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Government of India
Ministry of Rural Development
National Rural Livelihoods Promotion Society

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28th March, 2016

To,

Shri Paritosh Upadhyay,
Chief Executive Officer,
Jharkhand State Rural Livelihoods Promotion Society,

Subject: Final Report of the Mid Term Assessment of the partnership between JSLPS, PRADAN and the BLFs

Dear Sir,

I am directed to send the copy of the Mid Term Assessment of the partnership between JSLPS, PRADAN and the BLFs for your reference.

Yours Sincerely



Shama Parveen
(Economic Officer)

An Assessment of Partnership Between JSLPS, PRADAN and BLFs



by

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Abbreviations Used

BLF	Block Level Federation
BMMU	Block Mission Management Unit
CBRM	Community Based Recovery Mechanism
CEO	Chief Executive Officer
CIF	Community Investment Fund
CLF	Community Level Federation
CSO	Civil Society Organization
DMMU	District Mission Management Unit
GP	Gram Panchayat
HH	Household
JSLPS	Jharkhand State Livelihood Promotion Society
MIS	Management Information System
MoRD	Ministry of Rural Development
MoU	Memorandum of Understanding
NGO	Non-Governmental Organization
NMMU	National Mission Management Unit
NRLM	National Rural Livelihoods Mission
NTFP	Non-Timber Forest Produce
PRADAN	Professional Assistance for Development Action
PVTG	Particularly Vulnerable Tribal Group
RF	Revolving Fund
SGSY	Swarnjayanthi Gram Swarozgar Yojana
SHG	Self Help Group
SMMU	State Mission Management Unit
VO	Village Organization

An Assessment of Partnership between JSLPS, PRADAN and BLFs for Implementation of NRLM

Executive Summary

Assessment

1. The Jharkhand State Livelihood Promotion Society (JSLPS) entered into a partnership with PRADAN and 15 Block Level Federations (BLFs) in 5 districts of Jharkhand. A Mid-Term Assessment of the partnership was undertaken by NMMU, with the support of JSLPS and PRADAN during *Dec.'15-Jan.'16*. The purpose of the assessment was to understand the progress of the partnership in terms of the outputs and early outcomes and identify key issues and constraints affecting implementation. The assessment adopted a mixed-method approach involving interaction with key partners and stakeholders, a small sample study covering 5 block level federations, 10 VOs and 20 SHGs as well as 40 households, besides analyzing MIS information.

State and District Level Coordination

2. The state level committee constituted for promoting coordination among the three partners did not seem to have yielded the expected results. The state level coordinator who was expected to play a pivotal role in planning and implementation of partnership activities was pre-occupied with administrative issues rather than ensuring that NRLM framework is effectively adopted in the implementation at the block and sub-block levels. On the other hand, the district level multi-functional teams of PRADAN did not have the expected level of coordination with the DMMUs of JSLPS. On several key issues, the DMMU and the PRADAN district teams had different perspectives resulting in certain essential features of NRLM framework not being implemented. Thus, for example, CLFs, the third level federations were not promoted even after two years of partnership. The CIF-centered fund management model involving recycling of funds was not effectively implemented.

Strengthening of Professional Resources

3. The professional resources currently deployed at the block level in the partnership areas appeared to be inadequate, particularly, since the number of Village Organizations has increased rapidly over the past two years. Cluster coordinators at the rate one per cluster or alternate resources need to be provided to facilitate Mission implementation.

Mission Expansion in Partnership Blocks

4. In terms of establishing footprint, the partnership Mission has made good progress, having entered all the 237 GPs across 14 blocks. The Mission has entered 1,661 villages which constitute 90% of the potential target (all except 163 villages). The Mission has mobilized 61% of eligible households into SHGs. Thus, the Mission now needs to enter the remaining villages.

Social Mobilization and Inclusion

5. A total number of 1.24 lakh households were mobilized into SHGs (including pre-existing SHGs brought into NRLM fold) by up to Dec.'15. This constitutes 62% of the eligible households in the partnership geography. As social mobilization needs to be saturated within two years of entry of the Mission into the villages, it would be necessary to mobilize all left out households into the SHG fold. The agency of VOs could also be used to ensure inclusion of left out households. A good feature of the mobilization is that it is highly inclusive of the STs and other vulnerable communities who constitute two-thirds of the eligible households as per SECC data.

