

ANNEXURE I

Districts where the Rural & Semi-urban per Branch Population is more than 19,272 and their Corresponding Credit Gap is more than 95% (2005)

Sr.	State/ Union Territory	District	CD Ratio Ru+SU+ Ur+Metro*	Ru+SU -Per Office Data			
				Credit Accounts	Adult population	Adults not having bank loans	%age of adults not having bank loans
1	ARUNACHAL PRADESH	CHUNGLANG	19.0	475	32984	32509	98.6
2	ARUNACHAL PRADESH	DIBANG VALLEY	11.7	360	30359	29999	98.8
3	ARUNACHAL PRADESH	EAST KAMENG	13.0	218	30075	29857	99.3
4	ARUNACHAL PRADESH	LOHIT	16.0	419	25164	24745	98.3
5	ARUNACHAL PRADESH	TIRAP	9.8	329	26384	26056	98.8
6	ASSAM	BARPETA	45.8	878	30946	30068	97.2
7	ASSAM	BONGAIGAON	41.8	701	25946	25246	97.3
8	ASSAM	CACHAR	33.9	454	30510	30056	98.5
9	ASSAM	DARRANG	52.3	820	33453	32633	97.6
10	ASSAM	DHEMAJI	35.3	542	36660	36119	98.5
11	ASSAM	DHUBRI	33.4	702	45747	45046	98.5
12	ASSAM	DIBRUGARH	23.6	467	22466	22000	97.9
13	ASSAM	GOALPARA	45.2	742	25593	24851	97.1
14	ASSAM	HAILAKANDI	24.6	506	31134	30628	98.4
15	ASSAM	JORHAT	33.7	637	27360	26723	97.7
16	ASSAM	KAKROJHAR	35.5	1073	39479	38406	97.3
17	ASSAM	KAMRUP	36.1	775	25085	24310	96.9
18	ASSAM	KARIMGANJ	28.2	414	24408	23993	98.3
19	ASSAM	LAKHIMPUR	37.5	512	20611	20099	97.5
20	ASSAM	MORIGAON	48.2	778	30209	29431	97.4
21	ASSAM	NAGAON	34.9	613	28927	28314	97.9
22	ASSAM	NALBARI	57.0	1071	27214	26142	96.1
23	ASSAM	SIBSAGAR	31.3	606	19759	19153	96.9
24	ASSAM	SONITPUR	45.4	808	22621	21813	96.4
25	BIHAR	ARARIA	51.1	868	33671	32803	97.4
26	BIHAR	AURANGABAD	24.3	794	26104	25311	97.0
27	BIHAR	BANKA	36.8	725	31981	31256	97.7
28	BIHAR	BEGUSARAI	35.1	729	24258	23529	97.0
29	BIHAR	BHAGALPUR	32.2	645	26569	25924	97.6
30	BIHAR	BHOJPUR	20.4	1110	25234	24124	95.6
31	BIHAR	BUXAR	26.8	1117	22197	21080	95.0
32	BIHAR	DARBHANGA	23.9	472	27927	27455	98.3
33	BIHAR	GAYA	22.9	710	25535	24825	97.2
34	BIHAR	GOPALGANJ	22.7	751	25460	24709	97.0
35	BIHAR	JAMUI	25.3	672	27373	26701	97.5
36	BIHAR	JEHANABAD	19.8	711	25466	24756	97.2
37	BIHAR	KAIMUR	41.9	1109	22378	21268	95.0
38	BIHAR	KATIHAR	57.7	908	30341	29433	97.0
39	BIHAR	KHAGARIA	33.7	790	28709	27919	97.2
40	BIHAR	KISHANGANJ	44.9	870	29068	28198	97.0
41	BIHAR	LAKHISARAI	23.2	664	24670	24005	97.3
42	BIHAR	MADHEPURA	41.9	669	29001	28332	97.7
43	BIHAR	MADHUBANI	27.2	522	26482	25961	98.0

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				Credit Accounts	Adult population	Adults not having bank loans	%age of adults not having bank loans
44	BIHAR	MUNGER	19.4	737	23232	22495	96.8
45	BIHAR	MUZAFFARPUR	28.6	700	27640	26940	97.5
46	BIHAR	NALANDA	22.3	759	23975	23216	96.8
47	BIHAR	NAWADA	18.6	835	27825	26991	97.0
48	BIHAR	PASCHIMI CHAMPARAN	51.1	782	27133	26350	97.1
49	BIHAR	PATNA	25.5	503	22497	21994	97.8
50	BIHAR	PURBI CHAMPARAN	35.1	685	27611	26926	97.5
51	BIHAR	PURNIA	48.0	811	39281	38470	97.9
52	BIHAR	ROHTAS	29.7	1199	25273	24073	95.3
53	BIHAR	SAHARSA	37.7	722	28124	27402	97.4
54	BIHAR	SAMASTIPUR	33.9	677	24856	24178	97.3
55	BIHAR	SARAN	21.4	813	27531	26718	97.0
56	BIHAR	SHEIKHPURA	23.0	822	25709	24887	96.8
57	BIHAR	SHEOHAR	21.2	472	32666	32195	98.6
58	BIHAR	SITAMARHI	35.3	723	30241	29518	97.6
59	BIHAR	SIWAN	14.2	567	24004	23437	97.6
60	BIHAR	SUPAUL	33.8	655	28095	27440	97.7
61	BIHAR	VAISHALI	24.8	742	27674	26932	97.3
62	CHHATTISGARH	BASTAR	35.2	743	23461	22718	96.8
63	CHHATTISGARH	BILASPUR	26.2	578	28668	28090	98.0
64	CHHATTISGARH	DANTEWADA	110.7	588	24222	23634	97.6
65	CHHATTISGARH	DHAMTARI	48.7	845	27186	26341	96.9
66	CHHATTISGARH	DURG	41.0	521	22924	22403	97.7
67	CHHATTISGARH	JANJGIR-CHAMPA	33.2	611	25805	25193	97.6
68	CHHATTISGARH	JASHPUR	22.3	506	21638	21132	97.7
69	CHHATTISGARH	KANKER	44.6	1062	33393	32330	96.8
70	CHHATTISGARH	KAWARDHA	35.9	698	29987	29289	97.7
71	CHHATTISGARH	KORBA	37.6	683	23435	22752	97.1
72	CHHATTISGARH	MAHASAMUND	54.2	849	25047	24198	96.6
73	CHHATTISGARH	RAIGARH	48.5	745	21100	20355	96.5
74	CHHATTISGARH	RAIPUR	54.9	541	25538	24997	97.9
75	CHHATTISGARH	RAJNANDGAON	45.3	576	21920	21344	97.4
76	CHHATTISGARH	SURGUJA	34.9	686	20233	19547	96.6
77	DADRA & NAGAR HAVELI	DADRA&NAGAR HAVELI	34.8	476	20167	19691	97.6
78	GUJARAT	AHMADABAD	60.2	388	20347	19959	98.1
79	GUJARAT	BANAS KANTHA	47.3	748	29436	28688	97.5
80	GUJARAT	BHAVNAGAR	37.7	762	20347	19585	96.3
81	GUJARAT	DAHOD	24.7	752	28132	27380	97.3
82	GUJARAT	DANGS	20.6	1076	24878	23802	95.7
83	GUJARAT	NARMADA	29.5	629	22845	22216	97.2
84	GUJARAT	PANCH MAHALS	28.1	663	24930	24267	97.3
85	HARYANA	HISAR	85.1	767	23149	22382	96.7
86	HARYANA	JIND	84.0	951	20773	19821	95.4
87	HARYANA	KARNAL	95.0	848	21709	20861	96.1
88	HARYANA	PANIPAT	90.8	761	21398	20636	96.4

