

Sustainability and Empowerment through SHG federations – a study in East Uttar Pradesh, India



Jael van der Heijden (student number 0465844)

jael.van.der.heijden@oxfamnovib.nl

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Thesis supervisor: mw. drs. Nicky R.M. Pouw

Director a.i. Master's International Development Studies

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Chapter 1: Introduction¹

Theoretical motivation for the research

In India, several models for microfinance are being applied, involving banks, government agencies and NGOs. The dominant approaches that target the poorer section of the country can be broadly classified as the Self Help Group (SHG) Model and the Grameen replicators (Grameen). In both models, groups of mainly poor women are expected to assume joint liability for loans taken by its clients, but there are significant differences in service delivery. A wide variety of literature on microfinance in India is available. The microfinance sector in India is well on its way to professionalize and institutionalise performance measurement with initiatives such as Sa Dhan, M-CRIL and Eda rural systems. However, it was also observed that although millions of poor households are reached, these numbers are relatively small given the size of the population living in poverty. Furthermore, Northern states have been underserved compared to the South.

In scaling up microfinance, the existing literature identifies a number of factors that need to be addressed. There is a need for impact assessments of women empowerment through microfinance that go further than only increased access to finance and increased sense of self worth. For the SHG Bank linkage model, the concept of federations is seen as a promising initiative that could potentially contribute to sustainability of SHGs and to women empowerment in a broader sense than in the other dominant model for microfinance, the Grameen model. However, the literature indicates that further research is needed on sustainability and factors determining sustainability of SHGs and their federations, and there is a need to explore the role that federations exercise in asserting the demands and perceived needs of SHGs.

This research aims to modestly contribute to these gaps in the currently available literature by looking at the effect of SHG federations on women empowerment and sustainability of SHGs. The specific research question that will be addressed is *'Do SHG federations in rural East Uttar Pradesh, India, contribute to sustainability and empowerment of SHGs and their participants?'*

Policy motivation

Oxfam Novib currently has some 50 counterpart organisations throughout India. Many of these focus on livelihood improvement of the rural poor. Nearly all make use of the so-called Self Help Groups as an important entry point into the communities. In the past few years, Oxfam Novib has particularly

¹ This research was undertaken in assignment of the South Asia desk of Oxfam Novib.

been supporting the SHG Bank linkage model. In the coming 5 years, Oxfam Novib will shift its attention to five Northern states of India, where poverty is most severe.

This research aims to contribute to Oxfam Novib's understanding of the performance of different models for microfinance being applied in India and will thus feed into policy decisions on the future strategies to be followed. The field research will contribute to the understanding of the functioning of the SHG Bank linkage model in one of Oxfam Novib's priority states in Northern India, Uttar Pradesh. In particular, the often claimed but rarely confirmed relationship between the SHG bank linkage model and women empowerment will be tested.

Research methodologies

Two NGOs in rural Uttar Pradesh, People's Action for National Integration (PANI) and Grameen Development Services (GDS) that apply the SHG bank linkage model for microfinance participated in the field research.

As research methods, a mix of quantitative and qualitative tools was applied. Through a questionnaire quantitative data were collected on which statistical analysis could be applied. Qualitative information was gathered through FGDs and semi-structured interviews with SHG members, SHG leaders, federation leaders, Bank officials, moneylenders and government officials. The qualitative information will enable verification of the quantitative findings (triangulation) as well as give more insight into the reasons behind these findings.

Outline of the thesis

Chapter 2 provides insight in the status of microfinance and women empowerment in India, as it is currently being described in the available literature. Special attention will be given to the discourse around the SHG Bank linkage model, as this is the model for microfinance that is subject in this research. The chapter ends with conclusions from the literature that will lead to my research question regarding sustainability and empowerment of SHG federations. Chapter 3 thus introduces the main question and sub questions of the research, followed by a conceptual framework. The main concepts of the research are then operationalised, followed by a description of the research methodology and methods followed. The chapter ends with a reflection on the limitations of this study. To contextualise the research, Chapter 4 describes the context of poverty, socio-economic status, microfinance and status of women in Uttar Pradesh, and where possible the districts Faizabad and Sant Kabir Nagar, where the research took place. In addition, the system and status of local governance in Uttar Pradesh will be explored. Chapters 5 to 8 present the data analysis and findings of the research, followed by conclusions and recommendations in Chapter 9.

Chapter 2: Microfinance and women empowerment in India

This chapter gives insight the status of microfinance and women empowerment in India, as it is currently being described in the available literature. Special attention will be given to the discourse around the SHG Bank linkage model, as this is the model for microfinance that is subject in this research.

Microfinance in India

Micro finance has come to be recognised as one of the new development paradigms for alleviating poverty through social and economic empowerment of the poor [Puhazhendi and Badatya 2002, page 4]. Home to the largest population of poor in the world, India has been a natural candidate for experimenting with microfinance as a tool for poverty alleviation [Chakrabarti 2003, page 1]. With a nationalised formal banking sector that has emphasised rural and developmental banking for several decades now, India's involvement with small credit targeted primarily at the rural poor is hardly new. The need to improve financial access for India's poor, the overwhelming majority of whom are concentrated in rural areas², motivated the establishment of a vast network of rural co-operative credit banks in the 1950s, followed by a drive to nationalise commercial banks, launched in 1969.

Recent years have generated unprecedented interest in micro credit and microfinance in the form of group lending without collateral; thanks in part to the remarkable success of institutions like the Grameen Bank in Bangladesh and BRI, Bancosol and others in more distant lands [Chakrabarti 2003, page 1].

In India, microfinance has been approached through various models, involving banks, government agencies and NGOs. The dominant approaches that target the poorer section of the country can be broadly classified as the Self Help Group Model (SHG) and the Grameen replicators (Grameen). In both models, groups of mainly poor women are expected to assume joint liability for loans taken by its clients, but there are significant differences in service delivery. In the SHG model, groups can mature to be relatively autonomous: clients organise their own meetings, take decisions on financial transactions, and circulate their savings as internal loans (group loans, at 18-36% interest) and group leaders play a significant role. In the Grameen model, in contrast, MFI (Micro Finance Institute) staff plays the main role in weekly meetings and transactions, focusing on a regular cycle of credit. In general it can be stated that the SHG model is a savings-led model and the Grameen model a credit-led model.

A study of the World Bank in 2005 shows that microfinance still plays a modest role in India. At the all India level, less than 5% of poor rural households have access to microfinance (as compared to 65% in Bangladesh). The northern states, with the highest concentration in poverty, are severely underserved, as the southern states account for 75% of funds flowing from microfinance programmes [Basu and Srivastava 2005, page 11].

The outreach of the SHG model, and in particular the SHG bank linkage model, is largest with an estimated 2 million SHGs. Through linking of 1.6 million SHGs to banks, an estimated 24 million poor households in India gain access to microfinance from the formal banking system as on 31 March 2005 [NABARD, 2005 page 5]. In the Grameen model, estimated outreach is lower, where in March 2003 the Indian MFI sector as a whole had a total outreach of less than one million borrowers [Basu and Srivastava 2005, page 12].

In the past few years, various initiatives have been developed to professionalize the microfinance sector in India, in an attempt to ensure effective up scaling. Some studies also give insight in the performance of the different models applied:

- Sa Dhan (www.sa-dhan.org) has developed sector reports for Micro finance in 2004 and 2005. Their 2004 report gives a snap shot of financial performance of 53 participating MFIs, based on 6 financial standards that Sa Dhan has developed (10 Grameen, 37 SHG, 4 Joint liability group (JLG) and 2 Individual banking (IB)). The Grameen model scores highest in all their parameters. The 2005 report focuses on programmatic features of 61 participating MFIs (6 Grameen, 4 IB, 4 JLG, 47 SHG), such as products, services, outreach, staff productivity, accounting policies, Management Information Systems etc. The study does not provide substantial insight between different models, except for the notion that the Grameen model is rapidly expanding.
- Micro-Credit Ratings International limited (M-CRIL, www.m-cril.com), an institute that aims to stimulate professionalism in the microfinance sector in Asia, has developed a comprehensive credit rating system for MFIs. They have done ratings of 110 MFIs in Asia, of which 90 in India. In their report, they make a clear distinction between 4 models applied in India; Grameen (in total 9), Individual Banking (in total 8), SHG (in total 58) and Mixed models (in total 15). Very bluntly said, the Grameen model scores much better in financial performance than the SHG model. However, the rating is a bit biased since it focuses very much on loans and less on savings.
- To complement M-CRIL EDA Rural Systems (www.edarural.com) focuses on the social side of microfinance and impact at end-user level. They have developed a social rating system that, although still very much in the pilot phase, combined with M-CRILs credit rating provides a

² Of the estimated 260 million Indians (or 26% of the population) who live in poverty, some 193 million (or

comprehensive rating for MFIs. Next to this they undertake research and developed a comprehensive methodology for impact monitoring and assessment of microfinance in India as part of the Micro Finance Support Project (MSFP) implemented by the Small Industries Development Bank of India (SIDBI) through its foundation for Micro Credit, supported by DFID and IFAD. The first report, serving as a baseline, is an impact study of 20 MFIs in India (9 SHG, 6 Grameen and 5 IB). This is the only report that makes the comparison between different models applied of this scale. The study looks at [Eda Rural systems 2004, summary page i-xxiii]:

1. Outreach: Both Grameen and SGH MFIs have a considerable range of outreach, reaching around 35%(SGH) and 38%(G) Scheduled Caste/Scheduled Tribe, 43%(both) of households below the poverty line, 11% (SHG) and 8%(G) 'very poor' and 13% (SHG) and 8%(G) women headed households.
2. Use of credit for direct investment (60% SHG, 80% G) or household purposes (40% SHG, 20% G).
3. Microfinance and enterprises: Enterprises supported by micro credit (36% SHG, 82% G), percentage new enterprises (28% SHG, 45% G), Enterprises reporting increase in income (55% SHG, 82% G), Enterprises with problems (42% SHG, 30% G).
4. Micro finance and poverty reduction: Acquired new productive assets (23% SHG, 51% G), multiple sources of income (67% SHG, 82% G), Increase in household income (41% SHG, 70% G), Borrowing from moneylenders (38% SHG, 34% G).
5. Women empowerment: Both SHG and G target 99% women. Grameen model is assessed as having a neutral approach (women easier to organise and more disciplined) to women empowerment, while the SHG is assessed as having a supportive approach (support to women clients to build skills to take advantage of new opportunities). None of the models have a transformative approach (transforming gender relations which reflect patriarchal values). From the Focus group discussions held, the SHG model comes out most positive, as the group mechanism contributes to women's options, mobility and skill development. But biggest difference is between North (more restrictive) and South. In general, women's access to finance and status at the household level has increased compared to non-clients.
6. Feedback on MFI services from clients: SHG model scores better than G, mostly due to flexibility of internal group lending and monthly repayments.

The initiatives mentioned above focus very much on performance of microfinance institutes as providers of credit for both models, while in the SHG model a whole different approach has emerged, which is named the SHG-Bank linkage model.

74%) live in rural areas. Another 180 million rural people are 'near poor'. World Bank 2005

SHG-Bank Linkage model

In India, the policy environment for Micro finance, and in particular bank linkage, has been quite supportive:

In 1992, the national Bank for Agriculture and Rural Development (NABARD), the apex bank for rural development in India, launched the SHG Bank linkage programme. NABARD's corporate mission was to make available microfinance services to 20 million poor households, or to link 1 million SHGs to banks by 2008. The programme allows SHGs to obtain loans from commercial, rural and co-operative banks. The banks lend to the SHGs and are eligible for NABARD refinance for these loans at a subsidised interest rate [Ajai Nair 2005, page 4].

In most cases, NGOs play a major role in the linkage of SHGs to Banks, as 80% of the SHGs under this programme are formed by NGOs [NABARD 2005]. SHGs are formed and trained by NGOs and start to develop a savings habit. Usually after at least 6 months of saving, the SHG is linked to a Bank, who in turn provides them with credit after observing their operations and maturity to absorb credit.

The SHG bank linkage model experienced a massive growth in recent years. The annual report of NABARD 2004/2005 states that the programme has now linked more than 1,6 million SHGs to banks, thus their 2008 target has already been achieved by far. The active participation of women (90%) and the timely repayment rates (95%) remain prominent features of the programme. Also, while the programme was highly biased to reach southern states in the past decade, efforts to reduce this bias have been successful in the last financial year. However, as Ajai Nair [2005, page 5] states, the SHG linkage programme is still concentrated in the Southern states of India (65% linked, 75% in amounts disbursed, 2003 figures).

Furthermore, in 1999, the Self Employment schemes of the GOI were merged into one programme, Swarnjayanti Gram Swarozgar Yojana (SGSY). The SGSY is a credit-cum-subsidy programme which aims to enable the identified rural poor families to cross the poverty line by providing them productive assets and inputs through financial assistance by way of Government subsidy and term credit. The objective is to bring every assisted poor family above the poverty line in a period of three years. The programme reserves 40% of its benefits for women. This part of the benefits will be mainly achieved through the mechanism of SHGs. [Ravi S. Srivastava 2002, page 47]

Nevertheless, the SHG Linkage model faces several challenges, as various researches indicate. Ajai Nair [2005, page 5] indicates that sustainability of the SHGs is a critical issue, as many remain dependent on promoter organisations such as NGOs for even routine tasks such as bookkeeping. SHGs

having a membership of 10-20 are small and informal groups for which it would be difficult to negotiate with higher level structures, to get access to large amount of loans and to create a bargaining power [Reddy and Prakash 2005, page 6].

To address these challenges, SHG federations have emerged. Reddy and Prakash [2005, page 7] analyse that federations of SHGs can contribute to:

1. Ensure sustainability of SHGs. Formation and most of the maintenance cost of SHGs have to be permanently borne by the promoter, mostly a donor funded NGO, making the system inherently unsustainable. Federations could take over this role from the initial promoters.
2. Capacity building of SHGs.
3. Ensuring quality while scaling up the number of SHGs.
4. Economies of scale, reducing transaction costs and default rates, providing value added services like micro-insurance and input supply, while increasing the outreach and simultaneously reducing the promotional costs.
5. Increasing empowerment beyond that achieved by the SHGs, produce leaders and provide opportunities to deal with power and bureaucratic structures at a higher level, where mainstream organisations and governments offices exist.

A variety of models for federating SHGs have emerged since the mid 1990s. The structure can vary from informal to formal and from 15-20 SHGs under a federation to 150-200 SHGs under a federation with or without a secondary structure of SHGs at village level. Similarly, SHG federations can have various functions, ranging from strictly financial intermediation to only non-financial services at broader institutional level and the whole arena between these.

Although research of SHG federations is available, most papers indicate that there is a substantial need for further research in this area. The existing literature, for example Ajai Nair [2005] and Ajay Tankha [2002], indicates that sustainability and factors determining sustainability of SHGs and their federations need to be further researched. Malcolm Harper [2003] even goes further as to question the need of SHG federations for financial intermediation in a ten point statement that challenges the creation of yet another layer of middle (wo)men. He argues that instead of creating new structures for financial intermediation the existing, sometimes not functioning, structures such as credit societies and cooperative bank branches, and regulation and supervision over these should be improved.

Self Help Group Federations aim to ensure sustainability of SHGs after the sponsoring agency withdraws by protecting SHGs from bureaucratic or political capture and also to facilitate training, account keeping, trouble shooting and the access of groups to government schemes [K Kalpana 2005,

page 11]. Kalpana also suggest to ‘further investigate whether federations also possess the potential to develop into significant players that can protect the relative ‘autonomy’ and ‘independence’ of the SHGs in crucial decision making areas vis-à-vis all external agencies, including commercial banks and sponsoring NGOs.’ And ‘It would be interesting to explore the role that federations exercise in asserting the demands and perceived needs of SHGs.’ [K Kalpana 2005, page 11-12]

Microfinance and Empowerment

There is a vibrant discourse in the current literature that discusses the relationship between microfinance and women empowerment. According to Mayoux [2006, page 1] microfinance programmes, through their contribution to women’s ability to earn an income, may initiate ‘virtuous spirals’ of economic empowerment, increased well-being for women and their families and wider social and political empowerment. However, in her analysis of the evidence of gender impact, she finds that women empowerment is not an automatic consequence of women’s access to savings and credit or group formation. Furthermore, she states that there is a conflict between three different paradigms, the feminist empowerment paradigm, the poverty alleviation paradigm and the financial self sustainability paradigm. In her analyses the latter two paradigms have been dominant which means that requirements for sustainability or proven development contribution have led to an evaporation of explicit strategies for women empowerment and a progressive narrowing of the definitions of women empowerment. She states that:

1. There has been no systematic cross-cultural or inter-organisational comparison of relative gender impacts of different models or strategies of micro-finance.
2. Women’s programme membership, numbers and size of loans and repayment data cannot be used as indicators of actual access or proxy indicators of empowerment as they do not say whether the women actually used the loans themselves and where responsible for the decision taking around it.
3. Studies which consider income levels find that for the majority of borrowers income increases are small, and in some cases negative.
4. Although in many cases women’s increased contribution (by bringing in savings and assets) to household well-being has improved domestic relations, in other cases it intensifies tensions.
5. There is no necessary link between women’s individual economic empowerment and/or participation in microfinance groups and social and political empowerment. In most programmes there is little attempt to link microfinance with wider social and political activity.

[Mayoux, 2006 page 8-11]

Furthermore there is a debate on the philosophy that should underlie the provision of financial services to the poor. Kabeer [2005, page 4710-4711] indicates that although most organisations working with

microfinance deal primarily with women and take a group based approach to service provision, their intervention strategy differs. On one end of the spectrum there are organisations that follow a 'financial systems' approach, seeking to solve the perceived failure of markets by providing market like alternatives. On the other end of the spectrum there are organisations who seek to solve the perceived deep rooted inequalities which not only curtail access to formal financial provision but also the capacity to participate in other aspects of social life. She concludes [Kabeer 2005, page 4717-4718] that both approaches have their role to play pending on the context in which they work. The financial systems approach might be less successful to deal with problems of financial exclusion when they reflect social exclusion in situations of structural inequality. In this case an approach where financial services provision is combined with other support and that uses group based strategies to build organisational capacity of the poor might be more viable.

Related to this are debates about how to define women empowerment. Measuring empowerment related to microfinance programmes can be interpreted in various ways, which in turn leads to different positive and negative conclusions about the correlation between the two. Naila Kabeer [2001] has analysed a number of attempts to evaluate the empowerment potential of loans to women in order to find out why different conclusions come from very similar programmes. She concludes that narrow, unidimensional conceptualisations of empowerment lead to different findings and suggest the following definition of empowerment:

'If we see empowerment as an expansion in the range of potential choices available to women so that actual outcomes reflect the particular set of choices which the women in questions value, it becomes possible to make sense of what appear at first sight to be rather contradictory findings' [Naila Kabeer 2001, page 81]

Recently, the World Bank [Ruth Alsop and Nina Heinsohn 2005] introduced a Measuring Empowerment Framework based on the following definition of empowerment:

'Empowerment is defined as a person's capacity to make effective choices, that is, as the capacity to transform choices in to desired activities and outcomes. The extent or degree to which a person is empowered is influenced by personal agency (the capacity to make purposive choice) and opportunity structure (the institutional context in which choice is made). Asset endowments are used as indicators of agency. These assets may be psychological, informational, organisational, material, social, financial, or human. Opportunity structure is measured by the presence and operation of formal and informal institutions, including the laws, regulatory frameworks, and norms governing behaviour.'

[Ruth Alsop and Nina Heinsohn 2005, page 5-6]

In measuring empowerment, they make distinction between three degrees of empowerment:

1. Whether an opportunity to make a choice exists (existence of choice).
2. Whether a person actually uses the opportunity to choose (use of choice).
3. Whether the choice resulted in the desired result (achievement of choice).

[Ruth Alsop and Nina Heinsohn 2005, page 10]

And in different domains and sub-domains in which empowerment takes place:

- State, in which a person is a civic actor. Sub-domains are justice, politics, and service delivery.
- Market, in which a person is an economic actor. Sub-domains are credit, labour, and goods
- Society, in which a person is a social actor. Sub-domains are family and community

[Ruth Alsop and Nina Heinsohn 2005, page 11-13]

In their paper 'Gender indicators of equality, Inclusion and Poverty reduction' Meena Acharya and Puspa Ghimire [2005, page 4727] conclude that indicators used so far to measure empowerment must be extended to cover a wider range so as to capture the whole context of women's existence, political, economic and social aspects. Similarly to Naila Kabeer, they define empowerment as a process:

'Empowerment is an ongoing and dynamic process, which enhances women's (and any other marginalised and alienated groups') abilities to change the structures and ideologies that keep them subordinate. The empowerment process may be broken down in three dimensions, economic, social and political, which reinforce each other. While the economic aspects would include increasing women's access to and command over tangible and intangible resources, such as wealth, property, employment, knowledge and information, social aspect would include changing the existing discriminatory ideology and culture, which determine the environment for women's existence. Finally, political process must increase women's presence and influence in the power structure.' [Meena Acharya and Puspa Ghimire 2005, page 4720-4721]

Meena Acharya and Puspa Ghimire [2005, page 4725-4726] suggest various indicators for measuring these dimensions:

Economic indicators:

1. Access and rights to resources and economic opportunities. Impact on the division of labour, workload and time use.

Political indicators:

2. Involvement in household decision-making, ability to influence household decisions.

3. Political awareness and interest – voting, decision about voting, etc
4. Relative participation and voice in public decision-making – community, state and nation³.
5. Capability to put forward one's own perspective/vision, to convince others and have a voice in the public decision making particular at the grassroots level.

Social indicators

6. Freedom to participate in community organisations
7. Take membership in various organisations

Conclusion from the literature: introduction to the research

As we have seen in the preceding sections, a wide variety of literature is available on microfinance in India. Furthermore, the sector is well on its way to professionalize and institutionalise performance measurement with initiatives such as Sa Dhan, M-CRIL and Eda rural systems. However, it was also observed that although millions of poor households are reached, these numbers are relatively small given the size of the population living in poverty.

In scaling up microfinance, the existing literature identifies a number of factors that need to be addressed. For the SHG Bank linkage model, the concept of federations is seen as a promising initiative that could potentially contribute to sustainability of SHGs and to women empowerment in a broader sense than in the other dominant model for microfinance, the Grameen model. However, the literature indicates that further research is needed on sustainability and factors determining sustainability of SHGs and their federations, and there is a need to explore the role that federations exercise in asserting the demands and perceived needs of SHGs. Also, there is a need for impact assessments of women empowerment through microfinance that go further than only increased access to finance and increased sense of self worth.

As the research questions in the following chapter will indicate, this research aims to contribute to these gaps in the currently available literature by looking at the effect of SHG federations on women empowerment and sustainability of SHGs.

³ As stated earlier, I will focus on the sub-domain community

Chapter 3 Theoretical Framework

This chapter introduces the main question and sub questions of the research, followed by a conceptual framework. The main concepts of the research are then operationalised, followed by a description of the research methodology and methods followed. The chapter ends with a reflection on the limitations of this study.

The field research aims to contribute to the understanding of the functioning of the SHG Bank linkage model in rural East Uttar Pradesh, North India. In particular, it looks into the effect of SHG federations on women empowerment and issues of sustainability.

Major research question

*Do SHG federations in rural East Uttar Pradesh, India, contribute to **sustainability** and **empowerment** of SHGs and their participants?*

Sub questions

- 1. To what extent do SHGs and SHG federations contribute to economic, social and political empowerment of SHG participants?*
- 2. What internal and external factors determine the financial and organisational sustainability of SHGs and their federations?*
- 3. What services do SHG federations offer to SHGs and how do SHG members perceive them?*

Conceptual Framework

As discussed in Chapter 2, when NGOs implement the SHG Bank Linkage model, they usually play a substantial role in formation and training, and eventually bank linkage of the SHGs. Often their interventions are financially supported by donor agencies. The NGO intervention may or may not lead to a form of empowerment of the SHG members. If so, the next question might be how to sustain these SHGs after the NGO withdraws its support.

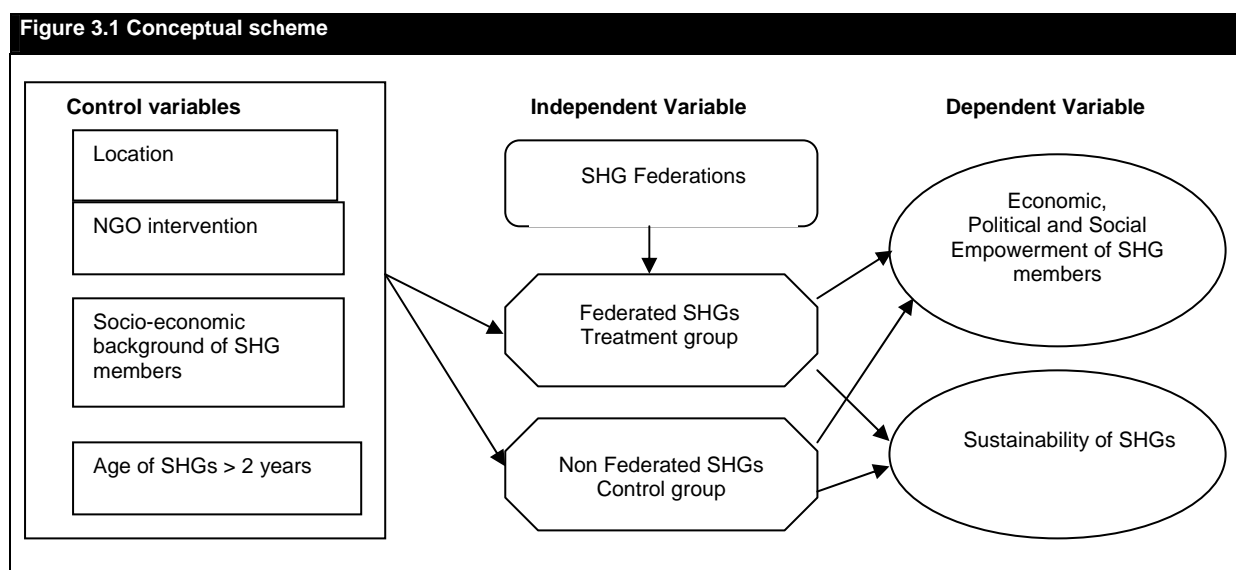
Since this research is interested to find out the effect of federations of SHGs on empowerment of SHG members and their sustainability, **federations of SHG** are the **independent variable** of the research. **Empowerment** and **sustainability of SHGs and their members** are thus the **dependent variables**. These dependent variables will be operationalised in the next section.