Promotion of SHGs

6. In terms of promotion/ strengthening of SHGs, the partnership has made a good progress with 9,143 SHGs (62% new and 38% pre-existing SHGs) having been brought into the Mission fold, with an average size of 14 members per SHG.

Capacity Building

7. Building the capacities of the SHGs is an essential pre-requisite for the effective functioning of the SHGs. However, the study indicates that only about 55% of the sample SHGs had received capacity building inputs. This is clearly an area which requires additional efforts.

Adherence of SHGs to Panch Sutras

8. All SHGs are required to adhere to *Panch Sutras* and the frontline staff and CRPs are expected to guide the SHGs in this process. However, only half of the sample SHGs were found to be adhering to Panch Sutras. This points to the need for sustained capacity building and nurturing of SHGs as well as improving the quality of bookkeeping (standardized books, trained bookkeepers and bookkeeping practices).

Funds to Community Institutions

9. About 73% (6,367) of three-month old SHGs were provided RF. In addition, 58% of the six-month old SHGs (5,086) were provided CIF amounting to Rs.31.01 crore. Thus, 28% of eligible SHGs were yet to receive RF, while in respect of CIF 42% of SHGs remained to be covered.

MCPs/MIPs

10. The study points to need for improving the quality of MCPs/MIPs. There appeared to be a significant divergence between the amounts indicated in the MCPs/MIPs and the amounts actually sanctioned and disbursed. There was also a variation between the amounts initially indicated for each member and actual loans disbursed by SHGs. These gaps point to the need for improving the quality of MCPs, quality of training and quality of the trainers.

SHG-Bank Linkage

11. In respect of SHG-bank linkage, the progress was very limited. Only 13.5% of the SHGs were bank credit linked and the average amount of loan per SHG was low. On the contrary, in the areas under JSLPS, 37.5% of SHGs were credit linked. Clearly, a lot of effort would be required on both demand and supply sides to improve SHG-credit linkage. Deployment of bank mitras and institution of CBRM as well as sensitization of bankers could improve the situation. In the long run, diversification and strengthening of livelihoods of the SHG member household critically depends on their access to bank loans.

Terms and Conditions of Loans to Members

12. An analysis of terms and conditions of loans by SHGs to members reveals a bewildering variation across the sample areas. The rate of interest, the repayment frequency and period and other terms and conditions vary widely across the blocks. It is therefore essential that uniform terms and conditions of loans including rate of interest, period of moratorium, frequency and duration of repayment etc., are promoted across the blocks.

Idle Funds with SHGs

13. The study revealed that about one-third of the SHG funds were being held as idle funds, although 30% of members had no outstanding loans. This reflects less efficient use of internal funds (cash-in-hand and in bank) available with SHGs.

Bookkeeping

14. Sample SHGs displayed a significant variation in the number and type of books being maintained as well as the quality of maintenance. A large number of incorrect and inconsistent entries were observed in respect of the sample SHGs. Identification, training and deployment of bookkeepers along with the MBKs to provide handholding support need to be undertaken on a priority basis. The MBKs could undertake a campaign to clean up and update all the books in a Mission mode. The VOs could be entrusted with the responsibility of providing bookkeeper services to the SHGs and collect a small honorarium in lieu thereof from each SHG.

Promotion of VOs

15. A total of 609 new VOs were promoted in the partnership blocks, in addition to the primary federations (2,979) promoted by PRADAN as part of its two-tier institutional model in 15 blocks. However, standard protocols for promotion and nurturing of VOs remained to be formulated and enforced. As a result, there were variations across the sample area in terms of membership norms, saving subscription, books of accounts and VO-SHG financial relations.

