

KMEM

Women SHGs Organization

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

PRAYAS

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1. Organizational profile

KMEM (Kutchh Mahila Ekta Maha Mandal) is registered into an appropriate legal entity under Trust Act and society act. KMEM, also known as the Federation, was set up to unite the people in order to create a platform that provides financial support to its members. Members are women villagers who are formed in Self Help Groups (SHG's). Since its foundation, KMEM has been focusing on creating linkage with banking, insurance and micro credit institutions to give women the access to financial services, which they cannot get at favorable conditions. Along with financial services, the Federation provides trainings to its members in order to give them the possibility to develop their activities in a sustainable manner. KMEM also aims at social development by focussing on women role, awareness campaigns and capacity building. In fact, KMEM believes that microfinance together with social development is able to lead to sustainable development.

1.1 Vision

KMEM envisions an economically self sustainable society where basic human rights are met.

1.2 Mission

The federation aims to strengthen and unite socially, economically and politically backward communities through forming a strong unity.

1.3 Approach/Strategy

- ≡ Organizing deprived and underserved women and unite them
- ≡ Creating self sustainability of the poor by building up the capacity of CBOs and promoting local self-governance
- ≡ Securing profitability by carefully selecting borrowers
- ≡ Providing awareness campaigns and training to the members as the Federation is sustainable and women are social and economical independent

1.4 Programs

The following programs are to be addressed with and by women:

- ≡ create credit possibilities
- ≡ encourage personal and group savings
- ≡ provide insurance for SHG members
- ≡ capacity Building
- ≡ improving internal control with special committees

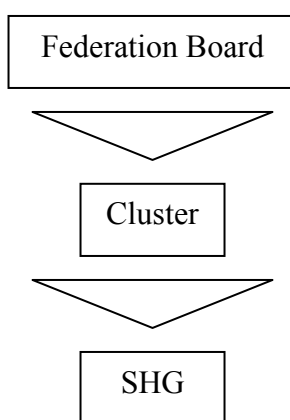
2. KMEM and Prayas

KMEM is a Federation of Prayas, organisation for sustainable development, an NGO with several years of experience in social development in Gujarat. The Federation is technically, not financially supported by Prayas. Prayas' role is to facilitate and train the Federation.

KMEM generates own capital through membership fees, service charges, share capital, a revolving fund and interest received from disbursed loans to the SHG's. In order to be financially independent, the Federation has to raise additional external debt funds from commercial sources. With these funds, they can lend money to a vast amount of people, so that credit needs of poor women are met. This is done over a specific period of time in one area, in a financially sustainable manner.

3. KMEM Structure

For the moment, KMEM has 578 active (women) members who live in one of the 19 remote villages and urban backward areas of Rapar, where KMEM is active. All members are from economically backward communities of Koli, Parkara Koli, Dalit, Muslim etc. KMEM uses a three level system;



KMEM consist of 3 Clusters; Rapar Urban, Ramvav and Suvai. Each clusters consist of 17, 14 and 15 SHG's respectively. SHG's consist of 10 to 20 members. In the table below, the situation as on January 31st 2008 is summarized:.

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

Next, the responsibilities and activities of each level is described.

3.1 Federation Board

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

- ≡ Review of last month agenda

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- ≡ 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.

Federation Board members:

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

3.2 Cluster level

Clusters hold monthly cluster meetings, with representatives of SHG's 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

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- ≡ 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

3.3 SHG level

Every SHG has a regular monthly meeting at a 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.

4. Programs

4.1 Credit Program

Since beginning Federation has been active in mobilizing and stimulating community for savings and credit program. It has been forming SHG's and encouraging them for savings and also internally revolving the savings. However, internal savings were not enough to fulfil the credit needs of the groups. This is why KMEM has created the possibility for SHG's to take up loans, besides the internal loans. KMEM disburses loans to the SHG's, which repay according to a fixed schedule. As explained above, Prayas offers technical assistance to the Federation, especially in the field of these loan disbursements. The table below shows the number of loans disbursed in during financial year 07-08, up intill January, specified for each cluster. The number of loans gives the number of people that have taken a loan. Notice that the internal loans are not included in this table.

Loan disbursement details 07-08

Cluster		<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>
Rapar	Am. Rs	80000	60000	70000	75000	65000	74000	68000	85000	55000	70000
	Nr. Loans	11	7	9	8	7	10	9	9	6	7
Ramvav	Am. Rs	40000	10000	25000	70000	28000	-	40000	10000	30000	25000
	Nr. Loans	4	1	2	5	2	-	3	1	2	2
Suvai	Am. Rs	33000	40000	45000	15000	67000	30000	30000	62000	62000	25000
	Nr. Loans	4	3	5	2	6	3	2	5	5	2
Total	Am. Rs	148000	110000	140000	160000	160000	104000	138000	157000	147000	120000
	Nr. Loans	18	11	16	15	15	13	14	15	13	11

The loan amount provided by the Federation to its members is at maximum Rs. 5000 for the first cycle, per member. If the first loan has been reimbursed rightly, members can ask for new loan, in this case the maximum amount will be Rs. 12000. Same procedures are used for the third cycle of loan and the maximum amount will be Rs. 15000. All loans are requested to Federation by SHG leaders and are individual. Each loan has to be repaid in 6 months.

