

## Sustainability Of SHG Federations Formed Under NRLM(UMEED)

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**ABSTRACT:** SHGs has proved pivotal for Rural poverty Alleviation, there were number of SHG programmes run by Govt and NGOs , at the termination of each programme generally a new modified programme emerges , recent example being NRLM, the essence of this programme is that its major Focus is on sustainability of SHG Federations. This paper is based on the empirical Study that was carried out to study the role of secondary Federations of Self Help Groups formed under NRLM. This paper highlights the role and sustainability of these Federations. The paper reveals the processes which helpful in prevention of Collapse of these SHGs once the support of the external agency is withdrawn. The Analysis of catalytic Fund Flow and its role in economic sustainability has been studied. This paper highlights the role of secondary organizations in credit linkage and livelihood generation.

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### I BACKGROUND

Disk Review of SGSY reveals various flaws associated with Structure and Implementation of the scheme, though the poor credit linkage of SHGs and insufficient capacitybuilding of beneficiaries were prominentlacunas, but the core component missing was the Federated nature of SHGs. Keeping in view the limitations under SGSY, a restructured programe NRLM came into existence with its mandate is to reach out to all rural poor families, link them to sustainable livelihoods opportunities and nurture them till they come out of poverty and enjoy a decent quality of life. The most structured change in NRLM has been the Secondaryand tertiary Federal Structures.Present paper is a scientific study on role, economic and administrative sustainability of the Secondary SHG federations formed under NRLM

### II OBJECTIVE AND PURPOSE OF STUDY

The Overall objective of the study is to assess the Role of secondaryLevel SHGFederations ( VOS) as a sustainable micro financial institution, their impact on livelihood promotion and Supervision of federated SHGsand the specific objectives are :

- To assess the role of Secondary federations in placement, management and supervision of Community Cadre
- To measure the financial outreach of federations on account of microfinancing of federated pry Institutions and individual members
- To assess potential of federations for enabling delivery of diversified livelihoods
- Services like backward linkage, market linkage, business advice, financial and management advice.
- To explore the extent of financialsustainability of federations
- Agenda on Non-financial but socially sensitive issues
- To come up with recommendations to improve the quality, self-management andsustainability of federations.

### III METHODOLOGYAND SAMPLE SIZE

The present study has covered 10 Village Level Federations and 103 SHGs, in 5 Clusters in one Block (Chenani, Udhampur JK). For selection of VOs doublesampling Methods has been Chosen, first the Gram Panchayts in Erstwhile Block has been subjected to Cluster sampling, a type of probability sampling method. By these methods 49 G.Ps were divided into five Clusters, Two VOS from each cluster were taken by Systematic sampling: in which everynth (in this case 5th) VOfrom each cluster was selected for the Study. Both qualitative and quantitative data was gathered from primary as well as secondary Sources. Interview schedule was prepared to obtain the data from Federations and SHGs throughinterviews and Focus Group Discussions. Data was tabulated and analyzed with the use of MS EXCEL and SPSS software.

#### IV RESULTS

The Results obtained through the analysis of Primary and Secondary data will be discussed in five broader headings, covering all the set Objectives.

#### V STRUCTURE AND FUNCTIONS OF VILLAGE ORGANIZATION

From the Literature review and Focused Group Discussions, it has been explicated out that a VO (village Organizations) or VLO (Village Level Organization) is secondary Federation of Self Help Groups formed under NRLM. It comprises of a General Body (all SHG Members) RGB (Representative General Body) and includes two Leaders from each Federated SHG. OB (Office Bearers) five in number elected from the RGB. Its Primary Role is to act as basic federation to cater the additional Micro financial needs of SHGs, The Catalytic capital from the Govt, in the form of Revolving, Community Investment and Vulnerability Reduction Fund, Flows these VOS, which gets circulated and Recirculated in this manner VO acts like a mini bank at village level. It has been studied that these VOS plays the Following special roles like:

- I. Management and Supervision of community cadre, like community Mobilisers, Women activists and CRPS (community Resource Persons)
- II. The performance of Individual SHGs is Reviewed by VOs through MPRs
- III. Post repayment of Catalytic capital, VO, further Disburse Loans in the form of VO Loan, on the Interest, commonly called as Group Fund, It is the repeated finance which generates the revenue of the VOs in the form of Net profit or annual Net Profit.
- IV. These VOs are best mentors for creation of sustainable livelihoods, the VO emphasis the disbursement of loans for identified community based livelihoods, to ensure the least chances of failure and non-repayment of loans.

