

ANNUAL REPORT 2012-13

ILLUSTRATION ABOUT OUR WORK WITH SHGs AND JLGs.

SHG movement financing has reduced dependency on moneylenders, enhanced financial inclusion. Many households have been able to buy durable assets in the past three to four year in terms of TV, washing machine, cows, buffaloes, farm equipment and so on. This means that poverty reduction took place. The survey also shows that if little better off individuals are provided low interest finance then, greater chances are there for them to come out of poverty situation. However, these households also show that existing asset base is important as most households had land and other assets to rely up on. Repayment is a problem in a sense that money for repayment is taken from other sources and also new loans used to repay the existing loans.



Training and capacity building had been stated as a priority. Linking of SHGs to different technical institutes for building their capacities for taking up new and innovative income generation activities and enterprises. Leadership training was felt as a necessity for all the members of SHGs so that rotational leadership in groups is facilitated. A network that engages micro entrepreneurs NGOs and fair trade organizations had been suggested as a means of providing market access to the groups.

The existing savings facilities are felt to be inadequate. SHG women want more avenues to save with specific goals for larger lifecycle expenditures such as education, festival, marriage, etc. But they want to be assured that such large savings will be safe. In many areas, groups want to distribute savings and common funds after five years and restart their group/savings. This satisfies a need of members to have lump sum cash back after long years of saving. This also provides an excellent opportunity for institutional change; change of leadership facilitated, uninterested members exit, rules regarding savings and group process reset. Promoters are not in favour of such disbanding and reforming of groups out of fear that the groups may not resume function or will not be able to avail bank loans.

In many mature SHGs there is a strong demand for income earning or enterprise opportunities. Government agencies, promoting NGOs and banks, do not have many ideas on income generating activities. As a result their functions stop with savings, credit and subsidy. Many women, especially in semi-urban areas where farmland is getting converted to other uses, find

it difficult to pursue their original income-generating activities/ enterprise. The gradual loss of farm-based income activities has not been fully recognized and no alternative skills are developed in women.

The original intent of the SHG bank linkage programme was to establish credit history of members so that they can have individual access to banks. Despite passage of many years, how this graduation will happen has not been thought out.

Individuals with larger loan demand borrow in the name of other members of the group leading to problems in groups. Banks are also comfortable in lending through the groups and reduce their risks. Risk of members increases without commensurate benefits which might lead to group splitting or becoming defunct.

Attendance of group meetings has been falling steadily with the age of the groups. It is not uncommon to send savings and loan repayment through family members or friends and attend the meeting only when a loan is required. Without attending the meetings, the members lose control over the decision-making process and provide space for capture of the group by a few members.

SHGs face difficulties in opening bank accounts even after 20 years of linkage programme. The equal distribution of bank loan is commonplace in SHGs especially where subsidies are involved.

When the members do not have ideas on how to utilize the loan, they engage in money lending. Many banks have centralized sanction process; the branches do paper work, visit the field where necessary and forward applications to the controlling office. This process delays loan sanction. It is not unusual for the groups to have to wait for 3 to 9 months in between two loans. Several groups have to rotate the revolving fund assistance for three to four years before they are considered for either direct loan or SGSY loan.

Banks demand a recommendation from a promoter such as NGO, federation or government department. If other groups earlier recommended by the agency have defaulted, the newly recommended group is refused a loan even if it has an excellent track record. Some NGOs charge a service fee of 1 to 3 per cent for such recommendation and group maintenance. Groups are torn between NGO and government-promoted federation many times; they strongly feel that they should not desert the NGO that has promoted them.

1. Technical Support

a. Institutional Building

i. System building

ii. Developing operational manual

iii. Guiding to identify appropriate legal structure

iv. Grading and rating of each group

- v. Graduating the groups to access loan from banks
- vi. Improving capacities to become BCs
- b. Capacity Building
 - i. Identifying the training needs of the federation
 - ii. Designing the Training module based on the need
 - iii. Trainings on Accounts and Book Keeping, SHG & Federation Formation, Governance and Financial Literacy
- c. MIS
 - i. MIS by List Software to track progress The programme envisions achieving impact at three levels:
 - 1. At client level, reduced vulnerability and increased income levels
 - 2. At SHG level, improved access to financial services
 - 3. At SHG Federation and Promoting Institution level, efficiency and sustainability.