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				Credit Accounts	Adult population	Adults not having bank loans	%age of adults not having bank loans
89	HARYANA	SONIPAT	32.4	657	20928	20271	96.9
90	JHARKHAND	CHATRA	19.1	927	25582	24655	96.4
91	JHARKHAND	DHANBAD	19.2	694	31680	30986	97.8
92	JHARKHAND	GARHWA	27.0	823	29065	28243	97.2
93	JHARKHAND	GIRIDIH	28.0	682	21160	20478	96.8
94	JHARKHAND	GUMLA	20.0	594	21126	20532	97.2
95	JHARKHAND	HAZARIBAG	22.1	867	22606	21740	96.2
96	JHARKHAND	KODERMA	21.9	786	20488	19702	96.2
97	JHARKHAND	LOHARDAGGA	27.5	1008	22872	21863	95.6
98	JHARKHAND	PAKUR	29.1	740	20228	19488	96.3
99	JHARKHAND	PALAMAU	20.3	638	21730	21093	97.1
100	JHARKHAND	RANCHI	28.3	759	20880	20122	96.4
101	JHARKHAND	SAHEBGANJ	27.0	812	21056	20244	96.1
102	MADHYA PRADESH	BALAGHAT	43.7	502	20333	19831	97.5
103	MADHYA PRADESH	BARWANI	56.4	627	24986	24358	97.5
104	MADHYA PRADESH	BETUL	33.2	661	23308	22647	97.2
105	MADHYA PRADESH	BHIND	45.0	555	32959	32405	98.3
106	MADHYA PRADESH	CHHATARPUR	40.2	807	23019	22211	96.5
107	MADHYA PRADESH	DAMOH	47.9	799	20854	20055	96.2
108	MADHYA PRADESH	DINDORI	38.1	421	25224	24803	98.3
109	MADHYA PRADESH	EAST NIMAR	46.3	660	21201	20541	96.9
110	MADHYA PRADESH	GUNA	75.7	805	24072	23267	96.7
111	MADHYA PRADESH	HARDA	73.2	926	19814	18888	95.3
112	MADHYA PRADESH	JABALPUR	37.7	561	21274	20713	97.4
113	MADHYA PRADESH	JHABUA	32.9	731	26567	25836	97.2
114	MADHYA PRADESH	KATNI	41.0	454	22150	21697	98.0
115	MADHYA PRADESH	MANDLA	35.6	524	20230	19706	97.4
116	MADHYA PRADESH	MANDSAUR	69.7	808	21601	20794	96.3
117	MADHYA PRADESH	MORENA	72.5	604	31951	31347	98.1
118	MADHYA PRADESH	PANNA	33.9	610	24477	23867	97.5
119	MADHYA PRADESH	RATLAM	55.3	667	23966	23299	97.2
120	MADHYA PRADESH	REWA	29.3	559	23997	23438	97.7
121	MADHYA PRADESH	SAGAR	44.7	729	26437	25708	97.2
122	MADHYA PRADESH	SATNA	37.7	626	20247	19621	96.9
123	MADHYA PRADESH	SEONI	43.9	586	20767	20181	97.2
124	MADHYA PRADESH	SHAHDOL	32.5	600	23758	23158	97.5
125	MADHYA PRADESH	SHAJAPUR	96.5	907	21235	20328	95.7
126	MADHYA PRADESH	SHEOPUR	72.6	765	31976	31211	97.6
127	MADHYA PRADESH	SHIVPURI	39.0	642	30571	29930	97.9
128	MADHYA PRADESH	SIDHI	15.0	591	25708	25117	97.7
129	MADHYA PRADESH	TIKAMGARH	33.4	806	22523	21717	96.4
130	MADHYA PRADESH	VIDISHA	89.4	744	20471	19727	96.4
131	MADHYA PRADESH	WEST NIMAR	52.6	720	23199	22479	96.9
132	MAHARASHTRA	AHMADNAGAR	78.5	587	22356	21769	97.4
133	MAHARASHTRA	AURANGABAD	80.6	820	25845	25025	96.8
134	MAHARASHTRA	BID	64.6	825	23309	22484	96.5
135	MAHARASHTRA	BULDHANA	78.9	972	23200	22228	95.8

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136	MAHARASHTRA	DHULE	76.0	717	26818	26101	97.3
137	MAHARASHTRA	GADCHIROLI	40.3	662	23919	23257	97.2
138	MAHARASHTRA	GONDIA	53.3	641	23359	22718	97.3
139	MAHARASHTRA	HINGOLI	52.0	1001	27537	26536	96.4
140	MAHARASHTRA	JALGAON	74.0	644	25422	24777	97.5
141	MAHARASHTRA	JALNA	77.6	1148	24743	23595	95.4
142	MAHARASHTRA	KOLHAPUR	83.6	636	21295	20659	97.0
143	MAHARASHTRA	LATUR	69.8	676	23888	23212	97.2
144	MAHARASHTRA	NAGPUR	57.2	678	19967	19290	96.6
145	MAHARASHTRA	NANDED	57.7	926	26185	25259	96.5
146	MAHARASHTRA	NANDURBAR	54.4	607	30898	30292	98.0
147	MAHARASHTRA	NASIK	46.0	636	26366	25730	97.6
148	MAHARASHTRA	OSMANABAD	50.7	632	22194	21562	97.2
149	MAHARASHTRA	PARBHANI	74.9	1130	23181	22051	95.1
150	MAHARASHTRA	WASHIM	75.1	830	20027	19196	95.9
151	MAHARASHTRA	YAVATMAL	58.4	898	24293	23395	96.3
152	MANIPUR	BISHENPUR	113.3	694	45947	45253	98.5
153	MANIPUR	CHANDEL	82.6	546	26092	25547	97.9
154	MANIPUR	CHURACHANDPUR	51.2	647	62819	62172	99.0
155	MANIPUR	IMPHAL EAST	65.6	452	54421	53969	99.2
156	MANIPUR	IMPHAL WEST	36.8	949	45473	44524	97.9
157	MANIPUR	SENAPATI	81.7	513	26049	25536	98.0
158	MANIPUR	TAMENGLONG	85.7	138	24586	24448	99.4
159	MANIPUR	THOUBAL	54.0	384	44609	44225	99.1
160	MANIPUR	UKHRUL	11.0	151	38803	38653	99.6
161	MEGHALAYA	SOUTH GARO HILLS	44.6	354	35448	35094	99.0
162	MIZORAM	LAWNGTLAI	102.7	675	39065	38390	98.3
163	NAGALAND	MOKOKCHUNG	45.6	439	27329	26890	98.4
164	NAGALAND	MON	35.8	634	92078	91444	99.3
165	NAGALAND	PHEK	79.7	473	26176	25703	98.2
166	NAGALAND	TUENSANG	74.8	858	62802	61944	98.6
167	NAGALAND	WOKHA	52.4	399	24409	24009	98.4
168	NAGALAND	ZUNHEBOTO	66.5	423	27193	26770	98.4
169	ORISSA	BHADRAK	59.9	1071	22564	21493	95.3
170	ORISSA	NAWAPARA	44.8	960	19880	18920	95.2
171	RAJASTHAN	ALWAR	83.3	1042	21744	20702	95.2
172	RAJASTHAN	BARMER	57.0	930	29194	28264	96.8
173	RAJASTHAN	BHILWARA	124.6	879	20439	19560	95.7
174	RAJASTHAN	DAUSA	52.0	811	23809	22998	96.6
175	RAJASTHAN	DHOLPUR	78.5	1093	29624	28531	96.3
176	RAJASTHAN	JAIPUR	98.2	624	21036	20411	97.0
177	RAJASTHAN	JALOR	52.8	819	25764	24945	96.8
178	RAJASTHAN	JHALAWAR	65.4	751	20004	19252	96.2
179	RAJASTHAN	JHUNJHUNU	32.1	947	21505	20558	95.6
180	RAJASTHAN	JODHPUR	59.3	778	26156	25379	97.0
181	RAJASTHAN	KARALI	47.5	838	29157	28319	97.1
182	RAJASTHAN	NAGPUR	43.8	693	23515	22823	97.1