Capacity Building of VOs

16. The study indicates that not all VOs were provided minimum capacity building inputs required. Though, there was a sub-committee system, not all VOs had all the sub-committees. Even those present were not functionally effective. As VOs are expected to play an important role in financial intermediation and livelihoods promotion, it would be important to focus on training the OBs, ECs and Sub-Committee members using the standard modules.

Financial Intermediation by VOs

17. VOs receive funds from BLFs in proportion to the number of eligible SHGs for RF and CIF. As per the protocol, CIF was provided to SHGs on the basis of MCP/MIP. However, the quality of sample MCPs/MIPs revealed that they were primarily undertaken to meet the procedural requirement. There were significant variations between the plans and the actual disbursement of CIF to the SHGs and by SHGs to members. All the fund transfers were not clearly recorded in the VO-SHG books of accounts.

CIF Recovery

18. CIF recovery and recycling mechanism was not firmly instituted in all VOs and SHGs, although some SHGs were found repaying varying amounts to the VOs. On the whole, the recovery rate was much less than the expected amount, affecting the recycling process. There were no verifiable records in all VOs and SHGs to understand the reverse flow of CIF from member to SHG and SHG to VO. Further, it was also observed that start-up fund provided to 290 VOs was not fully utilized to establish the office infrastructure.

VO Bookkeeping

19. As in the case of SHGs, the quality of VO-bookkeeping needs improvement. Apart from standardizing the books of accounts, their maintenance needs to be improved through trained bookkeepers and supported by MBKs.

CLFs

20. CLFs were not promoted as required under the partnership arrangement. Promotion of sustainable CLFs is a very important for component of the NRLM strategy and does not brook any further delay.

Livelihoods

21. The MIS indicates that about 20,000 households were assisted for undertaking one livelihood during the first two years of partnership under NRLM. Given the length of experience of PRADAN in this area, it would be necessary to cover a larger number of households not only in agriculture, livestock and NTFP but also in non-farm sector. This would require a greater focus on provision of livelihood support services including training and placement of livelihood professionals and resource persons to cover all villages. Further, value chain development and market integration could receive priority in the months ahead.

Entitlements

22. It is understood that some households were not accessing their entitlements and public services. This would first require creation of an appropriate database on the existing entitlements and public services being accessed by SHG member households. Households which are not accessing their entitlements and public services should then be identified and systematic efforts made to enable them access all entitlements and public services. Specific responsibilities should be assigned for frontline staff and CRPs for this purpose in this regard. The JSLPS and PRADAN need to work out a common strategy for promoting access of SHG members to all entitlements.

Strengthening MIS

23. The basic MPR-MIS system adopted needs to be strengthened by improving village level data collection, compilation and validation system. Community bookkeepers should be provided necessary training in the collection and compilation of MIS. Further, *Maasa Nivedika* system may be introduced at the VO level to improve community monitoring.

Way Forward

24. PRADAN has been promoting community based organizations and the livelihoods of the rural poor in difficult geographies of the state primarily inhabited by the Scheduled Tribes. In terms of social mobilization and promotion of SHGs and VOs, the partnership has made significant progress. Even in terms of capitalization of SHGs and VOs, the progress is satisfactory. There were no issues in financial management and accountability. However, the following areas require greater focus and additional efforts. These include:

- promotion of CLFs as an integral part of the four-tier community institutional architecture;
- systematic capacity building of SHGs and their federations;
- management of internal and external funds in an efficient and equitable manner;
- credit linkage of all eligible SHGs;
- instituting CIF recycling system in all VOs and SHGs;
- introduction of standard bookkeeping system in all SHGs and federations – books, bookkeepers, bookkeeping and auditing practices;
- strengthening and diversifying the livelihoods of the poor, in both farm and non-farm sectors;

- creation of database on access to entitlements and public services and using it to promote access of all households to PDS/ AAY, NREGA job-card, Pensions, ICDS, public health, mid-day meal etc.
- creation of community cadre for institutional development, financial inclusion and livelihoods promotion (*CRPs, bank mitras, MBKs, livelihood CRPs etc.,*);
- regular conduct of state level coordination meetings with a clearly defined operational role for state coordinator;
- conduct of joint review meetings; and
- joint quarterly supervision Mission to select blocks in both partnership and JSLPS geographies.