Measuring the effect of SHG federations on empowerment and sustainability of SHGs and their members will only be possible if the research is designed in such a way that all other factors that might influence empowerment and sustainability of SHGs are kept constant. This can be done by comparing

SHGs that are linked to SHG federations with SHGs that are not federated, a **control group**, provided that the following control variables are kept constant in both groups:

1. Both the federated and non-federated SHGs must be researched at the same location, so as to keep external location factors that might influence the dependent variable are kept constant.
2. The NGO intervention in the SHGs must have been similar, preferably by looking at federated and non-federated SHGs from the same NGO.
3. The maturity of both SHGs must be similar. After consultation with the participating NGOs, it was agreed to only allow groups in the sample that had been in existence for more than two years, as it is then expected that SHGs have achieved a certain level of maturity.
4. The socio-economic background of the women in the federated and non-federated SHGs must be similar.

Figure 3.1 illustrates the conceptual scheme for this research:



Operationalising the concepts

Measuring Empowerment

In the research, when developing the questionnaire and interview guidelines, the notion of degrees of empowerment introduced by Ruth Alsop and Nina Heinsohn [2005] was used. The domain of empowerment will be limited to that of society, with its sub domains family and community, as this is where the SHGs and their federations operate.

The **degrees of empowerment** in the domain **society** were measured in combination with the **three dimensions of empowerment**, namely economic, social and political introduced in the definition of

Meena Acharya and Puspa Ghimire [2005, page 4720-4721]. The reason for this is that according to the existing literature, women empowerment through microfinance, if achieved, is mostly limited to increased access to finance, increased assets in the name of the women and sometimes increased sense of self worth. In the Impact study of Eda Rural systems it is suggested that federations of SHGs might lead to broader empowerment, including responsibilities for women at institutional level [Eda Rural systems 2004, summary page xv].

Methodologically, for answering sub question 1 *“To what extent do SHGs and SHG federations contribute to economic, social and political empowerment of SHG participants?”*

a mix of quantitative and qualitative methodologies was applied, namely a survey (questionnaire in Annex A) and a combination of individual semi-structured interviews and Focus Groups Discussions with SHGs (semi-structured interview guideline in Annex B).

For measuring Economic, Political and Social Empowerment the degrees of empowerment suggested by Alsop and Nina Heinsohn [2005, page 10] were used, which translates in the following framework and indicators:

Table 3.1a Indicators for Economic Empowerment		
Aspect of empowerment	Degree of empowerment	Indicator to measure
Loans	Existence	Knowledge about available loan services (SHG, Moneylender, Bank, Federation, other)
	Use	Desire to use these services and reason for this
	Achievement	Amount of loans taken in last 2 years from different loan services
Savings	Existence	Knowledge about available saving services (Personal, SHG, Bank, Federation, other)
	Use	Desire to use these services and reason for this
	Achievement	Amount of accumulated savings in last 2 years deposited at various services
Investment of savings and loans	Existence	Knowledge about investment in income generating or non-income generating activities
	Use	Desire to invest in income generating or non-income generating activities and reason for this
	Achievement	Investment in income generating and non-income generating activities in the past two years
Training on IGA/accounts keeping	Existence	Awareness of existence of training being offered by NGO, SHG, federation or others on Income generating activities (IGA) or accounts keeping
	Use	Desire to participate in these
	Achievement	Participation in these in the past two years and result (increased income after deduction of interest and service fees, increased capacity to do bookkeeping)
Decision on how savings, loans and income is spent	Existence	Who in the household usually takes decisions on how savings, loans and income is spent (joint, male, female) and change since participation in SHG/federation
	Use	To what degree the participant wants to make these decisions on her own
	Achievement	To what degree the participant feels that she can take these decisions if she wants to

Table 3.1b Indicators for Political Empowerment		
Aspect of empowerment	Degree of empowerment	Indicator to measure
Voting	Existence	Knowledge about elections being held at various levels in last two years
	Use	Desire to vote during these elections and who in the household takes decisions on voting (joint, male, female) and change since participation in SHG/federation
	Achievement	Actual voting and extent to which participation in SHG/federations facilitated this or not
Influence on governmental bodies	Existence	Knowledge about existence of decision making bodies (PRI, Gram Sabha, other governmental bodies)
	Use	Desire to influence decisions through participation or election in these bodies
	Achievement	Participation or election in these bodies and extent to which participation in SHG/federations facilitated this or not
Resource and service mobilisation from local government	Existence	Knowledge about services and resources being provided by local government bodies (list them)
	Use	Use of resources and services and attempt to increase access to them and whether being member of the SHG/federation played a role in this
	Achievement	Increase or decline in access to resources and services since joining the SHG

Table 3.1c: Indicators for Social Empowerment		
Aspect of empowerment	Degree of empowerment	Indicator to measure
Involvement in community development	Existence	Knowledge about community development organisations (list)
	Use	Desire to play a role in these (list)
	Achievement	Involvement in these organisations in the past 2 years and extent to which participation in SHG/federations facilitated this or not
Benefits from community development organisations	Existence	Knowledge about possible benefits from community development organisations (list)
	Use	Desire to acquire these benefits (list)
	Achievement	Actual benefits received from community development organisations in the past 2 years and extent to which participation in SHG/federations facilitated this or not
Decision on social issues within the household	Existence	Who in the household usually takes decisions in social matters such as education, health, marriage, religion (joint, male, female) and change since participation in SHG/federation
	Use	To what degree the participant wants to make these decisions on her own
	Achievement	To what degree the participant feels that she can take these decisions if she wants to

Measuring Sustainability

Ajay Tankha [2002] makes distinction between financial and organisational sustainability of SHGs. He quotes Mayoux [1998] who provides three contrasting, but overlapping, paradigms of financial self-sustainability, poverty alleviation and feminist empowerment:

1. In the financial self-sustainability paradigm sustainability is seen in terms of *financial self-sufficiency* of the microfinance intermediary.
2. In the poverty alleviation paradigm sustainability is viewed in terms of *long-term community self-reliance and self-determination of the poor*.

3. In the feminist empowerment paradigm aims at the development of *self-sustaining women's organisations for long-term change in gender relations*.

[Ajay Tankha 2002, section 5.1 page 2]

Under the measurement of empowerment sufficient attention is given to the feminist paradigm. It would be interesting to find out the *financial self-sufficiency* and *long-term community self-reliance and self-determination of the poor*. However, given the limited time available for the research only financial sustainability was measured. Furthermore factors that determine *long-term community self-reliance and self-determination of the poor*, which will be called **organisational sustainability**, was researched through Focus Group Discussions and semi-structured interviews.

Measuring financial sustainability

The financial sustainability in sub question 2 “*What internal and external factors determine the financial and organisational sustainability of SHGs and their federations?*” will be answered by measuring the operational self-sufficiency of SHGs and SHG federations.

Measuring operational self-sufficiency is pretty straight forward and Ajai Nair [2005, page 29] provides the following methodology that was used:

Box 3.1: A Note on Financial Analysis Methodology	
$\text{Operational Self Sufficiency} = \frac{\text{Operational Income}}{\text{Operational Expenses} + \text{Financial Expenses}}$	
Federations	<p>Operational Income includes all income from core activities; it does not include donations, sundry income, and bank interest income. Operational expenses include all operating costs of the federation(s) plus costs subsidized by the promoter organization, both in terms of direct transfers and cost of personnel seconded to the federations. Financial expenses include all interest payments. The operational self-sufficiency of the federations indicates the percentage of operational costs of the federation met by its operational income.</p>
SHGs	<p>Operational income includes interest and fee income SHGs receive from their members, and does not include income such as penalties payments from members or grants from promoter organizations. Operational costs for the SHGs include all administrative costs of SHGs and the federation(s) - including that provided by promoter organization. Federation(s) costs are included in the operational costs of SHGs on the assumption that federations provide services that are essential for the sustainability of the SHGs. Financial expenses are interest paid on loans and savings deposits. The operational self-sufficiency of the SHGs indicates the percentage of operational costs of SHGs met by its operational income.</p>
<p><i>Source: Ajai Nair [2005, page 29] Annex 1: A note on Financial Analysis Methodology.</i></p>	

Organisational sustainability

In the limited research time available, it was not possible to measure organisational sustainability as defined above. Another reason for this is that, as Ajai Nair [2005, page 27] also mentions, the factors that determine it are not clear.

Instead, through focus group discussions and semi-structured interviews, the factors that determine organisational sustainability were subject of the research by asking the SHGs and their members what services they would need and whether they are or could be provided by the federations. This would answer sub question 3: *“What services do SHG federations offer to SHGs and how do SHG members perceive them?”* In addition to this, direct questions on how they perceive their sustainability and whether SHGs and their federations could continue without support from the supporting NGO were asked. The answers to these questions and the answers to sub question 3 would answer the organisational sustainability part of sub question 2: *“What internal and external factors determine the financial and organisational sustainability of SHGs and their federations?”*

For this the semi-structured interview list (see Annex B) was expanded and included in the same sample for measuring empowerment. Similarly, leaders of the federations and SHGs were interviewed on how they perceive their own organisational sustainability and that of SHGs and what factors determine it (see annex C).

Research methodologies

In doing research, there are various points of departure a researcher can choose from. In a positivist approach the researcher assumes that there is an independent truth to be discovered and that reality is value free, a-historical and cross cultural. Science should therefore also be neutral or value free and a careful distinction between scientifically established objective meanings and subjective ones are made. On the opposite side, in constructionism or subjectivism, the researcher believes that the world is socially constructed and subjective. Thus all understandings, scientific and non-scientific are all constructions and none are objective or absolute or truly generalisable. Even if quantitative methods are being applied, the findings can never be fully objective. [Crotty, 1998 pp 15-16]

Given the nature of the research questions, and the discussed literature on SHG federations and women empowerment this research will follow a constructionist approach. Firstly, the choice to measure empowerment covering a wider context of women's existence and to include political, economic and social aspects adheres to a more constructionist philosophy. Furthermore, the identified need in current literature to explore the concept of federations and their sustainability suggests a more constructionist approach. This is already reflected in the sub questions where internal and external factors of sustainability and perception of SHG members on services of SHG federations will be explored.

As research methods, a mix of quantitative and qualitative tools was applied. Following a constructionist approach it is acknowledged that even the data collected through quantitative methods

cannot be fully objective and that context and the research team themselves have an influence on the findings. Some limitations to the research are mentioned at the end of this chapter.

Through a questionnaire quantitative data were collected on which statistical analysis could be applied (See Annex A of research proposal for questionnaire). Qualitative information was gathered through FGDs and semi-structured interviews with SHG members, SHG leaders, federation leaders, Bank officials, moneylenders and government officials (See Annex B and C for semi-structured interview list). The qualitative information will enable verification of the quantitative findings (triangulation) as well as give more insight into the reasons behind these findings. Both notes and audio recordings were made of the FGDs and interviews.

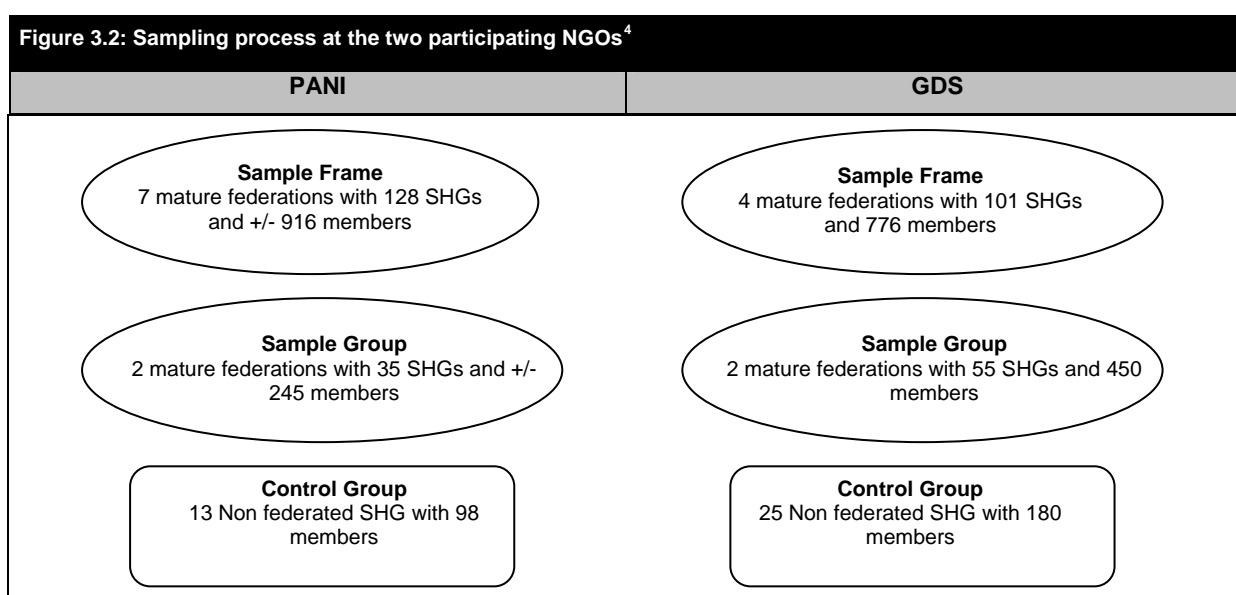
Concretely, the 3 sub questions that will answer the main research question will be answered by using the following data sources and research tools:

Sub-question	Tools	Data sources
1. To what extent do SHGs and SHG federations contribute to economic, social and political empowerment of SHG participants?	Mix of quantitative and qualitative: A survey (questionnaire in Annex A) and a combination of individual semi-structured interviews and Focus Groups Discussions with SHGs and their members (semi-structured interview guideline in Annex B). Semi-structured interviews with Bank officials, moneylenders and government officials.	Primary data
2. What internal and external factors determine the financial and organisational sustainability of SHGs and their federations?	Quantitative: Operational Self Sufficiency ratios were calculated. Qualitative: A combination of individual semi-structured interviews and Focus Groups Discussions with SHGs and their members (semi-structured interview guideline in Annex B). Semi structured interviews with leaders of the SHGs and federations (semi-structured interview guideline in Annex C). Semi-structured interviews with Bank officials, moneylenders and government officials.	Primary (organisational sustainability) and Secondary data provided by the NGO (Operational Self Sufficiency)
3. What services do SHG federations offer to SHGs and how do SHG members perceive them?	Qualitative: A combination of individual semi-structured interviews and Focus Groups Discussions with SHGs and their members (semi-structured interview guideline in Annex B). Semi structured interviews with leaders of the SHGs and federations (semi-structured interview guideline in Annex C). Semi-structured interviews with Bank officials, moneylenders and government officials.	Primary data

Two local NGOs in East Uttar Pradesh were asked to participate in the research, People's Action for National Integration (PANI) and Grameen Development Services (GDS). The reason for asking these two NGOs is that they are one of the few NGOs that have ample experience in applying the SHG bank linkage model for microfinance in rural North India, and that they have worked with the concept of

SHG federations long enough to be able to select very mature federations for the research. Another reason was that both NGOs operate in rural East Uttar Pradesh, at locations that are not too far apart (120 km) which would increase the probability of having similar external factors. In this way, the control variable **location** is kept as constant as possible.

At both NGOs, the sample frame was determined by their existing mature federations, 7 at PANI and 4 at GDS. From this sample frame, at both NGOs 2 federations were selected for setting the sample. The reason for only choosing 2 maturing federations was to be able to get a thorough understanding of the ins and outs of a federation, which would be difficult if more federations would be selected. Figure 3.2 illustrates the sampling process:



The control group was established by selecting all the mature SHGs not linked to a federation in the same location (block) as the federated SHGs so as to keep the control variables **location** and **NGO intervention** as constant as possible. From each sample group and control group 50 SHG members (not leaders) were randomly selected for the survey. In addition, SHGs and members were randomly selected for semi-structured interviews and FGDs.

The sample of 2 federations out of 7 in PANI and 4 in GDS (28,5% and 50%) is a large enough sample to be representative, as it is generally accepted that a sample of 10% to 30% would allow us to generalise the findings of the study to all the federations in the sample frame. Furthermore, the sample of 50 SHG members taken from the sample group of 245 SHG members in PANI (20%) and 450 in

⁴ SHG usually, and also in the case of PANI and GDS, consist of members and leaders (president, secretary and treasurer). Since the research is interested in the effect on SHG members and not on leaders, leaders are not included in the sample. The numbers indicated in this figure for SHG members therefore exclude SHG leaders.

GDS (11%) allow us to generalise the finding for the SHG members in this sample to all the members in the sample group. Similarly, the sample of 50 SHG members taken from the control group of 98 SHG members in PANI (51%) and 180 in GDS (28%) allow us to generalise the finding for the SHG members in this sample to all the members in the control group.

As the NGOs have similar selection criteria for selecting SHG members (including specifically targeting scheduled and other backward castes), and as they make no difference between selecting SHG members that will be linked to a federation or not, the control variable **socio-economic background of SHG members** will be kept as constant as possible. In Annex 3 information is provided on the socio-economic background of the different sample groups, that was collected through the survey, that confirms that there are no major differences. Also, through data collected in the survey we found that the average age of the SHGs in all sample groups is more than 4 years, thus keeping the control variable **age of SHGs** constant. Table 3.3 provides an overview of the data collected.

	TOTAL			PANI			GDS		
	Total	Federat ion	Non- federation	Total	Federat ion	Non- federation	Total	Federat ion	Non- federation
Questionnaire for SHG members	200	100	100	100	50	50	100	50	50
FGDs with SHGs	20	14	6	10	7	3	10	7	3
Semi-structured interviews with SHG members	18	13	5	10	7	3	8	6	2
Semi-structured interviews with SHG leaders	7	7	-	2	2	-	3	3	-
Semi-structured interviews with federation leaders	4	4	-	2	2	-	2	2	-
Block Development Officer	1	-	-	1	-	-	-	-	-
Village Development Officer	4	-	-	1	-	-	3	-	-
Pradhan	6	-	-	2	-	-	4	-	-
Banks	4	-	-	2	-	-	2	-	-
Moneylender	2	-	-	1	-	-	1	-	-
FGDs to validate findings	6	6	-	3	3	-	3	3	-

The field research took place from February 20 to March 21 2006 at PANI and from March 22 to April 14 at GDS. The research tools were only finalised after having been discussed with both participating NGOs and after an extensive field test of 3 days at the first NGO (PANI). The research process was similar at both the NGOs, and took the following steps:

1. **Introduction of research for participating NGO:** When arriving at the NGO, first the research proposal and process were presented to senior staff. Feedback from the NGO was collected. (1 day for each NGO)
2. **Testing phase and planning the research together with local NGO:** The research planning took place with field staff at both NGOs. At the first NGO the research tools were tested through holding open interviews during a 3 day testing period after which they were finalised. At the second NGO one day of open interviews was planned to get a feeling of the local context. The research assistants were trained and at each NGO one day was used to test the survey to get feeling with the local context before starting the data collection process. – 5 days at first NGO (PANI) and 2 days at second NGO (GDS).
3. **Data collection phase:** Undertake the survey based on questionnaire A. This was done by two local research assistants, who undertook the survey at both NGOs, meaning both did 50 surveys each at both NGOs. Data were entered in SPSS on daily basis. Simultaneously qualitative data were collected through FGDs and semi-structured interviews. One single translator was present in all interviews at both NGOs to translate from English to Hindi and back.– about 2 weeks at each NGO.
4. **Data analysis and verification phase:** Statistical analysis of the primary data findings was done and discussed in the field through FGDs, to check the reliability of the findings. A draft report with preliminary findings and recommendations (quantitative and qualitative) was prepared – around 5 days at each NGO.
5. **Present findings to senior staff and collect feedback:** – last day at each NGO.

Please refer to Annex 2 for a description of the SHG-bank linkage and federation model that is being implemented by GDS and PANI.

Some limitations in the research

The following were found to be the main limitations to the research.

1. This research partly applies qualitative methods for data collection, particularly by working with semi-structured interviews. This means that the data collected are coloured by the perception of the respondents. As we will observe in chapter 4, the socio economic background of women in Uttar Pradesh is still very underdeveloped, with low levels of literacy. Furthermore, the bank system and system of local governance in Uttar Pradesh shows many limitations, such as corruption and lack of transparency in power structures. This means that the data will have to be treated with caution, taking into consideration the local context in which the respondents operate and their background.

2. As the data collected through quantitative methods, the survey, were collected by two different research assistants, this might also lead to a bias in the response to questions. Even more so, working with one male and one female research assistant where the respondents in the survey were all female might lead to a bias as respondents might feel more at ease with a woman asking questions than a male. In order to mitigate this limitation, extra attention was given to this point in during the training of both research assistants. Furthermore, through comparing the findings of the quantitative methods with the qualitative data collected through semi-structured interviews and FGDs (triangulation) major biases could be identified. In the case that major differences in findings between quantitative and qualitative data were found, the answers were rechecked for reliability. In the chapters on data findings it will be made explicit in what cases these methods to check the reliability of the data were applied.
3. Similarly, the main researcher being a European woman not speaking the local language and thus having to work with a translator might have had influence on the data collected through the qualitative methods. There is no way of determining the influence on the research, as there was no alternative to compare with. However, through adapting to the local culture as much as possible with the help from others in the research team and through consulting the participating NGOs and learning some words Hindi an attempt to minimise this influence was made.
4. In measuring the effect of SHG federations on social empowerment of SHG members it was chosen to use indicators on household decision taking about social issues, and involvement in various (collective) community development initiatives. The reason to include the latter was that as the federation is also a collective, it seemed logical to look at how the federation contributes to collective social action undertaken in the community. However, in the questions asked through the survey on knowledge of various community development organisations it was found that none of the respondents had any knowledge of this. These questions were of course consulted with the participating NGOs, and although they said that these collective organisations in their intervention area were limited (but not completely absent), they found it was important information to be included in the survey. In retrospect, it might have been too ambitious to include this subject in the research. This is a limitation to the research, as this meant that other possible indicators to measure social empowerment were not included for reasons of keeping the questionnaire short enough to be completed in 45 minutes. For example, it would have been interesting to include indicators for increased mobility, for example visiting the market, the doctor, relatives in other villages etc, in the questionnaire. Although in the qualitative data findings provide insight in increased mobility, it would have been interesting to have data of a more quantitative nature on this subject.
5. One of the control variables in this research is that the NGO intervention in the SHGs must have been similar, preferably by looking at federated and non-federated SHGs from the same

NGO. Although both NGOs implement the SHG bank linkage model, we found that the intervention does differ substantially which led to different findings. This means that the findings for the two NGOs are mostly presented separately. In most cases, the NGO interventions in both the treatment group (federated SHGs) and control groups (non-federated SHGs) were similar, in some cases one specific intervention took place in one of the two groups. As this might lead to different findings this means that whenever this is the case, the data findings will not be included in the conclusions of the research. Whenever this was the case, it will be mentioned specifically in the chapters dealing with the data findings.

Chapter 4: Context in East-Uttar Pradesh, India

The field research of this study will focus on functioning of the SHG Bank linkage model in one of Oxfam Novib's priority states in Northern India, Uttar Pradesh. Two NGOs in rural East-Uttar Pradesh, People's Action for National Integration (PANI) and Grameen Development Services (GDS) that apply the SHG bank linkage model for microfinance participated in the field research. The field research at PANI took place in Faizabad district, while the field research at GDS took place in Sant Kabir Nagar district.

To contextualise the research, this chapter describes the context of poverty, socio-economic status, microfinance and status of women in Uttar Pradesh, and where possible the districts Faizabad and Sant Kabir Nagar. In addition, the system and status of local governance in Uttar Pradesh will be explored.

General background data on the status of women in Uttar Pradesh

The last state wise census by the Government of India (GOI) was held in 2001. According to the census, out of 1 billion people living in India, 166 million live in Uttar Pradesh.

The United Nations Human Development Report in 2004 provides the following Human Development Indices for the Uttar Pradesh. Some indices were measured for all of India's states (32), some for only the largest states, and accordingly ranked.

Table 4.1: Human Development Indices for Uttar Pradesh compared to national figures		
Indices	Uttar Pradesh	India
General		
Human Development Index Value 2001	0.388	0.472
Human Development Index Rank (out of 15)	13	
Human Poverty Index 1991	48.27	39.36
Human Poverty Index Rank (out of 32)	26	
Related to status of (rural) women		
Gender Disparity Index 1991	0.52	0.676
Gender Disparity Index Rank (out of 32)	31	
Sex ratio 2001	898	933
Rural male literacy rate 2001	68%	71%
Rural female literacy rate	38%	47%
Maternal mortality rate 1998 (per 100.000 live births)	707	407
Percentage of persons in labour Force 1999-2000	58	62
Percentage of female in labour Force 1999-2000	29	39

Source: www.undp.org

The Human Development Index (HDI) value and Human Poverty Index (HPI) for Uttar Pradesh score much lower than the Indian average, placing Uttar Pradesh at comparable levels with African countries

at the lowest level of the Index such as Burundi, Zambia, Mozambique and the democratic Republic of Congo.

