

An Analysis on Management of SHG Federation's in Rajasthan

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ABSTRACT

The progress under microfinance sector in India has registered a remarkable growth in the past three decades covering more than 77 lakh SHGs and around 9 crore households of which 2.5 lakh SHGs have been promoted in Rajasthan. Microfinance in Rajasthan has also undergone a sea change in the past few years in terms of credit dispensation, financial inclusion and other services to the rural poor. The major stakeholder in Microfinance sector in Rajasthan comprises NABARD, RAJEEVIKA, Directorate of Women Empowerment, ICDS, NGOs and MFIs. Every SHG federation is having 10-12 employees working for development these SHG members. The paper highlights the basic features of SHG federations, Human Resource Policies and Practices of SHG federations, its need for social and economic development of the society.

INTRODUCTION

About Organization

Predominantly, People's Education & Development Organization (PEDO) is currently working in the Dungarpur District of Rajasthan. Dungarpur is one of the smallest districts of the state having a population of 1.1 million as per the last census. 93% of the population of the district is rural out of which more than 70% is tribal. The literacy levels are very low in this southern Rajasthan belt. Dungarpur is a drought prone area and is both socially and economically backward. The major source of livelihood of the rural mass is largely dependent on agriculture, animal husbandry and wage labour. Other major constraints of this sector are lack of irrigation facilities, inappropriate land holding sizes, lack of technological awareness, inappropriate marketing infrastructure and poor storage system of agricultural

produce at village level. Undoubtedly, the fertility of soil, which is comparatively poor in the district compared to other districts, contributes to other constraints.

PEDO has also, through its CRPs and consultancy initiative, has also supported various agencies and have worked in the districts of Udaipur, Jaisalmer, Jodhpur, Barmer, Pali & Nagaur in Rajasthan. PEDO has also worked with NGOs of Uttarakhand, Orissa and Bihar primarily in Microfinance initiatives.

PEDO's Microfinance Program

- No of SHG's 2871
- Total SHG members- 45897
- Total Saving Rs. 22,12,97,791
- Corpus Rs. 16,12,12,039
- Bank loan outstanding Rs. 2,39,73,791
- Cumulative loan distribution Rs.1,11,40,49,280
- Total loan distribution Rs.1,13,24,50,682

PEDO has always worked towards promoting self-sustained and self-managed people's institution to take up the developmental issues. The SHGs are amalgamated into the clusters of 15-20 SHGs and then federated into 15 Federations. All of these SHG Federations are fully financially viable and are managing their operations on their own with PEDO as a monitoring agency.

A woman's status in society have risen after her involvement in a SHG, and even her husband has started to listen to her more since she is the one who has got some savings in the banks and can take the loans. A woman can plan about what she can do now to support her family; it may be a small business or purchase a water pumping set for her farms or anything that can help her to gain her stature, which she deserves, in the family and society.

Role of PEDO

Help people to help themselves-has been PEDO's mission statement since the inception of the organization and community led and owned microfinance was considered a major step towards achieving the objective of Promotion of sustainable people's institutions. This step was also required to reduce people's institutional dependency, on promoting Agencies like PEDO.

Besides this PEDO wanted formal financial institution to recognize and treat the rural poor as potential clients and bring them in the mainstream economy. From the inception of any SHG, it is informed to the members and leaders that the handholding will last, until they learn to stride themselves; and PEDO will help them learn how to walk. The capacity building exercises of all the people involved in Microfinance operations, may it be the PEDO staff or SHG membership & leadership, targets the social sustainability and financial viability aspects. The period of handholding of SHGs generally lasts for three to four years.

- The role of NGOs to provide support- in bookkeeping and accounting, organizational structure, governance, fund raising, implementation of program and other areas.
- Technical support to all members as per need.
- Training on leadership qualities, income generating activities develop motivation.

SHG Federation- Mada

Mada federation is working form last more than two decades. This federation is one of the oldest federations amongst all federation of PEDO. It was established on 1986. This federation is pilot federation of PEDO. Organization started working with one SHG (In 1980, in Bicchiwara block), which was established after one year of hard work and developed trust among community members.

Federation is not only working on financial aspects as well as it also give importance and significance on following points:

- Livelihood development
- Nature resource management
- Informal education
- Health and safety
- Agriculture innovation
- Water reservoir , watershed development
- Safe drinking water
- Guinea worm eradication
- Durry weaving- Handloom
- Plantation- common land plantation, private land plantation
- Dungar Dai Training (Animal Nurse)
- Smoke less Chullha
- Panchayati Raj Institution

- Community Based health protection program
- Turmeric Cultivation

During last two decades, there has been phenomenal growth in number of Self Help Groups.