#### V. CATALYTIC FUND FLOW

Essence of the Govt. driven Self Help Group Programmes is that the SHGs which are engaged in self Saving and its inter-loaning, get some financial assistance in the form of seed capital, subsidies or catalytic capital, in NRLM VOs are the prime Federations which are capitalized in multiple doses of credit as catalytic capital. Here in an SHG federated to VO gets an amount of about RS 65000 as catalytic capital, which gets circulated among SHGs and VOs, it is by the help of this catalytic capital the VOs are getting Self Sustained. The Credit flow of these SHGs has been studied are results put in Table 1.1 below

S.No	Vo Code	Total SHG federated	RF (In Lacs)	CIF (In Lacs)	Total (In Lacs)
1	Sudmahadev	12	1.80	4.80	6.60
2	Mantalai	12	1.80	4.80	6.60
3	U Kud 1	08	1.20	3.20	4.40
4	Baisty	07	1.05	2.80	3.85
5	Nagulta 1	11	1.65	4.40	6.05
6	Tandar II	08	1.20	3.20	4.40
7	Jakhani	13	1.95	5.20	7.15
8	Moudl	08	1.20	3.20	4.40
9	Barta	16	2.40	5.60	8.00
10	Kuh 1	08	1.05	2.80	3.85
Total		103	15.3	40.00	55.3

#### 1.1

#### I. Nature of Sustainability

From the Desk review of various Self Help Programmes in India like SGSY, it has been revealed that the component of Sustainability has been far from the achievement. Among the different changes during remodeling of various schemes for genesis of NRLM, the element of Sustainability for the program has been emphasized upon. The nature of Sustainability of Federation formed under NRLM has been studied and results recorded in this paper. From the literature review, it is evident that the primary structure believed to be essential as a sustainable institution is Village Organization, hence it was important to study these federations on account of their Sustainability. In this study those VOs were studied from where the SHG promoting agency has withdrawn its support. The Self Help Group Promoting agency in Block under Study is JKSRML, which has kept in place the dedicated support Structure to monitor the Federations, from the official Record Review and Focused Group Discussion It was assured that The Agency has systematically withdrew its Financial Assistance in the year 2015. To ascertain the Sustainability of These secondary Institutions I compiled different indicators for of Sustainability Test.

- Level of capacity Building
- Absence of External Support Structure
- Income earned and cost of Support Services
- Credit circulation and Livelihood Generation
- Administrative Sustainability
- Social acceptance within the community

**a. Level of Capacity Building**

Withdrawal of support to federations by the SHG promoting agencies will be disaster to entire Structure if the human resource is not well capacitated, in the federations studied under the research; it has been revealed that the members are well aware about the SHG processes, the VO leaders are well versed about the Knowledge of their individual roles in Federations. They are resourceful when it comes to knowledge about disbursement of Loans, banking Processes and management of Funds. Book keepers are well trained on maintenance of Books of Accounts. Community Mobilisers can do grading and Compilations of MPRs

**b. Income earned and cost of Support Services.**

Unlike the Subsidy Component in other SHG programs of Government of India, here the Federations get a Multi dose catalytic capital as grand in aid; They generate their income for Federation Sustainability as profit on Credit circulation of this amount among Federated SHG. Table, depicts that 10 Federations of 103

SHG has been provided a catalytic capital of Rs: 55.30 lacs, the amount has been re-circulated as VO loan among the same SHGs after repayment of basic catalytic capital. The inter-loaning of RS 243.58 lacs depicts a Ratio of 1: 4 between Catalytic and VO loan. An average Biannual Net Profit of Rs 1.23 Lacs of VOs after been declared as financially sustainable is the amount used to meet the Support Services .Earlier apart from the Catalytic capital, the Other Costs to run the structures were Honorarium of CoMs( Community Mobiliser) , audit fee of VOs VO rent Other Costs , which was approximate amount of Rs 30,000 /year and is now met by VOs out of its own Net Profit.