From table 4.1 it is also clear that the status of women in Uttar Pradesh is worse than the Indian average, with a Gender Development Index (GDI) of 0.52 that ranks 31 out of 32 states. A serious concern for the whole country is the sex ratio of only 933 women for every 1000 men. As the Social Watch 2005 chapter on India states, this implies that there are an estimated 25 million 'missing women'. These missing women are either discriminated against before birth so that they are never born, or discriminated against once alive but in such a way that does not allow them to survive. With an even worse sex ratio for Uttar Pradesh of 898, this would imply there are almost 6 million of these 'missing women' in Uttar Pradesh. While the rural male literacy rate of Uttar Pradesh almost reaches the national level (68% compared to 71%), the rural female literacy rate is almost half that of its male equivalent at 38% and almost 10% lower than the national average. The Maternal Mortality Ratio (MMR) for Uttar Pradesh shows a strong deviation from India's national average, signifying women's severe health deprivation in Uttar Pradesh (707 compared to 407 per 100,000 live births in the age group 15-49 years). Main reasons for this high figure are the fact that 49% of women in Uttar Pradesh suffer from some sort of anaemia, lack of trained medical attention, but also the fact that health problems are kept silent without seeking advice or treatment [Artee Aggrawal, 2003]. Women's participation in economic activities in Uttar Pradesh is much lower than that of men (29% compared to 58%) and 10% lower than the national average, to be observed from the figures on participation in labour force.

The state wise census also provides some information on district level. In table 4.2 some useful indicators on the districts Faizabad and Sant Kabir Nagar, the districts where the field research took place, are provided. Since the research is focussing on rural SHGs, only indicators for rural areas are provided.

Table 4.2: State wise census indicators for districts Faizabad and Sant Kabir Nagar		
Only rural figures		
Indicator	Faizabad District	Sant Kabir Nagar District
Nr of households	299,457 (87%)	195,743 (94%)
Population	1,807,655 (87%)	1,319,675 (93%)
Scheduled caste persons	25%	22%
Hindu population	87%	77%
Muslim population	13%	23%
Sex ratio	953	979
Female literacy rate	31%	27%
Female workers	31%	25%
Female workers in agricultural sector	88%	92%
Available banking services	54,5	42,0
Drinking water facilities :		
Tap	11,8	26,9
Hand pump	75,9	70,9
Tube well	0,4	0,2
Well	11,6	1,6
House structure:		
Permanent	38,7	65,7
Semi permanent	36,2	21,0
Temporary	25,1	13,3
Electricity	25,6	22,7
Type of drainage		
Closed	6,7	6,0
Open	55,7	48,0
No drainage	37,6	46,0
No latrine	88,2	87,2

Source: www.censusindiamaps.net

As can be seen from table 4.2, most of the population lives in rural areas, 87% in Faizabad and 93% in Sant Kabir Nagar district. The percentage of scheduled caste persons in rural areas is 25% and 22%. Also, most of the people are Hindu (87% and 77%), and the remaining group is Muslim. Other religions, such as Buddhists, Jains and Christians constitute less than 1% of the persons living in rural areas.

Interestingly, the rural sex ratio provided by the Census for the two districts, although still not at 100%, is much better than the Uttar Pradesh and even India total average. The total sex ratio for the two districts is lower, 939 and 974 respectively, which can be explained by lower sex ratios in urban areas (Faizabad 850 and Sant Kabir Nagar 907). The female literacy rates in rural Faizabad (31%) and Sant Kabir Nagar (27%) are lower than the rural Uttar Pradesh figure (38%), and much lower than the all India rural average (47%). The portion of females working in rural areas is comparable to the total Uttar Pradesh figures (31% in Faizabad, 25% in Sant Kabir Nagar). Most of them work in the agricultural sector, about half of them as agricultural labourers and half of them as cultivators.

The government of India uses the families below poverty line (BPL) index as planning measurement, and for Uttar Pradesh this figure is 31,15 % (planning commission of India 1999-2000). Although the census does not provide BPL figures at district level, some more information, besides literacy and employment rates, indicating the poor state of development is provided. Almost three quarters of the population uses a hand pump as main source of drinking water, while in Faizabad district 12% people draw their drinking water from wells. Also the housing structure in Faizabad district is in poorer state than in Sant Kabir Nagar district, where 25% lives in temporary houses. Only about a quarter of the population has access to electricity. The poor state of sanitation in both districts is visible in the availability of drainage, with only 7% and 6% of closed drainages and almost 90% of the people have latrines.

Status of local governance in Uttar Pradesh

In India, the decentralisation of governance is arranged through the 73rd and 74th Constitutional Amendments, which introduces the concept of Panchayati Raj Institutions (PRI).

The salient features of the Act are:-

- To provide 3-tier (village, block and district level) system of Panchayati Raj for all States having population of over 2 million.
- To hold Panchayat elections regularly every 5 years.
- To provide reservation of seats for Scheduled Castes, Scheduled Tribes and women (not less than 33%)
- To appoint a State Finance Commission to make recommendations as regards the financial powers of the Panchayats.
- To constitute a District Planning Committee to prepare a draft development plan for the district as a whole.

Powers and Responsibilities

According to the Constitution, Panchayats shall be given powers and authority to function as institutions of self-government. The following powers and responsibilities are to be delegated to Panchayats at the appropriate level:-

- Preparation of plan for economic development and social justice.
- Implementation of schemes for economic development and social justice in relation to 29 subjects given in Eleventh Schedule of the Constitution.
- To levy, collect and appropriate taxes, duties, tolls and fees.

Gram Sabha

In the Panchayati Raj set up, the Gram Sabha, the general assembly of villagers has a key role for effective functioning of Panchayats. The Pradhan is elected by the Gram Sabha as head of the Gram Panchayat, and similarly other Gram Panchayat representatives are elected. In the Gram Sabha meeting, the rural poor, the women and the marginalised people would now get an opportunity to join in decision making on matters affecting their lives. Active functioning of the Gram Sabha would ensure a participatory democracy with transparency, accountability and achievement.

- Gram Sabha should meet at least in each quarter preferably on Republic Day, Labour Day, Independence Day and Gandhi Jayanti.
- Decide developmental work to be undertaken by Panchayats based on needs assessment.
- Suggest remedial measures for economy and efficiency in the functioning of the Panchayats.
- Question and scrutinise the decisions of Panchayats in the meeting of Gram Sabha.
- Discuss the Annual Financial Statement of Gram Panchayats.

The decentralisation of governance through the 73rd and 74th Constitutional Amendments has shown a remarkable increase in women participating in local government. By these amendments one-third of positions in local institutions at all levels are reserved for women. According to Artee Aggrawal (2003), this reservation led to an overwhelming response from women in Uttar Pradesh, resulting in their election to various posts.

In Uttar Pradesh, there are 52028 Gram (village) Panchayats, 809 Block Panchayats and 70 District Panchayats. At all three levels, more than 33% of Panchayat representatives elected are female [George Mathew, 2004]. However, the functioning of the Panchayati Raj Institutions in Uttar Pradesh still is far from ideal. Mathew (2004) observes that the Panchayats have very little power. Under the Uttar Pradesh Panchayati Raj Act, the government has unrestricted power to change the composition and character of the Panchayats and to remove an elected functionary and dissolve a Panchayat without any independent enquiry. Also, recommendations from the Gram Sabha are not binding on the Panchayats. The Panchayats are highly dependant on the government and members of the government are a member of the block and district level Panchayats. At village level, in the Gram Panchayats, the block development officers (BDO) and village development officers (VDO) of the government play a major role. Thus, as Mathew concludes, the Panchayats do not have full financial or administrative freedom.

Also a study by Ravi S. Srivastava (2002) indicates that participation in the Panchayati Raj institutions in Uttar Pradesh is poor. Interviews held amongst 1000 beneficiaries of government anti-poverty programmes in the villages revealed that only 11% males and 3% females had participated in a Gram Sabha meeting in the last year. In addition 85% of the interviewed had no clear idea about these

meetings and what was being discussed there. The study undertook a ranking exercise of 20 Panchayats according to a number of indicators⁵ for participation, transparency and implementation. 75% of the studied Panchayats scored 'unsatisfactory' or even 'very unsatisfactory'. [Ravi S. Srivastava 2002]

Status of SHG Bank linkage in Uttar Pradesh

As mentioned in Chapter 1, the policy environment for bank linkage has been quite supportive in India with both the introduction of NABARD's SHG Bank linkage programme in 1992 and the GOIs credit-cum-subsidy programme SGSY.

During 2005 alone, more than 500.000 new SHGs were credit linked through NABARD's SHG Bank linkage programme, increasing the cumulative number to more than 1,6 million. In Uttar Pradesh more than 40.000 new SHGs were credit linked, increasing the cumulative number to more than 123.000, 8% of the total number of SHGs linked in India. NABARD has been criticised for only implementing the programme in more developed, Southern states of India, but has increased the percentage of groups linked in non-southern states from 31% to 41% in 2005. [NABARD 2005]

According to the government of Uttar Pradesh, more than 180.000 SHGs have been formed under the SGSY scheme since 1999. The SGSY scheme works with grades for SHGs which determines whether they are eligible to open a bank account (GRADE I) and for taking a loan and start up economic activities (GRADE II). Out of the total number of SHGs formed, around 75.000 have passed GRADE I, and 13.500 have passed GRADE II. 7266 groups have actually started up economic activities, indicating that there is still a long way to go before all groups are functioning as desired⁶.

In a study by Srivastava (2002) on the progress of the SGSY scheme in Uttar Pradesh, many limitations are mentioned. Firstly, there is a tremendous pressure to achieve targets that have been fixed for SHG formation. Rules are bypassed to achieve these targets, for example by accepting defunct memberships and relaxing norms for grading. It was also found that a sizeable proportion of borrowers were actually not eligible for receiving the loans, as they were not living up to the criteria such as Below Poverty Line (BPL). Also, corruption was assessed as a major issue in the programme. [Ravi S. Srivastava 2002]

⁵ Indicators for participation: Regularity and participation of Gram panchayat meetings and Gram Sabha Meetings. Indicators for transparency: Selection of beneficiaries and schemes and publicity of funds and expenditure. Indicators for implementation: level of activity, supervision of works, quality of works and corruption.

⁶ Figures downloaded from <http://rural.nic.in/pfs.up.html>

Chapter 5: Economic empowerment: Data analysis and findings

This chapter presents the findings of the research on economic empowerment, and in particular whether being a member of a SHG federation has had an effect on economic empowerment. In the survey, the three degrees of empowerment, existence, use and achievement of choice were measured through looking at:

1. Knowledge about available loan services, favour in using these services and actual use of services. Additional questions on why a certain institute or person that provides loans is favoured were asked. To collect more information on the third degree of empowerment, the actual loans taken, information on the amount of loans and how loans were invested in the past 2 years was collected. Finally the perceived change in income of the SHG members was collected.
2. In the SHG bank linkage model, an important indicator of economic empowerment is that SHGs are linked to a bank and start depositing their savings and taking loans and SHG members start interacting with bank staff. Therefore data were collected on bank linkage and loans taken from banks by the SHGs.
3. Knowledge about, interest in and actual participating in various trainings offered on Income generating activities and book keeping.
4. Decision taken within the household on how savings and loans are spent. The favourite mode of decision taking is compared to the actual household situation before and after joining the SHG.

Since the findings of the survey for the two NGOs differ quite substantially, they will be presented separately. The findings of the quantitative data will be analysed in combination with the findings from semi structured interviews and FGDs held with individual SHG members, SHG, SHG leaders, federation leaders, moneylenders and bank staff. The chapter will end by a conclusion on if, and to what extent SHG federations contribute to economic empowerment of SHGs and their members.

Knowledge, favour and actual use of loans

Table 5.1: Knowledge, favour, use of institutions/persons providing loans in last 2 years, for each NGO N=100 (50 Non-fed, 50 Fed)

	PANI						GDS					
	Knowledge of loans		Favour taking loans		Actual Loans taken		Knowledge of loans		Favour taking loans		Actual Loans taken	
	Non-fed	Fed	Non-fed	Fed	Non-fed	Fed	Non-fed	Fed	Non-fed	Fed	Non-fed	Fed
SHG Federation	94%	100%	84%	98%	46%	68%	100%	100%	96%	100%	88%	88%
Bank	0%	2%	0%	0%	0%	0%	0%	60%	0%	0%	0%	12%
Moneylender	2%	12%	0%	0%	0%	0%	0%	12%	0%	0%	0%	0%
Relatives	44%	70%	0%	0%	6%	6%	88%	72%	0%	0%	6%	4%
Other	34%	56%	6%	2%	10%	18%	38%	4%	4%	0%	4%	8%
	32%	2%	8%	0%	16%	2%	0%	0%	0%	0%	0%	6%

Note: Fed = Federated sample group (treatment group), Non-fed = Non-federated sample group (control group)

Table 5.2: Criteria for taking loans, for each NGO N=100 (50 Non-fed, 50 Fed)

	PANI		GDS	
	Non-fed	Fed	Non-fed	Fed
Close location	6%	10%	16%	32%
Interest rates	76%	82%	84%	92%
Easy procedures	38%	30%	52%	4%
No formal procedures	10%	20%	0%	0%
Other	0%	4%	16%	28%

From Table 5.1 we can conclude that for both NGOs, and in both federated and non-federated groups, members are aware that they can take loans from their SHGs. Also for both NGOs and in both federated and non-federated groups, a loan from the SHG is the most favoured option, but the actual achievement of empowerment, here defined as actual loans taken, differs. In PANI, the members from the federation sample are more capable of transforming their favoured choice of financial institution/person into actually taking a loan from this institution/person: 98% favours taking a loan from the SHG and 68% actually took a loan from the SHG, compared to 84% wanting to take a loan from the SHG and 46% actually taking a loan in the non-federation sample⁷. In GDS, there is no difference between the two sample groups, both groups favour to take a loan from the SHG, and both groups show same figures for actual achievement of their choice in this, 88% has actually taken a loan from their SHG in the past 2 years

Knowledge about taking a loan from the bank (first degree of empowerment, existence of choice) among the members is very low in both NGOs, but in both NGOs the federation sample scores better than the non-federation sample, with 12% compared to 0% and 2%⁸. This finding is remarkable, as we will see later in this section that loans have been taken from the bank in both NGOs and for both the sample groups. The difference is that in collection of data for table 5.1, members had to mention the bank as an institution where they can take loans themselves, while later a direct question on bank linkage was mentioned. It can be concluded that active knowledge on taking loans from banks is very low, but better in the federation sample.

Table 5.2 indicates that for both NGOs and in both groups interest rates are the main reason for preferring a loan from the SHG. The second criterion for taking a loan is easy procedures.

⁷ A Chi-Square Tests for variables being member of a federation (yes/no) and whether a loan was taken from the SHG (yes/no) confirms that there is a statistically significant correlation between these variables with a 95% confidence, thus being a member of a federation in PANI has an influence on whether a loan from the SHG is taken or not. (Pearson Chi-Square value = 4,937, significance = 0,026, degrees of freedom = 1)

⁸ A Chi-Square Tests for variables being member of a federation (yes/no) and knowledge on bank loans (yes/no) confirms that there is a statistically significant correlation between these variables with a 95% confidence, thus being a member of a federation in PANI and GDS has an influence on knowledge on bank loans. (PANI: Pearson Chi-Square value = 3,840, significance = 0,05, degrees of freedom = 1, GDS: Pearson Chi-Square value = 6,383, significance = 0,012, degrees of freedom = 1)

The category 'other' was also mentioned often by GDS groups, especially in the federated sample. Under this category, in most cases profit earned over interest was mentioned. SHG members feel that the interest that they pay to the SHG (3%) or the federation (2%) is a form of profit for them, as it will be added to the savings account of the SHG or federation. This is a logical way of thinking as in the past they used to pay 10% interest to moneylenders.

In both NGOs and both groups, taking a loan from a moneylender is never favoured, but still a practise for 4-6% in the sample. In the FGDs and individual interviews it was found that groups discuss the importance of not taking a loan from moneylenders, as interest rates are as high as 5-10% per month compared to 2% (PANI) and 3% (GDS) per month with the SHG. In the FGDs and individual interviews it was found that groups experience not taking a loan from moneylenders anymore as the main benefit from the SHG. It was mentioned in all 20 FGDs held, both in the federated and non-federated sample. In a number of cases the group members have taken a loan from the SHG to pay back a moneylender. Also, when checking these finding in 3 FGDs with PANI groups, we found that only one member sometimes takes a small loan from a money lender of Rs. 50-100 which she pays back within three months to meet emergency needs or when she comes short in large expenditures such as wedding jewellery. On the other hand, in one FGD with a GDS groups it was mentioned that members still go to moneylenders for large loans, as from the SHG savings they can only access small loans. In this FGD it was mentioned that this issue could be solved in the future by accessing bank loans.

When interviewing a moneylender in the GDS intervention area we found that although he was clearly not speaking the truth, saying that he charges no interest on his loans, we could find some indication that demand for his loans has been decreasing. During the interview he kept hinting of that his business was not profitable anymore. When asked how many people use to come to him at night for emergency loans five years ago and now, he said that many people used to come 5 years ago, but that this has now reduced to almost none. When interviewing a moneylender in the PANI intervention area, it became clear that in the past few years he did experience increased competition from government schemes, NGOs and other moneylenders. This had forced him to lower his interest rates from 10% to 5%. Also he has now moved more outside of Sohawal block with his business, although the reason that he gives for this is that 'he does not like giving loans to SHG members as they have bad recovery rates'. Later in the interview he also states that out of his clientele group of 200-400 persons, only 2-4% are from SHGs and that SHG members now only come to him when they could not repay SHG loans and they have accumulated penalties for this. Another moneylender states that he has no SHG members amongst his clientele.

In conclusion we can state that no longer having to take a loan from moneylenders is seen as a major benefit from being a member of a SHG, but that there is no evidence that being a member of a federation has an effect on this.

More details on third degree of empowerment: amount and investment of actual loans taken

In the previous section we have seen that being a member of a federation in PANI does make a difference in actual access to loans, while in GDS this difference is not visible. To explore this third degree of empowerment, actual achievement of choice, some more, we will look at the average amount of loans taken from the SHG, and how these loans have been invested. Furthermore, the perceived change in income of the SHG members was collected.

Important to mention at this point is that in the PANI model, taking a loan from the SHG means taking a loan from either the SHG's accumulated savings, or from the SHG, that in turn took a loan from the bank. In GDS, federated SHGs also take loans from their federation, while in PANI federated groups this is not the case. On the other hand, as we will also see in the section on bank linkage, GDS SHGs do take loans from banks, but in fewer cases than in PANI groups.

		PANI			GDS			
		1st loan from SHG	2nd loan from SHG	3rd loan from SHG	1st loan from SHG	2nd loan from SHG	3rd loan from SHG	4th loan from SHG
Federation	Mean	6.282	7.800	2.600	917	664	820	500
	N	34	10	2	44	25	10	1
	Std Dev	7.905	9.458	3.394	1.329	815	1.203	
	Min	300	500	200	50	100	100	500
	Max	30.000	30.000	5.000	7.500	3.000	4.000	500
Non-federation	Mean	3.717	5.250		1.095	480	435	340
	N	23	4		44	28	13	5
	Std Dev	3.411	3.686		1.221	394	327	114
	Min	500	1.000		60	50	50	200
	Max	10.000	10.000		5.000	1.500	1.000	500

From table 5.3 we read that for PANI, 34 members (68%) from the federation sample and 23 members (46%) from the non federation sample have taken a loan from the SHG in the past 2 years. Again 20% in federation sample versus 8% from non-federation sample have taken a second loan, and only 2 members from the federation sample have taken a third loan in the past 2 years. Also, the average amount of loans taken in the federation sample is higher than in the non-federation sample, Rs. 6282 versus Rs. 3717, although there is a high standard deviation in both samples. For example, if we leave out 5 high loans of more than Rs. 15.000 out of the federation sample, the average amount of loans taken is similar to that in the non-federation sample. An independent sample T test also confirms that there is no significant difference between the average amount of loans taken in the federation sample

and the non-federation sample (T value = 1,463, two sided significance = 0,15, resulting in a non-significant difference at the 0.05 level).

For GDS we can conclude that there is no difference between the two groups in the number and amount of loans taken in the last two years. In both groups there is a regular rotation of loans, although the amount of loans is quite low, except for a few exceptional cases. Also in the FGDs we found that taking loans ranging from Rs 100-500 on a regular basis is a common practise, while only in a few cases larger loans are taken.

In GDS sample, there is a positive correlation between the number of years with the SHG and the first loan amount taken from the SHG (Pearson coefficient of 0.311 with a significance of 0.003). Larger loans of more than Rs 2000 are only taken in groups that are more than 4 years old. In the PANI sample there is no significant correlation between the number of years with the SHG and the first loan amount taken from the SHG (Pearson coefficient of 0.24 with a significance of 0.072). This can be explained by the fact that in GDS groups mostly take loans from their accumulated savings, and relatively little loans are taken from the bank. In PANI, SHG also often take loans from the bank, which means they can access larger amount of loans and do not have to depend on their accumulated savings only.

In conclusion we can say that being a member of the federation does not have an effect on the amount of loans taken by members of the SHG.

Table 5.4: Investment of loans taken in last two years, for each NGO N=100 (50 Non-fed, 50 Fed)

		PANI				GDS			
		Absolute numbers		In percentages		Absolute numbers		In percentages	
		Non-fed	Fed	Non-fed	Fed	Non-fed	Fed	Non-fed	Fed
1st from SHG	IGA	16	16	73%	47%	10	4	23%	9%
	Non-IGA	6	18	27%	53%	33	40	77%	91%
2nd from SGH	IGA	4	5	100%	50%	15	4	56%	17%
	Non-IGA	0	5		50%	12	20	44%	83%
3rd from SGH	IGA	0	1		50%	5	2	38%	20%
	Non-IGA	0	1		50%	8	8	62%	80%
4th loan from SH	IGA					2	0	40%	0%
	Non-IGA					3	1	60%	100%
Loan from other sources	IGA	2	1	14%	10%	1	4	20%	33%
	Non-IGA	12	9	86%	90%	4	8	80%	67%
Total	IGA	22	23	55%	41%	26	12	35%	15%
	Non-IGA	18	33	45%	59%	49	68	65%	85%

Note: IGA = Income Generating Activities

Table 5.5: details of investment of loans taken in last two years - data from FGDs									
		PANI				GDS			
		Absolute numbers		In percentages		Absolute numbers		In percentages	
		Non-fed	Fed	Non-fed	Fed	Non-fed	Fed	Non-fed	Fed
IGA	Agriculture	7	16	35%	43%	7	33	78%	63%
	Shop	9	8	45%	22%	1	10	11%	19%
	Land		4	0%	11%		5	0%	10%
	Buffalo	4	8	20%	22%	1	3	11%	6%
	Poultry			0%	0%		1	0%	2%
	Fisheries		1	0%	3%			0%	0%
	Total	20	37	100%	100%	9	52	100%	100%
	In %	91%	53%			26%	39%		
Non-IGA	Health		8	0%	24%	15	28	58%	35%
	Education		3	0%	9%	2	14	8%	17%
	Marriage	1	16	50%	48%	2	12	8%	15%
	Travel			0%	0%	3	8	12%	10%
	Food			0%	0%		10	0%	12%
	Cremation			0%	0%	2	4	8%	5%
	House		4	0%	12%	1	1	4%	1%
	Others	1	2	50%	6%	1	4	4%	5%
	Total	2	33	100%	100%	26	81	100%	100%
	In %	9%	47%			74%	61%		

Table 5.6: Increase in income in the perception of the SHG members, for each NGO N=100 (50 Non-fed, 50 Fed)				
	PANI		GDS	
	Non-fed	Fed	Non-fed	Fed
Increased	98%	74%	92%	100%
Decreased	0%	4%	0%	0%
Same	2%	22%	8%	0%

A remarkable finding from table 5.4 is that in PANI, members from the non-federation sample spent their loans more on IGA than the members from the federation sample (total 54% versus 39%). In loans taking from the SHG the difference is even more significant (for example 73% versus 43% in first loan taken from the SHG in the past 2 years). In the FGDs, we found an even bigger difference between the two groups. In the FGDs with federated SHGs, 53% was spent on IGA, in the FGDs with non-federated SHGs, 91% of loans was spent on IGA. The perceived increase in income scores also better in the non-federation sample, 98% compared to 74% in the federation sample. When discussing the findings with PANI, we found that one of the control variables, namely NGO intervention, was not similar in the federation and non-federation sample. In the control group from non-federated SHG, specific attention was given to investing in IGA. This means that we cannot include these findings in our conclusion whether being a member of the federation has an effect on economic empowerment.

However, in the PANI FGDs, it was asked whether the group members find it important to invest in IGA. Most groups stressed that yes, investing in IGA is discussed and also favoured, but equally important is having access to emergency loans for health issues and investing in housing, education and marriage.

For GDS we find that loans in both groups are mostly spent on non income generating activities. The percentage of loans spent on non income generation activities is even higher in the federation sample (85% in total) compared to the non-federation sample (65%). However, in the FGDs, we found that 61% of loans in federation FGDs are spent on non-income generating activities, as compared to 74% in non-federated FGDs. In the FGDs, we discussed to what extent the federation stimulates to take loans for IGA. We found that loans from the federation can only be taken for IGA, but since only 12% has taken a loan from the federation, this effect is not really showing in the tables. For now, we can conclude that the federation is not making any difference in economic empowerment in the area of investing in income generating activities.