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183	RAJASTHAN	SIKAR	40.0	910	23028	22117	96.0
184	RAJASTHAN	UDAIPUR	43.8	536	24338	23802	97.8
185	UTTAR PRADESH	ALLAHABAD	26.7	784	32450	31666	97.6
186	UTTAR PRADESH	AMBEDKAR NAGAR	28.6	927	29321	28394	96.8
187	UTTAR PRADESH	AURAIYA	25.7	616	24620	24004	97.5
188	UTTAR PRADESH	AZAMGARH	19.2	739	23232	22493	96.8
189	UTTAR PRADESH	BAGHPAT	47.7	1110	26870	25760	95.9
190	UTTAR PRADESH	BAHRAICH	42.1	816	27595	26778	97.0
191	UTTAR PRADESH	BALLIA	18.3	611	21609	20998	97.2
192	UTTAR PRADESH	BALRAMPUR	30.4	1003	26453	25450	96.2
193	UTTAR PRADESH	BARA BANKI	43.2	1000	21173	20174	95.3
194	UTTAR PRADESH	BAREILLY	44.7	822	28586	27764	97.1
195	UTTAR PRADESH	BASTI	42.3	960	24943	23983	96.2
196	UTTAR PRADESH	BIJNOR	52.1	1040	24801	23761	95.8
197	UTTAR PRADESH	BUDAUN	61.2	1050	28815	27764	96.4
198	UTTAR PRADESH	BULANDSHAHR	36.0	953	25163	24210	96.2
199	UTTAR PRADESH	CHANDAULI	33.4	887	31278	30391	97.2
200	UTTAR PRADESH	DEORIA	23.6	866	27837	26971	96.9
201	UTTAR PRADESH	ETAH	44.8	1053	26394	25341	96.0
202	UTTAR PRADESH	ETAWAH	33.0	823	24985	24162	96.7
203	UTTAR PRADESH	FAIZABAD	31.0	872	34580	33708	97.5
204	UTTAR PRADESH	FARRUKHABAD	39.0	984	26965	25981	96.4
205	UTTAR PRADESH	FATEHPUR	26.7	659	24888	24229	97.4
206	UTTAR PRADESH	FIROZABAD	40.9	1106	28062	26957	96.1
207	UTTAR PRADESH	GAUTAM BUDDHA NAGAR	29.0	979	24953	23974	96.1
208	UTTAR PRADESH	GHAZIABAD	48.8	848	24233	23385	96.5
209	UTTAR PRADESH	GHAZIPUR	19.9	654	22319	21665	97.1
210	UTTAR PRADESH	GONDA	31.1	1030	25721	24691	96.0
211	UTTAR PRADESH	GORAKHPUR	28.9	965	27757	26792	96.5
212	UTTAR PRADESH	HAMIRPUR	70.1	975	19867	18891	95.1
213	UTTAR PRADESH	HARDOI	46.3	1396	28645	27249	95.1
214	UTTAR PRADESH	JAUNPUR	19.1	821	25600	24779	96.8
215	UTTAR PRADESH	JHANSI	35.9	1172	24668	23497	95.3
216	UTTAR PRADESH	KANAUJ	51.9	1243	25541	24298	95.1
217	UTTAR PRADESH	KANPUR NAGAR	41.3	818	60570	59752	98.6
218	UTTAR PRADESH	KAUSHAMBI	23.9	673	29230	28557	97.7
219	UTTAR PRADESH	KHERI	53.6	962	26835	25874	96.4
220	UTTAR PRADESH	KUSHI NAGAR	38.7	1168	32698	31530	96.4
221	UTTAR PRADESH	LUCKNOW	32.4	789	23673	22884	96.7
222	UTTAR PRADESH	MAHARAJGANJ	37.3	1193	29855	28663	96.0
223	UTTAR PRADESH	MAINPURI	41.9	1097	24858	23761	95.6
224	UTTAR PRADESH	MAU	21.2	687	26188	25501	97.4
225	UTTAR PRADESH	MEERUT	53.8	1083	22260	21177	95.1
226	UTTAR PRADESH	MIRZAPUR	39.6	1161	28018	26858	95.9
227	UTTAR PRADESH	MORADABAD	66.0	1279	25432	24153	95.0
228	UTTAR PRADESH	MUZAFFARNAGAR	80.8	1062	24198	23136	95.6

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229	UTTAR PRADESH	PILIBHIT	66.0	963	25784	24821	96.3
230	UTTAR PRADESH	PRATAPGARH	20.6	659	22620	21961	97.1
231	UTTAR PRADESH	RAI BARELI	26.4	1034	25501	24467	95.9
232	UTTAR PRADESH	RAMPUR	72.2	1120	22272	21152	95.0
233	UTTAR PRADESH	SANT KABIR NAGAR	27.8	852	28535	27683	97.0
234	UTTAR PRADESH	SANT RAVIDAS NAGAR	50.0	650	27198	26549	97.6
235	UTTAR PRADESH	SHAHJAHANPUR	53.4	818	23436	22618	96.5
236	UTTAR PRADESH	SHRAVASTI	42.9	839	23636	22797	96.5
237	UTTAR PRADESH	SIDHARTHANAGAR	29.6	843	26993	26150	96.9
238	UTTAR PRADESH	SITAPUR	41.0	802	26496	25694	97.0
239	UTTAR PRADESH	SONBHADRA	31.0	979	23699	22721	95.9
240	UTTAR PRADESH	SULTANPUR	26.1	1093	24273	23180	95.5
241	UTTAR PRADESH	UNNAO	25.1	1181	27453	26273	95.7
242	UTTAR PRADESH	VARANASI	28.0	666	31994	31328	97.9
243	WEST BENGAL	BANKURA	27.4	979	20615	19637	95.3
244	WEST BENGAL	BARDDHAMAN	25.0	766	20236	19470	96.2
245	WEST BENGAL	DAKSHIN DINAJPUR	49.4	1224	26118	24894	95.3
246	WEST BENGAL	HAORA	26.0	729	23200	22472	96.9
247	WEST BENGAL	JALPAIGURI	29.1	840	24180	23340	96.5
248	WEST BENGAL	KOCH BIHAR	52.3	1144	23594	22449	95.2
249	WEST BENGAL	MALDAH	42.4	1053	25426	24373	95.9
250	WEST BENGAL	MURSHIDABAD	32.9	866	29842	28975	97.1
251	WEST BENGAL	NADIA	29.2	1289	28164	26874	95.4
252	WEST BENGAL	NORTH 24 PARGANAS	18.6	999	22653	21654	95.6
253	WEST BENGAL	PASCHIM MEDINIPUR	31.6	854	22102	21248	96.1
254	WEST BENGAL	PURULIYA	20.0	785	23493	22708	96.7
255	WEST BENGAL	SOUTH 24 PARGANAS	20.1	837	29001	28163	97.1
256	WEST BENGAL	UTTAR DINAJPUR	52.6	1350	32944	31593	95.9

ANNEXURE II

State-wise SHG credit linkage by RRBs : March 2006					
S. no.	State	Cum. no. of SHGs credit linked (RRBs)	Cum no. of SHGs credit linked by all agencies	% SHGs credit linked (RRBs)	Cum. bank loan disbursed - RRBs(Rs. cr.)
1	Haryana	2510	4867	52%	14.97
2	Himachal Pradesh	3671	22920	16%	13.21
3	Punjab	560	4561	12%	3.36
4	J & K	499	2354	21%	1.33
5	Rajasthan	38532	98171	39%	92.77
6	New Delhi	0	224		0
	Northern Region	45772	133097	34%	125.64
7	Assam	31528	56449	56%	45.12
8	Meghalaya	198	735	27%	0.35
9	Nagaland	28	422	7%	0.86
10	Tripura	1516	1996	76%	2.14
11	Arunachal Pradesh	127	346	37%	0.57
12	Mizoram	812	974	83%	4.63
13	Manipur	899	1468	61%	3.41
14	Sikkim	0	127		0.00
	North Eastern Region	35108	62517	56%	57.08
15	Bihar	26188	46221	57%	53.52
16	Jharkhand	9299	30819	30%	24.46
17	Orissa	86256	180896	48%	221.69
18	West Bengal	37909	136251	28%	68.05
19	A & N Islands	0	164		0.00
	Eastern Region	159652	394351	40%	367.72
20	Chattisgarh	14571	31291	47%	15.26
21	Madhya Pradesh	20453	57125	36%	46.35
22	Uttaranchal	2668	17588	15%	18.35
23	Uttar Pradesh	90698	161911	56%	272.18
	Central Region	128390	267915	48%	352.14
24	Gujarat	6309	34160	18%	13.87
25	Maharashtra	28115	131470	21%	102.24
26	Goa	0	624		0.00
	Western Region	34424	166254	21%	116.11
27	Andhra Pradesh	190120	587238	32%	1342.46
28	Karnataka	81839	224928	36%	384.13
29	Kerala	9055	86988	10%	37.42
30	Tamil Nadu & Puduchery	55664	315277	18%	539.43
	Southern Region	336678	1214431	28%	2303.44
	Grand Total	740024	2238565	33%	3322.13

ANNEXURE III

Major Results of Impact Assessments on the SHG - Bank Linkage Programme

1. SHG - Bank Linkage Programme for Rural Poor (2002) – An Impact Assessment (V. Puhazhendhi & K.C.Badatya, NABARD)

The study was based on primary details collected from 115 members of 60 SHGs spread over 3 States. The socio-economic conditions of the members were compared between pre and post SHG situations to quantify the impact. The study findings concluded that the SHG - Bank Linkage Programme has made significant contribution to social and economic improvement of the member households of SHGs.