S.No	Vo Code	Federated SHGs	Total catalytic capital ( RF,CIF)	Vo Loans ( In Lacs)	Total Net Profit ( In Lacs)
1	Sudmahadev	12	6.60	21.67	1.20
2	Mantalai	12	6.60	24.52	1.65
3	U Kud I	08	4.40	20.50	0.94
4	Baisty	07	3.85	23.20	1.06
5	Nagulta	11	6.05	32.64	1.52
6	Tandar II	08	4.40	16.90	0.85
7	Jakhani	13	7.15	25.22	1.05
8	MoudI	08	4.40	18.88	1.27
9	Barta	16	8.00	39.05	1.85
10	Kuh I	08	3.85	21.00	0.91
<b>Total</b>		<b>103</b>	<b>55.3</b>	<b>243.58</b>	<b>12.3</b>

1.2

**c. Credit circulation and Livelihood Generation**

One of the pre-requisite of Sustainability is growing credit circulation and thenonexistence of overdue loans of. From the data analysis it has been revealed that only 1 % of loans are overdue and that too for less than 5 installments, therehasbeen no cases of Willfuldefaulters. These Vos areacting as mini banks to cater the financial Needs of The federated SHGs, it has been revealed that the Credit is sanctioned and disbursed based on MCPs, verified by designated Subcommittees. Loans are here re-paid in Small Installments along with Interest or Group Fund. When the adoption of Livelihoods been epic failure in various SHG programms , here they have adopted a simple but effective approach of Livelihoods Selection , that Is Community based identification and market driven. They prefer to approve those livelihoods for which the membersare with previous skill set. The Designated Subcommittee approves only those loans, wherein CorrespondingLivelihoods, is in line with community adoption and sustainable. A prominent trend is evident when the livelihoods were analyzed, that is the SHG members, try to invest on Consumption from Their SHG loans, which ranges between RS 500- 2500, from the catalytic capital, and VO loans they strengthen their PryLivelihoods and from Bank Credit they invest on theSecondarylivelihoods, after training and consultation with tertiaryFederations and External Support Structure. The LivelihoodsProfile of about 1322 SHG women Federated to these Vos ,, were analysed ,and it was Found that 58% of the members have opted for Dairy as livelihood , followed by setting of petty shops (19%). 11 % have adopted enhancement of agriculture. 9% of consumption loans are visible , which involves spending on Food, Fees, and construction etc. 1% of livelihoods are in other category , which includes loans on

commercial vehicles , joint livelihoods like tent houses , handicrafts etc . as for as marketing is concerned it has been one of the poor indicator, in almost all SHG programmes .Here too there has not lot been done, but the Some Vos has been found of playing Pivotal Role for advertising and marketing of products Promoted by Members of their Federated SHGs .

S.No	Type of Livelihoods	Number	Percentage
1	Dairy	762	58%
2	Provisional Stores	256	19%
3	Agriculture	140	11%
4	Consumption	114	9%
5	Poultry	30	2%
6	Others	20	1%
Total		1322	100

### 1.3

#### d. Income from Livelihoods

Livelihood Activities of 1000 SHG women in 103 SHGs were studied, it was revealed they has been able to ground about 1322 livelihoods. It is worldwide fact that the quality of a good livelihood is its capacity of income generation and sustainability; in long run it should have a great impact on poverty alleviation of federated households. From the studied livelihoods it has been revealed that they are economically viable as depicted in Table

S.No	Livelihood	Dairy	Provisional Stores	Agriculture	Poultry
1	Income generation/Month (RS)	4000-5000	5000-60000	3000-4000	5000-7000

### 1.4

#### e. Administrative Sustainability

Apart from the Financial Sustainability other test for its Sustainability include its level of resistance against hijacking of Federation , efficiency of Community based loan Recovery Mechanisms and Precise Community Audits , when the Federations under Research Were Studies on these aspects , it has been Found there are some inbuilt processes which are proving effective for longevity of the Federations, one of these processes, being a great tendency of leadershipChange , on average once in year the federations , allow the change in Leadership, to overcome, the bias , and unevenness and Partiality in benefit distribution. They Federations allow Biannual Community Audits. There is loan Sub-committee in each Vo , apart from its role in Distribution of loans , they are pivotal in ensuring loan repayments.

#### f. Social acceptance within the community

of the social Indicators of sustainability of any program is its acceptance in community. The pre-requisite for acceptance is that the program should be acknowledged as contributing for larger good of the society. Current study reveals that NRLM federations are platform to ameliorate different social Problems, by prioritizing and placing them as their top agenda, these federations make solution, by intervention and advocacy, the federation's studies has played major role in health, education sanitation and domestic issues

## VI. CONCLUSION

Though the scheme is in implementation from couple of years and thus the thus a holistic perceptual Prototype about socio-economic Sustainability of Federations can't be drawn with the help of this study, but still there are indicators which suggest that the element of decentralization of power, skill and capital has taken place in a manner that these institutions are surviving at their own. The Federations are well equipped with the knowledge to manage monitor and develop the federated SHGs,

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