25. The partnership needs to rededicate itself to the core design of NRLM. Having accepted to implement NRLM in all its dimensions, it is only imperative that all stakeholders subscribe to the same strategy and approach to implementation, notwithstanding their varied experiences and ideological predilections. That would be the true spirit of partnership. During the next six months, the three parties to the partnership would do well to address the above issues, before seeking to expand to other geographies. A short Mission may be conducted to assess further progress after six months.

Chapter-1

Introduction

The Partnership

1.1 The Jharkhand State Rural Livelihoods Mission has been implementing National Rural Livelihoods Mission in Jharkhand since 2011. The objective of the Mission is to progressively eliminate rural poverty. The Mission seeks to achieve the objective by bringing about a sustained increase in incomes of the poor through improved access to financial and non-financial services and sustained livelihood enhancements. For this purpose, the Mission seeks to promote efficient and effective institutional platforms of the poor viz., SHGs, VOs and higher order federations as mediating institutions. The four inter-related components of the Mission are: (i) social mobilization and community institution building; (ii) financial inclusion; (iii) livelihoods promotion; and (iv) convergence. In order to facilitate implementation, the Mission has set up dedicated implementation units at the state (SMMU), district (DMMU) and block (BMMU) levels. The JSLPS has hired multi-disciplinary professionals at the three levels to spearhead the Mission activities in an intensive manner. The Mission has also established adequate management, finance, procurement and MIS systems at all levels to support Mission implementation.

1.2 As development of sustainable community institutions is a process intensive activity, a phased approach has been adopted by the Mission under which a certain number of blocks are selected in each year for intensive implementation of Mission activities. Further, as promotion of livelihoods of the rural poor is a formidable task, the NRLM also envisages partnership between the State Missions and CSOs/NGOs engaged in livelihoods promotion in the States. PRADAN, a non-governmental organization, has been involved in the promotion of community institutions of the poor and their livelihoods in the State of Jharkhand for a considerable period of time. PRADAN has not only promoted a large number of Self-Help Groups (SHGs) and federations of the poor but has more significantly been working for the promotion of livelihoods of the poor with good results in certain geographies of the State. As the larger objective of both JSLPS and PRADAN are similar, PRADAN and the federations promoted by it have entered into a partnership with JSLPS to implement NRLM in all its components as laid down in the National Framework for Implementation of the Mission in select geographies of the State.

1.3 The MoU between JSLPS and PRADAN as well as 15 federations promoted by it was signed on 25th October, 2013 with a potential partnership duration of five years covering a large number of villages scattered across 14 blocks of five districts of the state. The MoU delineates specific roles and responsibilities for the three partners viz., JSLPS, the nurturing

organization (PRADAN) and the 15 federations implementing the Mission activities in identified villages (See *Annex 1-* for detailed MoU).

Progress of Partnership

1.4 As part of the partnership, PRADAN, the nurturing organization and the federations have set-up implementation support units, hired staff and instituted systems as per the provisions of the MoU. The MIS indicates that during the first two years of partnership, NRLM has been implemented in 14 blocks, covering 239 gram panchayats and 1,487 villages. Apart from about 5,400 new SHGs, 3,200 pre-existing SHGs have been brought into the Mission fold, drawing members from about 1,16,500 households. About 84% of the SHGs have bank accounts, while RF and CIF have been provided to 58% and 28% of eligible SHGs, respectively. In addition, about 580 VOs have been promoted with a total SHG membership of 3,277. However, only about 13% of eligible SHGs were credit linked with the banks for a total amount of Rs.613.00 lakh up to December, 2015. A detailed status of NRLM progress in the partnership blocks is furnished in *Annex-2*.