There was a significant increase in the asset structure, mean annual savings, average loan per member, overall repayment percentage, average annual net income, employment per sample households. Availing loans from moneylenders and other informal sources with higher interest rate was significantly reduced due to SHG intervention. There was remarkable improvement in social empowerment of SHG members (more than 90% are women) in terms of self-confidence, involvement in decision-making, better communication, etc.

Major Findings

- Structure and conduct of SHGs especially with reference to size, homogeneity, conduct and attendance of meetings, record keeping, etc., was broadly in conformity with the guideline of the programme.
- The SC / ST and backward class constituted 83% of the total sample and coverage of this social group has shown increasing trend during the recent years.
- While there was no change in asset structure in 52% of the sample households, about 45% of them registered increase in assets between pre and post SHG situations. The increase in value of assets that included livestock and consumer durable was from Rs.4,498 to Rs. 5,827 registering an increase of 30% after joining the group.
- Varied saving products that are suitable for the rural poor were made available for SHG members that facilitated increased rate of saving among them. Mean annual savings were increased from Rs. 952 to Rs. 1,863 registering two fold increase.
- Institutional credit deepening and widening among the rural poor were achieved to a greater extent. The average loan per member during post SHG situation was Rs. 5,122, which was about 123% more than the pre SHG situation. Availing loans from moneylenders and other informal sources with higher interest rate was significantly reduced due to SHG intervention. The average annual interest paid by the members from different sources was reduced from 81% to 31%.
- There was perceptible change in the loaning pattern between pre and post SHG situations. Consumption oriented loans were replaced by production oriented loans during post SHG situations which was mainly due to SHGs and training provided under the programme.
- Recovery performance of loans from members to SHGs worked out to 95% where as it was 86.6% from SHGs to banks. The overall repayment percentage improved from 86% to 95% between pre and post SHG situations with an perceptible increase in repayment of loans from banks by 22 percentage points.

- The average annual net income per sample households was increased to Rs. 15,184, which was about 23% higher than in the pre SHG situations. The incremental income was contributed mainly by farm activities (54%) followed by non-farm activities (36%).
- Employment per sample households increased by 34% from 303 to 405 person days between pre and post-SHG situations.
- There was remarkable improvement in social empowerment of SHG members in terms of self-confidence, involvement in decision-making, better communication, etc.
- NGO promoted groups edge over BANK promoted groups on coverage of more weaker sections, spreading programme more in inaccessible areas, improvement in assets, savings, income and employment generations, capacity building and human resource development, etc. BANK promoted groups performed relatively more in institutional loan repayment. There is greater scope for BANK promoted groups for improving the conduct of SHGs and capacity building of its members.
- Sustainability of SHGs was well established through the better performance of older groups than the recently formed groups in terms of increased value of assets and saving rate, better access of institutional loans, higher rate of repayment of loans, elimination of informal sources and impressive social empowerment.

Recommendations

- For greater acceleration of rate of economic empowerment, future strategy must focus more and more on training and capacity building of members besides ensuring adequate linkage supports.
- SHGs role may further be enhanced through its involvement in developmental programmes implemented in the areas.
- While expanding the programme for wider coverage, efforts also need to be focused on strengthening the existing groups and institutional building such as federal structures.

2. Micro Finance for Rural People - An Impact Evaluation (2000)

(V. Puhazhendi & K. J. S. Satyasai, NABARD)

This study by NABARD covered 560 SHG member households from 223 SHGs spread over 11 States. Important findings from the study indicate that there have been perceptible and wholesome changes in the living standards of the SHG members, in terms of ownership of assets, increase in savings and borrowing capacity, income generating activities and in income levels. Some of the major findings of the study are presented here :

- Member households: landless agricultural labourers (31%); marginal farmers (23%); small farmers (29%); others (17%).
- Average value of assets (land, house, livestock and consumer durables etc.) per household increased by 13 % from Rs. 63,000 in pre-SHG stage to Rs. 71,000 in post-SHG stage. Land was the major asset with a share of 44% of the value of assets.
- About 62% of the households reported increase by about 25% in assets from pre to post-SHG situation.
- Housing conditions generally improved with a shift from kuchha (mud walls, thatched roofs) to pucca (brick walls, tiled roofs) housing.

- Almost all of the members developed saving habit in the post-SHG situation as against only 23% of households who had this habit in the pre-SHG situation.
- Average annual savings per household registered over threefold increase from Rs. 460 to Rs. 1,444.
- The average borrowings / year / household increased from Rs. 4,282 to Rs. 8,341.
- The share of consumption loans declined from 50% to 25%. About 70% of loans taken in post-SHG situation were for income generating purposes.
- Annualised interest rates on loans from SHGs to members were in the 12% to 24 % range.
- Overall loan repayments improved from 84% to 94% between the two periods with an impressive improvement of 29 percentage points in the repayment of loans to banks.
- Average net income / household increased from Rs. 20,177 to Rs.26,889, or by about 33%.
- About 43% of the incremental income generated was from non farm sector activities followed by farm (28%) and off-farm (21%) activities.
- About 74% of the sample members had income below Rs. 22,500 in pre-SHG situation. During the post-SHG period, the proportion came down to 57%.
- Employment increased by 18% from 318 mandays to 375 mandays per household between pre- and post-SHG situations.

The involvement in the group significantly contributed in improving the self-confidence of the members. The feeling of self-worth and communication with others improved after association with the SHGs.

The members were relatively more assertive in confronting social evils and problem situations. As a result, there was a fall in the incidence of family violence

3. Self Help Groups in India - A Study of Lights and Shades

(Kimberley Wilson and Grances Sinha, EDA Rural Systems Pvt. Ltd.)

The study was based on a sample of 214 SHGs in 108 villages of nine districts in four states - Andhra Pradesh (60 SHGs), Karnataka (57 SHGs), Orissa (50 SHGs), Rajasthan (53 SHGs) credit linked to banks before March 2000.

Findings

Light

- SHG members reflect a diverse membership covering different social and economic categories, including the poor.
- According to an objective household wealth ranking, approximately correlated to the national poverty line, 51% of members are poor (below the poverty line); another 32% are “borderline” (above the poverty line but vulnerable to risk). SCs and STs, recognised as structurally poor, are 55% of members. Widows, also a vulnerable and under-privileged group, were found to be 10% of SHG members.
- SHG leaders are of all castes, reflecting the caste composition of their group.
- In functioning SHGs, the drop out rate for the two regions combined is under 10% of membership. Almost 50% of the SHGs had no dropouts; one-third had two or fewer dropouts.

- In one out of every four SHGs in the study sample, there is a woman member who ran for local political office (in the *Panchayat* or village council), and in one out of every five SHGs, there is a woman member who has been elected.
- Half the elected women representatives (25 out of 44) were active in the Panchayat, attending meetings regularly, carrying out responsibilities; only seven (16%) turned out to be proxies meaning that their husbands took their place.
- One-third of SHGs have some members from different castes. 20% of groups in fact cross the main hierarchies (between SC / ST and the other castes). This is more likely in NGO promoted SHGs (24% of groups), lower in Government promoted groups and in Andhra Pradesh (12% of groups).
- NGO SHPIs which have village wide development focus make participation across castes a condition of their programme.
- 30% of SHGs in the sample have been involved in community actions like improving community services, trying to stop alcohol sale and consumption, contributing finance and labour for new infrastructure, protecting natural resources etc.
- The number of non-borrowers is quite small - 5% in the southern sample (data available for the previous year), 8% in the northern sample (data since formation of the group).
- Overall, the data shows relatively low standard deviation around the mean for number of loans and amount borrowed by members.
- It is sometimes asked whether group leaders take advantage of their position to obtain a disproportionate share of available credit. The data does not support this overall. In some SHGs (up to 18%), leaders are accessing more credit, especially over a longer time frame (northern data, Orissa particularly). This is known by other group members and is not necessarily seen to be exploitative (or at any rate is not reported as such in group discussions).

