

PROGRESS REPORT

**STRENGTHENING OF WOMEN'S FEDERATION TO DEVELOP AS M.F.I. IN
RAPAR, KUTCHH**

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Submitted To

CARE INDIA

Submitted By

PRAYAS

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BACKGROUND:

The area of Rapar of Kutchh district is disaster prone - apart from being an earthquake zone (presently recovering from a devastating earthquake in January 2001) there are frequent droughts (presently going on) that affect the agriculture-based livelihoods of the region. The area is also periodically devastated by other disasters like cyclones, as this is a coastal region. This situation renders the communities of the region in a perpetual state of vulnerability. There is therefore an identified need to implement a comprehensive disaster rehabilitation and mitigation programme in the area.

This proposal describes a project aimed at enhancing the economic security of about 600 poor households to increasingly cope with the adverse impact of disasters by enabling them to build and protect productive assets (economic, human, social) through better access to financial services from KMEM in the Rapar areas of Kutchh District of Gujarat.

INTRODUCTION:

Rapar Block of Kutchh community is most backward, location on boundary of desert with having frequent draught years. The prominent community is Koli having business of Coal making, rainfed Agriculture in small land holding, labour work in nearby irrigated areas, salt pan and industries. The target households of Kutchh are trapped in a vicious cycle of deprivation and vulnerability. While the households need to increase productivity and generate assets to rise above the poverty line, they are constantly constrained and debilitated by certain external factors.

The most significant of these are the frequent natural disasters. As a result, whenever a poor household attempts to improve its economic situation through engaging in productive livelihoods and building assets, an external stress factor (in this case an environmental disaster) immediately sends them back where they started from. There are only two ways in which a household can cope with this situation

- 1) By accessing resources and assets to be able to withstand the stress caused by disasters
- 2) By putting aside or saving resources such that they can be used to meet specific post disaster needs.

Unfortunately a large number of the households currently in the disaster affected areas in Kutchh simply lack the resources to cope with the effects of the disaster - neither on the community nor on an individual household level. This is because households lack the necessary skills to build reserves of resources, which can allow them to tide over times of

extreme stress. These skills typically include managing household level cash flows, building community based safety nets in the form of common kitties and resource pools, meeting administrative requirements of banks and insurance agencies, financial discipline for saving, basic accounting and even simple numerical literacy. There is therefore poor financial management at the household level, contributing in turn to resource less and vulnerability at the time of disasters. This is also partly because the poor usually do not have ready access to available financial services from formal sector institutions. Where funds are lent, the procedure is so long drawn and complicated those local community members, many of who are illiterate and unfamiliar with banking rules and regulations, are unable to get loans in time. In most cases lending is impeded by the lack of the ability of the poor to offer collateral or security. Many of them cannot access savings services from banks. Most banks are not responsive to servicing the poor. This is also because the poor want small loans or hold small accounts, which the bankers associate with high transaction costs, risks of default and low returns. Moreover, in a disaster situation, the bankers are also not confident about the repayments. Similarly while there is also an informal market in credit, the interest rates and other conditions for getting a loan are exploitative and the poor are particularly vulnerable to falling into what is commonly called the 'debt trap'.

These issues are amplified in the context of the homeless, or those without any immovable assets, who have no collateral to offer against loans. They also sharply affect women headed households, those who may have been widowed because of the earthquake or may have lost any other primary bread earner in the family.

KMEM –Kutchh Mahila Ekta Maha Mandal is developed by 551 women members of 42 women SHG s of 19 remote villages and urban backward areas of Rapar in year of 2003-04. The SHG members are from economically backward communities of Koli, Parkara Koli, Dalit, Muslim etc. The KMEM is registered in year 2004-05 under Trust Act and society Act. There is three tyre system developed SHG, Clusters and Federation. The Federation consist of 3 Clusters, Rapar Urban, Ramvav and Suvai, each Cluster consist of 14 to 17 SHG.

Cluster	SHG	Members
Rapar Urban	17	206
Ramvav	14	182
Suvai	15	190
Total	46	578

SHG: Self-Help Groups (SHGs) denotes a group of around 13 individuals who come together regularly and save amongst themselves. They further on-lend the savings to individual members of the group as credit at an interest rate fixed by the group themselves. The group also serves as a social safety net and a forum to deliberate on issues relevant to the members and provides an entry point to critical social development interventions.

Cluster: Prayas has developed three clusters namely, Ramvav, Suvai and Rapar Urban cluster. Each cluster covers about 5-9 Villages. Cluster committee members are selected by the each SHGs. Mainly SHGs leaders are in cluster committees. All SHG are members of clusters with certain membership fees. SHGs are pooling members saving in to Cluster account for internal lending to the SHG members as per performance of SHG. All Cluster committee are General body of KMEM. G.B. formed federation committee- Executive members of KMEM through selection processes.