From table 5.7 we find a slight difference between the federated and non-federated groups in perception of increase of income. All GDS SHG members in the federated sample report an increase in income, compared to 92% in the non-federated sample. However, in the FGDs and individual interviews we found a huge difference in what actually was meant by 'increase of income'.

In the 3 FGDs with non-federated SHGs from GDS, when asked what they meant by increase of income, it was stated that they experience an increase in income because:

1. Now they do not have to go out to moneylenders anymore, by which they save paying 10% interest.
2. The 2% interest that is paid by individual members to the SHG is also perceived as income, as it stays in the group. One group also lends out their savings to individuals at 6% interest, which gives them extra profit.

Besides these two factors, they have not experienced any increase in income or have not started any IGA since joining the SHG, although all groups state that they would like to start IGA but do not have the capital and knowledge to do so.

In the 7 FGDs with federated SHGs from GDS, besides the same factors as mentioned for the non federated groups, we found one major change in the income situation due to being a member of the federation. The federation provides their SHGs with the following agricultural services:

1. The federation purchases quality seeds in bulk which ensures substantial economies of scale. The seeds are sold to the SHG with a small margin, which is kept in the federation account and profit is distributed amongst the SHGs annually. In this way, SHGs can purchase good quality seeds at a below market price.

2. The federation has purchased agricultural machines such as spraying machines for fertilisers and diesel pump sets for irrigation which they rent out to SHG members at a below market rate. They are also rented to outsiders at a higher price.
3. The federation has started the facilitation of production of bio-fertilisers. A substantial amount of SHG members now produces their own bio-fertilisers and sell them also to SHG members that do not produce it.

In all 7 FGDs this is mentioned as being the most important benefit of the federation. In all FGDs increase in agricultural yield for members that have land was reported (the increase ranges from 50% to 400%). This means that SHG members with small families can completely depend on their own production of food, and do not have to buy food from outside anymore. SHG members with small families still have to buy some food from the market, but much less than before. However, besides this improvement in food security, their income has not increased. The agricultural practise is still only for food consumption, and none of the members sell their products. Besides working on their field most members still work as day labourers and their average monthly income (as reported in the FGDs) besides food production is around Rs. 500, which shows they are still very poor.

Although most members (around 90%) of the SHGs have small plots of land, there are some members that have no land. These members have benefited from the federation because the federation also stimulates their members to take loans for starting a shop (for example bicycle repairing or grocery shops). For the members that have started a shop with a loan from the federation, their income has increased with about Rs 600 per month (in total 8 members took 10 loans for starting a shop).

We can conclude that in GDS increase in income in the sense that the agricultural services provided by the federation have improved the agricultural yields of their members substantially. Profit from the federation is also seen as an increase in income by the SHG members. A few members have started a shop with a loan from the federation which has increased their monthly income. In this matter, empowerment in the third degree, actual achievement of choice is there.

Box 5.1: Case study from individual interview with a member of a federated SGH in GDS

Arati is married and has 3 sons and 2 daughters (5 and 7). They live with 6 members in their earthen tiled house in Bhadari village. Her husband is a tailor in Delhi. She does not live with her in-laws. She sometimes works as day labourer and has a small plot of land of 1.5 bighars. She has one grown up son, but he has a health problem so he does not work. All her children go to school. She has been a member of the SHG for 5 years and her SHG has been linked to Sangam federation for 3 years.

On her land she grows wheat, garlic, onion, chillies and potatoes for own consumption. It is sufficient for the household. Earlier she had to buy food, but that is no longer required. Her yield of wheat has increased from 80 to 160 KG. The main reason for this is that she earlier used recycled seeds. Now she buys improved seeds from the federation, the Maha Sangh. She prepares her own vermi compost with the worms that she received from the Maha Sangh for free. Also now she has access to better irrigation facilities.

She spends about Rs 100 per crop per year on seeds for paddy, wheat garlic and onion (in total Rs 400 per year). For potatoes she uses her own, she stores them in a cold room in Khalilabad.

Initially she started to irrigate her land with a treadle pump. After a while she took a loan of Rs 1000 from the Maha Sangh for buying a bore well and a diesel pump set for irrigation.

The biggest benefit from the SHG is that they now have collective strengths. The biggest benefit that she experiences from the Maha Sangh is her agricultural improvements.

When asked how she sees the future she mentions that she wants to see her children educated, and wants to have a peaceful life. She also wants her husband to come back from Delhi, which she is now confident about since the improvements in her household situation.

Bank linkage

Table 5.7: Bank linkage and loans taken from bank, for each NGO N=100 (50 Non-fed, 50 Fed)

	PANI		GDS	
	Non-fed	Fed	Non-fed	Fed
Linked to Bank	96%	98%	32%	90%
Loan from Bank	82%	90%	12%	20%
Demand for credit has been lived up to	94%	94%	96%	100%

In the SHG bank linkage model, an important indicator of economic empowerment is that SHGs are linked to a bank and start depositing their savings and taking loans and SHG members start interacting with bank staff. Given the difference in Bank linkage between the two NGOs, the findings of table 5.7 will be analysed separately.

PANI

In PANI, 82% from the non-federated sample has taken a loan from the bank, compared to 90% in the federated sample.

Although the results shown in table 5.7 on bank linkage seem very successful at first sight, there is a different story from the FGDs and individual interviews behind this, in which the federations play a

large role. The table shows almost all federated and non-federated groups are linked to a bank and have taken a loan from a bank. Also, in both groups most members are satisfied with the amount of credit available on their demand. However, the relationship with the bank was also an issue brought up in every FGD, and many problems in this relationship came up:

In 2 (out of 7) FGDs with federated SHGs and the 3 (out of 3) FGDs with non-federated SHGs a satisfactory relationship with the bank was indicated. For example in one FGD with a non-federated SHG it was mentioned that 'we do not have any problems in getting a loan or depositing money at the bank. If we want we can get a loan within 2 to 3 hours'. However, in 5 (out of 7) FGDs held with federated SHGs and 2 (out of 2) interviews with SHG leaders (president, secretary and treasurer) from federated SHGs, problems with the bank in different varieties came up:

- Opening an account (mentioned in 1 FGD)
- Long waiting time, very crowded at the bank, which leads to members having to come back 2 or 3 times to get a loan or deposit money (mentioned in 6 FGDs/interviews)
- Depositing small change is not possible (mentioned in 1 FGD/interview)
- Bank staff is unfriendly or rude (mentioned in 3 FGDs/interviews)
- The bank is far away and it is not safe to walk this long distance (mentioned in 2 FGDs/interviews)
- Bank staff are throwing away our passbooks (mentioned in 1 FGD)

In 2 FGDs and the two interviews held with SHG leaders it is mentioned that the federation, named Lok Sangh has tried to solve problems with a bank through holding a rally. The rally described in one FGD was as follows:

Box 5.2: Description in PANI FDG of holding a rally to solve problems with the bank

On 25th of August the Lok Sangh held a rally in front of the Bank. In total 3000 members from SHGs were participating, even some SHGs that have no bank account, and it took one month to organise the rally. It was decided in the Lok Sangh meeting to have the rally because they have various problems with the bank: They have problems opening an account or even to deposit money. The bank does not like to deposit small change, so if you come with Rs 161, they will only deposit Rs 160. After the rally the bank worked with them for a few days but unfortunately now the behaviour of the bank is as bad as before. The bank officials have even challenged them to have another rally, and said they will not change their behaviour. The Lok Sangh has now decided to have another rally to put more pressure.

Interviews with two banks were also held. Both banks admitted that it is very crowded and that this sometimes means people have to wait very long before they are helped. Both banks implement NABARD and SGSY schemes and have more than 100 functional SHGs, of which 70% are PANI groups and 30% other (mostly government groups). One bank interviewed was in general very pleased

with the SHGs from PANI. It was clear that he himself was also an advocate of women empowerment as he mentioned that the biggest benefit of the SHGs was that women now fight for their rights. He says that PANI groups are the best performing groups, with recovery rates of more than 80%. He does give the suggestion to PANI SHGs that there should always be one member who is literate, and that they have the experience that sometimes members do not know what their responsibility is (president, secretary or treasurer). This bank is very willing to provide PANI groups with training on bank procedures at non-banking hours, and so far they have already trained 25-30 groups.

The other bank interview, held with its branch manager, is less positive. He indicates that PANI SHGs are not aware and not educated, that they have bad repayment rates. He mentions a portfolio at risk of 40%, which he cannot prove and that under the SGSY scheme the assets that should be bought with the loans can not be verified. Later in the interview we find out that this is the bank where the rally was held and that this is something that has really upset him. When we, later on, try to verify his accusations made towards PANI groups with other bank staff (in a confidential manner) and the head office of this bank, these persons say that the accusations made are not true. Their own experience with PANI groups is very good. They even say that the only problem of the bank manager is the rally that was held against him and make remarks that suggest the branch manager is corrupt and is taking bribes after office hours. One member also states that the chairman of this particular bank had just that day visited PANI groups and that he had specifically mentioned that PANI is delivering very good work. According to PANI records, repayment rates in inter group lending and NABARD scheme are more than 90% (92% in financial year 2004-2005 and 94% in financial year 2005-2006 up to February 2006). Repayment rates under the SGSY schemes are not released for PANI separate from the banks. The first bank interviewed could show a repayment rate of 65% for the overall SGSY scheme, but indicated that PANI SHG repayment rates are better than SHGs formed by government and other NGOs.

Another solution that came up in 7 of the FGDs/interviews for solving the problems with the bank was the concept of Lok Nidhi (please see annex 2 for explanation of Lok Nidhi in the description of the SHG bank linkage model that is being implemented by PANI). Although the Lok Nidhi concept has not been fully implemented, it seems to be a concept that has high expectations in the SHGs. Most SHGs cannot mention what the rules and regulations of the Lok Nidhi will be, as it is still very new, but they do expect that it will solve all logistical and other problems they have with the bank, since the Lok Nidhi will be their bank. When asked who will take responsibility that bank officials now have they either do not know or say PANI staff will do this. Also when asked why the Lok Nidhi will not have the same problems with the banks as the SHGs they cannot really explain. However, one interview held with SHG leaders is an exception to this, as they already have a very clear idea already of the Lok Nidhi and how it will function. Also, this is a nice example of how federations do

contribute to empowerment and self sufficiency of SHG members, although still some support from PANI is expected:

Box 5.3: Description of Lok Nidhi concept in interview with SHG leaders from federated SHG of PANI

'We do have some problems with the bank: The bank officials make us wait very long when we go to deposit or withdraw. We held a rally in front of the bank 2 years back with the Lok Sangh and afterwards things changed for a bit but now the situation is similar as before. Now in the future the Lok Nidhi will be our bank. Whenever we want money we can get it from the Lok Nidhi because this is a bank for the people. How will the Lok Nidhi get money? We will bring our savings and loans can be taken from that. Who will do the work of the bank officials in the Lok Nidhi? We will find somebody; either a group member or we will hire somebody.

The role of PANI in the Lok Nidhi will be providing technical support, problem solving and provision of information. PANI staff is now doing the accounts keeping in the Lok Nidhi, but in the future we will do those ourselves, or if required we will hire someone to do it for us. From the profit on interest we will pay for expenses such as doing accounts. It will take about 2-4 years for the Lok Nidhi to become self-sufficient. We will start saving Rs. 20 with the Lok Nidhi, now this is Rs. 10 but since we have more income now we can save more. Will the savings really be enough to live up to the demand of loans? Maybe not but PANI will arrange something... But after 4 years when PANI support is withdrawn, where will you get money? PANI will have to stay with us to provide help on this. The Lok Nidhi will also have an account in the bank and will take loans from the bank. Will the Lok Nidhi not face the same problems as they do with the bank? No because the Lok Nidhi will have a bigger crowd and the Lok Sangh is for political and social issues. The Lok Nidhi will be on financial issues, so they will be specialised in this area and thus much stronger in negotiating with the bank. Also the Lok Nidhi will be able to provide us with larger loans and expansion of Income Generating Activities.'

GDS

Table 5.7 shows a difference in the bank linkage and loans taken from banks between the federated and non federated sample. In the non-federated sample, only 32% of the groups have opened a savings account in the bank, and only 12% of the groups have taken a loan from the Bank. In the federated sample almost all groups (90%) has opened a savings account with the bank and 20% of the groups have taken a loan from the bank. We found that the federation does facilitate in bank linkage, and that groups found out about bank linkage both through the federation and from GDS.

In the 3 FGDs held with non-federated groups we found that two of the groups had opened an account in the bank. However, both groups are having some difficulties. The first group has put their savings in the current account and does not get any interest on this. They do not know how to change this, and since GDS has withdrawn support from them they cannot ask them for help. The other group has a savings account but feels very insecure about dealing with the bank procedures, and they do make mistakes in filling the forms sometimes. In those cases, the bank staff is very rude to them, even so rude that they come home sometimes without having deposited the money.

In the 7 FGDs held with federated groups we found that all have opened a bank account, and one group has taken a loan from the bank. They still also keep part of their savings in a box with the treasurer, mostly to give out small loans. The other savings are deposited in the bank. Out of the 7

groups, 3 do not know the interest rate that they get on their savings in the bank. The savings are mostly deposited in the bank by the SHG leaders.

Two interviews with bank staff were held, one with the deputy manager of the State Bank of India (SBI) SHG cell, responsibility for the linkage of the SHGs under the NABARD scheme, and one with a branch manager of the SBI. In general they are very positive about their experience with GDS SHGS. Main problems that they face in the SHG linkage are:

- Sometimes bank officers have to fill out the loan or savings forms for the members because they are not literate and do not know how to do this.
- Some branch managers are not aware of the linking procedures and they sometimes create problems in loan distribution. The SHG cell of SBI does provide them with some training to solve this.
- They feel that GDS should not leave the groups that they have formed half way. They should get more support so that they are capable of preparing books and accounts.

The credit limit under the NABARD schemes ranges from Rs 30.000 to Rs 80.000 for three years. Although table 5.7 indicates that the demand for credit has been satisfied in the past two years, this is not what we found in the FGDs. Here all groups say that they need access to larger loans and also want to start investing in IGA. The NABARD scheme might solve the problem of access, but under this scheme no monitoring is done on how the loans are spent. This is only the case under the SGSY scheme, but currently GDS groups are not involved in this scheme. Also, as we have seen in Chapter 4, the functioning of this scheme is far from ideal.

Knowledge, interest and actual participation in training on income generating activities and accounts keeping.

	PANI						GDS					
	Knowledge of training		Interest in training		Actual participation		knowledge about training		Interest in training		Actual participation	
	Non-fed	Fed	Non-fed	Fed	Non-fed	Fed	Non-fed	Fed	Non-fed	Fed	Non-fed	Fed
NGO IGA	80%	86%	68%	52%	44%	50%	78%	54%	60%	54%	52%	40%
Federation IGA	0%	6%	0%	4%	0%	4%	2%	12%	10%	12%	10%	12%
SHG IGA	0%	6%	0%	4%	0%	2%	4%	0%	0%	0%	2%	0%
NGO Accounts keeping	60%	68%	12%	38%	14%	40%	96%	52%	80%	50%	76%	38%
Federation Accounts	0%	4%	0%	4%	0%	2%	0%	10%	0%	4%	0%	4%
SHG Accounts keeping	2%	10%	0%	6%	0%	6%	4%	0%	0%	0%	2%	0%

For PANI groups, we can conclude from table 5.8 that in all degrees of empowerment; existence, use and achievement of choice, the federation sample scores better. While knowledge about training from the NGO is similar, interest and participation is higher in the federation sample, except for interest in NGO training on IGA, which might be explained by the focus on IGA in the project implemented in the non-federation area. The members in the non-federation sample do not know about training being

provided by the federation or SHGs. The overall participation in any kind of training is 48% for non-federation and 62% in federation. From the FGDs and individual interviews, it becomes clear that both in federated as in non-federated SHGs, there is a huge demand for training and development of IGA.

For GDS we can conclude that the non-federated sample is more aware of training being provided by GDS in IGA and on accounts keeping. In the federated sample only around 50% is aware of this. Actual participation in training is also higher in the non-federated sample, especially on accounts keeping. We also found that some non-federated groups are aware of the federation, mostly because of other groups in their village or nearby that are linked to the federation. Through this channel, they also receive information from the federation on IGA. The SHG members interviewed are not aware of any training given by the SHG, which is remarkable, as sometimes training or information is given (by GDS or the federation) to only one or two members, who are then expected to pass this on to their groups.

Decisions taken in the household on how loans and savings are spent

		PANI		GDS	
		Non-fed	Fed	Non-fed	Fed
N		48	49	47	48
Preference of SHG member	Joint	77%	88%	87%	69%
	Female	15%	10%	4%	21%
	Male	8%	2%	9%	10%
Decisions taken before SHG	Joint	69%	67%	77%	46%
	Female	13%	0%	4%	10%
	Male	19%	33%	19%	44%
Decisions taken after SHG	Joint	77%	88%	85%	60%
	Female	13%	12%	6%	29%
	Male	10%	0%	9%	10%

The questions around decisions taken within the household were only asked to SHG members with a male adult in their household, which is why the sample size shown in table 5.9 is less than 50 and differs for the 4 sample groups.

From table 5.9 we can conclude that there are positive effects in both NGOs and in both groups. All groups have been able to convert their preferred mode of decision taking to actual decision taking, which means empowerment in the third degree, achievement of choice is there for all groups. But in the federated groups the difference between decision taking before and after they joined the SHG is more significant, especially the result that for PANI federated SHGs now in 0% of the cases decisions are taken by the male member only compared to 33% before joining the SHG. Similarly, for GDS federated SHGs now in 10% of the cases decisions are taken by the male member compared to 44% before joining the SHG.

Thus we can conclude that being a member of the federation has improved empowerment regarding decision taking on how savings and loans are spent.

A remarkable finding for which we have found no explanation is that in both NGOs, there is a difference between the federated and non-federated sample in the 'before' and 'after' situation. For both NGOs, male decision taking before joining the SHG was higher in the federation sample than in the non-federation sample. Perhaps migration or the differences in sex of the research assistants could explain this finding, but that would need further research.

Conclusions

From the preceding section we can conclude that there are mixed findings to the question whether SHG federations contribute to economic empowerment of SHG and their members.

In economic empowerment of SHG members, the federations have had a positive effect on:

1. Knowledge about available loan services, favour in using these loan services in PANI. In PANI, the members from the federation sample are more capable of transforming their favoured choice of financial institution/person into actually taking a loan from this institution/person: 98% favours taking a loan from the SHG and 68% actually took a loan from the SHG, compared to 84% wanting to take a loan from the SHG and 46% actually taking a loan in the non-federation sample. **Empowerment in the third degree**, actual achievement of choice is there.
2. Active knowledge about taking a loan from the bank among the members is very low in both NGOs, but in both NGOs the federation sample scores better than the non-federation sample, with 12% compared to 0% and 2%. **Empowerment in the first degree**, existence of choice is there.
3. Increase in income in the sense that the agricultural services provided by the federation have improved the agricultural yields of their members substantially in GDS. Profit from the federation is also seen as an increase in income by the SHG members. A few members have started a shop with a loan from the federation which has increased their monthly income. In this matter, **empowerment in the third degree**, actual achievement of choice is there.
4. Bank linkage. In PANI, 82% from the non-federated sample has taken a loan from the bank, compared to 90% in the federated sample. Also the federation plays a substantial role in trying to solve the various problems SHGs encounter with banks. In GDS although bank linkage is low, we found in FGDs that federations play a role in facilitating bank linkage. 12% from the non-federated sample has taken a loan from the bank, compared to 20% in the federated sample. **Empowerment in the third degree**, actual achievement of choice is there.

5. Household decision taking on how loans and savings are spent. For both NGOs we can conclude that being a member of the federation has improved empowerment regarding decision taking on how savings and loans are spent. **Empowerment in the third degree**, actual achievement of choice is there.

In economic empowerment of SHG members, we cannot conclude that the federations have had a positive effect on:

6. Knowledge about available loan services, favour in using these loan services in GDS.
7. No longer having to take a loan from moneylenders is seen as a major benefit from being a member of a SHG, but there is no evidence that being a member of a federation has an effect on this.
8. Amount of loans and savings and whether they are spent on IGA, in both NGOs. In PANI, we had to disregard the findings on investment of loans, as the NGO interventions in the federated and non-federated SHGs were not similar.
9. Knowledge and participation in training on IGA and accounts keeping in GDS.

Chapter 6: Political empowerment: Data analysis and findings

This chapter presents the findings of the research on political empowerment, and in particular whether being a member of a SHG federation has had an effect on political empowerment. In the survey, the three degrees of empowerment, existence, use and achievement of choice were measured through looking at:

1. Knowledge about elections, desire to vote during last PRI elections, actual voting and extent to which the federation facilitated this. Desire to be elected as PRI representative, actual attempts to be elected and number of members that were elected during the last PRI elections.
2. Decision taken within the household about voting. The favourite mode of decision taking is compared to the actual household situation before and after joining the SHG.
3. Knowledge, interest, participation and influence on the Gram Sabha.
4. Knowledge, access to and use of services being provided by the PRI system. To find out more about the effect the federation might have on access to services provided by the PRI system members were asked whether their access has changed in the past two years and whether the federation played a role in this.

Since the findings of the survey for the two NGOs differ quite substantially, they will be presented separately. The findings of the quantitative data will be analysed in combination with the findings from semi structured interviews and FGDs held with individual SHG members, SHG, SHG leaders, federation leaders and government officials. The chapter will end by a conclusion on if, and to what extent SHG federations contribute to political empowerment of SHGs and their members.

Voting and elections

Table 6.1: Knowledge about PRI system, voting and participation in elections, for each NGO N=100 (50 Non-fed, 50 Fed)

	PANI		GDS	
	Non-fed	Fed	Non-fed	Fed
Knows what PRI system is and can explain it	40%	92%	88%	90%
Wanted to vote in 2005 PRI elections	98%	100%	98%	100%
Did vote in 2005 PRI elections	86%	100%	96%	96%
Knows that she can contest in PRI elections	94%	58%	64%	90%
Would like to be elected in PRI elections	68%	44%	24%	90%
Has tried to be elected in PRI elections	10%	8%	2%	4%
Was elected as representative of PRI system	0%	2%	0%	0%

Table 6.2: Facilitation in voting from SHG and federation, for each NGO N=100 (50 Non-fed, 50 Fed)

	PANI		GDS	
	Non-fed	Fed	Non-fed	Fed
SHG facilitated voting	72%	22%	40%	42%
Both SHG and federation facilitated voting	0%	43%	0%	14%
Federation facilitated voting	0%	6%	0%	6%
Neither SHG or Federation facilitated voting	28%	29%	60%	38%

From table 6.1 we can conclude that regarding the PRI system, empowerment in the first degree, namely existence of choice (knowledge about how the PRI system functions) is very strong in the PANI federation sample (92%), and not so strong in the PANI non-federation sample (40%). This is an important difference, since only if there is knowledge about how to improve access to your rights, you can do something about it. This difference in awareness was also found in the FGDs and individual interviews (see also later in this section). For GDS, empowerment in the first degree is very strong in both groups.

Regarding voting we find positive effects in both NGOs and for all groups; in the PANI federated sample and the two GDS sample groups (almost) 100% have been able to convert desire to vote into actual achievement of choice since also 100% voted in the last elections held in 2005. For the PANI non federated groups, this third degree empowerment (achievement of choice) is also there, but less strong: out of 98% that wanted to vote, 86% actually did. However, in PANI the non-federated groups are more aware that they themselves can also be elected as a representative of the PRI system. According to information from PANI staff this can be explained since in the non federated area a campaign was held to create awareness that SHG members can also contest in the elections. This means again that the control variable 'NGO intervention' has not been kept constant thus we cannot include these findings in our conclusion whether being a member of the federation has an effect on political empowerment.

In GDS the federated groups are more aware that they themselves can also be elected as a representative of the PRI system (90% as opposed to 64% in non-federated SHGs⁹). From the FGDs with federated groups we learned that voting is discussed in the federation meetings, which explains the figures in table 6.2 regarding facilitation of voting. In particular it is discussed that members from the SHGs and federations should get elected as PRI representative. In one FGD it was mentioned that 2 members from their federation contested in the last PRI elections, and one was elected. However, from the quantitative data we can conclude that third degree of empowerment in the GDS federation

⁹ A Chi-Square Tests for variables being member of a federation (yes/no) and knowledge about contesting in elections (yes/no) confirms that there is a statistically significant correlation between these variables with a 95% confidence, thus being a member of the federation in GDS has an influence on knowledge about contesting in elections (Pearson Chi-Square value = 9,543), significance = 0,002, degrees of freedom = 1)

sample is not yet there on this issue, as only 4% actually contested in the PRI elections and none were elected.

Decisions taken within the household on voting

		PANI		GDS	
		Non-fed	Fed	Non-fed	Fed
N		48	49	47	48
Preference of SHG member	Joint	63%	61%	57%	33%
	Female	19%	33%	28%	33%
	Male	19%	6%	15%	33%
Decisions taken before SHG	Joint	56%	49%	57%	29%
	Female	17%	27%	21%	8%
	Male	27%	24%	21%	63%
Decisions taken after SHG	Joint	58%	59%	64%	35%
	Female	21%	33%	23%	31%
	Male	21%	8%	13%	33%

The questions about decisions taken within the household were only asked to SHG members with a male adult in their household, which is why the sample size shown in table 6.3 is less than 50 and differs for the 4 sample groups.