Purpose of the Study

1.5 As the partnership has progressed for about two years, it is only appropriate that an assessment of the work of nurturing organization *viz.*, PRADAN and the implementing federations is undertaken by a multi-stakeholder team drawn from NMMU-MORD, other SRLMs, JSLPS and PRADAN. Apart from assessing the progress of implementation under the partnership in terms of the community level outcomes expected, the assessment is expected to identify the constraints, if any, affecting smooth implementation of the partnership. More particularly, the objectives of the assessment are to examine:

- (i) adequacy and quality of implementation arrangements including the deployment of staff, training provided to them and the efforts made to mainstream NRLM framework of implementation;
- (ii) extent of geographical coverage under the partnership and the constraints experienced;
- (iii) key outputs of the partnership including households mobilized, SHGs and federations promoted, capacity building inputs provided, social capital identified, trained and used, capitalization support provided, SHGs bank linked, livelihood activities promoted, convergence efforts made and the emerging outcomes; and
- (iv) financial progress made under the partnership including progress in disbursement of community funds (*See Annex -3- for Financial Progress*).

Methodology of Assessment

1.6 The assessment was undertaken in a relatively short period of time, but following a systematic approach. As part of the study, the memorandum of understanding was first analyzed to understand the relative roles and responsibilities of the three partners. This was followed by a review of Mission MIS to understand the progress made in different geographies under various components and to identify appropriate methods of study and to prepare and pilot test the tools. A mixed-method approach was adopted to the study, involving both survey of sample SHGs, VOs and BLFs and interaction/discussions with key functionaries at different levels. The tools designed by M&E unit of NRLM-MORD for the study were field tested and fine-tuned before administering them to the sample community institutions by sub-teams during 15-24 December, 2015. Prior to the commencement of the field survey, a workshop was organized on 14th December, 2015 with the representatives of three partners as well as MORD to promote a shared understanding of the purpose of the assessment and seek support. As part of the study, the team had detailed discussions with the management of JSLPS and PRADAN at different points of time. The key observations and findings of the study are briefly presented in the rest of the report.

Limitations of the Study

1.7 Information for the assessment was *inter alia* sourced from the books of accounts maintained by the sample SHGs and their federations. However, not all SHGs and their federations were found maintaining standard books of accounts. In respect of some SHGs and federations, the books were not correctly and consistently updated. However, efforts were made to seek correct information from the community members and the information so provided by the community members and bookkeepers was considered as final. Secondly, the study team made every effort possible to mobilize most members of the sample CBOs and interacted with them as part of the assessment. In respect of some CBOs, the proportion of members for discussion was relatively less. Even then, the information furnished by the members present was taken as correct. Wherever secondary information was not readily available, the study team sought the information from the members who had to recall and furnish the information. Finally, the MPR information was taken as authentic source, notwithstanding the potential collection level errors. These limitations are not significant enough to affect the basic conclusions emerging from the study.

Chapter-2

Implementation Arrangements

Introduction

2.1 An attempt is made in this chapter to present a brief outline of the implementation arrangements envisaged under the partnership and the actual arrangements on the ground. The coordinating arrangements at the state, district and sub-district level are briefly discussed with a view to identify the gaps. An attempt is also made to review the actual deployment of professional human resources and identify the areas which need to be strengthened.

State Level

2.2 As agreed under the partnership, PRADAN has set up a state level cell with two senior persons *viz.*, a state coordinator and an integrator, to plan, oversee and coordinate the partnership and ensure that the Mission implemented in the 14 blocks is integrated with the rest of the Mission. In particular, the cell is expected to spearhead Mission implementation in partnership blocks in close coordination with the State Mission on the one hand and the federations on the other. The cell is required to prepare Annual Action Plans (AAPs), seek their approval and implement the planned activities with the support of the State Mission and in coordination with the DMMUs. In order to ensure, smooth implementation of the Mission in the partnership geography, the following mechanism is envisaged:

- a bi-monthly joint State coordination review meeting between JSLPS and PRADAN to review progress and resolve implementation issues, if any;
- a monthly progress review meeting based on MIS/MPR; and
- thematic review meetings as and when required.