Federation: KMEM is registered into an appropriate legal entity under Trust Act and society act. An important role of the federations will be to raise additional external debt funds from commercial sources like banks and on lending them in a financially sustainable manner so that the credit needs of increased numbers of people are met in the same area over a period of time. As such the federation (of Clusters & SHGs) is the main agency for making the project sustainable.

SHG Level:

Every Self-Help-Group has regular monthly meetings with fixed date and place decided by the group members. The agenda of the Meetings contains among other things the following topics:

- Focus and stress on the regularity in attendance saving and repayment of the inter loaned amount by all the members with provision of penalty in case of irregularity
- Discussion on livelihood alternatives available and practiced by the group members at village level besides technical and financial assistance to augment them.
- Inter loaning at group level and discussion on loan application preparation and appraisal by group members and leaders to be sent at cluster level for bigger loans
- Discussion and collective effort in identifying, addressing, sharing of persisting social and village based problems including poor access of govt. schemes both at group and cluster level and enhancing the developed capacity to resolve them
- Including more women members in the locality to form groups, sharing personal experiences.

Focus of the KMEM-Federation is to strengthen and empower the women of the SHGs, especially women from disadvantaged areas that do not have the possibility to improve

their knowledge by themselves. Therefore the members of the SHGs are taking part in regular trainings. It is not just the knowledge that will be taught on the trainings, but just the experience for the women to go to a major city or to go to a Group Meeting or a Cluster Meeting gives them more self confidence and the feeling of being someone special. This new self esteem



Ratneshwar-SHG-Meeting

enables the women to defend themselves against injustices and other humiliations. It becomes more and more often, that women complain about unfair treatment by shop owners or official institutions. And it is now that these women are getting their right because they know how to complain and who is the right contact person.



Ratneshwar-SHG-Meeting

Complain about Government Ration Shops become more frequent. In the past the women did not dare to complain or they did not know how to, but that has changed. So for example the Ashaba Pir SHG, belonging to the Suvai Cluster. It is a group of 8 Muslim members, 2 members has left the group at the beginning of the year because they had moved to another city. The shop owner was giving the members of the group only 5 L milk instead of 10 L, but was charging them the 10 L milk. The SHG complained against this Shop successfully.

Another case of solving a social and a community problem is the one of Gauri Ben. She is a member of Jay Shim SHG, from Suvai Cluster. This Group consist of 10 Members and exist for 5 years now. At the beginning of the year the daughter of Gauri Ben got ill. She wanted to go to the local PHC asking for medical support. But neither the doctor nor a nurse was available and this was not the first time and more the regular case than an exception. With the help of her neighbours Gauri Ben wrote a letter to complain about the conditions in this PHC. Consequence of this letter was that the payment of the doctor's salary was stopped, and a new doctor was sent to this PHC. But instead of accepting his punishment, the doctor tried to threaten Gauri Ben and was trying to sue her. But Gauri Ben was defending herself with her new knowledge and the aid of her

SHG, the doctor was impressed by her knowledge about the legal position and her rights. He got no other option then excusing officially.

Up to now the entrance to the Ekal Shukti Mandir temple was prohibited for lower cast communities, a very famous temple around Rapar. This prohibition is not longer valid, because of the effort of the president of Ramdevpir SHG. This group consist out of 18 members and is 5 years old. Against the will of the priests of the temple and the upper class of the village the group reached their goal, free entrance for everybody to the temple.

Cluster	SHG	Members	Savings Nov 06	Inter Loaning Nov 06	Savings Sept 07	Inter Loaning Sept 07
Rapar Urban	17	206	214130	99390	273130	158550
Ramvav	14	182	173200	114500	213625	160500
Suvai	15	190	146785	77800	167350	92100
Total	46	578	534115	291690	654105	411150

The second approach to strengthen the women of the SHGs, besides giving them access to knowledge, is to give them access and often to make the first contact to financial services. The SHGs are supported by PRAYAS, but also directly by other SHGs, on Cluster level or by Federation executive body members. The SHGs are collecting the savings in their regular monthly meeting, the amount of the savings is independently chosen by every SHG. The savings of almost every SHG will be paid in a bank account. The necessary knowledge to open a bank account and to keep it is trained in special conferences by PRAYAS. 14 SHGs from Rapar Urban Cluster and 9 SHGs from the Suvai Cluster are collecting their savings on a Cluster level.