From table 6.3 we can conclude that there are positive effects in both NGOs and in both groups. All groups more or less have been able to convert their preferred mode of decision taking to actual decision taking, which means empowerment in the third degree, achievement of choice is there for all groups. But in the federated groups the difference between decisions taken before and after they joined the SHG is more significant, especially the result that for PANI federated SHGs now in 8% of the cases decisions are taken by the male member only compared to 24% before joining the SHG. Similarly, for GDS federated SHGs now in 33% of the cases decisions are taken by the male member compared to 63% before joining the SHG.

Thus we can conclude that being a member of the federation has improved empowerment regarding decision taking on voting.

Similarly to the findings around decision taking around savings and loans, there is a difference between the GDS federated and non-federated sample in the 'before' and 'after' situation. Male decision taking before joining the SHG was much higher in the federation sample (63%) than in the non-federation sample (21%). In discussing this finding with GDS, we could find no explanation. Both sample groups are located in the same rural areas, and members have the same socio-economic background. Selection criteria for forming the SHGs also have been similar. Perhaps migration or the

differences in sex of the research assistants could explain this finding, but that would need further research.

Knowledge, participation and influence on Gram Sabha¹⁰

		PANI				GDS			
		Absolute numbers		In percentages		Absolute numbers		In percentages	
		Non-fed	Fed	Non-fed	Fed	Non-fed	Fed	Non-fed	Fed
Can explain what the Gram Sabha is		23	30	46%	60%	20	28	40%	56%
Interest in Gram Sabha	Very interested	4	8	8%	16%	2	5	4%	10%
	Fairly interested	12	15	24%	30%	4	6	8%	12%
	Slightly interested	6	5	12%	10%	7	14	14%	28%
	Not interested	1	1	2%	2%	7	3	14%	6%
Participation in Gram Sabha	Never	5	7	10%	14%	13	16	26%	32%
	A few times	12	17	24%	34%	7	6	14%	12%
	Regularly	6	5	12%	10%	7	6	14%	12%
Perceived influence on Gram Sabha decision		18	21	36%	42%	2	28	4%	56%
Has actually influenced Gram Sabha decision		8	14	16%	28%	1	4	2%	8%

	PANI		GDS	
	Non-fed	Fed	Non-fed	Fed
More since SHG	50%	24%	40%	38%
More since federation	0%	6%	0%	6%
More since both	0%	52%	0%	32%
More - in total	50%	82%	40%	76%
Same	50%	18%	56%	22%
Less	0%	0%	0%	0%

From table 6.4 we can conclude that the findings in both NGOs are quite similar. For both NGOs, knowledge and interest in the Gram Sabha is higher than in the non-federations sample. This means that we can conclude that the federation does have an effect and that empowerment in the second degree is there. For PANI we can also conclude that federations contribute to empowerment of the third degree, since actual participation in and influence on the Gram Sabha meetings is higher in the federation sample. This conclusion is also confirmed in the FGDs and individual interviews, as we will see further in this section. From table 6.5 we can also conclude that the level of involvement in

¹⁰ Initially, we found a very low response to the question what the Gram Sabha is in the PANI federation sample. Later on we found that Gram Sabha is not always used as a name for this meeting so in putting this question we also referred to an 'open meeting in the village'. We found that in this case respondents could answer the question and could explain that this is the meeting where the Pradhan and his secretary and other PRI representatives take requests from villagers. For the federation sample, we had to recheck this question. Unfortunately rechecking was not possible in 7 cases, which slightly distorts the percentage of knowledge about Gram Sabha of 60%. In fact, the expectation is that would we have been able to recheck this questions with the 7 members, the percentage would go up to 70%. This question was also rechecked in 3 FGDs after the data collection process, where it was found that most of the members know the Gram Sabha, but that only some of them participate in it. It was also found that the functioning of the Gram Sabha varies a lot, both in terms regularity of meetings as well as in opportunities to really influence decisions from the Pradhan.

the PRI process is higher in the federation sample of both NGOs (82% PANI, 76% GDS), compared to the non-federation sample (50% PANI, 40% GDS).

In the FGDs with GDS non federated groups we found that only one out three groups knew about the Gram Sabha meetings. The members of this group however never went to the Gram Sabha meetings, and said that only males go there. In the FGDs with GDS federated groups we found that six out of seven knew about the Gram Sabha meetings. In three groups, members also said that they go to the meetings sometimes, but in three other groups it was mentioned that only husbands go to these meetings.

In FGDs and individual interviews with the PANI non-federated sample we found that most people do know the Gram Sabha, but few participate and no increase in services had been achieved through the Gram Sabha. Out of 3 FGDs 2 groups mention that they do not know when the meetings are held because the drums that announce the meeting are not played (the secretary of the Pradhan, also called Village Development Officer, is responsible for this). Also, 2 groups mention that they have tried to increase access to services such as ration cards through the Gram Sabha, but that so far they have not succeeded.

In the FGDs and individual interviews with the PANI federated sample we found that that most people do know the Gram Sabha, some participate in it and in a few cases (3) increase in services had been achieved through the Gram Sabha. They also encounter many problems in the functioning of the Gram Sabha such as:

- Do not know when the meetings are held, drums are not played (3 times)
- Nobody shows up, not even the Pradhan himself (1 time)
- Usually male members go (2 times)
- The Pradhan does not listen to us (2 times)
- We have to cover our faces when speaking to the Pradhan (1 time)

Also, it seems that per village the regularity of the meetings varies (from 1, 2, 4 times per year to once a month). However in 3 FGDs it was mentioned that they do visit the Gram Sabha regularly and that they have also been able to gain access to services, for example:

'We all go to the meetings of the Gram Sabha. In the Gram Sabha the Pradhan, his secretary and the revenue officer of the PRI is present and demands are put to them. We put forward the issues that they have discussed in the federation, the Lokh Sangh. In this way, we have successfully gained access to brick roads, drinking water, housing, drainage and finishing roofs of houses.'

From interviews held with the Block Development Officer (BDO), one Village Development Officer (VDO) and two Pradhans in the PANI intervention area we also find that the local government system and the Gram Sabha are not always functioning. However, they all stress that the Gram Sabha is the most important medium through which poor people can get access to their rights. It therefore seems important that in the Lokh Sangh and SHGs even more awareness of this is created and put into action. The BDO mentions that there is a manpower problem with his VDOs that should monitor the progress in the villages. The VDOs are responsible for motivating people to come to meetings but sometimes have no time for this as they have to overlook as much as 6 panchayats. However, recently this issue has been discussed at state level and as of April 2006 manpower will be increased which will improve the ratio of Panchayats per VDO to 3.

The VDO interviewed is very much pro-development and indicates that there are many government services available but that the reasons that these services do not actually reach the poor are twofold:

1. He strongly feels that the system is being spoiled by people who ask for services but do not deserve them. In principal the services are reserved for the poorest of the poor. He does feel that the SHGs formed by PANI are of the poorest section in the villages.
2. There are also a lot of political games involved. If an area is not under the ruling political party they might get fewer resources (after probing on this he does not want to explain more).

One Pradhan interviewed is actually a male PANI SHG member. He gives a nice insight into the ideal situation where a Gram Sabha meeting is held every month and people actually get access to rights. This interview shows that there are many government resources available. He was only elected in 2005 but has already provided poor people with 33 houses (an additional 80 are planned), 18 tube wells and a school.

The second Pradhan interviewed shows a different picture. Although he has been the Pradhan for more than two decades, he does not even know that the name of the open meeting is Gram Sabha and only has an open meeting once a year. This is the only time when requests for services are being processed, and he says that if the Lokh Sangh or SHGs come to him with requests during the year, he will not give them priority.

The following case study gives good insight in the functioning of the local government system in the GDS intervention area.

Box 6.1: Case study from interview with two Pradhans in the GDS intervention area

Their responsibility is to deliver the government services to the right people, the poorest of the poor. Also their role is to be absolutely impartial, make no difference between caste or communities and to keep communal harmony

An example of how the system works:

If I want to give housing to the villages I have to select the poorest. Per house the budget available is Rs 25.000, for improving the roofs of houses it is Rs 12.500. His village has 13 houses sanctioned. First he does the identification in the villages and then makes a budget. This budget is submitted to the BDO who sends it to the CDO. The CDO owns the budget and this budget is further distributed to the BDO. In his case, he had asked for 26 houses but only got 13. The reason that he did not get it might have been lack of budget at block level.

The government also works with the concept of model villages. One of the two was appointed the model village concept, the other not. They say whether you get the model village or not is a political game, if the Pradhan is not from the ruling party it will be very difficult to get the model village concept in his area. But they also say that even without the model village the Pradhans have access to a lot of services like ration cards, housing and rickshaws. It is also very important that Pradhans are not selfish and actually provide these services to the poor.

In their observation, the local government system has improved. There is still about 25% of misappropriation, but 75% of the Pradhans are really trying to do their work. The reason for the improvement is that people now are much more aware, education has helped a lot in this. People are also becoming aware through newspapers and television.

Their priority in the coming 5 years is to stop open defecation; we will provide latrines in every house. Also, they say that the government is making a fool of us, providing only 1500 for a latrine, this is not enough. Due to corruption the available funds do not reach the villages. Each Member of Parliament is given Rs 2 crore by the government to take up development activities, and the MLAs are given Rs 1.5 crore, but it is not reaching the villages.

One of these Pradhans is also the president of the platform of Pradhans in Bagholi block. He says that the platform has written a letter to the president of India 1 ½ month ago requesting him that this money is provided to the blocks directly instead of to the MOPs and MLAs. The blocks can then distribute it to the panchayats.

They do observe an improvement of 50% in women empowerment; some women are now coming to the Gram Sabha meetings. They have also started a concept of telling the husbands who come to the Gram Sabha to bring their wives otherwise the Pradhans will not take any requests from them.

They also say that a SHG member was elected as a PRI representative, which is very good.

They advice the SHGs to open accounts in the banks so they can access larger loans. These Pradhans have already talked to the bank managers about this. One Pradhan says he also goes to the federation meetings and that all SHG members should feel free to approach him directly and that he will assist them.

Knowledge, access to and use of services provided by the PRI system

Table 6.6: Knowledge, access and use of services, for each NGO N=100 (50 Non-fed, 50 Fed). Note: Services were not listed, respondents know the

	PANI						GDS					
	Knowledge about		Feels can access		Actual use		Knowledge about		Feels can access		Actual use	
	Non-fed	Fed	Non-fed	Fed	Non-fed	Fed	Non-fed	Fed	Non-fed	Fed	Non-fed	Fed
Water supply	66%	92%	64%	76%	42%	64%	84%	64%	84%	58%	32%	48%
Vaccination mothers and children	0%	42%	0%	46%	0%	46%	14%	40%	14%	32%	8%	20%
Primary education	12%	68%	6%	64%	6%	56%	94%	50%	94%	50%	80%	36%
Mid-day meal in schools	46%	58%	26%	46%	24%	44%	82%	74%	84%	44%	72%	38%
Health services	0%	24%	0%	24%	0%	22%	0%	2%	0%	2%	0%	2%
Social Security Schemes	52%	58%	36%	40%	8%	26%	58%	82%	58%	40%	6%	28%
Public distribution system	36%	64%	34%	58%	16%	54%	82%	90%	84%	78%	68%	62%
Land	18%	24%	16%	32%	2%	8%	8%	16%	8%	8%	4%	8%
SGSY	2%	2%	2%	2%	0%	2%	0%	0%	0%	0%	0%	0%
Employment guarantee scheme	2%	2%	2%	0%	0%	2%	0%	0%	0%	0%	0%	0%
Housing	82%	100%	74%	76%	24%	46%	76%	58%	82%	16%	14%	14%
Infrastructure	88%	96%	88%	74%	84%	68%	92%	96%	90%	92%	54%	94%
Total sanitation scheme	26%	32%	20%	28%	4%	16%	18%	20%	18%	12%	8%	4%
Electricity	14%	50%	8%	32%	2%	24%	40%	30%	38%	22%	10%	2%
Other	24%	4%	8%	4%	6%	4%	6%	44%	4%	16%	0%	8%
None	2%	0%	0%	0%	10%	2%	0%	0%	0%	2%	0%	2%
Average over all services	31%	48%	26%	40%	15%	32%	44%	44%	44%	31%	24%	24%

Table 6.7: Knowledge, access and use of PRI services- summary, for each NGO N=100 (50 Non-fed, 50 Fed)

		PANI			GDS		
		Knowledge	Access	Use	Knowledge	Access	Use
Federation	Mean	7,2	6,0	4,8	6,7	4,7	3,6
	Std Dev	2,1	2,5	2,3	2,7	2,3	2,0
	Min	4,0	1,0	1,0	2,0	0,0	0,0
	Max	11,0	12,0	9,0	11,0	9,0	8,0
Non-federat	Mean	4,7	3,8	2,2	6,5	6,6	3,6
	Std Dev	2,2	1,9	1,7	1,5	1,4	1,5
	Min	0,0	0,0	0,0	4,0	4,0	1,0
	Max	8,0	9,0	9,0	10,0	11,0	7,0

Table 6.8: Change in access to PRI services in past two years, for each NGO N=100 (50 Non-fed, 50 Fed)

		PANI		GDS	
		Non-fed	Fed	Non-fed	Fed
Tried to increase access to PRI services in past 2 years		54%	76%	46%	44%
Access increased through	Personal	42%	50%	42%	34%
	SHG	14%	26%	2%	8%
	Federation	0%	4%	0%	0%
Change in access to services	Increased	64%	82%	90%	86%
	Same	34%	18%	10%	14%
	Declined	0%	0%	0%	0%

As the findings in tables 6.6 to 6.8 regarding knowledge, access and use of PRI services differ substantially for the two NGOs, the analysis of the findings will also be presented separately.

PANI

Table 6.6 and table 6.7 show that the federation sample scores better in all three degrees of empowerment. In the questionnaire, it was asked what local government services they could mention by heart, to which of those they feel they can have access to and which of those they had used in the

past 2 years. As table 6.7 shows, on average the federation sample could mention 7, felt they had access to 6 and actually used 5 services in the past 2 years. In the non-federation sample these figures are almost, 5, 4 and 2. An independent sample T test also confirms that there is a significant difference between the average knowledge, access and use of PRI services from Table 6.8¹¹.

In the 3 FGDs with non-federated SHGs we found that in two SHGs access to PRI services was not really discussed in the SHG, although members did know the PRI system. One SHG mentioned that they do discuss how to get access to PRI services, but that they have not been successful so far:

'Yes we do discuss in the group to file complaints to the district magistrate because the Pradhan is not delivering services. We did go to the district magistrate to request for land and housing because the Pradhan did not provide but nothing happened so far. We have not received any benefits from the PRI system, not even improvement in roads. We all vote, but the person that we voted for was not elected. Next time when we vote we will make sure that the person that will provide services is elected, but this will take another 5 years. In the coming 5 years we do not have any hope in getting any services.'

In the FGDs and individual interviews held in the federation sample, we found that the effect of the federation on access to PRI services was quite substantial. All groups mention that access to PRI services is an important issue that is discussed in the federation (Lok Sangh) meetings. In 6 out of the 7 FGDs it was mentioned that through pressure from the Lok Sangh, group members have now gained access to PRI services. The range varies from only gaining access to ration cards for the whole group, to gaining access to a range of services such as roads, drainage, improved housing, widow compensation, irrigation and mid-day meals in school. Two groups also mentioned that through pressure of the Lokh Sangh, there now is a Gram Panchayat office and school in the village.

Table 6.8 shows that in both groups, members have tried to increase access to services and that they actually were successful in this. The federation sample scores better, this is in line with the qualitative information from FGDs and individual interviews. However, in the FGDs with the non-federation sample, we have not been able to verify that there has been an increase in access to PRI services, which is in contradiction to the findings in the survey.

Another remarkable finding in table 6.8 is that in the federation sample, 50% of the efforts made to increase access to PRI services was made on personal account, 26% with the SHG and only 4% with

¹¹ For average knowledge about services T value = 5,802, two sided significance = 0,000 resulting in a non-significant difference at the 0.05 level. For average of perceived access to services T value = 4,876, two sided significance = 0,000 resulting in a non-significant difference at the 0.05 level. For average use of services T value = 6,560, two sided significance = 0,000 resulting in a non-significant difference at the 0.05 level

the federation. This is not in line with the significant effect of the Lokh Sangh on access to government services that we found in the FGDs and individual interviews. However, after cross checking this information in 3 FGDs after the data collection process, we found some explanations for this. In two FGDs it comes out very strongly that proposals for increase in services are processed through the Lokh Sangh meetings, but that in addition to this, when meeting the Pradhan in the village, the individuals also put forward their requests. These two groups mention that the Lokh Sangh has played a major factor in empowering them to demand their rights, and that before they were a member of the Lokh Sangh they had no idea how to increase access to PRI services. In the third group the findings are more mixed. About half of the group mentions that the Lokh Sangh plays a major role in this, but the other half of the group is not very aware of the Lokh Sangh and mentions that increase in access to PRI services is done on personal account.

The following case study gives a good insight on how the federation had an effect on access to PRI services of an individual SHG member in PANI.

Box 6.2: Case study from interview with a federated SHG member in the PANI intervention area

Rita Devi lives with her husband and two daughters in a village named Mandhata Ke Purwa. Her 2 sons work in a flower nursery in Punjab. Her husband looks after a grocery shop in the village. She also works in the shop as well as on her small plot of land where she grows paddy and wheat for own consumption. She draws water from the PRI tube well and has no latrine.

She took a loan from the SHG for paying back another loan she took at 5% interest rate 3 years back. She will not take any of these high interest rate loans in the future anymore.

Recently she also took a loan of 30.000 to start the shop in the village. She can now meet the household expenditures and has even improved her house. Her monthly income has increased and now she also has money for the education of her children.

She says that whenever her SHG is not able to solve problems such as access to water and drainage they bring this to the Lokh Sangh meeting. The Lokh Sangh meeting will then collectively try to help the SHG gain access to these services.

Through the Lokh Sangh she personally gained access to housing, a hand pump, drainage and brick roads. Earlier she had a pit to store water, now she has drainage. She always goes to the Lokh Sangh meetings. Usually she does not go to the Gram Sabha meetings due to lack of time but other members from her group go and debrief her. She does feel that she can really get things done in the Gram Sabha, especially with the help from the Lokh Sangh, and gives the example of her house.

She feels that PANI has given lots of information and support but that her group and the Lokh Sangh can now manage their affairs on their own.

In the future she will make sure that her daughters receive the best education. Before that she will not let them get married.

GDS

From tables 6.6 to 6.8 we can conclude that being a member of the federation has not had an effect on the knowledge, access and use of PRI services. The first degree of empowerment, knowledge of PRI services is 44% in both groups. The second degree of empowerment, use of choice, is even stronger in the non federated group. And the third degree of empowerment, actual achievement of PRI services is

24% in both groups. In both groups almost 50% has tried to increase access to PRI services in the past 2 years, but according to the quantitative data, the federation has played no role in this.

From the FGDs held with federated SHGs and with the executive committees of both federations in the sample, we found that the federation recently did start to discuss access to government services in their meetings. From the interviews with both the executive committees of the federations we found that both had invited the Block Development Officer to the federation (Maha Sangh) meetings to discuss access to government services. In one of two federations they have received nothing after this meeting. They indicate that the BDO is interested to start the SGSY scheme with their SHGs but they themselves are not interested in this:

'Under the SGSY schemes many bribes will have to be paid to the bank officials, the BDO office, the Pradhan and his secretary. In the end this will break even for us, even though the scheme is being subsidized for 50%. We cannot pay these bribes because we are poor'.

They now plan to put one more request for services such as latrines, roads, drainage, old age pension and assistance in marriage of daughters in poor families to the BDO. If they still receive nothing they will have a rally with the whole Maha Sangh in front of the BDOs office.

The other federation interviewed has recently started the process of getting access to government services. They have put forward requests for latrines jointly with the federation (and support from GDS) and have already received some. Besides this they have not been able to put forward any requests yet but they plan to do this in the future.

From the interviews held with 3 Pradhans and 3 Village development officers we found that the local government system is not always functional, but also that improvements in this area are being made. We held interviews with a very young lady Pradhan, who was recently elected and although she cannot even participate in the Gram Sabha meetings (her father in law now chairs them), she is eager to learn the system and has planned to take her full responsibility as Pradhan in the coming time. Besides this we interviewed a Pradhan Pathi, which is a concept where a male Pradhan can no longer be elected because his seat is reserved for a woman so he makes sure his wife, who is not literate and does not leave the house without him, is elected. This shows that the system is still male dominated. The VDOs interviewed indicated that although there has been some improvement in women empowerment, still only about 3% of the participants in the Gram Sabha meetings are women. All stress however that the Gram Sabha meeting is the only way to get access to government services so it is important that women go to these meetings.

Conclusions

From the preceding section we can conclude that there are mixed findings to the question whether SHG federations contribute to political empowerment of SHG and their members. The findings are strongly dependent on the functioning of the federation, which again is strongly dependent on the NGO intervention.

In political empowerment of SHG members, the federations have had a positive effect on:

1. Awareness that members themselves can be elected as representatives in PRI elections in GDS. This **empowerment however is only in the first and second degree**, meaning that their knowledge and interest has increased but members are not empowered enough to be able to convert their choices into results.
2. Household decision taking on voting. For both NGOs we can conclude that being a member of the federation has improved empowerment regarding decision taking on voting. **Empowerment in the third degree**, actual achievement of choice is there.
3. For both NGOs, knowledge and interest in the Gram Sabha in the federation sample is higher than in the non-federations sample. This means that we can conclude that the federation does have an effect and that **empowerment in the second degree** is there. For PANI we can also conclude that federations contribute to **empowerment of the third degree**, since actual participation in and influence on the Gram Sabha meetings is higher in the federation sample.
4. For PANI, the federation has had a positive effect on knowledge, access and use of PRI services. **Empowerment in the third degree** is there.

In political empowerment of SHG members, we cannot conclude that the federations have had a positive effect on:

5. Actual increased influence on decisions taken in the Gram Sabha and actual increase in access to government services in GDS. The federations have just started this process and results are yet to be seen.

Chapter 7: Social empowerment: Data analysis and findings

This chapter presents the findings of the research on social empowerment, and in particular whether being a member of a SHG federation has had an effect on social empowerment. In the survey, the three degrees of empowerment, existence, use and achievement of choice were measured through looking at:

1. Involvement in and benefit from various community development organisations. However, in the questions asked through the survey on knowledge of various community development organisations it was found that none of the respondents had any knowledge of this. This shows that in general social action in the research area is quite absent, thus there is no 'existence of choice' in the first place (first degree of empowerment). This existence of choice is only created through the formation of SHGs and federations, and it is through these that social empowerment takes place, as the findings in this chapter will confirm.
2. Change in social status in the community and the household. SHG members were asked to indicate whether their social status in the community and in the household have changed after joining the SHG.
3. Decisions taken within the household on social issues. The favourite mode of decision taking is compared to the actual household situation before and after joining the SHG.

Since the findings of the survey for the two NGOs differ quite substantially, they will be presented separately. The findings of the quantitative data will be analysed in combination with the findings from semi structured interviews and FGDs held with individual SHG members, SHG, SHG leaders, and federation leaders. The chapter will end with a conclusion on if, and to what extent SHG federations contribute to social empowerment of SHGs and their members.

Change in social status in the community and in the household since joining the SHG

Table 7.1: Change in social status in the community and household, for each NGO N=100 (50 Non-fed, 50 Fed)

		PANI		GDS	
		Non-fed	Fed	Non-fed	Fed
Social status in the community	Improved	68%	98%	96%	94%
	Deteriorated	0%	0%	0%	0%
	Same	32%	2%	4%	6%
Social status in the household	Improved	68%	98%	92%	94%
	Deteriorated	2%	0%	0%	0%
	Same	26%	2%	8%	6%

From table 7.1 we can conclude that in both NGOs and in both groups the status of the members in the community and within the household has improved significantly since joining the SHG. For PANI, there is a difference in the perceived status in the community and household between the federated and non-federated sample, which is also confirmed by the qualitative data findings (please see below). In the federation sample, 98% mention an improvement in both community and household status, while in the non-federated sample this is not the case. For GDS the figures in both groups are similar, so from these we cannot conclude that being a member of the federation contributes to social empowerment. However, in the qualitative data collected at GDS, we found that there is a difference in empowerment between federated and non-federated groups, especially related to collective social action in the community.

Qualitative data findings PANI

In the FGDs and individual interviews held in the PANI non-federated sample, the most important changes in the community mentioned was that now the women feel free to go out and speak to people, where before they use to stay in the house. They also feel that people now know them more and respect them. Their status in the household increased mainly because of the access to credit they now have. For example, in one individual SHG member mentions that:

‘Before I was very shy and not so open, now I feel I can speak to anyone and people know me. Also my status in the household has improved now I have access to funds; if I say something other household members listen to me. For example I was also consulted in the marriage of my sister in law that is now taking place.’

In the FGDs and individual interviews held in the PANI federated sample, social empowerment comes out quite strongly, which verifies the quantitative data collected. In all they mention an improved status in the community and within the household (except for one participant in a FGD, who says there

has been no improvement and still covers her face). Very often it is mentioned that before they did not even dare to go out of the houses and use to cover their faces, and now they feel free to go anywhere, even outside the villages and to the bank, police station etc, and they feel free to speak to any one. Within the household they are now valued for their increased knowledge and economic status and whenever they come back from SHG or Lokh Sangh meetings household members are eager to learn from them.