Shade

- It seems significant that for women who have been an SHG member for seven years (or more), half are (still) poor, including 13% very poor.
- At group level, SHG membership is not homogeneous by wealth (which affects “equity” issues).
- In nearly half the groups (47%) there are some members related to each other particularly in the family based tribal communities and also in other communities.
- There are barriers inherent in the conditions of membership to a group formed to mediate financial transactions – through regular meetings, savings and loan repayments. Such conditions are difficult for women who migrate for seasonal wage employment, and households with variable or uncertain incomes. Both are economic characteristics of the poor and very poor. They can and do lead to “self-exclusion” if not exclusion by group members or by SHPI staff.
- If a member leaves a SHG, she is in theory entitled to receive back her savings + interest but in practice, in most SHPIs and SHGs, this is not communicated as the norm. In the absence of clear norms, or regular accreditation of accumulated interest, dropouts are not likely to obtain interest due on their savings.
- A significant proportion of sampled groups (40%) have weak records.
- It is the responsibility of SHPIs to have a system for internal verifications as well as arrange for external audits. Nearly all SHPIs in the study (29 out of 35) did

have some verification systems in place, undertaken by SHPI field staff at different periods of time (quarterly, six-monthly, annually). Comparing the data, however, having a system of internal verification does not make much of a difference to record quality, since the quality of such a system as well as the capacity of field staff are also variable.

- Part of the problem lies in the relative complexity of the recording system – the number of records, and the amount of work to record the transactions.
- The reported cases of on-lending by individual members or by the group lending to non-members (18% of the sample) appear to result from supply-driven credit distribution to SHGs - which is increasingly practised as part of target-driven programmes, and sometimes linked to subsidy (as under SGSY).
- In the southern sample, 28% of borrowers were more than 12 months overdue, with higher incidence (38%) amongst very poor borrowers. Group leaders and members alike default on loans (slightly higher incidence among leaders in the southern sample).
- Current practices of recovery, especially in Andhra Pradesh, rely heavily on bullet repayments and the incentive of further loans. This may work up to a point, but is not a healthy strategy as loan sizes increase.
- SHG member involvement in loan decision-making did not translate to their being reasonably well versed with the financial status of their SHGs, and in the absence of financial statements, SHGs (or SHPIs promoting them) cannot monitor their financial position.
- In the majority of groups it is not the case that SHG earnings are high enough to maintain the value of SHG members' capital.

ANNEXURE IV

Cost of Transactions for Small Accounts⁸

The cost of transactions for small credit accounts have been estimated by Central Bank of India and ICICI Bank in September 2006 for the YC Nanda Working Group on Outreach of Institutional Finance and Cooperative Reforms constituted for Eleventh Five Year Plan.

Central Bank of India Study

The Central Bank of India has undertaken cost estimates of credit for amounts up to Rs. 25,000 at five branches for the year ended March 2006. The study accounted the following factors while working out the cost of reaching agriculture credit to the disadvantaged sections :

Branch Level Cost

1. Cost incurred for selection of applicant,
2. Cost incurred for application forms, pre-sanction inspections, processing of applications, documentation, cost of stationery i.e. vouchers, ledgers, etc.,
3. Cost incurred for carrying out post-sanction inspections,
4. Cost incurred for follow-up of advances and monitoring the progress, postage incurred for issue of demand notices, recovery notices, etc.,
5. Proportionate establishment cost, TA/DA of staff, rent on premises, telephone expenses, hiring charges of vehicles for contacting the borrowers for timely repayment and recoveries,
6. Proportionate cost of funds taken from depositors or through borrowings from NABARD,
7. Cost incurred for paying commission to recovery agents, revenue officials for effecting recovery from the defaulters.

Controlling Office Level

1. Cost incurred for formulation of schemes, correspondence, monitoring, inspection and audit,
2. Maintenance of CRR / SLR, investment in RIDF Funds,
3. Cost incurred for write-off accounts where chances of recovery are very remote despite best efforts,
4. Sacrifice in compromised cases,
5. Depreciation cost on hardware, software, AMC Charges for computers in the computerized branches,
6. Depreciation on furniture,
7. Provision on standard and NPA accounts.

Out of the total lending made by the branch the proportionate share of cost incurred for advances made to small farmers, marginal farmers and agricultural laborers for agriculture loans up to Rs. 25,000 has been taken into account.

⁸ Prepared by the Reserve Bank of India.

The break up of transactions cost for the bank is as given in the table below :

Central Bank of India					
Transaction cost of agricultural advances up to Rs. 25,000					
Branch	Region	Agricultural loans up to Rs 25,000	Total expenses	Transaction cost	Transaction cost as % of loans up to Rs 25,000
BISNOOR	HOSHANGABAD	19	3.24	2.7	14.21%
TARA	HOSHANGABAD	12	2.60	1.6	13.33%
BADOPAL	ROHTAK	38	7.10	5.2	13.68%
DAHINA	ROHTAK	31	6.80	3.8	12.26%
DUJANA	ROHTAK	52	12.26	6.39	12.29%
	TOTAL	152	32.00	19.69	12.95%

Thus, it can be seen that the transaction cost total as per cent of loans up to Rs. 25,000 for the five branches range from 12.26% to 14.21% and the average transaction cost works out to 12.95%.

ICICI Bank Study

ICICI Bank has undertaken the study on transaction cost for two operating models :

- Direct handling of loan accounts by bank branch, and
- Microfinance model - purvey of agricultural credit through a microfinance institution.

The bank has considered the following costs :

- Establishment cost of branch as absorbed over the period of time,
- Proportional allocated cost of monitoring offices,
- Direct costs - opening account, disbursement of loans, costs associated with ancillary services like remittance and collection of funds, service (comprising of sales / credit / sanction / collection),
- Promotional costs - interaction with farmer (typically involving stages such as application, sanction, disbursement and weekly or monthly collection),
- Documentation costs - includes, stationery / documentation, stamp duty and other ancillary costs.

The study of transaction cost structure through a bank branch and MFI revealed the following result :

ICICI Bank				
Transaction cost of advances up to Rs. 25,000				
Model	Loan size	Total expenses	Transaction cost	Transaction cost as % of loan size
ICICI Bank	25000	5025	2,156	8.62
ICICI Bank	10000	2010	2,156	21.56
MFI	25000	4375	874	3.50
MFI	10000	1750	874	8.74

The table shows that under the study conducted by ICICI Bank, the expenditure per transaction remains constant irrespective of loan size. Thus, as the loan size goes up, the transaction costs as percentage of loan comes down. For a loan size of Rs. 25,000, the transaction cost comes to 8.62% for the Bank, whereas for loan of Rs. 10,000, it is higher at 21.56%.

College of Agricultural Banking Study

College of Agricultural Banking (CAB), Pune has conducted a study on operating costs of selected MFIs based on their financial statements for the year 2004-05 and 2005-06. The operating costs consist of salary and travel cost in respect of staff and other overheads. The ratio of salary costs to average interest earning assets ranged from 3.7% to 36.2%, with a median value of 19.3% for the year 2004-05 as shown in the table below :

Operating cost ratio of MFIs FY 2004-05				
Name of MFI	Staff salary	Travel	Other O/h	Total operating expenses
Cashpor	23.30	3.20	9.70	36.20
Asmitha	14.80	3.70	6.20	24.70
BISWA	11.60	5.90	5.90	23.40
Grameen Koota	11.30	3.00	7.20	21.50
BASIX	11.10	3.30	5.30	19.70
Share Microfinance	11.80	1.50	6.00	19.30
SKS	10.50	2.40	4.10	17.00
Spandana	4.10	0.50	3.20	7.80
SKDRDP	2.20	1.80	1.60	5.60
Sharmik Bharti	5.50			5.50
Sangamitra	1.20	0.90	1.60	3.70
Average (median)	11.10	2.70	5.60	19.30

Travel expenses form a significant part of service delivery cost of MFIs due to provision of services at the borrowers' doorsteps. The ratio of travel costs to average interest earning assets ranged from 0.5 to 5.9% with a median value of 2.7 %. Such costs vary depending upon the distance covered in reaching the clients, frequency of meetings, mode of financing, individual or group based lending, etc.