The SHG are free to give loans to members of their own group, but also on a Cluster level to members of other groups. For this Inter Loaning the SHGs are free to choose if they take an interest or not, some take just an interest in case of overdue. Loan



New well of Kankhoya SHG

disbursement, the amount, and the purpose of the loans are decided and discussed on the monthly meetings of the SHGs. Loans are taken for almost every purpose, but mainly

for business and emergency cases, but also in some special cases for consumption. Predominantly in the more rural areas most loans are taken to buy agricultural materials, like seeds or fertilizer. Still farmer are the group that depend the most on financial support and the help of every member of the federation. For this group of people, savings and loans are fundamental for their lives, because their work and income fluctuates with the rain season and is highly volatile. Therefore still one bad rain season can wipe out the work of the last year. For example the Kankhoya SHG lost all their cattle during the last drought. And also this group reports that it gets every year harder to cultivate the soils, because of sinking ground water. This is why new and deeper wells had to be build in the last years. In order to avoid these miseries a closer financial cooperation of the SHGs and an exchange of knowledge and experiences will be supported by PRAYAS. This is why it is preferred from PRAYAS that mature and immature SHGs are working together and sharing their experiences. More than two thirds of the SHGs' savings are disbursed as loans to other SHG members. And the total amount of savings was rising this year with a rate of almost 22 % and the amount of internal loans with 40 % with an almost constant number of members. Further financial services are directly provided by the Clusters and the Federation.



Soils of Kankhoya SHG

Cluster Level:

There exist three clusters, namely Rapar Urban, Ramavav, and Suvai. Like at SHG Level regular monthly cluster meetings are held from 15-17th of each month (15th - Rapar cluster meeting at Prayas office, on 16th - Suvai Cluster meeting at community hall Suvai, and on 17th - Ramvav Cluster meeting at Deviben's house Ramvav) with the following agenda:

- Review the last month agenda
- Review SHGs monthly meeting's performance, evaluation and sharing the current problems
- Business planning and arrangements with other SHGs members with similar businesses
- Social issue discussion with their remedial planning and responsibilities of related members
- Loan documents and credit policy formulation and updating it based on requirement and experiences
- Repayment of disbursed loans
- New loan disbursement and loan committee's approval in sanctioning loans on collective recommendation

Representatives, in most case the president and vice president, from every SHG are taking part on these Cluster meetings. Objective of these meetings is to give the problems and requests of the SHG members a wider publicity and to connect SHGs from one village or area. The representatives are taking part in special trainings to prepare

them for their position as leader, role model, and mediator of their groups. This is why the members of the Cluster meetings are taking part in regular trainings to improve their skills and abilities. Of special importance is the financial management training on Cluster level. This includes planning and disbursement of loans on SHG and Cluster level. SHGs of Rapar Urban and Suvai Cluster are collecting their savings on Cluster level. Like on SHG level these Savings are disbursed as loans to SHG members. Therefore regular trainings on credit policy planning, minimum loan documents and related receipts at cluster level and also on management of cash-books and calculation of



*Petty Shop of the President of
Ashabapir SHG*

installments and interest for the disbursed amount on monthly basis are held. Business



Cooperation of immature Alishapir SHG and mature Kankhoya SHG

plans and meetings of SHG members with similar businesses are organized on Cluster level. On the 18th of each month a Cluster financial and record keeping training was held, 4 members of each Cluster were trained in financial management of their Cluster. But also social problems and questions are discussed during the Cluster meetings.

The Cluster meetings are also a link between SHGs and the Federation level. Problems and Questions are taken from the SHG member to the Federation executives by the Cluster representatives. Not only financial problems but also social and personal issues are discussed at Cluster Meetings and passed to the Federation executives.

Federation Level:

The Federation consist of 12 executive body members, who attend the monthly federation Meetings on 24th of each month in Prayas – Rapar office and discuss on the following agenda:

- Review of last month agenda
- Review & evaluation of monthly Cluster and related groups based on their meetings, financial status and their involvement in resolving the social and other village issues
- Sharing the financial statements of 3 clusters and also summarized financial statement at federation level with the executive members.
- Discussion on various committee formation and develop Cluster and SHG support system based on current need
- MIS planning both at cluster and federation level
- Credit policy planning and updating it based on the experience
- Signature of all the attending participants.