2.3 As envisaged, state coordinator and program integrator have been appointed and functioning. Further, as required, monthly review meetings have been conducted. However, bi-monthly State level coordination meetings have not been taking place regularly. The State level coordinator is reported to be primarily looking after administrative issues such as fund releases and is not involved in actual Mission implementation. The actual role envisaged for the coordinator is to act as vital link between the state Mission and the partner agency and provide overall direction, supervision and guidance. It is therefore imperative that the state coordinator, a senior representative of the partner agency is effectively involved in planning, implementation and review.

District Level

2.4 As per the provisions of the MoU, a district resource and integration cell has been set up in each of the five partnership districts. In each district, one dedicated professional and three senior PRADAN professionals (who share their time between partnership and PRADAN areas) are required to facilitate implementation. The team is expected to coordinate with the DMMU in these districts in actual implementation. The partnership team is expected to participate in all DMMU review meetings and related events and to act as the extended arm of DMMU. However, interaction with the DMMUs suggests that there is lack of effective coordination between the PRADAN professionals and DMMUs. It is understood that the professionals in the district partnership cell were not regularly attending key review meetings. Further, it was understood that the key professionals of the cell do not fully subscribed to the NRLM strategy of implementation and the community institutional architecture envisaged. More particularly, the partnership staff do not appear to be convinced with the need for a third-tier viz., CLF as well as the use of CIF as a community fund in perpetuity. This fundamental disconnect seem to have contributed to several implementation level issues, which remain unaddressed.

Table-2.1
Human Resources Deployed in Partnership Areas

Sl. No.	Name of Post	Location	No. of Positions Approved in 2015-16	No. of Staff Placed as in Dec. 2015
1.	State Coordinator	State Project Cell	1	1
2.	MIS Officer	State Project Cell	1	1
3.	DRIC Members	District /DRIC Unit	5	5
4.	MFTs (Executives)	Block/MFT Units	28	28
5.	Block MIS Assistant	Block/MFT Units	14	13
6.	Office Assistant	Block/MFT Units	14	7
7.	Block Federation Coordinator (BLFCs)	Block/BLF	15	15
8.	Livelihood Coordinator	Block/BLF	15	13
9.	Area Coordinators (2 per Federations)	Block/BLF	28	17
10.	Total		121	100

Block Level

2.5 At the block federation level, PRADAN is required to position a 7-member professional team *i.e.*, one BLF coordinator/manager, one coordinator for livelihoods, two operation managers, one accountant and two to three MIS persons (*Computer Munshi*). However, from the information furnished in the above table, it is clear that positions of livelihood coordinators, 11 area coordinators and 7 office assistant positions are vacant. If the positions are approved and funds are available, it is only imperative that the required professionals are appointed and effectively utilized without further delay.

2.6 Further, as per the NRLM design, BLF staff should be available in close proximity to the community to provide regular support. However, it was found that a large proportion of them were not living in close proximity to the operational area. Most of them were operating from either block headquarters or from outside the block, affecting the intensity of support required for building the functional capacities of the community institutions. Interaction with the sample SHGs and federations, the quality of bookkeeping and other visible outcomes also revealed that the staff were not providing intensive support required for the CBOs in the initial stages. This is another area which requires the attention of PRADAN.

Summary

2.7 The state coordinator, a senior representative of the partner agency is expected to act as a vital link between the partner agency and the state Mission and play a lead role in planning, implementation and review. However, it was reported that he was primarily engaged in administrative activities, leaving the more important role to the integrator. It is imperative that the state coordinator plays the envisaged role. Second, it was found that the partnership teams at the district level were not effectively participating in all BMMU reviews and related events. More importantly, it was understood that the key partnership teams did not subscribe to the core NRLM four-tier institutional architecture and the use of CIF as a loan product. The partnership teams needs to be reoriented to NRLM community institutional design and the funding model integral to it. Having accepted to implement NRLM in all its dimensions, it is only imperative that all stakeholders subscribe to the same strategy, notwithstanding their past experience and ideological predilections.

Chapter-3

Promotion and Functioning of SHGs

Introduction

3.1 This chapter presents an analysis of social mobilization and SHG promotion in the partnership geography. First, expansion of the Mission in the partnership geography and the progress achieved in social mobilization are presented briefly. This is followed by a discussion on formation of new SHGs and strengthening and revival of pre-existing SHGs. The capacity building inputs provided to the SHGs is also examined later. The functioning of sample SHGs with respect to their adherence to *Panch Sutras* is then examined in detail. The chapter concludes with a discussion on books, bookkeepers and bookkeeping practices in SHGs.