An update study was conducted, based on the data for the year 2005-06 and the transaction costs have been computed as under :

Operating cost ratio of MFIs FY 2005-06				
Name of MFI	Staff salary	Travel	Other O/h	Total operating expenses
Cashpor	28.60	4.50	13.00	46.10
Asmitha	17.10	1.80	6.20	25.10
Share Microfinance	13.10	2.30	8.00	23.40
Spandana	13.10	1.60	6.70	21.40
Grameen Koota	8.80	2.10	6.90	17.80
BASIX	7.00	2.20	8.60	17.80
AWARE	12.40	1.00	3.80	17.20
KASF	6.20	1.00	7.00	14.20
SKS	5.50	1.60	6.90	14.00

Operating cost ratio of MFIs FY 2005-06				
Name of MFI	Staff salary	Travel	Other O/h	Total operating expenses
Gram Utthan	4.20	0.30	2.00	6.50
Sharmik Bharti	3.30	0.10	1.10	4.50
SKDRDP	2.00	1.40	0.90	4.30
Sangamitra	1.70	0.80	1.50	4.00
BISWA	1.20	0.90	0.50	2.60
Pushtikar Samiti	0.50	0.00	0.30	0.80
Average (median)	6.20	1.40	6.20	14.20

The update study shows that the operating costs remain high and range widely between 0.8% to 46.1% with a median of 14.2% of earning portfolio, reflecting the diversity of operating models and cost structure.

ANNEXURE V

Suggested Features of SHG – SGSY Convergence Model

Major Features

SHGs to be formed as per the existing practice under the SHG - Bank Linkage Programme by NGOs, banks, Government departments, farmers' clubs, Panchayati Raj Institutions (PRI) and other volunteers.

NABARD to provide grant support for promotion of SHGs to NGOs, RRBs, financial cooperatives, farmers' clubs and PRIs.

Government may provide equity support (revolving fund assistance) matching to the SHG's own "kitty" on half yearly basis through the banks. The proposed equity support (ES) envisages :

- First support after completion of 6 months from the date of opening a savings bank account,
- SHG to save every month,
- ES for a period of three years,
- Amount limited to Rs. 5,000 per SHG,
- Amount will be credited to the savings bank account of SHG.

A self rating norm is to be put in place. Based on the results of ratings - subsequent support will be released at an interval of half year.

The "kitty" of a SHG would constitute of :

- Balance in their savings bank account,
 - Amount lent to members,
 - Interest earned on lendings,
 - Interest earned on savings bank account,
 - Donation, grant assistance, if any, received,
 - Any other receipts.
- Components of the Convergence Model :
- NABARD – promotional support,
 - SHG – kitty,
 - GoI – equity support,
 - Credit from the bank the SHG is linked to.

Benefits from convergence :

- Flexible programme,
 - ❖ poverty alleviation,
 - ❖ expanding outreach,
- Definition of poverty simple,
- Government assistance not motivating factor to form SHG.

Uses of Erstwhile SGSY Funds

SGSY (subsidy) funds may be used for :

A. Creation of Village Centres

A village centre may include work shed-cum-community hall - for example for holding group meetings, training programmes, vaccination camps, exhibitions, weekly haats, housing cluster / federation office, godown / warehouse with locking facilities, anganwadi creche, flood shelter, etc. :

- One village centre for a group of 5 villages,
- Planning and implementation by SHGs.

Benefits of village centres :

- Generate livelihood for SHG members,
- Earn additional income through renting,
- Sense of belongingness to the activities,
- Reduce dependency syndrome.

B. Insurance of SHG Members

- Every member automatically insured against death,
- Extent of liability to the bank,
- Arrangement with Life Insurance Corporation of India,
- Funded from subsidy funds.

ANNEXURE VI

Models of SHG - Federations

MYRADA

MYRADA has experience of more than two decades in the promotion of SHGs. As a withdrawal strategy, it has encouraged the promotion of cluster federations (called Sangha) among SHGs. The maximum number of SHGs in one cluster federation is 20. The structure and functions of these federations are decided by the SHGs. Each group is represented in the Sangha by two members. A unique feature is that even groups not promoted by MYRADA can also become members of the Sangha.

The activities of the Sangha include :

- Regular review of the functioning of member-SHGs,
- Strengthen groups thru' exposure visits, training, audits, etc.,
- Collect and disseminate relevant, useful and interesting information,
- Take up activities of common interest like the conduct of health camps, polio immunization, sanitation, drinking water supply, etc., which cannot be taken up by individual SHGs on their own.

The member-SHGs pay a one-time admission fee of Rs. 101 beside a contribution of Rs. 20 per month to the Sangha to meet its operational expenses. The Sangha meets once a month and has its own rules and regulations, which are made known and accepted by all member-SHGs.

The Sangha is not envisaged as a legally registered body by MYRADA. However, there is no bar on the Sanghas getting themselves registered, if they so desire.

Further, for every 100-120 SHGs, the MYRADA has promoted Community Managed Resource Centres (CMRCs). They have evolved as the off-shoot of the strategy of MYRADA to withdraw from its project areas, after having grounded the SHG movement for several years. Realising that a supportive culture was essential for new institutions to emerge, MYRADA adopted a partial withdrawal strategy, wherein the SHGs were identified as the most appropriate institutions to take the lead in developing a CMRC. Based on their experience in forming Sanghas, MYRADA felt that setting up CMRCs by the SHGs was just another step forward in their journey towards self reliance.

However, in its formative stage, the CMRCs are provided support by MYRADA, both financially and thru' its manpower expertise.

In MYRADA's projects, the CMRC is managed by a Board called the CMRC Management Committee – comprising representatives of SHGs. One resource centre covers a specific area and a limited number of around 125 SHGs who apply to join the centre as members. These SHGs have to reach a certain standard of performance and maturity, which is assessed by the CMRC Board, before a group is inducted as member. The member-SHGs pay an annual fee of Rs. 600⁹ per group to retain membership and are assessed / rated on an annual basis. The CMRC Manager, usually from MYRADA, reports to the CMRC Management Committee. The manager

⁹ Break-down of these fees is as follows : 4 training programmes @ Rs. 75/- each : Rs. 300/-; 12 meetings @ Rs. 10/- each : Rs. 120/- and book-keeping costs (monthly financial statements) 12 months @ Rs. 15/- : Rs. 180/-).

performs an executive function supported by several community resource persons selected by the SHGs.

While the CMRCs have several common features, they also differ in terms of management policy and functions, and there is no standardized framework that all the resource centres have to fit into. However, one common feature which is noteworthy is that none of the RCs act as financial intermediaries to the SHGs for credit linkage. But, for all applications for loans recommended by the CMRC, it charges a service fee of 0.5% of the loan amount sanctioned to the SHG. It is, in practice, mandatory for all member SHGs to route their loan applications to the bank thru' the resource centres. CMRCs are registered as trusts and, as such, have a legal identity.

CMRCs appear to be the off-shoot of MYRADA's thinking that there is a need to evolve suitable development options in the rural areas to facilitate effective utilization of credit. In tune with this, CMRCs have been innovating on the range of services they offer to their members.

DHAN Foundation (Development of Humane Action)

Kalanjiam Community Banking Programme (KCBP)

The KKCBP focuses on women and believes that localised financial institutions owned and controlled by women are an effective strategy to address poverty and gender issues. As part of the field study, a visit was undertaken to the Kanakambari Kalanjia Okkuta at Kanakapura Taluk in Bangalore Rural District.