1	President	Naviben Gurndbhui Ruthod
2	Vice President	Jakhiben Dhanubhui Dalit
3	Secretary	Champaben Latmunbhui Chuvhan
4	Member	Rumiluben Jivrembhui Trivedi
5	Member	Satiben Surubhui Kuli
6	Member	Lumtiben Rupshibhui Kuli
7	Member	Nitaben Kamleshbhui Luhur
8	Member	Fatmuben Kasan Samu
9	Member	Somiben Hiribhui Varckend
10	Member	Deviben Bhuchubhui Varckend
11	Member	Jivtiben Jahubhui Ratal
12	Member	Lachiben Valubhui Dulit

Federation executive body members

The Federation executive Board members are trained especially for their task, how to work independently and how to use the MIS. Federation executives are trained in summarizing and analyzing the financial performance of repayment and loan disbursement of their SHGs, Clusters and the Federation. Federation members are capable in filling instalments, deposit and process fee receipts after training and share the projected instalments of groups in cluster meetings through table charts showing loans and their monthly instalments with interest. The following table gives an overview of trainings that were held during the last 3 months:



Rathneshwar SHG Meeting

Training	Date	Responsible Person
MIS development and train federation leader to execute	24th July, Aug., Sep.	Ramesh
Microfinance development	24th July, Aug., Sep.	Ramesh
Training to Federation Executive body to work independently	24th July, Aug., Sep.	Ramesh
Develop Cluster & SHG support system, monitoring and evaluation system	24th July, Aug., Sep.	Ramesh

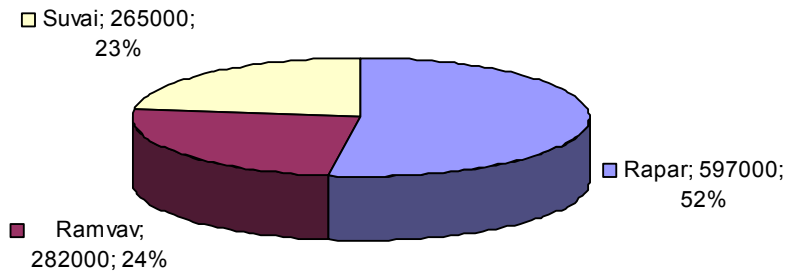
Special committees were built to face financial and social problems. A loan committee at federation level is constituted of 2 members to finalize the loan demand and credit policy to be implemented at cluster level for disbursing loans to groups. The federation loan committee will monitor the cluster loan disbursement process and fix the maximum and minimum loan limit, interest rate, penalty regularization and other norms; it will also plan on prioritizing the demand and making rules on them based on the need. The federation executive body has now formed a social committee of 3 members to handle the social

issues in related clusters. The members of this committee give spotlight issues related to the social aspects of the locality. These issues arising at the monthly meeting of the Self Help Groups and at the cluster can be presented in front of the members of the social committee. The social committee then prescribes ways and means to correct them.

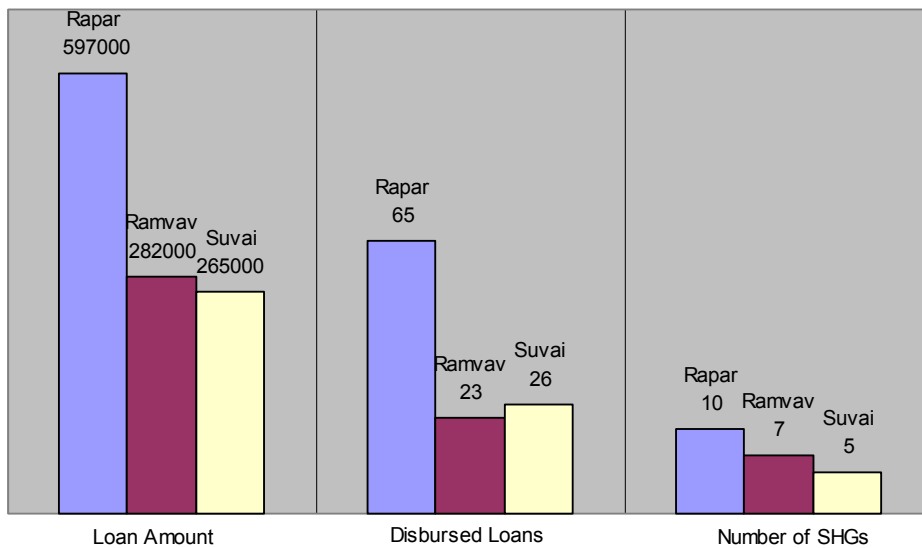
SHG members can take loans from the Federation, this year the Federation disbursed loans of the amount of 1,144,000 Rupees, this is almost 2 and a half times the amount disbursed by internal loaning from the SHGs. Particularly active are the SHGs of Rapar Urban Cluster. The half of the loan amount disbursed was taken by this Cluster. And also the number of different SHG that are active borrowers is significant higher than in the other two Clusters. Also Ramvav compensates this weakness a little bit by a higher per head rate of internal loans, Suvai Cluster, as maybe the most rural and backward Cluster, lacks in both loan categories. But in August SHGs from Suvai had taken loans of an amount higher than in the first third of this year. The interest concept is quiet different from the normal PRAYAS interest rate. Instead of a constant interest independent from the outstanding debt, borrowers are paying a declining interest calculated with a constant interest rate on the outstanding debt. But also the SHG members have the possibility to take a loan from PRAYAS directly.