The Lokh Sangh makes them feel that they have a collective strength, and that they can take up anything. Some examples of collective social action taken by the Lokh Sangh that came up in the FGDs and interviews are:

- *A poor lady from another SHG had a small plot of land and she was being bullied by some people, she was not allowed to grow crops on her own land. The Lokh Sangh held a rally in front of the house of the culprits. They did not come out of the house and since then, which was 3 years back, there have been no problems with these people anymore. The lady can now grow crops on her land and can use these crops for food consumption.*
- *There have been incidences where a husband gets drunk and beats up his wife. We as a group then come together and tell him off. We have even beaten him. Now there is no more problem with him.*
- *In a village there is a school and the teacher is not treating the children very well, also when they are fighting, he does not care. The Lokh Sangh members went to him and told him that it is his responsibility to take care of the children. The teacher replied that it was none of their business, and the Lokh Sangh put him under pressure. Now the teacher is taking care of the children.*
- *A village was dominated by the Thakurs (higher caste) whom had taken all the land in the village. The poor had no access to land. The Lokh Sangh went with all 19 member SHGs to the village and moved to the land revenue officer of Sohawal and applied to get the land back. They managed to get access to 12 bikers of land for the poor.*

On the other hand, not all SHG members are equally aware of the collective social actions that have been undertaken by the Lokh Sangh for their benefit. For example, in an interview with SHG leaders it was mentioned that after a fire in a village SHG members received housing and financial support (Rs 50.000), but they could not tell whether the Lokh Sangh played any role in this. In another FGD we learned that the Lokh Sangh played a major part in listing the members who were eligible for support after the fire, and putting this request to the Pradhan of the village. In other cases it seems that the group is shy to share sensitive issues with us. An example of this is that we learned from PANI that in one village there used to be many fights related to an alcohol brewery in the village. Through collective action in the Lokh Sangh, this fighting has now stopped and the brewery does no longer exist. The group only gives hints of this issue:

'When the SHG is not being able to solve a problem we go to the Lokh Sangh. Each group pays 10 rupees per month management fee to the Lokh Sang and we feel we can use this money when needed, for example for legal assistance in case of fights. Other groups can also access this money from the Lokh Sangh.'

Qualitative data findings GDS

In the 3 FGDs and individual interviews held in the GDS non-federated sample, the most important changes in the community mentioned was that now the women feel free to go out and speak to other people, where before they used to stay in the house. They also feel that people now know them better and respect them. Their status in the household increased mainly because of the access to credit they now have.

In the 7 FGDs and individual interviews held in the GDS federated sample, social empowerment comes out quite strong, which verifies the quantitative data collected. They all mention an improved status in the community and within the household. Very often it is mentioned that before they did not even dare to go out of the house, and now they feel free to go anywhere, even outside the villages and they now dare to speak with government officials and at the police station. Within the household they are now valued for their increased knowledge and economic status and husbands now encourage them to go outside for meetings.

The federation makes them feel that they have a collective strength, and that they can take up anything. Some examples of collective social action taken by the Maha Sangh that came up in the FGDs and interviews are:

- *There was a girl that while going to the toilet was abused by an outsider. This was reported to the Maha Sangh and they immediately filed a complaint at the police station. The man was arrested.*
- *There is a village where the Thakur and Brahman caste did not allow for brick roads to be built. The Maha Sangh went to the District Magistrate and 7 members entered a room in the office and asked for the room of the District Magistrate. In fact this already was the room of the District Magistrate and they spoke to him. He took action, and immediately sent the police to the village. The road has been constructed now.*
- *There was an accident where a vehicle knocked one of the SHG members down. This was reported in the Maha Sangh. The Maha Sangh managed to get hold of the man and made him pay for the treatment.*
- *One SHG found out that only five out of ten children were getting the mid day meal in school and reported this in the Maha Sangh meeting. When the Maha Sangh members went to the school they*

also found that the rice was infected with insects. They talked to the school teacher and they took away all the infected rice. They also spoke to the Pradhan about this who provided new rice. The Pradhan also said that from now on all ten children will receive good quality food.

- Some people from the Yadav (higher caste) community had constructed a wall intending to grab a small plot land from a poor woman who belonged to the SHG. This matter was reported in the Maha Sangh. All the women from the Maha Sangh came together and pulled down the wall.

One group is less positive about the social action of the federation. They say that they had sought assistance from the Maha Sangh when a family member of a SHG member had died and that they did not receive any support from the Maha Sangh.

Decisions taken within the household on social matters

		PANI		GDS	
		Non-fed	Fed	Non-fed	Fed
N		48	49	47	48
Preference of SHG member	Joint	88%	100%	87%	73%
	Female	6%	0%	4%	13%
	Male	6%	0%	9%	15%
Decisions taken before SHG	Joint	79%	90%	85%	46%
	Female	2%	0%	4%	4%
	Male	19%	10%	11%	50%
Decisions taken after SHG	Joint	77%	100%	85%	67%
	Female	6%	0%	4%	13%
	Male	17%	0%	11%	21%

The questions about decisions taken within the household were only asked to SHG members with a male adult in their household, which is why the sample size shown in table 6.3 is less than 50 and differs for the 4 sample groups.

From table 7.2 we can conclude that there are positive effects in both NGOs and in both groups. All groups have more or less been able to convert their preferred mode of decision taking to actual decision taking, which means empowerment in the third degree, achievement of choice is there for all groups. But in the federated groups the difference between decisions taken before and after they joined the SHG is more significant, especially the result that for PANI federated SHGs now in 0% of the cases decisions are taken by the male member only compared to 10% before joining the SHG. Similarly, for GDS federated SHGs now in 21% of the cases decisions are taken by the male member compared to 50% before joining the SHG.

Thus we can conclude that being a member of the federation has improved empowerment regarding decision taking on social matters.

Similarly to the findings around decision taking about savings and loans and voting, there is a difference between the GDS federated and non-federated sample in the 'before' and 'after' situation. Male decision taking before joining the SHG was much higher in the federation sample (50%) than in the non-federation sample (11%). In discussing this finding with GDS, we could find no explanation. Both sample groups are located in the same rural areas, and members have the same socio-economic background. Selection criteria for forming the SHGs also have been similar. Perhaps migration or the differences in sex of the research assistants could explain this finding, but that would need further research.

Conclusions

From the preceding section we can conclude that for the somewhat limited data collected, there are mostly positive findings to the question whether SHG federations contribute to social empowerment of SHG and their members. The findings in this chapter are strongly dependent on qualitative data, which makes it harder to draw any hard conclusions.

In retrospect, it might have been too ambitious to include questions about knowledge, interest and participation in community organisations in the research. This is a limitation to the research, as this meant that other possible indicators to measure social empowerment were not included for reasons of keeping the questionnaire short enough to be completed in 45 minutes. For example, it would have been interesting to include indicators for increased mobility, for example visiting the market, the doctor, relatives in other villages etc, in the questionnaire. Although findings in the qualitative data provide insight in increased mobility, it would have been interesting to have data of a more quantitative nature on this subject.

In social empowerment of SHG members, the federations have had a positive effect on:

1. Improved status in the household and in the community. From the qualitative data we find that federations contribute to a feeling of collectiveness and ability to solve collective social problems. In this matter, **empowerment in the third degree**, actual achievement of choice is there.
2. Household decision taking on social issues. For both NGOs we can conclude that being a member of the federation has improved empowerment regarding decision taking on voting. **Empowerment in the third degree**, actual achievement of choice is there.

Chapter 8: Sustainability of SHG federations: Data analysis and findings

This chapter presents the findings of the research on sustainability of SHGs federations, by answering the two following sub-questions of the research:

- *What internal and external factors determine the financial and organisational sustainability of SHGs and their federations?*
- *What services do SHG federations offer to SHGs and how do SHG members perceive them?*

The research tools used in this chapter to collect the data are mainly qualitative tools. Only for collecting data on financial sustainability quantitative tools were used.

The financial sustainability in sub question 2 “*What internal and external factors determine the financial and organisational sustainability of SHGs and their federations?*” will be answered by measuring financial self-sufficiency of SHGs and SHG federations, based on secondary data provided by the two participating NGOs.

Through focus group discussions and semi-structured interviews, the factors that determine organisational sustainability were subject of the research by asking the SHGs and their members what services they are receiving, how they perceive them and what other services they need in the future. This would answer sub question 3: “*What services do SHG federations offer to SHGs and how do SHG members perceive them?*” In addition to this, direct questions were asked on how SHG members, SHG leaders and federation leaders perceive their sustainability and whether SHGs and their federations could continue without support from the supporting NGO. The answers to these questions and the answers to sub question 3 address the organisational sustainability part of sub question 2: “*What internal and external factors determine the financial and organisational sustainability of SHGs and their federations?*”

The chapter will end with a conclusion with regard to the two sub-questions mentioned above.

Financial Sustainability of SHG and SHG federations

Financial sustainability of SHGs and federations is a measure which will indicate to what extent SHGs and their federations can financially sustain themselves without any external financial support, in this case from the sponsoring NGOs, PANI and GDS. As we have seen in Chapter 3, the following formula introduced by Ajai Nair will be used to measure the Operational Self Sufficiency of the SHGs and federations:

$$\text{Operational Self Sufficiency} = \text{Operational Income} / (\text{Operational Expenses} + \text{Financial Expenses})$$

Ajai Nair [2005, page 29]

PANI and GDS were asked to provide the secondary data needed to calculate the formula. It was found that although the NGOs have experience in calculating these figures, it was not part of their regular monitoring systems. The data needed to calculate the formula were kept with the individual SHGs and federations as part of their administration and thus had to be obtained from them. For each NGO, the formula was calculated for a sample of 20 SHGs (10 federated and 10 non-federated) and the two federations. Please find the details of the findings in Annex 4.

Operational Self Sufficiency of SHGs

In both NGOs, we found that the Operational Self-Sufficiency ratios are more than 100% for mature SHGs of more than 3 years. In PANI, the SHGs in the sample on average reach a Operational Self-Sufficiency ratio of more than 100% after three years, meaning that the SHGs by then can sustain themselves without any external financial support from PANI. Main income for the PANI SHGs is the interest received on inter-lending, on average 15% per year. Main expenses of the SHGs are interest paid on loans from the bank, on average 12% per year and a membership fee of Rs 120 per SHG per year for the federation. Also calculated as expenses of the SHG was an allocation of expenses made by PANI for the SHGs, thus support staff and overhead costs allocated to the SHGs, which was fixed at Rs 860 per SHG. In GDS, the Operational Self Sufficiency ratios are very high for almost all groups, even very young groups of one year old. The main explanations for this are that the SHGs charge 3% interest on their loans as opposed to 2% in PANI groups, and pay no membership fee to the federation, while PANI SHGs do. Besides this they have very little costs. Costs of SHGs include stationery, interest paid on loan taken from the federation (2%), mass events, conveyance and an accountants' enumeration of only Rs 20 per month. In addition to this a fixed amount per SHG for GDS staff and overhead was added of Rs 669 per SHG.

Operational Self Sufficiency of SHG Federations

From the data provided by the two NGOs on Operational Self Sufficiency of their federations we find major differences, which can directly be explained by the type and complexity of services provided by the federations to their SHGs.

Compared to GDS federations, PANI federations have very little income and expenses. The Federations in the PANI sample have an Operational Self Sufficiency of 160%. It is clear from the profit and loss accounts in Annex 4 that PANI federations do not have many expenses. The only income for the federations is the membership fee of Rs 120 per year per SHG. As also became clear from the FGDs, federations mostly spent their income on events such as Women's day and People's action day. This will change drastically with the introduction of the Lokh Nidhi concept, where the federations will start to offer financial services and support on IGA and enterprise development. For now we can conclude that the Lokh Sangh is a very cost efficient system; the previous sections have shown that the Lokh Sangh contributes to political and social empowerment with hardly any cost involved besides the time and efforts of the SHG members themselves.

GDS federations have a more complex profit and loss account, since the federations purchase seeds and fertiliser and sell them on to the SHGs and rent out agricultural machineries. From Annex 4 we can observe that one out of the two mature federations in the sample, from which GDS has withdrawn most support, almost achieves an Operational Self Sufficiency ratio of 100%. The other federation however, Sangam, only has an Operational Self Sufficiency Ratio of 52%. Most important income of the federations are the profit on rent of agricultural machines, sales of seeds and fertiliser and the profit on interest (2%) of lending to the SHGs. Most important expenditures are rent, celebration of special events, and registration. In addition to these expenses we added the enumeration of one GDS cadre (community development worker), who is in fact being paid by GDS and not by the federation. This is done since even in the mature federations one full time cadre support will always be there according to GDS. Looking at the combined Operational Self Sufficiency of GDS SHGs and federations, it would seem logical that the SHG and the federations could obtain an Operational Self Sufficiency of more than 100% if the SHG would pay a membership fee to the federations. This would mean that both the federations and the SHGs should be able to sustain themselves without additional financial support from GDS. However, the high Operational Self Sufficiency ratios for GDS groups are highly depending on the 3% interest rate charged on inter-lending. Paying this percentage on the relatively small loans that members take from the SHG savings (see chapter 3, on average up to Rs 1000), it remains to be seen whether charging such a high percentage of interest is sustainable in the future, when more groups might be linked to banks and take higher loan amounts.

Operational Sustainability of SHG and SHG federations

Benefits and services needed

As we have seen in chapter 2, Operational Sustainability of SHGs and SHG federations is an area not much researched. To learn more about the services provided to SHGs by federations and how they perceive them we asked all participants (both in the survey as well as in the semi-structured interviews

and FGDs) in the research what the main benefit from the federation is and what additional services they might need in the future. Table 8.1 presents the findings for the federated sample for both NGOs.

Table 8.1: Open questions asked to sample of 50 federated SHG members in each NGO and in total 14 FGDs and 13 individual interviews

PANI						GDS					
Most important benefit federation?			Additional services needed			Most important benefit federation?			Additional services needed		
Subject	N	In %	Subject	N	In %	Subject	N	In %	Subject	N	In %
To solve bigger issues/act as pressure	30	36%	Cannot say	27	33%	Access to agricultural inputs/increase in yield	42	35%	Start IGA	30	38%
Cannot say	20	24%	Increase income through IGA	22	27%	Seek larger loans on requirement	24	20%	Can't say	17	22%
Getting emergency loan	10	12%	Access to government services	10	12%	Collective united strenght	18	15%	Purchase agricultural machineries	9	12%
Source for information	9	11%	Create a platform for solving small and big issues	5	6%	Access to information	8	7%	Access to government schemes	9	12%
Access to credit	5	6%	Providing better education facilities	6	7%	Loans for IGA	7	6%	Maha Sangh to start business/factory/rice mill	4	5%
Access to government services	8	10%	Everything is fine	2	2%	Access to Government Schemes	7	6%	Collectively sell agricultural products	3	4%
Access to entrepreneurship	1	1%	Proper management of groups	2	2%	Can't say	7	6%	More loans (also from bank)	2	3%
Knowledge on IGA	1	1%	Get a Lokh Sangh member to be elected as Pradhan	2	2%	Consumer products from Hindustan Liver Limited	4	3%	Need to discuss with husband	1	1%
			Domestic violence	3	4%	Access food support on requirement	2	2%	MS could open a school in the village	1	1%
			Women's rights such as right to property	1	1%	Increase on savings	2	2%	Assitance to disabled	1	1%
			Depends on people's decision in the future	1	1%	Confident to approach police	2	2%	Better debriefing of Maha Sangh benefits	1	1%

From Table 8.1 we also observe that many members found it very difficult to indicate what services they would need in the future for both NGOs.

The main benefit from the federation in the PANI sample is its collective strength. Services required in the future are mostly related to increasing their economic situation through IGA (27%), but also access to government services (12%) and various social issues remain high on the list. For GDS we can conclude that the main benefit experienced from the federation is the access to agricultural inputs which has increased the yield of SHG members significantly (mentioned in 35% of the cases). Other benefits that are reported frequently are collective strength (15%) and access to larger loans (20%). Services required in the future are mostly related to increasing their economic situation through IGA, but also access to government services is mentioned in 12% of the cases. Members also indicated that they want the Maha Sangh to facilitate in building up their agricultural infrastructure, from providing agricultural machines for irrigation to buying tractors (12%). From this table we can also conclude that the federation did stimulate a sense of entrepreneurship amongst the SHG members. For example, the Maha Sangh has linked up with Hindustan Liver Limited and buys cosmetic products in bulk at a

below market price, which is then sold on to the SHG members. This is also valued as a benefit from the federation. Also, SHG members want the federation to get more involved in entrepreneurship, and they suggest that the Maha Sangh should start up businesses like a rice mill, a factory where poor SHG members can work and also it was suggested that the Maha Sangh could collectively market their agricultural products.

Operational sustainability of SHG and their federations

As the concepts of federations in the two NGOs differ substantially, the findings from the FGDs and semi structured interviews will be presented separately in two sections, one for each NGO. The conclusions at the end of this chapter will be based on the synthesis of the two sections.

PANI

In the FGDs and individual interviews from the federation sample it was discussed whether the members feel that the SHGs and federation can manage their own affairs without support from PANI. The women are quite confident about this, and it was mentioned in 7 FGDs/interviews that the SHG and the Lokh Sangh can now manage their groups completely independent from PANI. It was found that the main support from PANI is on information sharing, for example on new government schemes. PANI community development workers are not always present in the SHG, and this is no problem for them. One group however was not so much aware and could not really tell whether PANI provides any support to the Lokh Sangh.

The issue of sustainability was also discussed in 2 interviews with SHG leaders and 2 interviews with federation leaders. They all have been leaders since the start of the SHG and federation. In the SHGs there have been attempts for leadership rotation, but the members interviewed were re-elected every time. In the federation leadership elections are held amongst its members only once every 5 years. It was found that PANI does sometimes provide support such as writing minutes or statements of accounts, but that in principal this is done by a SHG or Lokh Sangh member, and that the group leaders take responsibility in checking the minutes and the accounts. In the Lokh Sangh there is always a literate member, in the SHGs not always, but they ask help from family or other people in the village in this case. The Lokh Sangh leaders are very confident about the continuation of the Lokh Sangh without PANI support:

'Initially PANI provided the information on the entitlements. Before the Lokh Sangh the members did not have knowledge of this. But now, like going to school, we have learned and we can do it ourselves. We do not need any support from PANI anymore, since now we have become teachers ourselves.'

It was found that the presidents of the Lokh Sangh are strongly empowered women who take a lot of responsibility, as the following fragment indicates:

Box 8.1: Fragment from interview with President of a PANI federation

'When SHG members face problems they first come to me. I discuss it with the treasurer and secretary and then will set the agenda for the Lokh Sangh meeting. Not all issues that come to me are discussed in the Lokh Sangh because some problems can be solved by the federation leaders also. For example in a mixed group there was a male member who was a bit of an outlaw of the group who never used to listen. He was angry because he said he did not have access to the money of the SHG. He ripped apart the register of the SHG. I then spoke to him and asked 'by destroying the register did you get any money'? I told him that he had destroyed the register with the loan and savings account of the SHG and if I would tell this in the Lokh Sangh all the women could slap you once in the face which would mean 260 slaps. And if every woman would slap twice it would be double that. I asked 'then what will happen to you'? I proposed to him that he would purchase a register and sit down with his SHG to make the correct entries of loans and savings. Then I would discuss it in the Lokh Sangh and if he would make his apologies in the Lokh Sangh I would see to it that he would not get into any trouble. And so it happened.'

Despite the confidence of the SHG and federation members in managing their groups on their own, there are a number of constraints related to sustainability that came up during the research:

- The link between the SHGs/federations and the Gram Sabha is not always very strong. Although it was found that the local government system and especially the Gram Sabha meetings are not always very functional, the SHGs and federations would benefit from more awareness of this system. As the research also showed, for example by the election of a SHG member as Pradhan, this might also lead to improvements in the functioning of the system. More good examples like this would be very beneficial and the federations could play an important role in this.
- As bank officials indicate, the knowledge about responsibilities of SHG leaders and knowledge about bank procedures needs to be improved. Now SHG members have to hope for an understanding bank official, who will take time to explain all procedures to them. Unfortunately, bank officials are not always this understanding, so it is advised that all groups at least know their responsibilities and the bank procedures. This can be taken up by the federations.
- Although this research shows that federations have a positive effect on empowerment of SHGs and their members, the distribution of this empowerment is not always equal. Awareness about federations is not the same for all members. More leadership rotation and stronger and active participation in Lokh Sangh meetings could contribute to a more even empowerment.

GDS

In the 3 FGDs held with non-federated groups, who were al 3 years old, we found that GDS had already withdrawn regular support more than one year ago. In these groups, accounts are written by

someone from the village who is paid Rs 20 per meeting, and the groups in general are pleased with this system. However, in two groups we found some problems in functioning. In one group, there are problems in opening a bank account, and the group feels they need GDS support on this. The other group in general was not very satisfied that GDS has withdrawn support, as the following fragment indicates:

Box 8.2: Fragment from interview with non-federated SHG in GDS

'Since one year GDS has withdrawn all their support from the SHG and they were told to manage everything by themselves. One member's husband does the accounts, but minutes of the meetings are not written up. They are not happy with the functioning of the group after GDS has withdrawn. Earlier they used to have access to a lot of information. Now the only thing they do is discuss savings and loans, and they see not much progress. The treasurer mentions that three members are not repaying their interest and loans. Some members feel there is no cohesiveness in the group and say that other members are not active. They would need more support from GDS and want to learn to read and write. When asked what kind of support they need they say that for example they want to put their savings in a savings account in the bank so they get interest on it, but they are not able to do this themselves. They feel that they need support from GDS on this.'

In the 7 FGDs with federated SHGs members all indicated they are very satisfied with the functioning of the SHG. Also, it was found that the groups are very pleased with the functioning of the federation and do not report any problems. Only one group complained that the executive members of the federation do not inform them sufficiently about the various benefits and decisions taken by the federation.

Specifically, from the FGDs held we can conclude that the following three functions of the GDS federation seem to be functioning in a sustainable manner:

- i. The agricultural services provided by the federation are functioning very well. Members are mostly aware of these services, use them regularly and are very positive about them. Members are also aware about the logistics and prices of these services.
- ii. The collective social action undertaken by the federations is rated very positive by all groups interviewed and has increased their sense of social empowerment and cohesiveness.
- iii. The distribution of profit made by the Maha Sangh on interest, sales of seeds, rent of agricultural machines that is distributed amongst the SHGs creates a sense of ownership of the federation amongst its member groups, which is important in ensuring sustainability.

However, there are also some factors that might hamper or delay organisational sustainability:

- iv. The federations in the GDS model have other functions and committees, and the SHGs interviewed were mostly not aware of these. Other committees of the federations are a health committee, an education committee (for literacy trainings) and a committee for consolidation and monitoring of the SHGs. Improved health and education were not recognised as benefits from the Maha Sangh in the FGDs.

- v. In the FGDs it was mentioned that members have received literacy training from GDS. The role of the Maha Sangh in this is not clear, as GDS, and not the federation, pays the teachers the stipend of about Rs 300 per month.
- vi. The minutes and accounts of the federation are written by the GDS cadre (community development worker), but the federation does not pay for this, which means they are not self sustainable in this regard.
- vii. Not in all groups interviewed awareness of the benefits and services from the Maha Sangh (even social and agricultural) was there. We found that in 3 out of 7 groups only one or two members, mostly the SHG leaders were aware of the services and benefits of the Maha Sangh. A main reason we found for this was that in these groups there was little motivation to attend the Maha Sangh meetings, and that debriefing from the one or two members that do go to the meetings is not sufficiently done. We found that leadership rotation is not happening regularly. Also lack of time was mentioned as a factor for not going to the meetings.
- viii. In the interviews held with the executive members of the federations we found that roles and responsibilities in the various committees, except for agriculture are not clear.
- ix. The executive members of the Maha Sangh spent a lot of time on the federation. They can spend up to 10 days a month on the federation, which means that they loose income on these days since they cannot work. Also, they mention that they sometimes pay for travel expenses out of their own pockets. They feel this is a problem for sustainability, but have not found a solution yet. When discussing this in 3 FGDs after the data collection process was completed, the groups mentioned that they do feel the executive members should be paid. However, they also stated that the federation might not have funds yet to pay the enumeration. They expect that when the federation expands it enterprises and earns more profit they will be able to pay for the time investment done by the executive members.

Conclusions

As we have seen in the preceding sections, the two concepts of federations of NGOs that participated in the research differ substantially. The federation concept of PANI is less complex than that of GDS. GDS federations offer a broader range of services to their SHGs leading to different findings regarding financial and operational sustainability.

On the one hand, PANI implements a federation concept that is relatively simple. There are no separate committees or specific services delivered to the SHGs, but there is a strong focus on collective social action and linkages to government services are made, a system that contributes (at least to some extent) to political and social empowerment of SHG members, as we have seen in chapters 6 and 7. This leads to a very cost effective system where Operational Self Sufficiency can be

quite easily obtained. However, there is a strong need from the SHGs on developing Income Generating Activities, and for now the federations do not provide any services on this. This might change drastically with the introduction of the Lokh Nidhi concept, where the federations will start to offer financial services and support on IGA and enterprise development.

On the other hand, GDS implements a more complex federation concept where the federation has various committees. A major benefit from the federations in the perception of the SHG members is the agricultural support offered by the federations, leading to a sense of entrepreneurship amongst the SHG members and economic empowerment, as we have seen in chapter 6. However, the structure with various committees of the federations leads to several complications, such as confusion about roles and responsibilities and a large time investment of federation leaders. Benefits of these committees are not always clear in the perception of SHG members. Although Operational Self Sufficiency seems to be achievable in this model, it is more complex and will take longer and without asking membership fees for the services offered by federations, it is more difficult to achieve.

Chapter 9: Conclusions and recommendations

Conclusions

Through applying a mix of quantitative and qualitative research methods, this research has been able to determine the contribution of SHG federations to economic, political and social empowerment of its SHG members. The findings have been mixed, and are strongly dependent on the structure and service provided by the SHG federations. The main contributions of SHG federations to women empowerment for the two NGOs that participated in the research are summarised in table 10.1.