Programme objective:

1. **Improve outreach** by providing access to savings-led community finance.
2. Improve **impact** by introducing innovations in community finance methodology.
3. Increase **financial inclusion** through piloting further services, products and channels.

Products:

Seasonal Credit

At present, unfortunately, there is no good credit system, which provides loans for emergencies, consumption or immediate needs, of the rural population, especially the poor. Due to this, many poor people are forced to take loans from the local moneylenders in case of emergency credit needs and are caught in a debt trap, from which there is no way out but to keep on borrowing more, sometimes at usurious rates of interest. To address this specific situation, the concept of Multi Purpose Credit has been introduced.

Income Generation Credit

For farmers with small land holdings, agriculture is becoming an increasingly risky livelihood. Further, a large majority of the rural poor have little or no access to land.

Thus, there is an imperative need to look at other options of livelihood. Micro-enterprises, like petty trade and small business development (SBD) prove to be an important alternative source of income.

Dairy Promotion Credit

Dairy is one of the better-suited activities for rural women for several reasons. But due to factors like the higher initial investment, risks in terms of cattle health and insurance, limitations in marketing an essentially perishable commodity, this sector needs a special package. Credit for dairy animals will have to necessarily take into consideration marketing linkage, cattle protection or risk cover, veterinary services etc. Hence, we have designed a separate product for the dairy sector.

Housing Credit:

Housing is a major need of the poor people. For the life they dream to own a house, but due to higher amount of money required for owning a house dream remains a dream. IRCED has taken that risk and has provided housing for more than 400 families. It has taken a FINSIH project to construct 5000 toilets in 8 villages of Miraj taluka. So far IRCED motivated 350 families to construct their own toilets.

Self Help Groups are:

- > Small, economically homogeneous and affinity groups of rural / urban poor
- > Group of people who voluntarily come forward to bond together in saving and contributing to a common fund for social and economic up-liftment of their families & community
- > Groups who lend their savings fund to the SHG members on set Terms & Conditions, to be decided by the members of the SHGs
- > Where the SHGs operate on principles of mutual trust and co-operation
- > When savings, giving loans, making repayments etc., take place at specified intervals
- > Where all members, of the SHG, are present & collectively take decisions

SHG Operations:

Operations are focused mainly on providing micro-finance/credit and capacity building support, to members of Self-Help Groups (SHGs) through the IRCED, which have the advantage of locally positioned field staff, who evaluate and grade the SHGs and the loan committee then decides on the credit to be given.

There is also an independent appraisal of the loan applications before credit disbursement.

Operation:

Stage (1) Every Self Help Group which is a member of the IRCED is graded and evaluated as per well laid out clear indicators of Performance. Only groups which get at least a grade of 'B', among the grades ranging from A-D will be eligible to apply for a loan from the IRCED.

Stage (2) When an application is forwarded by a SHG, a loan committee at the IRCED will approve the loan before the Field executive of IRCED appraises and evaluates the loan applications.

Stage (3) The field executives of IRCED will scrutinize the applications submitted by the SMBT concerned, supported by the applications from the SHGs, on aspects of grading, membership, regular attendance of meetings, savings, internal rotation of savings, bookkeeping, earlier history of the SHG loan taking and audit where required. Any SHG, which is more than one year old, will have to undergo GRT again.

If satisfied, the executive will recommend the loan, else reject the same.

Once the application reaches the office of IRCED, the same is once again scrutinized by the Sr. Manager MF Dept. and if found to be satisfactory, the same will be placed before a loan committee at IRCED also which may or may not approve the loan after due diligence and deliberations.