The following learnings emanated from the discussions with members and other officials of the institution:

Initiation

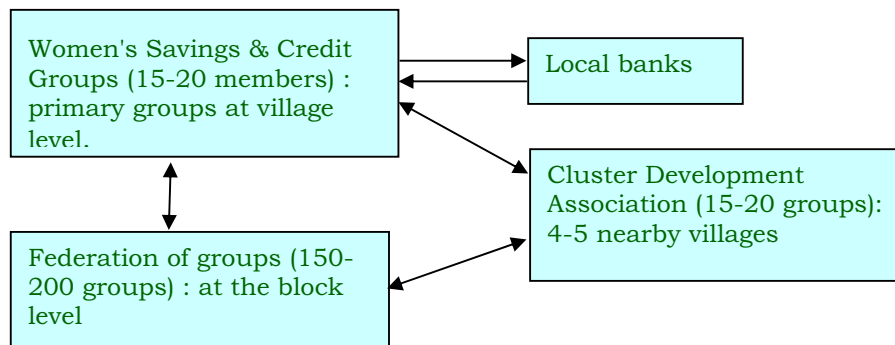
Identification of the geographic area is based on the extent of backwardness, as sourced from secondary data.

A professional is placed in the identified area, who prepares the "Inception Document", which considers the various developmental indicators, provides a sub-sectoral focus to developmental issues besides identifying the potential for group formation and subsequent expansion strategies.

Field personnel called Movement Workers (MWs) are then recruited from among the local populace – usually married and locally settled women are preferred (with high school / PUC level education) – and provided 42 days intensive training. Post-training, these MWs are sent to their respective area (usually Panchayats) for starting group formation work.

Nested Institutions

As part of KCBP groups, clusters and federations are promoted as independent organisations, owned and controlled by members at hamlet, village and block-level. These organisations are promoted as nested institutions with interdependency rather than 'three-tier' type of organisation. Primary groups control both the clusters and federations. The following graphical illustration attempts to capture this organisational framework :



The primary unit of community financial institutions, as practiced under the DHAN model, is the SHG of 15 to 20 poor women and is called the Kalanjiam. They act as a single window at their doorsteps for the savings and credit transactions for their members.

At the Panchayat level, around 15 groups (Kalanjiam) join together to form the Cluster Development Association (CDA). The CDA is normally formed after 12 to 15 months of group formation. The President, Secretary and Treasurer of each member-SHG constitute the General Body of the CDA, from among whom the Executive Committee of 9-11 members is selected. The term of the committee is three years, with one-third of the members retiring by rotation.

The federation (a.k.a. Okkuta), at the block level, is made up of 12–15 clusters and usually comes into existence one year after the CDAs are formed. Each SHG is a member in the Federation, while each SHG member is a shareholder.

Both the CDAs and federations are nested institutions at next higher levels. They reportedly help the SHGs address also other social and development needs of the members such as drinking water supply, health, education, sanitation, access to basic infrastructure, alcoholism, gender issues, etc., thereby enhancing the sustainability of these institutions.

Linkage of the groups to the formal sources of credit takes place only thru' the CDA / federation. The cluster, thru' the federation, helps to create linkages with banks and apex financial institutions to meet the multiple credit needs of members. While all loan requests up to Rs.10,000 per member and / or Rs. 100,000 per SHG is appraised and recommended by the CDA, those exceeding these limits are to be appraised by CDA and recommended by the federation to the banks. All applications have to pass thru' the federation for credit linkage. Further, the CDA / federation also collaborates with other development agencies such as Government departments to demand and access their entitlements, implement civic programmes such as health and education for their members, provide insurance services, etc.

Cost Considerations

The schedule of charges paid at various levels is indicated below :

- a) Between SHG and CDA :
Entrance fee : Rs. 100 per SHG

- Annual fees : Rs. 50 per SHG
- b) Between SHG and federation : (after formation of federation)
- Entrance fee : Rs. 100 per SHG
Annual fees : Rs. 50 per SHG
- c) Between SHG members and federation :
- Equity : Rs. 100 per member
(refundable on member's exit from SHG)
- d) Service charges : Between SHG and cluster
- Depends on age of group / amount of credit linkage
Minimum of Rs. 100 to maximum of Rs. 500/month/group.

For the first three years after formation of a CDA (during which DHAN also gives support), the amount so collected is retained in the CDA. Thereafter, the amount collected in excess of Rs. 1,000 per month will be transferred to the federation.

An overview of the structure, governance, role and functioning of these institutions is indicated in the following table :

Primary Group	Cluster Development Association	Federation
I. Purpose		
<ul style="list-style-type: none"> ➤ To create a separate line of credit for consumption and emergencies. ➤ To redeem the poor from the clutches of loan sharks. ➤ To strengthen and formalise the indigenous savings and credit practices. ➤ To establish a sound mechanism to regulate the household cash flow. ➤ To reduce the cost of transactions and link with mainstream banks. 	<ul style="list-style-type: none"> ➤ To facilitate co-learning and sharing the leadership capacity. ➤ To share the costs and services of local worker and achieve the "scale" advantage. ➤ To achieve financial viability and sustainability. ➤ To ensure quality through self-regulation across member groups. ➤ To build the capacity of leaders and local staff. 	<ul style="list-style-type: none"> ➤ To provide an institutional 'identity' for member groups. ➤ To relate with the mainstream institutions and represent members' interests. ➤ To meet civic needs of members (health & education) and go beyond savings and credit. ➤ To ensure the quality across clusters through self-regulation. ➤ To promote and develop new products.
2. Members and eligibility		
<ul style="list-style-type: none"> ➤ 15-20 individuals - poor women. ➤ Poor women, preferably from a neighbourhood in a slum or village. ➤ Married/widows/des-titute women / divorcees, in some cases, single women identified through participatory processes. 	<ul style="list-style-type: none"> ➤ 15-20 primary groups. ➤ Only primary groups involved in successful savings and credit operations. ➤ Groups should be geographically close in the village. ➤ There should be interaction between the constituent groups for at 	<ul style="list-style-type: none"> ➤ 20-150 primary groups. ➤ Only well performing member groups of clusters in existence for more than six months. ➤ Should participate in various preliminary processes and training programmes organised for evolution of the federation. ➤ Willing to abide by byelaws and pay the equity and membership

Primary Group	Cluster Development Association	Federation
	least three-months before cluster initiation. ➤ Willing to abide by the norms and bylaws evolved by member groups.	fee.
3. Legal status and area of operation		
➤ Informal group at the hamlet or village level. Association of persons legally recognised by the banks.	➤ Informal association of the constituent member groups at cluster of villages or slums.	➤ A legally registered not-for-profit organisation under the Indian Trusts Act (1882) or Societies Registration Act (1860). ➤ Block level or cluster of slums in a city or town.
4. Formation		
➤ Members are self-selected among the poorest identified by DHAN Foundation staff. ➤ First few meetings are facilitated by DHAN Foundation staff where group evolves its own bylaws & operational mechanisms.	➤ Six months after groups are formed. The process of formation is facilitated by DHAN Foundation staff. ➤ Groups interact to evolve the bye-laws and operational systems.	➤ After 18-24 months of group formation. Need for federation is evolved by involving groups. ➤ Groups across clusters interact and organise workshops before initiating federation.
5.1 Governance : general body		
➤ After 18-24 months of group formation. Need for federation is evolved by involving groups. ➤ Groups across clusters interact and organise workshops before initiating federation.	➤ Each primary group is an institutional member and represented by three office bearers. The General Body consists of 45-60 persons @ three members / group representing 15-20 groups.	➤ Each primary group is an institutional member and represented by three office bearers. The General Body consists of 450-600 leaders representing 150-200 groups.
5.2 Governance : executive committee		
➤ Three leaders selected by the group include President, Secretary and Treasurer. Rotation of leaders is practiced once in two years.	➤ Nine members constitute the Executive Committee selected from the General Body. The term of office is for three years.	Nine to eleven members constitute the Board of Directors of the federation. Each Director is selected by the member groups of a geographical area - each slum to represent their interests at the federation for a term of three years. Five members of the Board constitute the executive committee, which include President, Secretary, Vice President, Treasurer and Joint Secretary.