Mission Expansion

3.2 The partnership Mission had progressed fairly rapidly in terms of the coverage of gram panchayats and habitations. The Mission had entered the entire target of 237 GPs during the two years preceding the assessment (prior to Dec.'15). Further, out of the total 1,661 villages/ habitations in 14 blocks, the Mission had entered 1,498 villages *i.e.*, about 90% of the target villages. This is a significant achievement but the remaining 163 villages/ habitations need to be brought into the Mission fold without further delay.

Social Mobilization

3.3 The 14 partnership blocks had an estimated total number of 2,68,215 rural households. Following the NRLM norms, it was estimated that 75% of the total households constitute the potential target for mobilization. This works out to a total target of 2,01,161 households. A substantial proportion of these households, predominantly belonging to the Scheduled Tribes and other vulnerable communities, had been mobilized into SHGs prior to the commencement of the partnership. After the commencement of the partnership, efforts were made to mobilize left out households from the vulnerable communities. A total number of 1,24,397 households stood mobilized into SHGs, both old and new, up to Dec.'15. This constitutes 62% of the total households targeted for mobilization. Given the age of the partnership, it is essential to saturate mobilization in all villages by the end of the second year of partnership. In all villages where VOs have been formed, the responsibility for mobilization of excluded households should be entrusted to them. Entrustment of this responsibility to the VOs would bring greater recognition to them, besides strengthening the SHG-VO relationship.

Social Inclusion

3.4 The mobilization efforts, both during the partnership as well as prior to it, are highly inclusive. This is only to be expected from the social geography of the partnership area, which is predominantly inhabited by the Scheduled Tribes and other backward classes. The sample data suggests that more than two-thirds of total members belong to the STs. This is also reflected in the social composition of the leaders of the sample SHGs (*Table-3.1*) The SECC data indicates that the SC/ST HHs in the partnership blocks constitute 67% of the total eligible HHs (automatically included HHs and HHs satisfying at least one deprivation criteria).

Table-3.1
Social Composition of SHG Office Bearers

S. No.	Item	SC	ST	Min	Others	Total
1.	No. of office bearers	5	208	0	99	312
2.	% of office bearers	2%	67%	0%	32%	

Promotion of SHGs

3.5 The total number of SHGs, both old and new, under the Mission fold stood at 9,143 in Dec.'15. About 38% of SHGs were promoted during the pre-partnership era, while the rest during the partnership. However, the design of the study is intended to over sample matured villages therefore, out of the 95 sample SHGs covered under the study, 84% were found to be promoted before the partnership. Equally important is the fact that a number of SHGs promoted by NGOs in the partnership geography remain outside the NRLM fold. The Mission needs to take into its fold all eligible SHGs after screening them carefully and ensuring that there is no duplication in membership. There is also need for mobilizing all eligible households outside the SHG network into new or pre-existing SHGs, on a priority basis.

3.6 Further, as a vast majority of the SHGs were promoted prior to the partnership, it is necessary to ensure that all of them conform to the Mission norms. While most of them may belong to the poor households, it would be necessary to clean-up the accounts, provide necessary orientation of the members to the Mission before the SHGs are taken into the Mission fold.

Size Distribution of SHGs

3.7 The size distribution of SHGs varied from 7 to 15 members across 55 sample SHGs (*Table-3.2*). On the average, the membership works out to 14 per SHG. However, a majority of the SHGs had 10 to 13 members each suggesting that the size is optimal for instituting governance and micro-finance norms.