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A detailed report of the credit program for the month January can be found in the table below:

Monthly Credit Report KMEM					
	Organisation:	KMEM		For month:	Januari/08
Item No.	As on the Reporting Month	Total Credit Program	6. OUTREACH		
			Existing	New	Dropouts
					Total
1	Number of Borrowers		a.	Members	578
1,1	Net number of borrowers	133	b.	Groups	49
1,2	Loan Borrower in First Cycle	82	e.	Cluster	3
1,3	Loan Borrower in Second Cycle	51	f.	Branch	1
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		7. Aging Report		
2,1	Total Number	133		Number of loans with Overdue	Amt. Of Overdue (Principal)
2,2	Total Amount	827.827			Outstanding Balance (Prin.)
2,3	Average amount per Loanee	6.224		A	B
2,4	Total Number of Cluster Coordinators	3		C	D
2,5	Average Borrowers per Cluster Coordinators	44	a.	1-30 days past dues	19
2,6	Average Loan amount per Cluster Coordinators	275.942	b.	31-60 days past due	6
			c.	61-90 days past due	0
			d.	91-120 days past due	0
			e.	> 120 days	0
			f.	Total	25
3	During the month				
3,1	Number of Loans disbursed	11	Note: PAR (>30 days)=[Items(Db+Dc+Dd+De)/Item 2.2]*100		
3,2	Amount of Loan disbursed	120.000			
3,3	Principal due from Members (Including past dues)	134.008	8. Cumulative		
3,4	Repayment (Principal) excluding Prepayments	120.434	8,1	Number of Loans disbursed	254
3,5	Repayment (Interest)	13.144	8,2	Amount of Loan disbursed	2.291.000
4					
4,1	Portfolio at Risk > 60 Days	0,00%			
4,2	Repayment Rate (Item 3.4/ Item3.3)	89,87%			

4.2 Savings

The Federation also provides its members technical support in order to enable them to manage their savings and borrowings in a self-sufficient way. The Federation encourages the SHG's to save for themselves and provide the group members with internal loaning. The features of these internal loans (interest rate, time of repayment, duration, etc.) can be chosen by the groups themselves, with guidance of KMEM. The table below summarizes the amounts saved, as well as the internal loaning amounts.

KMEM			
Savings Report January 2008			
Cluster	Total Members	Total Savings	Total Internal loans
Suvai	190	178075	94400
Ramvav	182	229150	173466
Rapar	206	278040	166700
Total	578	685265	434566

4.3 Insurance

KMEM has a partnership with LIC, offering their Janshree Policy. The Federation offers every SHG member 5 insurance contracts:

- ≡ life insurance (1 yr renewable)
- ≡ medical insurance (1 yr renewable)
- ≡ household assets insurance (1 yr renewable)
- ≡ house insurance (10 yr renewable)
- ≡ asset insurance (5 yr renewable)

At the moment, all 578 members have taken these insurances.

4.4 Capacity building

At SHG level there are vocational trainings, record keeping trainings and exposures of immature SHG's to old SHG's. The objective of record keeping trainings is to improve the following at group level:

- ≡ Maintenance and proper filling of saving register, loan register, cash- book, individual passbook, and attendance register with signatures;

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- ≡ Keeping track of all the transactions in monthly group meetings and monthly explanation of total account details including bank account's amount, monthly expenses and current and last month cash in hand.

At Cluster level there is a monthly financial management training. This includes planning and disbursement of loans on SHG and Cluster level.

Regular trainings on credit policy planning, minimum loan documents and related receipts are held at cluster level. Also training for the management of cash-books and calculation of installments and interest for the disbursed amount on monthly basis are held. Business plans and meetings of SHG members with similar businesses are organized on Cluster level.

At Federation level the executive Board members meets every month. During that meeting, participants are trained especially for there 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 SHG's, Clusters and the Federation. Federation members are capable in filling installments, 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.

4.5 Committee

Special committees are built to face financial and social problems. As such, they are a crucial part of the internal control process.

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.

The Federation executive body has also 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 region. The issues arising at the monthly meeting of the Self Help Groups and at the cluster can be presented in front of the

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members of the social committee. The social committee then prescribes ways and means to correct them.

Name of Federation Committee	Name of Cluster	Persons
Loan Committee	Rapar	Kavchalayaben Trivedi
	Rapar	Satiben Surabhai Koli
	Suvai	Ladhiben Velabhai Dalit
	Suvai	Guvriben Virabhai Dalit
	Ramvav	Gomtiben Velabhai Nandu
	Ramvav	Deviben Bhachubhai
Social Committee	Ramvav	Jakhiben Dhanabhai Dalit
	Rapar	Naviben Govind Rathod
	Rapar	Havaben Bhachubhai Tank