Primary Group	Cluster Development Association	Federation
6. Management – staff		
<ul style="list-style-type: none"> ➤ Movement associate & group accountants are local persons employed for each cluster and their services are shared by groups. Group accountant to write the books of accounts and movement associate to provide auditing, linkage and promotional, developmental support to primary groups. Costs of these staff are paid by groups after one year of promotional phase. 	<ul style="list-style-type: none"> ➤ Each cluster identifies two to three local staff to work for the groups. The Executive Committee reviews the performance of these local staff. Training and capacity building support is provided by DHAN Foundation. Costs are shared by member groups after one year of promotional phase. 	<ul style="list-style-type: none"> ➤ One Chief Executive and one Finance Manager are deputed from DHAN Foundation to the Federation. All costs are met by the federation after three-five years of its promotion. ➤ Memorandum of Understanding is entered between DHAN Foundation and federation. 2-3 support staff to provide specialised services like health, housing, education and insurance based on the age and needs of the federation.
7. Functions / services		
<ul style="list-style-type: none"> ➤ Manage savings (both compulsory and special savings) and credit operations and deal with individual members. ➤ Mobilises loans from commercial banks and CDAs through direct linkage. ➤ Act as a local financial institution for 15-20 members with needed systems. 	<ul style="list-style-type: none"> ➤ To facilitate linkage for primary groups with banks and other development agencies. ➤ Internal auditing and monitoring of systems of primary groups. ➤ Capacity building of members, and leaders for self-management and conflict resolution. ➤ Promotion of new groups - reaching out to left out poor. ➤ Acts as a conduit to channelise loans from federations to groups. 	<ul style="list-style-type: none"> ➤ Meeting the credit gap at groups housing & business needs. ➤ Capacity building of groups and clusters for self-management and problem solving. ➤ Linkages with apex banks, municipality, district administration and development agencies. ➤ Promotion and development of new products e.g. housing, insurance etc. ➤ Promote special programmes to meet civic & developmental needs of members. ➤ Provides interest-free interim loan to SHGs up to 1 month, beyond that treated as Emergency Loan @ 12% p.a. ROI.
8. Sources of funds		
<ul style="list-style-type: none"> ➤ Savings from members ➤ Interest income on loans. ➤ Loans from local banks and clusters at market rates (12% p.a.) 	<ul style="list-style-type: none"> ➤ Entrance fee. ➤ Service costs and interest on loans. ➤ Loans from federations without spread on interest rate. 	<ul style="list-style-type: none"> ➤ Entrance fee and equity. ➤ Service costs and interest on loans. ➤ Loans from apex / development banks for housing & microfinance. ➤ Grants from Government and other philanthropic agencies.

Source : DHAN Foundation

Indira Kranthi Patham (IKP) Project

The Society for Elimination of Rural Poverty (SERP) is implementing Indira Kranthi Patham (IKP) Project in Andhra Pradesh. This is a state-wise, community demand driven rural poverty alleviation project covering all rural poor households in the State. The strategy involves organising poor women into SHGs and then creating higher structures of SHGs. Under this project, the federation model comprises of three tiers : (i) individual SHGs, (ii) Village Organisations (VO), and (iii) Mandal Samakhyas (MS). 6.29 lakh SHGs are organised into 27,748 VOs and 910 MSs. The MS operate at the Mandal level while the VOs operate at the village level. MSs and VOs are registered as mutually aided cooperative societies under MACS Act. One or two representatives from each SHG become members of the VO. Similarly, the membership in MS is through the VOs. The project supports through sub-projects the communities in livelihood investments proposed and implemented by SHGs, VOs, MS, etc. There are three types of sub-projects, viz., (a) income generation; (b) productive physical infrastructure; and (c) social development. The major emphasis is on income generation. The MSs also access funds from external sources and lends it to VOs. Similarly, VOs on-lend to individual SHGs who then on-lend to SHG members. Each tier earns income through interest spread. The MS and VO also collect charges for various services offered by them to their members.

ANNEXURE VII

Review of Different Models of SHG - Federations

In MYRADA, DHAN, etc., the federations are mainly involved in nurturing groups and in lobbying for the rights of members and not in managing finance of SHGs or in providing loans to groups. On the other hand, federations under IKP are involved in providing wide ranging support covering social empowerment, financial resource management and market linkages to its members.

Pre-requisites for Promoting a Federation

The federations, as is evident from the experience of leading SHPIs, are playing an important role in nurturing of groups, in increasing bargaining power of group members and in livelihood promotion. The federations are cost effective and have long term sustainability as these are managed by local communities. A three-tier structure of SHG federation is more common. Under this, the SHG is the primary unit and the building block of the SHG federation. The SHGs, 15-25 in number, are federated at the cluster level. These clusters federate at the Mandal / Block level.

The federation concept should be evolved based on members' needs and priorities. The following aspects need to be considered before evolving federation promotion process :

- Size is a critical factor to be taken into account as a necessary condition for promoting a viable organisation.
- All SHGs should belong to a specific area. A developmental block of a district is the ideal geographical area to promote one viable federation. Scattered SHGs in many blocks may not lead to a functional and viable federation.
- The decision of promoting a federation should not be thrust upon the SHGs. The role of promoting agency should be to sensitize the members and the leaders of SHGs on the need for creating a federation.
- The promoting agency should be professionally well equipped in promoting a federation. It would be helpful to promote a local team who can work on the federation.
- The federation should be promoted among the matured groups.

Role of Federation

The roles that could be performed by the federation are indicated below :

- SHGs are small and informal groups and do not have the ability to negotiate with higher level structures. Networking them into federation would provide them the greater negotiating and bargaining power. This would also be very useful for the promotion of livelihood activities among the SHG members.
- Federations can contribute significantly in building capacities of SHG members in the area of accounting, audit, skill development, etc.
- Federation can play an important role in resolving of conflicts both within and outside the group.
- Federations can help in the promotion of new groups in the area.

- Federations can promote a sense of solidarity among the different members of SHGs.
- They can provide value added services like micro-insurance, and tie-ups with input suppliers and marketing channels.

Activities of Federations

The federations can involve in a variety of activities. The selection of activities would depend on the need of members, maturity level of the federation and the skills of the promoting agency as well as of the federation team. The broad activities of the federation would be :

- To build capacities of groups and clusters in management and problem solving,
- To promote special programmes to meet civic and developmental needs of the members,
- To raise resources from the banks and apex financial institutions and on-lend to the groups,
- To procure and supply agricultural inputs to its members on commission basis,
- To stock consumption goods and sell to its members on a commission basis,
- To aggregate produce of its members and sell it in the market,
- To provide various types of market support to the members involved in micro-enterprises,
- To conduct various types of training programmes, particularly imparting skills to the group members for taking up micro-enterprises.

Viability of Federations

Federations should endeavor to cover their costs on their own after an initial phase of 2 to 3 years. They can earn income or raise resources in a variety of ways :

- Federation can levy entrance fee from its members,
- Federation can charge monthly fee from its members,
- Interest on loans provided to its members,
- Income by way of commission and fee for different types of services provided by the federation to its members,
- Grants received from Government and other philanthropic agencies.

A proper cost coverage system would help federations to meet the cost of its operations. So whenever the federations are lending to SHGs, they should ensure that the interest is fixed in such a way that they are able to meet their cost of operations. Similarly, the federations should provide only those services to users for which they are able to charge commission or fee from them.

Ensuring Quality of Federations

It must be ensured that the quality of the federations is good; otherwise these federations are likely to weaken the SHGs. To ensure this, the following care needs to be taken :

- Federations should be evolved based on the felt need of the SHGs and the group should have freedom to or not to join a federation.
- Building good federations is a complex, time consuming and resource intensive process. The promoters need to have a long term vision in promoting the federations.
- The federations need to be evolved as member owned, member driven institutions so that they can function in a democratic manner, keeping in view the aspirations of their constituents - the SHGs.
- The support process and the operating systems of federations need to be designed in such a way that they do not depend on the promoter perpetually and become self-managed and self-reliant in a reasonable period of time.
- The federations should not normally involve themselves in managing resources of SHGs and in on-lending to groups as it is likely to weaken the self reliance of the groups.

NABARD Support to SHG Federations

NABARD support to the federations can be in the following areas :

- Support to SHPIs for the promotion of new federations. The support can be provided for a period of two to three years and after that the supported organisations should endeavour to cover themselves the cost.
- The existing federations can be supported for :
 - ❖ Improvement in maintenance of accounts and book-keeping,
 - ❖ Capacity building in management and governance,
 - ❖ Promotion of micro-enterprises among their members.
- Strong federations can be supported to act as BF's and BC's to the banks. Such federations can also engage in financial intermediation, micro-insurance, etc. and they can be supported for intensive capacity building for the purpose.