Mada federation

Total Village	14
Total SHG	204
Total member	3713
Total saving	Rs. 4, 50, 13,126
Total Loan Disbursement	Rs. 35, 72, 00,000

There are 12 staffs at Federation level such as field coordinator or manager, accountant, data entry operator and 8 field representatives. Some other staffs (those who are implementing different project activities through federations in the field) are also with Mada federation.

Need for Federations – A way forward

Federation is a network of several SHGs and a structure of body evolved by SHGs themselves consisting of representatives from all members SHGs, with a motive of supporting member - SHGs to attain the goals of economic and social empowerment of individual members and their capacity building.

It is an another forum for SHGs to step up development of members taking advantage of collective effort of members SHGs, enabling a holistic and need based economic and social development.

It is a democratic body formed with certain number of SHGs functioning in a specific geographical area with the objective of uniting such SHGs for common cause and for achieving these causes which an individual SHG would not be able to do.

Major factors, which contributed for emergence and need for SHG Federations, which could be formal or informal, are:

- Continued dependence of SHGs on the promoting agencies and delay in self reliance
- Difficulties in withdrawal of the promoting agency
- Building leadership qualities in members
- Economies of Scale in case of livelihood or income generating activities

- To reach, interact with, and strengthen, a large number of SHGs
- To mobilize a large number of women to obtain a status and empowerment of women in the society.
- To promote new SHGs in remote and in inaccessible areas and communities.
- To guide, support and hand hold the SHGs in the absence of promoting agencies.

Objectives for promoting SHG Federations:

- To facilitate linkages between SHGs and banks/govt. agencies/local institutions.
- To have better access to development information and marketing linkages.
- To help in achieving sustainability of SHG.
- To strengthen (through training, information dissemination, onsite support, etc) the Capacity of member SHGs in one or more of a variety of fields (bookkeeping, accounting, marketing, financial management, advocacy, bank linkage, accessing government schemes, to name some).
- To provide credit, especially multiple credit lines.
- To provide savings facilities, especially voluntary savings.
- To undertake marketing of the produce of the members of the SHGs.

Benefits of SHGs

- The trust is completely owned by the cluster members.
- Democratic and equal participation.
- Loan disbursement without delay.
- Systematic investment plans.
- Opportunities in different investments.
- Opportunities in getting units of the company.
- More opportunity for Leadership.
- Variety of Leadership and capacity building trainings.
- Freedom for decision making collectively in developmental activity.
- Conflict Management

Challenges

Though SHGs federations are performing many responsibilities effectively, they are facing certain internal and external challenges:

Internal challenges

- Governance is one of the major challenges. Reasons includes lack of clarity on the role of SHGs, vision, limitations of the Board of Federation in terms of knowledge and literacy, limited sense of ownership, limitations or lack of vision while preparing the bylaws and implementation thereof, limited understanding of technical aspects of finance by the board, lack of second line and rotation of leadership, legal compliance, etc.
- Resources are another critical challenge: these include quality and trained human resources, staff review and fund availability for SHGs at federation level.
- Asset quality of financial federation is another concern which includes portfolio quality and lending methodology.
- Attention needs to be given to the design of systems, procedures and their implementation.
- Another major challenge could be efficiency and profitability which is a major concern for sustainability.

External challenges

An external concern is the lack of a businesslike approach in conceptualization of federation, legal and regulatory framework, framework for self regulation, role transformation, etc. Target oriented approach, capture by vested interests, limited capacity of promoting agencies, cost of promotion, institutional sustainability are other challenges.

Organizational Setup

- Should have own bye-law and rules and regulations.
- A Governing board of 10 -11 member representatives.
- One member from each cluster in the Board.
- General Body to comprise of 2-3 member representatives from each SHG
- Can have core office staff.
- May have own /rented premises.

Sources of Funds

- One time membership fee from each SHG
- Monthly contribution from each cluster.
- Grant from NGO/Other sources.
- Charges for services rendered to member SHGs
- Income from Production /Marketing / Trading activities on own account

Conclusion

The study attempted to understand the issues of quality and sustainability of the SHGs. The overall assessment of various institutional and financial aspects of the SHGs gives a clear picture that there is potential to bring changes in the lives of the poor through this programme. The presence of large number of groups and considering its growth pace definitely reflects that the group formation is not a major challenge; the challenge lies in strengthening of groups by ensuring adoption of good practices. For that, the role of the facilitators becomes very vital to guide and facilitate the groups to evolve in a self-sustaining manner. Therefore, Supporting Agency needs to have more intensive engagement and provide accompaniment support in strengthening the groups in the initial years. The same will help in developing norms, ensuring adoption of best practices by groups and overall development of SHG as an institution.