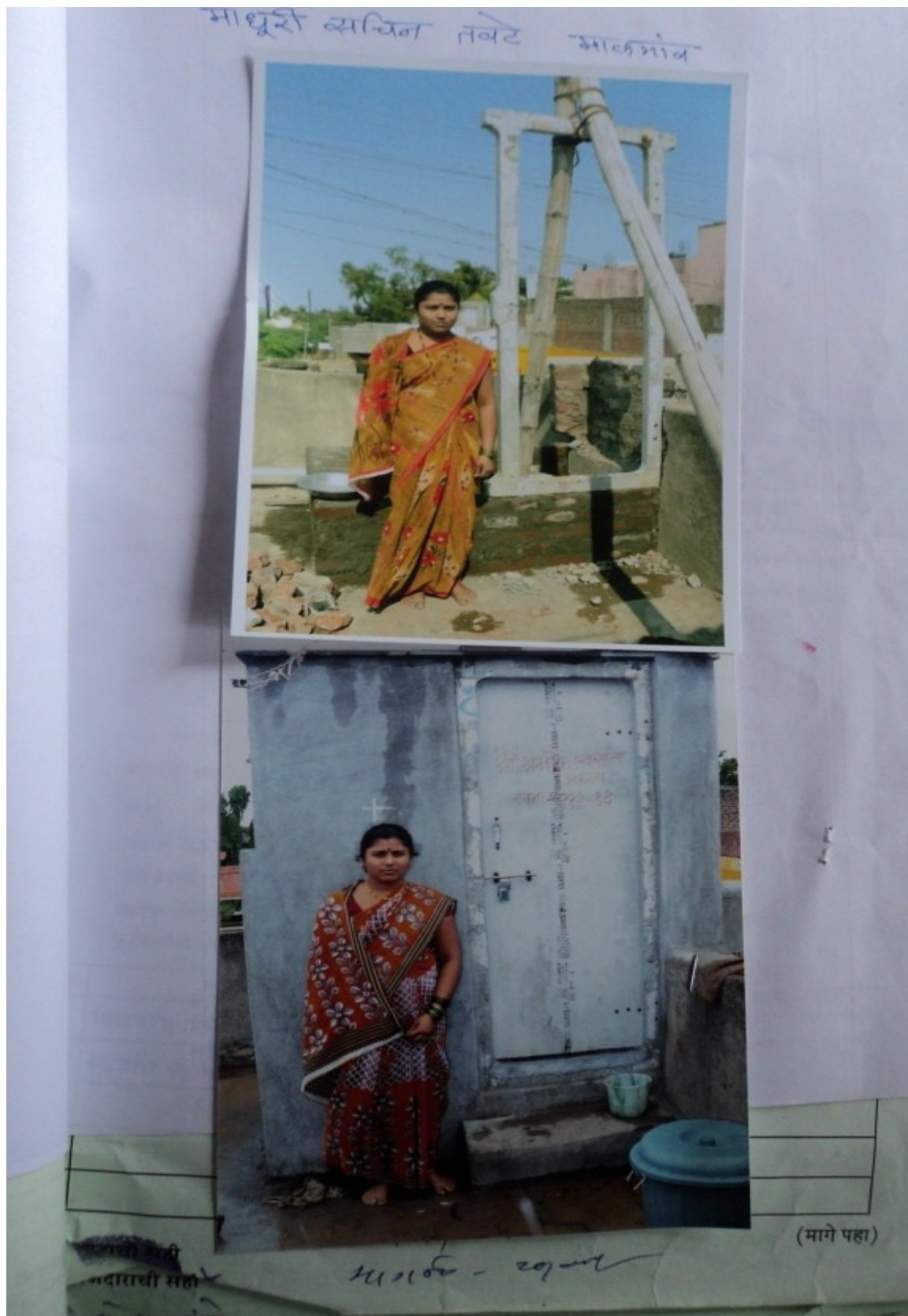
Livelihoods

- | | |
|---------------------|-------------------------------------|
| • Soda selling | Flowers |
| • Ice cream selling | Dairy (Milch animals milk business) |
| • Vegetable Shops | Goat Rearing |
| • Wire Baskets | Rikshaw operation |
| • Soap Oil | Pickles and Condiments |
| • Rope making | Petty Shops |
| • Vegetable vending | Textile Shops |
| • Bhel Hand carts | Sweet Stall Bakery |
| • MAT Making | Fruit Shops |
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The above list is representative only*



Above Photo: Animal Camp at Arag. Below Photo: Training of Cattle owners at Gundewadi.





Above Photo: Sanitation project meeting at Budhgaon.



Above Photo: IRCED Miraj team with Dr. Moin Kazi, Swarna Pragati Micro Housing Project.

Below Photo: Mr. Kiran Kulkarni, CEO is receiving Social work Award at Miraj.



Above Photo: Women gathering on 8th March – World Women's Day.



Above Photo: Ultratech cement received by Women for construction of their Toilets.



Above Photo: IRCED Team at HO level in their uniforms.

Below Photo: Motor cycle Rally taken to Shastri nagar, Malgaon on Youth Build Day of Habitat for Humanity.





=====Thanks=====