Cluster	Time	Loans Disbursed									
		2007	January	February	March	April	May	June	July	August	Sep.
Rapar	Amount	597000	48000	45000	80000	80000	60000	70000	75000	65000	74000
	No. Loans	75	7	5	11	11	7	9	8	7	10
	No. SHGs	10	6	5	8	9	6	7	8	7	8
Ramvav	Amount	282000	69000	20000	20000	40000	10000	25000	70000	28000	-
	No. Loans	23	6	2	1	4	1	2	5	2	-
	No. SHGs	7	3	1	1	3	1	2	4	2	-
Suvai	Amount	265000	10000	5000	20000	33000	40000	45000	15000	67000	30000
	No. Loans	26	1	1	1	4	3	5	2	6	3
	No. SHGs	5	1	1	1	4	3	3	2	4	2
Total	Amount	1144000	127000	70000	120000	153000	110000	140000	160000	160000	104000
	No. Loans	124	14	8	13	19	11	16	15	15	13
	No. SHGs	22	10	7	10	16	10	12	14	13	10

Distribution of Loans among the 3 Clusters in 2007



2007



The Federation offers every SHG member 5 insurance contracts. First a life insurance contract, the old policies have a one year subscription of 260 Rupees per Member, a new concluded contract has now a subscription of 350 Rupees per Member, it is the same for the Medical insurance and Household assets insurance. Each contract has to be renewed after one year. This year's renewal will be in November, in 2006 135 policies were renewed and 64 new contracts were concluded. House insurance is offered to the members of the SHG with duration of ten years, and Asset insurance with duration of 5 years. At the moment all 578 members has taken these insurances.

Micro finance REPORT

Organisation:

KMEM Rapar

September '07

Item No.	As on the Reporting Month	Total Credit Program
1	Number of Borrowers	
1,1	Net number of borrowers	137
1,2	Loan Borrower in First Cycle	125
1,3	Loan Borrower in Second Cycle	12
1,4	Loan Borrower in Third Cycle	0
1,5	Loan Borrower in Fourth Cycle and above	0
1,6	With more than one Loan	0
2	Loans Outstanding	
2,1	Total Number	137
2,2	Total Amount	795.605
2,3	Average amount per Loanee	5.807
2,4	Total Number of Cluster Coordinators	1
2,5	Borrowers per Cluster Coordinators	137
2,6	Loan amount per Cluster Coordinators	795.605
3	During the month	
3,1	Number of Loans disbursed	13
3,2	Amount of Loan disbursed	104.000
3,3	Principal due from Members (Including past dues)	750.800
3,4	Repayment (Principal) excluding Prepayments	739.496
3,5	Repayment (Interest)	12.257
4	At the End of the Month	
4,1	Portfolio at Risk > 30 Days	8,68%
4,2	Repayment Rate (Item 3.4/ Item3.3)	98,49%
4,3	Outside Borrowings (End O/S)	0
5	Groups With Bank Linkages	
5,1	No. of groups with bank linkages	Not available
5,2	Cumulative loan amount availed by group from Banks	Not available

6. OUTREACH		Existing	New	Drop outs	Total
a.	Members-SHG	578	0	0	578
b.	SHG	46	0	0	46
c.	Cluster	3	0	0	3
d.	Branch	1	0	0	1

7. Aging Report		No. of loans with Overdue	Amt. Of Overdue (Prin.)	Outstanding Balance (Prin.)
	A	B	C	D
a.	1-30 days past dues	1	1.000	10.000
b.	31-60 days past due	0	0	0
c.	61-90 days past due	0	0	0
d.	91-120 days past due	0	0	0
e.	> 120 days	9	8.129	69.029
f.	Total	10	10.802	79.029

Note: PAR (>30 days)=[Items(Db+Dc+Dd+De)/Item 2.2]*100

8. Cumulative		
8,1	No. of Loans disbursed	1.970
8,2	Amount of Loan disbursed	12.432.140

9. Savings		
9,1	With the Institution	0
9,2	With the Groups	654.105