone.

Why SHG Federations?

- For strengthening existing shgs
- To promote new shgs of the poor and
- To access various services to the member shgs.
- To provide a sense of solidarity among members of different shgs in an area.
- For sustainability of shgs
- Federations play an important part in SHG capacity building. And Conflict resolution – both internal and external

Why federate?

- Economy of Scale
 - Negotiation of loans from mainstream FI's
 - Manage larger economic activities
- Reduce Transaction Cost
- Additional services can be housed
- Cost of promotion of more groups can be minimized
- Act as pressure group for policy advocacy

When federations necessary?

- If shgs are expected to have long life
- If savings are to be of long term nature
- If federations are to take on such services, in the interests of member-groups, as add value and cannot be done by groups for themselves
- Then, federations can indeed be an add on

And when Not

- Compete with member- groups
- Pursue conflicting agendas
- Pursue agendas which benefit only a few of the members
- Engage on too many fronts

Emerging SHG Federation Model in Bihar
SHG – the building block

- Taking care of member's interest
- Thrift & Credit (ensuring credit worthiness of members)
- Individual Micro Issues
- Needs Assessment/ Issues Identification
- Micro level planning
- Forum for collective learning
- Environment for collective leadership

Cluster

- Institution Building
 - Internal Auditing of SHGs.
 - Promotion of new SHGs.
 - Capacity Building of SHGs
 - M & E of SHGs incl. SHG Grading
- Audit of SHG accounts
- Prepare household investment plans to identify required services
- Access bulk loans from Banks and Development projects
- Financial services – savings and credit, social risk management
- Activate other members who are not so active
- Sharing of best practices at SHG level
- Conflict resolution at SHG level
- Social Action (village level)

Federation

- Social intermediation (Linkages)
 - Work on context specific social issues like child labour, disability, discrimination (run institutions)
- Advocacy - macro issues (Blocks & District)
- Institution Building
 - CB of clusters
 - Networking & Promotion of clusters
 - M & E of clusters incl. Clusters Grading
 - Clusters Internal Auditing
 - Management of HR
- Building collaborations
- Linkages with Govt. Programs
- Livelihoods
 - Market Linkages & BDS
 - Promotion & Dev. Of Commodity Cooperatives
 - Facilitate Fund mobilisation

Some Challenges

- Mandate not so clear at SHPI level
- Imposing ideas to poor.

- Concept of parallel institution
- Policy reinforcement
- So many Samities leads to confusion
- Articulation of need is often not clear
- Attracting manpower to manage them is difficult
- Bringing harmony among diff stakeholders.
- Sustainability of federation

The way forward

- Vision building translates into roadmap
- CB Need identification at various level
- Identification of expert agencies
- Handholding support
- Forming a state level livelihood network group.

Group III: Role of SHPIs and support/technical agencies

Reasons/Constraints

1. Project based short term approach
2. Lack of long term visionary approach to make SHG an independent institution
3. Lack of adequate capacity to undertake SHG formation/management programme with timeline
4. No proper support for linkages from banks/financial institutions
5. No system to check the quality of SHG
6. Lack of networking, advocacy and lobbying among SHPIs and others
7. Lack of state level Institution to bring uniformity in SHG - formation and promotion including understanding

Ways and means to go forward

1. To enhance the capacity of different stakeholders, involve in development process
2. To develop state level training/research institution/forum/for shgs/SHG Federation formation & Management
3. Regular training/workshops/sharing of learnings/exposure to different stakeholders for wider aspect of SHG /Federation
4. Need to facilitate bank linkages/ leverage of fund for micro-finance
5. Convergence of Govt/Non-Govt. Agency/programme for the development of SHG/Federations, which lead to enhance their livelihoods & services to maximum number of SHG members.

Group IV: Communication & Coordination Mechanism Method/Modes for sharing & Learning

S N	Parameters	Communication & Coordination	Methods and Modes
1	At SHG & Federation	Collective Leadership	Rotation of leadership and active participation of all members.
		Gender Focused	Sharing of experiences, Community Participation (Both the sexes), Exposures, Regular Meeting Awareness Building
		Inter and Intra Group Discussion	Clarity on Action Plan
		Motivation	Awareness Building and Capacity Building
		Linkage and collaboration	Clear Concept of Convergence
2	At SHPI / NGO Level	SHG as a tool not outcome	Donor Driven Concept should be avoided through participatory method and should be need based
		Strengthening of SHG movement through community empowerment	1.Data based network from grassroots level to state level 2. Communication among promoters with common strategy 3 Awareness 4 Transparency 5 Collective decision Making Procedure
3	At Donor Level	Preconceived ideas should be avoided	Ground level reality should be kept in mind 2. Untapped area should be undertaken
		Dialogue among all donors	Less focused area should be given priority
		Gap between in action plan & implementation of work	Monitoring & Evaluation

Group V: Expectations of Federation members from different stakeholders

- From Bank: behaviour of bank officials with shgs
- From NABARD: awareness of various programs
- From Government: provide proper guidance to NGO, representatives of politics and group training

- From NGO: bring transparencies
- From technical agencies: provide guidance on employment as well as establish market linkages

Annexure 3
Participants List

<i>Institution Building for Livelihoods</i>			
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