Table 10.1: Contribution of federations to empowerment of SHG members			
Economic empowerment	Empowerment	NGO	Role of federation
Knowledge about available loan services, favour in using these and actual loans taken	Third degree	PANI	Discussed in federations meetings, federation takes role in monitoring SHGs
Active knowledge about taking a bank loan	First degree	Both	Discussed in federation meetings
Increase in income due to increased agricultural yield	Third degree	GDS	Federations provides agricultural services
Bank linkage	Third degree	Both	Federation facilitates process of bank linkage and takes collective action towards bank
Household decisions on loans and savings	Third degree	Both	Discussed in federation meetings, federation takes collective action in the case of household problems of an individual member
Political empowerment	Empowerment	NGO	Role of federation
Awareness that members can be elected as PRI representatives	Second degree	GDS	Is specifically discussed in federation meetings
Household decisions on voting	Third degree	Both	Is specifically discussed in federation meetings
Knowledge and interest in Gram Sabha	Second degree	Both	Is discussed in federation meetings. Pradhan is invited to federation meetings
Knowledge and interest in Gram Sabha	Third degree	PANI	Specific claims that will be put forward in the Gram Sabha are discussed in federation meetings
Knowledge access and use of PRI services	Third degree	PANI	Is specifically discussed in federation meetings, federation also puts collective pressure on government officials on this issue
Social empowerment	Empowerment	NGO	Role of federation
Improved status in household and community	Third degree	Both	Knowledge increase and sense of cohesiveness through federation, federation undertakes collective social action
Household decision taking on social issues	Third degree	Both	Discussed in federation meetings, federation takes collective action in the case of household problems of an individual member

With these findings, this research may have a small contribution to the identified need for impact assessments on women empowerment through microfinance that goes further than only increased access to financial services and increased sense of self worth. These findings for each NGO may be

generalised to all SHG federations in these NGOs, as we have seen that the sample chosen for the research was sufficient enough. These findings can however not be generalised to a wider population, as they are strongly dependent on the NGO intervention and structure of the federations. This also meant that we could not aggregate the data collected for the two NGOs and draw conclusions on this. It is clear that we are not dealing with a laboratory set-up, as we have seen that even a slight difference in NGO intervention in federated or non-federated SHGs besides the influence of the federation led to different findings. Whenever this was the case, we had to discard the data collected and could not draw any conclusions.

The mix of both quantitative and qualitative methods has generated complementary information that enabled us to strengthen the findings. The quantitative data collected through the survey for federated and non federated SHGs enabled a statistical analysis that could lead to statistical conclusions about significant differences between these groups, and thus whether being a member of a federation made a significant difference or not. These data were however sometimes limited, and could be further elaborated through analysing the data collected through FGDs and semi-structured interviews. For example, through the survey we found that both GDS federated and non-federated SHG had a similar perception of increase in income in the past two years. Through the qualitative methods applied we found that the federation did have a major effect on the income situation of the federated SHGs.

In measuring empowerment, classification of economic, political and social empowerment has been useful as it has enabled us to determine whether SHG federations could contribute to a broader empowerment of SHG members, as was suggested by the literature reviewed in Chapter 2. Also, given the context in East Uttar Pradesh, as described in Chapter 4 and data collected through qualitative methods, it seemed necessary to look at the whole context of women's existence, as was suggested by Meena Acharya and Puspa Ghimire [2005]. Making a distinction between the three degrees of empowerment has enabled us to find more in depth information about the extension of empowerment. However, this distinction was quite a labour intensive one, and led to a long questionnaire, which meant choices had to be made on what to ask in order to keep the interview of an acceptable length. This has caused for some limitations in the research, especially in measuring social empowerment.

Through the collection of secondary quantitative data on Operational Self Sufficiency of SHGs and their federations an idea about the financial sustainability of SHGs and SHG federations could be obtained. Through focus group discussions and semi-structured interviews, the factors that determine organisational sustainability were subject of the research by asking the SHGs and their members what services they are receiving, how they perceive them and what other services they need in the future. We found that financial and organisational sustainability are strongly interlinked and highly dependent

on the structure and range of services provided by the federations. On the one hand the relatively simple federation structure promoted by PANI leads to a very cost effective system where Operational Self Sufficiency can be quite easily obtained. GDS promotes a more complex federation concept where the federation has various committees. This leads to both very positive effects such as through the agricultural support, as well as to complications such as confusion about roles and responsibilities. Operational Self Sufficiency is also harder to obtain in this more complex federation structure. A challenge in both models is to live up to the demand of SHG members for capital and support on IGA.

The findings of the research suggest a range of policy recommendations for both NGOs that promote the SHG bank linkage model in areas with similar context as East Uttar Pradesh, as well as for promoting donor organisations such as Oxfam Novib. These recommendations are presented in the next section.

Recommendations

This research concludes that given the context in East Uttar Pradesh, SHG federations can have a valuable role in empowering SHG members to deal with the bureaucracy at higher level. This research suggests that federations can take up that role, but that there are a range of challenges that need to be addressed. These challenges are at the same time areas that could be taken up in further research:

- A. To enable SHG members to start participating in society and for them to challenge the existing power structures, they need a range of support that stretches further than mere financial service delivery. Specifically for the area where the research took place it seems crucial that SHG members come out of their social exclusion in their community and start interacting with Bank and Government officials. Thus this research supports the observation of Kabeer (see chapter 2) that in a context of social exclusion and structural inequality financial service provision should be combined with broader support that uses group based strategies to build organisational capacity of the poor. For example, knowledge building on the process of getting access to services through the Gram Sabha is needed. After orientation from the promoting NGOs, federations could facilitate this knowledge building.
- B. There is a tension between structure and services delivered by federations and their financial and organisational sustainability. A careful trade off should be made between a manageable structure of the federation and the demand for services of SHG members. This research has provided some insight in both elements that might be useful in making that trade off. One major challenge identified is the huge demand for both capital and support for income generating activities. More research and identification of good, bad and innovative practises in this area seems necessary.

- C. As we found through the qualitative methods applied in this research, federations can play a substantial role in monitoring quality and cohesiveness of their SHGs after the NGO has withdrawn support. It was found that whenever groups were not linked to a federation nor received support from the NGO, quality (for example repayment rates or bank linkage) and cohesiveness (for example group participation) were problematic. It is recommended that NGOs promoting the SHG bank linkage model do not withdraw their support to SHGs completely before the SHG is linked to a federation.
- D. As bank officials indicate, the knowledge about responsibilities of SHG leaders and knowledge on bank procedures needs to be improved. Now SHG members have to hope for an understanding bank official, who will take time to explain all procedures to them. Unfortunately, bank officials are not always this understanding, so it is advised that all groups at least know their responsibilities and the bank procedures. This can be taken up by the federations after initial orientation from the promoting NGO.
- E. Although the research shows that federations have a positive effect on empowerment of SHGs and their members, the distribution of this empowerment is not always equal. Awareness about federations is not the same for all members. More leadership rotation and stronger and active participation in federation meetings could contribute to a more even empowerment.
- F. The usefulness of SHG federations should be assessed by looking at its effect on SHG members, and questions of sustainability are secondary to this. Monitoring sustainability through for example keeping track of a) the number of SHGs and federations that operate independently from the promoting NGO and b) Operational/Financial Self Sufficiency ratios of SHGs and federations and repayment rates is important but only makes sense if the effect of the federations on the SHG members is known. NGOs promoting the SHG Bank linkage model are recommended to include indicators that measure this effect in their standard monitoring and evaluation systems. Also before introducing new service delivery mechanisms to all federations it is advised that through a pilot the effect on SHG members should be tested. Some indicators to measure the economic, political and social empowerment of SHG members are suggested in table 9.2. Since some of these indicators can only be measured through qualitative methods which are time intensive, in table 9.2 a distinction is made between indicators that can be included in regular monitoring (annually or semi-annually) and indicators that could be included in more longer term studies such as evaluations (every 3-5 years). Again, federations could take up the role of keeping track of the (regular) monitoring data and provide it to the NGO on (semi) annual basis for reasons of improving learning and accountability.

Table 10.2: Possible indicators to measure economic, political and social empowerment of SHG members that could be included in M&E systems of promoting NGOs

Indicator for Economic empowerment	Instrument
Percentage of SHG members that took a loan through the SHG/federation and average loan amount	Regular monitoring
Percentage of SHG members that took a loan from costly informal providers such as moneylenders	Regular monitoring
Number of SHG having a bank account	Regular monitoring
Number of SHG that took a loan from the bank	Regular monitoring
Percentage of loans invested in income generating activities	Regular monitoring
In case of support from federation in economic development such as agricultural or enterprise development support: -Nr of SHG members using this service	Regular monitoring
Household decision taking around economic issues	Longer term studies that combine quantitative and qualitative methods
In case of support from federation in economic development such as agricultural or enterprise development support: -Change in income/economic assets due to use of service/ support	Longer term studies that combine quantitative and qualitative methods
Political empowerment	Instrument
Number of SHG members voting in PRI elections	Regular monitoring
Number of SHG members participating in PRI elections and number elected	Regular monitoring
Number of SHG members participating in Gram Sabha meetings	Regular monitoring
Increase in use of PRI services for SHG members	Regular monitoring
Change in power structure and improved functioning PRI system: Indicators used by Srivastava (2002) could be used, see footnote 5 page 31 of this report.	Longer term studies that combine quantitative and qualitative methods
Social empowerment	NGO
Number and type social problems in community/household solved through collective social action of SHGs and their federations	Regular monitoring
Improved status in household and community for SHG members	Longer term studies that combine quantitative and qualitative methods
Household decision taking on social issues of SHG members	Longer term studies that combine quantitative and qualitative methods
Increased mobility of SHG members, for example visiting the market, the doctor, relatives	Longer term studies that combine quantitative and qualitative methods

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Annex 1: Glossary

BDO - Block Development Officer

FED - Federation

FGD - Focus Group Discussion

GDS – Grameen Development Services

GOI – Government of India

IGA – Income Generating Activities

MFI – Micro Finance Institute

NABARD – National Bank for Agriculture and Rural Development

NGO - Non Governmental Organisation

NON-FED – Non-federation

OSS – Operational Self Sufficiency

PANI – People’s Action for National Integration

SHG - Self Help Group

SGSY – Swarnjayanti Gram Swarozgar Yojana

VDO - Village Development Officer

Annex 2: Description of SHG Bank Linkage Model of PANI and GDS

A brief about People's Action for National Integration (PANI), Faizabad

With Gandhian ideology of people's empowerment and rural development as the key factor, People's Action for National Integration (PANI), was established in 1989 by some prominent and devoted social workers from 'Sarvodaya' (upliftment of all people) background.

The working policy of the organization is for "Helping people to help themselves by promoting organized people's action with rights-based approach".

The organisation works with poorest and marginalized community in remote and the most neglected rural areas of the 10 districts in eastern UP.

The organisation has developed an unique model termed as, People's Action for Holistic Enhancement in Livelihood (PAHEL) covering the areas pertaining to Micro Enterprises, Micro Finance, Social and Political Intervention by pioneering in;

- (i) Community empowerment through SHG promotion
- (ii) Women empowerment, and
- (iii) SHG based and community managed micro-financing
- (iv) Gram Panchayat level federation of SHGs locally called Lok Sangh (People's Federation) for addressing the social issues and activating the participation and decision-making of rural poor in local self-government (Gram Panchayat Body)

The objective of PAHEL

1. To initiate a community managed and financially sustainable plan for the holistic development of rural poor through their community organizations (SHGs, federations and Lok Nidhi) /informal institutional development of community
2. To enable already formed SHGs of rural poor to manage their own funds and skill for poverty alleviation (capacitating SHGs of rural poor families)
3. To promote social interaction and establish social responsibility among the rural poor. (Creating a socially viable and poor friendly environment for sustainable social change)

Vision

Rural poor people with easily accessible opportunities at community level for their progressive social, economic and political empowerment with self-respect and dignity

Mission

PANI believes that poor people are capable but unaware of their strength and capability. The process of empowerment and poverty alleviation can be made effective and sustainable by themselves (poor people). Any development organization or agency even govt. can only facilitate and capacitate them, and make required resources available. Therefore PANI works towards the holistic development of poor people by their informal institutional development and capacity building.

Through the PAHEL business plan, is, SHGs are federated in two ways.

(I) Gram Panchayat level federation of 15-25 SHGs locally called Lok Sangh (People's Federation) for addressing the social issues and activating the participation and decision-making of rural poor in local self-government (Gram Panchayat Body)

*(II) Clustering of 100 SHGs locally called Lok Nidhi (The People's Fund) for addressing the economic issues of rural poor/livelihood creation. (It is based on the concept "The fund of the poor, by the poor, and for the poor" with self-operational micro-financial system at their own level.)

** The research however did not look in to the Lok Nidhi (The People's Fund) programme because it is yet not fully functional.*

PAHEL programme has a two tier administrative and operational system.

1. The central office which covers 25 -30 clusters and has 8-10 Lok Vikas Kendras (LVKs) to which it provides it's operational and administrative support.
2. Each LVK has 6-8 cluster offices within it's jurisdiction to which the LVK provides it's operational and managerial support.
 - All LVKs function independently and report to the central office.
 - Each cluster office comprises of 100 Self Help Groups (SHGs)

Criteria for selecting the area

- Need assessment of the area is done by conducting surveys in the targeted areas by the core team of PANI using specially designed formats
- Emphasis is given to remote areas focusing on marginalised communities and their socio-economic conditions
- Areas having a majority of poor and marginalised families

- Densely populated areas have priority as they are suitable for group formation
- Unavailability of bank facilities in the area for smooth bank transactions
- Scope for Micro-Enterprise development
- Cropping pattern of the area
- Community having unemployment and seasonal migration

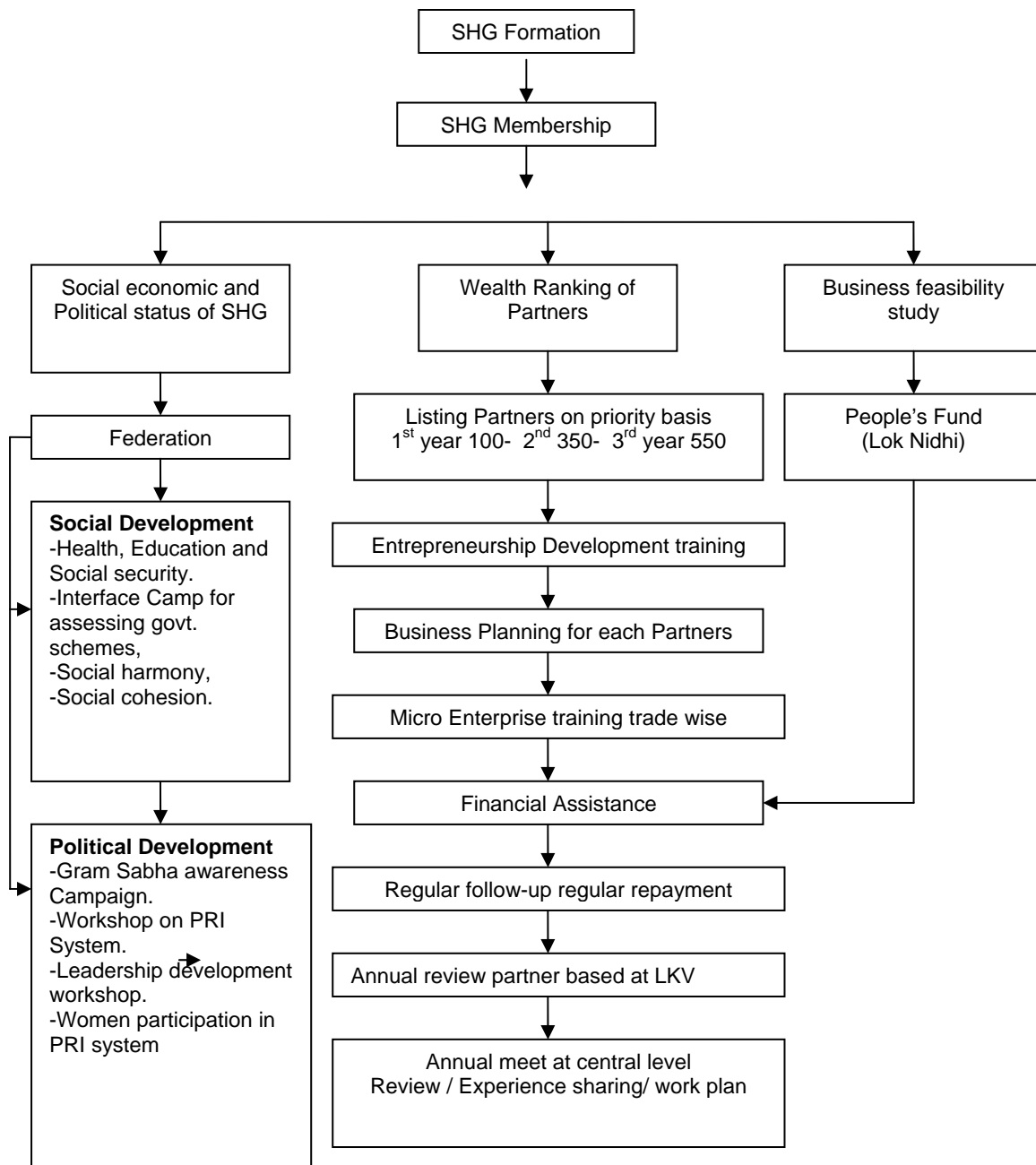
Criteria for target beneficiary selection

1. Age group between 18 and 60 years old
2. Socio-economic status
3. Residential status : Should have a permanent resident
4. Marital status: Married preferred, but not required
5. Income status: Family income below Rs.2000/- per month
6. Land ownership: Having assets worth below Rs.50,000/-
7. Physical status: Should be able to engage in income generating activities
8. Family members: One person per family
9. Social acceptance: He/She should be accepted in the society where he/she is living or running income generation activity

The tools which are for beneficiary selection are:

1. Wealth ranking through PRA
2. Study through prescribed format.

The PAHEL Intervention Process Mapping



Note: The Lok Nidhi concept is still in its testing phase and has not been fully implemented. The Federation concept of Lok Sangh however is fully operational and SHGs have been introduced to this concept since 6 years. The research therefore mainly focussed on the left column of the flow chart above.

Description of SHG model implemented in Women's Empowerment and Livelihood Project in Khalilabad, Eastern U.P. SHGs and Federations promoted by GDS

The SHGs

- An informal and homogenous group of 10-20 members joining for specific purpose
- Whose members use savings, credit and social involvement as “instrument of empowerment”, making common fund, the fund is then lent out at an interest rate set by the group members.

Objectives of Self-Help Group

- To inculcate a regular savings habit. To meet emergency, consumption and production needs through accessibility of credit.
- To support each other as members of a group.
- To reduce vulnerability.
- To create asset and reduce expenditure.
- To enhance confidence level and decision-making.
- To reduce exploitation and work as a Pressure Group.
- To establish linkages with other agencies.
- To share information and increase the access to information.
- To stimulate women's entrepreneurship.
- To gain economic prosperity and eliminate poverty.
- To maintain dignity.

Characteristic of Good SHG

- Continuity of membership. Generally Members are from the same socio-economic strata and from same neighbourhood/village.
- Regular savings.
- The loan sanctioning is to be decided in the meeting and it should be recorded properly.
- Leadership should be selected and rotated.
- Financial records should be kept properly and kept safely.
- Meeting should be conducted regularly at a particular place and time. Proper agenda, more than 90% attendance, penalty for absenteeism.
- Fund Management:
 - a) Custodian of fund.
 - b) Recycling of funds.
 - c) Frequency of Bank account is operated.

Criteria of SHG members:

The target group of the organization is on the women drawn from the poorest communities and households. Specifically:

- Women from poor families
- Scheduled caste, Muslim and other backwards castes
- Marginal farmers, agricultural labourers, weaving community
- Overlapping categories
- Poor identified by GDS's own criteria: initial surveys and participatory wealth ranking

Role of SHG executive heads

President – Is a signatory to the SHG's bank account, conducts all meetings, disburses loans and is also responsible for loan repayments.

Secretary – Is a signatory to the bank account and is responsible for keeping and maintaining all records and official stationeries like rubber stamps etc of her SHG and makes them available as and when required.

Treasurer – Is a signatory to the bank account. She maintains all financial transactions including passbooks, ledger book, and loan accounts of members.

The Federation

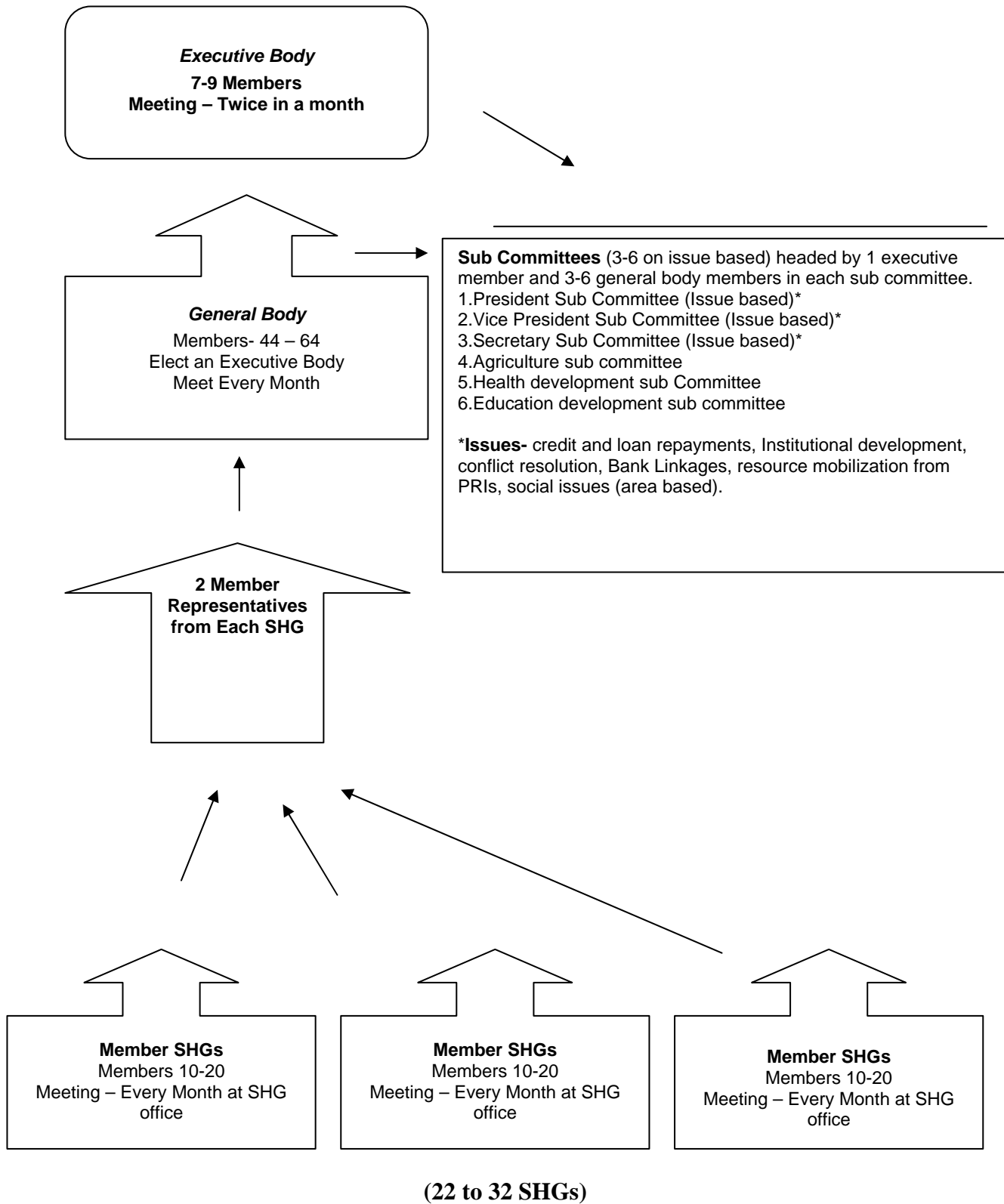
A larger forum comprising 22 - 32 members from different SHGs.

Objectives of Federation

- A) Livelihood support services to SHG's & the poor.
 - Livelihood improvement support to members & others.
 - Acting as conduit for provision of quality agricultural inputs.
 - Collectively owned assets.
 - Utilizing & investing surplus fund in business activity on behalf of SHG's & pay dividend.
- B) Provision for institutional sustenance support to SHG's:
 - Accounts audit.
 - Conflict resolution.
- C) Platform for collective social action between SHG's.
- D) Micro finance services to member SHG's.
 - In initial phase by own corpus.
 - Later on by formal financial institutions.

Organisation Pattern (Federation)

Structure of Federation



Executive body: consist of 7-9 members comprising of President, Vice President, Secretary, Treasurer and supporting members

Roles and responsibilities



President: to conduct all meetings and manage all affairs / development related work for the federation. President is responsible to ensure proper implementation of rule and regulations with participation of executive body members. President is also signatory of all financial transaction, Resource mobilization and conflict resolution

Vice President: to manage all responsibility of President in her absence except financial transactions.

Secretary: to manage all official records (finance and written document) and maintain the meeting minutes and perform administrative role. Secretary is also signatory of financial transaction and communication related work.

Treasurer: to manage and maintain all type of income and expenses and keeps in proper way in safely. She is also responsible to keep minimum 500 cash in hand to meet any emergency. Treasurer is also signatory of the financial transaction

Members: to implement all decisions taken during the Executive body meeting with active participation and also head of sub committees

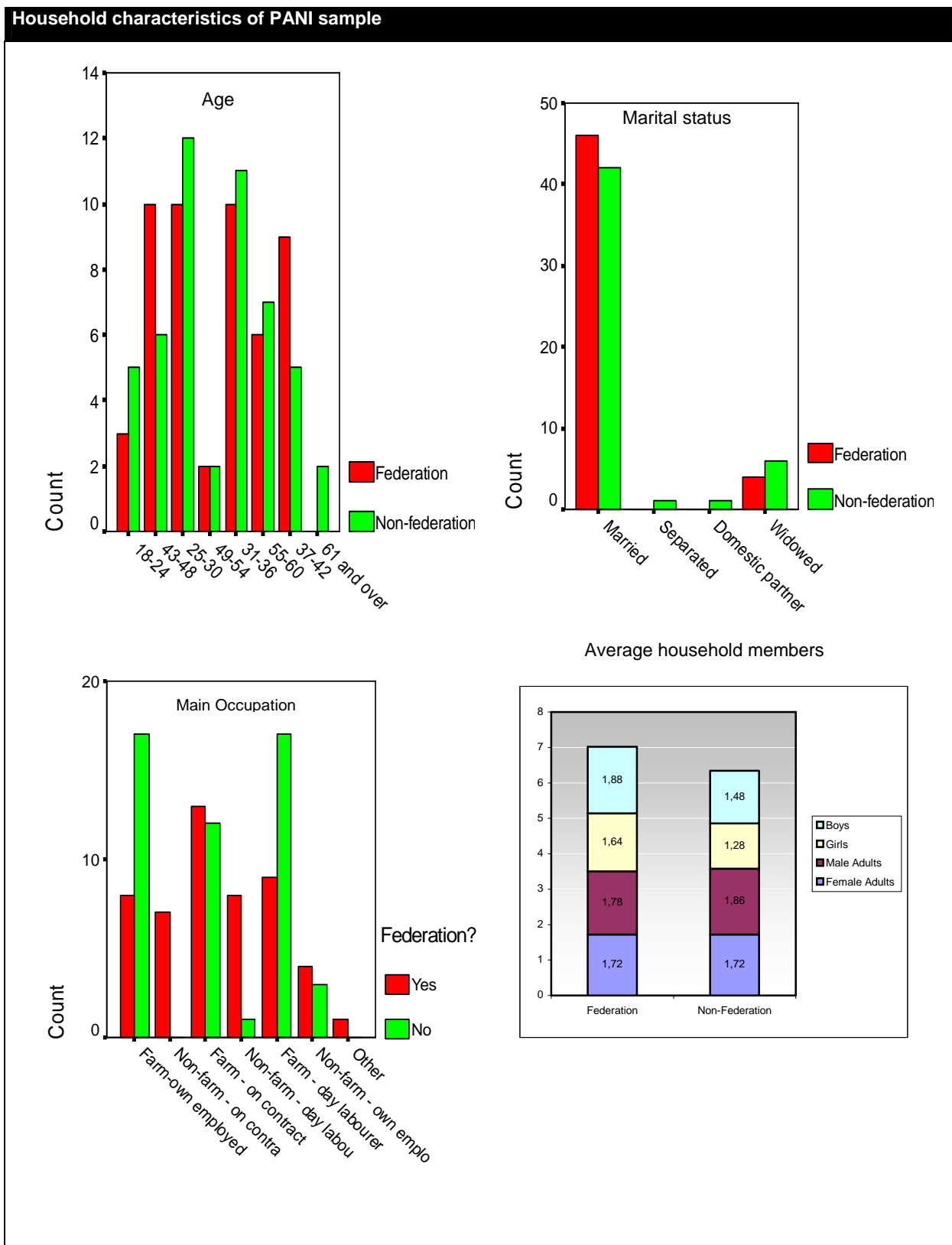
About the General Body:

The general body consists of 2 members from each member SHG. SHG members are free to decide to send any two members to the general body meetings as representative of SHG. The general body has issue base sub committees headed by members of the executive body.

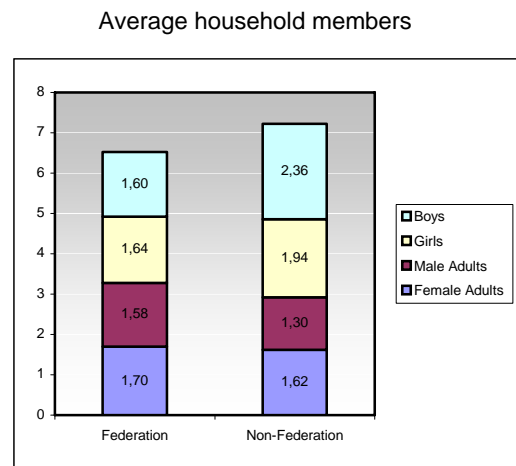
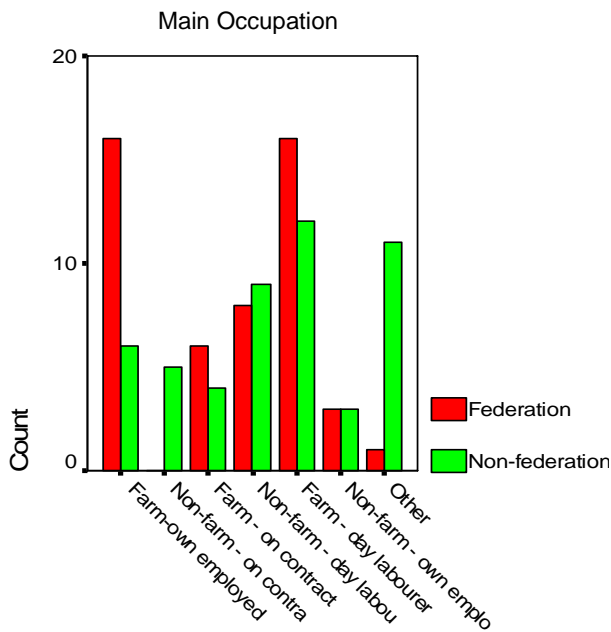
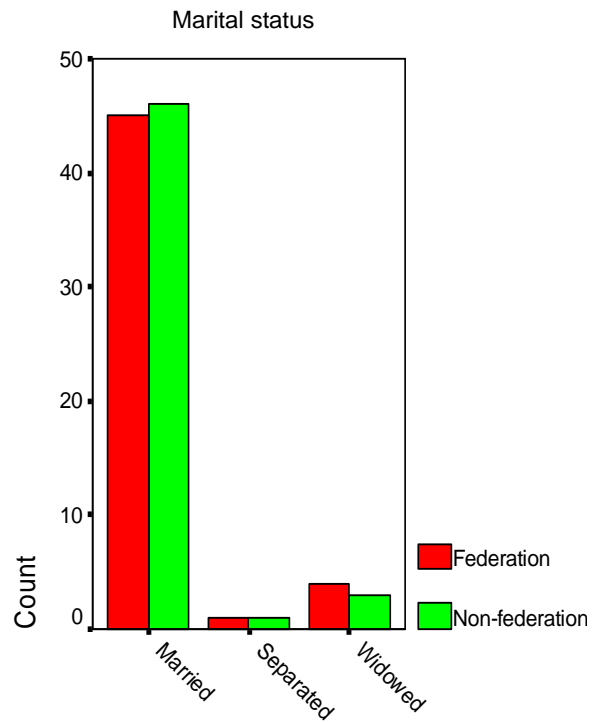
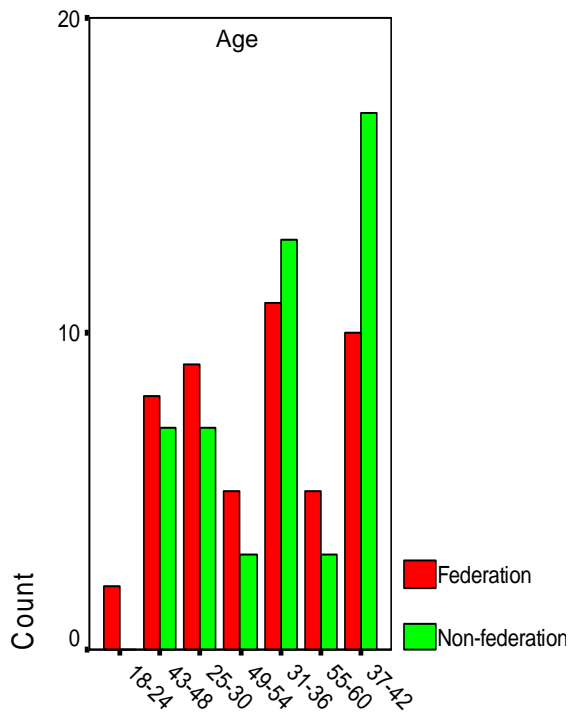
All decisions are taken in the general body meeting and finalized with full participation of executive body members. The general body has at least one meeting a month.

All executive body members are elected from general body members.

Annex 3: Household characteristics of the sample



Household characteristics of GDS sample



Annex 4: Data on operational self-sufficiency of SHG and federations

For each NGO, the following formula was calculated for a sample of 20 SHGs (10 federated and 10 non-federated) and the two federations:

$$\text{Operational Self Sufficiency} = \text{Operational Income} / (\text{Operational Expenses} + \text{Financial Expenses})$$

Ajai Nair [2005, page 29]

Details of findings for PANI:

PANI provided the following information based on the financial year 2004-2005 in which they summarised the Operational Self Sufficiency by looking at the averages for SHG with the age of one, two or more than three years.

OSS ratios for SHGs and federations based on a sample of 20 SHGs and 2 federations				
	Expenses	Amount (Rs)	Income	Amount (Rs)
SHG > 3 years	Stationary	60	Interest received on interlending	7500
	Interest paid on loan taken	6000	Interest received on savings in the bank	20
	PANI staff and overhead	860		
	Net profit	600		
	Total	7520		7520
	OSS ratio	108%		
	SHG 2 years	Expenses	Amount (Rs)	Income
Stationary		60	Interest received on interlending	3000
Interest paid on loan taken		2400	Interest received on savings in the bank	15
PANI staff and overhead		860		
Net profit		-305		
Total		3015		3015
OSS ratio		91%		
SHG 1 year	Expenses	Amount (Rs)	Income	Amount (Rs)
	Stationary	60	Interest received on interlending	2250
	Interest paid on loan taken	1800	Interest received on savings in the bank	10
	PANI staff and overhead	860		
	Net profit	-460		
	Total	2260		2260
	OSS ratio	83%		
Mature federation	Expenses	Amount (Rs)	Income	Amount (Rs)
	Stationary	60	Membership Fees from SHGs	2312
	Stamp making Charge and stamp pad	40	Interest on membership fees	60
	Letter head making charge	40		
	Celebration of World Women's Day	500		
	Celebration of People's Action Day	300		
	Net profit	1432		
	Total	2372		2372
OSS ratio	160%			

Details of findings for GDS:

GDS provided the following Operational Self Sufficiency ratios based on the financial year 2004-2005 for a sample of 20 SHGs (10 federated and 10 non-federated) and the two federations:

OSS ratios for SHGs based on a sample of 20 SHGs - GDS

Federated		Non-federated	
Age	OSS	Age	OSS
6 years	983%	2 years	42%
6 years	443%	4 years	59%
6 years	443%	1 years	142%
1 year	72%	2 years	631%
6 years	205%	1 years	86%
4 years	609%	2 years	172%
4 years	123%	2 years	299%
5 years	175%	5 years	223%
5 years	961%	2 years	307%
5 years	170%	2 years	366%

OSS ratios for the two federations in the sample – GDS

PRAYAS MAHILA MAHA SANGH			
INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDING ON 31-3-2004			
EXPENDITURE	AMOUNT	INCOME	AMOUNT
To Women's Day Exp.	2.735	By Sales(seeds)	67.829
To Meeting Exp.	560	By Int from loans to members	5.140
To Printing & Stationery	60	By Loss	2.277
To Purchases(Seeds)	58.500		
To Refreshment Exp.	200		
To Society Registration exp.	1.190		
To GDS cadre	12.000		
TOTAL	75.245	TOTAL	75.245
OSS of Prayas	97%		
SANGAM MAHILA MAHASANGH)			
INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDING ON 31-3-2004			
EXPENDITURE	AMOUNT	INCOME	AMOUNT
To Conveyance	67	By Sale of Fertilizer	1.267
To Honorirraum	4.800	By Irrigation pipe rent	1.146
To Misc Exp.	1.667	By Intt. Recd	4.266
To Rent	1.900	By Sale of Loan Documents	150
To Stationery	10	By Misc Income	43
To Meeting Exp.	186	By Rent of Sprey Machine	190
To Society Registration Exp.	1.230	By Seed	4.412
To GDS Cadre	12.000	Loss	10.386
TOTAL	21.860	TOTAL	21.860
OSS of Sangam	52%		

Annex A: Questionnaire for SHG participants

Linked to federation Not linked to federation

Name of federation _____

PANI GDS

Research Assistants name _____

Today's Date: _____

Thank you for agreeing to take part in this survey. I/We would like to ask you some questions that will help us understand the changes that took place in various aspects of your life, and how these are connected to you being a member of a SHG. The survey will take approximately 45 minutes.

The results of this survey will be completely confidential. Some of the questions may also be quite personal and we hope this will be OK with you. If, however you do not feel comfortable answering any questions, please feel free to say so.

Section 1. Individual Information

1. Name: _____
2. What is your age:
 - o 18 - 24
 - o 25 - 30
 - o 31 - 36
 - o 37 - 42
 - o 43 - 48
 - o 49 - 54
 - o 55 - 60
 - o 61 and over
3. Name of SHG _____
4. No of years with the SHG _____
5. What is your marital Status
 - o Married
 - o Living with domestic partner
 - o Single
 - o Separated
 - o Widowed
 - o Divorced
6. What is your religion

- Islamic
- Hindu
- Christian
- Buddhist
- Other, please specify: _____

7. Number of household members (note: if single headed HH questions on decision taken in HH cannot be asked!)

- Female Adults _____
- Male Adults _____
- Female Children _____
- Male Children _____

8. What is your main occupation?

- Farm – own employed
- Farm – on contract
- Farm – day labourer
- Non-Farm – own employed
- Non Farm – on contract
- Non-Farm – day labourer
- Unemployed or housewife
- Other, please specify: _____

Section 2. Economic Empowerment

9. Which institutions do you know where you can borrow money?

- SHG
- Federation
- Bank
- Moneylender
- Relatives
- Other, namely _____
- None, go to question 12

10. Which of these institutions would you favour to take a loan from?

- SHG
- Federation
- Bank
- Moneylender
- Relatives
- Other, namely _____

11. Why do you favour these?

- Close location
- Interest rates
- Easy requirements and procedures
- No formal requirements and procedures
- Other, namely _____

12. Besides from the SHG, in the past 2 years have you taken a loan from **(list:)**?

- Federation
- Bank
- Moneylender
- Relatives
- Other, namely _____
- None, go to question 14

13. What did you use these loans for?

- Income generating activities
- Non-income generating activities
- Both

14. Loans taken from SHG in past 2 years

- Amount loan nr 1: Rs _____
 - Invested in Income generating purpose
 - Invested in Non-Income generating purpose
- Amount loan nr 2: Rs _____
 - Invested in Income generating purpose
 - Invested in Non-Income generating purpose
- Amount loan nr 3: Rs _____
 - Invested in Income generating purpose
 - Invested in Non-Income generating purpose
- Amount loan nr 4: Rs _____
 - Invested in Income generating purpose
 - Invested in Non-Income generating purpose
- None

15. Is your SHG linked with a bank?

- Yes
- No, go to question 17

16. Has your SHG taken a loan from this bank?

- Yes
- No

17. Do you feel that your demand for credit in the past 2 years has been lived up to?
- Yes
 - No
18. Can you give an indication of your total current savings deposited at the SHG?
- Rs _____
19. Do you have any other savings, besides with the SHG?
- Yes
 - No, go to question 21
20. Where do you keep these other savings?
- Bank
 - Post office
 - Non banking financial companies (NBFC)
 - Personal
 - Federation
 - Other _____
21. Can you name institutions or organisations that provide training on Income generating activities?
- NGO
 - Federation
 - SHG
 - Other, namely _____
 - None
22. Can you name institutions or organisations that provide training on financial administration or accounts keeping?
- NGO
 - Federation
 - SHG
 - Other, namely _____
 - None, go to question 27
23. Have you ever wanted to participate in these?
- Yes
 - No, go to question 27
24. Which one did you want to participate in?
- NGO accounts keeping
 - Federation accounts keeping
 - SHG accounts keeping
 - NGO IGA
 - Federation IGA

- SHG IGA
25. Have you participated in any of these in the past two years?
- NGO accounts keeping
 - Federation accounts keeping
 - SHG accounts keeping
 - NGO IGA
 - Federation IGA
 - SHG IGA
 - No, go to question 27
26. How do you value these trainings?
- Good
 - Neither good nor bad
 - Bad
27. After deduction of all costs such as interest and service fees, has your income increased, decreased or stayed the same in the past two years?
- Increased
 - Decreased
 - Same
28. Has your capacity to do accounts keeping for your own financial administration increased in the past two years?
- Yes
 - No
29. Who would you prefer to take decisions within your household about how a loan or savings is spent taken?
- Joint
 - Female
 - Male
30. Before you joint the SHG how were decisions within your household about how a loan or savings is spent taken?
- Joint
 - Female
 - Male
31. Since you joint the SHG, how are decisions within your household about how a loan or savings are spent taken?
- Joint
 - Female
 - Male

Section 3. Political Empowerment

32. Can you tell me what the Panchayati Raj system is?
- Yes (participant can describe it, and it is correct)
 - No
33. Did you want to vote in the last Panchayat elections held in 2005?
- Yes
 - No
34. Did you vote in the last Panchayat elections held in 2005?
- Yes
 - No, go to question 36
35. Has you being a member of a SHG/federation facilitated voting in the last Panchayat elections held in 2005?
- Yes, SHG facilitated
 - Yes, federation facilitated
 - Yes, both SHG and federation facilitated
 - No
36. Who would you prefer to take decisions within your household about voting?
- Joint
 - Female
 - Male
37. Before you joint the SHG how were decisions within your household about voting taken?
- Joint
 - Female
 - Male
38. Since you joint the SHG, how are decisions within your household about voting taken?
- Joint
 - Female
 - Male
39. Do you know that you can contest in the elections as a representative of the Panchayati Raj system?
- Yes
 - No
40. Would you like to be elected as a representative of the Panchayati Raj system?
- Yes
 - No, go to question 43
41. Have tried to be elected as representative of the Panchayati Raj system?

- Yes
 - No, go to question 43
42. Have you been elected as representative of the Panchayati Raj system?
- Yes
 - No
43. Would you say your level of involvement in the political process of the Panchayati Raj system is more, less or the same since you are a member of the SHG/federation?
- More, since SHG
 - More, since Federation
 - More, since both
 - Less
 - Same
44. Can you tell me what the Gram Sabha (general assemblies of villagers) is?
- Yes (participant can describe it, and it is correct)
 - No, go to question 50
45. How interested are you in the activities of the Gram Sabha?
- Very interested
 - Fairly interested
 - Slightly interested
 - Not interested at all
46. How often have you been to a meeting of the Gram Sabha?
- Never
 - A few times
 - Regularly
47. Do you feel you have an influence on the decisions taken in the Gram Sabha?
- Yes
 - No
48. Have you ever been able to influence a decision taken in the Gram Sabha?
- Yes
 - No
49. Would you say your level of involvement in the Gram Sabha is more, less or the same since you are a member of the SHG/federation?
- More, since SHG
 - More, since Federation
 - More, since both
 - Less
 - Same

50. What resources and services of the Panchayati Raj system do you know are generally available in your area?

- Water supply
- Vaccination for mothers and children
- Primary education
- Mid-day meal in primary schools
- Health services
- Social security schemes (like old age pension)
- Public distribution system (PDS)
- Land
- SGSY – Subsidized Self employment scheme for SHG members
- Employment guarantee scheme
- Housing
- Infrastructure
- Total Sanitation Programme
- Electricity
- Other, namely _____
- None, go to question 56

51. Which of them do you feel you personally can have access to should you need them?

- Water supply
- Vaccination for mothers and children
- Primary education
- Mid-day meal in primary schools
- Health services
- Social security schemes (like old age pension)
- Public distribution system (PDS)
- Land
- SGSY – Subsidized Self employment scheme for SHG members
- Employment guarantee scheme
- Housing
- Infrastructure
- Total Sanitation Programme
- Electricity
- Other, namely _____
- none

52. Which of them have you used in the past 2 years?

- Water supply

- o Vaccination for mothers and children
- o Primary education
- o Mid-day meal in primary schools
- o Health services
- o Social security schemes (like old age pension)
- o Public distribution system (PDS)
- o Land
- o SGSY – Subsidized Self employment scheme for SHG members
- o Employment guarantee scheme
- o Housing
- o Infrastructure
- o Total Sanitation Programme
- o Electricity
- o Other, namely _____
- o none

53. Have you tried to increase your access to these services and resources in the past two years?

- o Yes
- o No, go to question 55

54. Did you try to increase this access on personal account, or together with the SHG, the federation or other group?

- o Personal
- o With SHG
- o With federation
- o Other namely _____

55. Has your access to these services and resources declined, increased or stayed the same since you joined the SHG?

- o Declined
- o Increased
- o Same

Section 4. Social Empowerment

56. Besides the SHG, what other organisations do you know where groups of people come together to discuss social issues in the community?

- o Nehru yuva mandal- youth brigade
- o Mahilla Mandal – women’s forum
- o Kishori shakti samuh – adolescent girls power group
- o Federations

- o Other, namely.....
 - o None, go to question 62
57. Would you like to play a role in any of these community organisations?
- o Yes
 - o No, go to question 62
58. Which community development organisations would you like to play a role in?
- o Nehru yuva mandal- youth brigade
 - o Mahilla Mandal – women’s forum
 - o Kishori shakti samuh – adolescent girls power group
 - o Federations
 - o Other, namely.....
59. Are you currently involved in any of these organisations?
- o Yes
 - o No, go to question 62
60. Which ones are you currently involved in?
- o Nehru yuva mandal- youth brigade
 - o Mahilla Mandal – women’s forum
 - o Kishori shakti samuh – adolescent girls power group
 - o Federations
 - o Other, namely.....
61. Would you say your level of involvement in these organisations is more, less or the same since you are a member of the SHG/federation?
- o More, since SHG
 - o More, since Federation
 - o More, since both
 - o Less
 - o Same
62. Since you joined the SHG, has your status in the community improved, deteriorated or stayed the same?
- o Improved
 - o Deteriorated
 - o Same
63. Since you joined the SHG, has your status in your household improved, deteriorated or stayed the same?
- o Improved
 - o Deteriorated
 - o Same

Annex B: Semi-structured interview list for SHGs

Name of SHG: _____

Name of SHG federation: _____

Village: _____

Date of interview: _____

General questions:

1. Can you mention the changes in your life since you became member of the SHG?
2. Can you mention the changes in your life since your SHG was included in a federation?

Economic Empowerment

3. Can you tell me what changes occurred in your economic situation around taking loans, savings and your income situation since you joined the SHG?
4. Can you mention what role the SHG/federation has played in your economic situation in the last two years?
5. Can you mention how your relationship with banks changed since you are a member of the SHG?

Political Empowerment

6. Can you explain the system of Panchayati Raj in your area and the functions of its various committees?
7. Can you tell me something about your own involvement with the Panchayati Raj system and its committees and how this has changed since you joined the SHG?
8. Can you tell me something about the various resources and services of the Panchayati Raj System in your area and your own access and use of these services?

Social empowerment

9. What can you tell me about different community development organisations in your area?
10. Can you tell me something about your own interest and involvement in these various committees and how this has changed since you joined the SHG?
11. Can you tell me how your status in the within your household and the community changed since you joined the SHG? (behaviour change in the community)

SHG/federation sustainability/services from SHG/federations

12. Can you explain to me how the SHG operates and what its different functions are?
13. Can you tell me more about the different actors/institutions that the SHG relates to and how you would describe this relationship?
14. What are the services offered to you by the SHG federations?
15. Are there any additional services you or your SHG need that the SHG federations could offer?

Annex C: Semi-structured interview list for SHG Federation

Name of representative: _____

Name of SHG federation: _____

Village: _____

Date of interview: _____

Questions 1-5 are more open questions to start with. Answers to Questions 6-19 might already come up during these. If not, they will be separately asked.

1. Could you first please tell me something about yourself and your role in the SHG federation?
2. Can you explain to me how the SHG federation operates and what its different functions are?
3. Can you describe the various external and internal problems the SHG federation encounters?
4. Can you indicate to what extent the SHG federation has been successful, what is going well?
5. Can you describe the most important opportunities of the SHG federation for the future?

6. Can you please describe the relationship between the federation and the SHGs?
7. Can you tell me more about the different actors/institutions that the federation relates to and how you would describe this relationship?
8. Could you please tell me more about the relationship between the federation and the bank?
9. Could you please tell me more about the relationship between the federation and the government?
10. Could you please tell me more about the relationship between the federation and the various community development organisations?
11. Could you please tell me more about the relationship between the federation and the NGO?
12. How would you describe the position of the SHG federation in the wider community?
13. What are the different services offered to the SHGs by the SHG federations?
14. Can you explain to me how these services are delivered and how the costs of delivering these services are paid for?
15. How satisfied are you in general with the services offered to the SHGs by the SHG federation?
Please explain.
16. Can you mention any changes in the functioning of the SHGs since the existence of the SHG federation?
17. Are there any additional services you feel the SHGs need that the SHG federations could offer?
18. Can you explain to me how this service delivery could be organised?
19. Can you explain to me if and how the federation and its SHGs can exist in the future without any support from the NGO (name...)?