Table-3.2
Size Distribution of Sample SHGs

S. No.	No. of Members	No. of SHGs
1.	10-11	15
2.	12-13	15
3.	14-15	9
4.	16-17	9
5.	18-20	7
6.	Total	55

Capacity Building of SHGs

3.8. SHGs constitute the building blocks of the community institutional architecture. The functional capacities of the SHGs play a critical role in the promotion of financial and livelihood support services to the member households. Unless, the capacities of the SHGs are systematically built for democratic governance, diligent fund management and livelihood and social development activities, the objectives of the Mission would not be achieved. The Mission envisages provision of capacity building inputs to the SHG members and leaders at the community level by the frontline staff and trainers/CRPs. The partnership Action Plans have also allocated funds for capacity building of both old and new SHGs. However, study of sample SHGs revealed that many of the new SHGs were provided only one-day training by CRPs, more in the nature of orientation prior to the formation of new SHGs. The sample study also revealed that there was no further training/facilitation support from VO or CRP, although Mission envisages that each SHG needs to be provided close nurturing support, particularly, during the first six months. The sample data relating to 53 SHGs reveals that only 29 of them (55%) had received some initial training. The poor level of training imparted to SHGs, is manifested in low level of understanding among SHG members about functioning of NRLM. The awareness level of most of the members is limited to the potential availability of RF and CIF. It is therefore important that all SHGs are provided basic training in democratic governance and micro-finance, besides livelihoods. Equally important is to orient them to NRLM core values and principles.

Functioning of SHGs – Adherence to *Panch Sutras*

3.9 All SHGs under the Mission fold are expected to adhere to the five core principles of democratic functioning and micro finance, known as the *Panch Sutras*. These include conduct of regular weekly meeting, weekly saving, monthly inter-loaning, regular monthly repayment and proper maintenance of books of accounts. A study of the sample SHGs, however, reveals that a significant proportion of SHGs, both old and new are not adhering to *Panch Sutras* as briefly discussed below.

Conduct of Weekly Meetings

3.10 A study of 55 sample SHGs, indicates that 78 % of the SHGs were conducting at least 90% or more of the required meetings during 12 weeks preceding the sample survey. It is necessary for the implementation staff to ensure that the weekly meeting norm is enforced as it is a fundamental democratic principle.

Table-3.3
SHG Meeting Regularity

S. No.	% of Meeting Expected	Number of SHGs	Percentage
1.	<40	1	1.8%
2.	50-60	3	5.5%
3.	60-70	1	1.8%
4.	70-80	1	1.8%
5.	80-90	6	10.9%
6.	90-100	42	76.4%
7.	>100	1	1.8%
9.	Total	55	100%

Member Attendance

3.11 All SHG members are expected to attend the weekly meetings and participate in the agenda-based deliberations. Member's presence for the entire duration of the meeting is a necessary pre-requisite for efficient functioning of the SHG. The sample data, however, reveals that in respect of 35% of the SHGs, 90 to 100% of members were reported to have attended the meetings as per the minutes book. About a third of the SHGs had less than 80% attendance of members. It may be noted that some SHGs have a tendency to mark attendance of members even when they were not physically present. Often, some members make brief appearance and then leave. It was also reported that members tend to be present in larger numbers in the meeting dedicated for financial transactions (For example,

Holy Cross SHG, Torpa). Notwithstanding these factors, it is essential not only to institute weekly meetings, but also to ensure that most of the members attend the meetings and be present throughout.

Table-3.4
Member Attendance at SHG Meetings

S. No.	Attendance	No. of SHGs	%
1.	<40	2	3.9%
2.	40-50	3	5.9%
3.	50-60	2	3.9%
4.	60-70	4	7.8%
5.	70-80	6	11.8%
6.	80-90	16	31.4%
7.	90-100	18	35.3%
8.	Total	51	100%

Subscription of Savings

3.12 Micro-finance is the life blood of SHGs. Regular subscription of agreed amount of savings by all members not only contributes to the corpus of the SHG but more importantly to the financial discipline that is required for higher order transaction. The sample data collected from 45 SHGs indicates that 23 SHGs (51%) had collected 90% or more of savings expected from the members. About 40% of the SHGs had not collected 80% of the savings expected of them during the three months preceding the sample survey. This was true of both the pre-Mission and the new SHGs. This reflects inadequate facilitation support provided to the SHGs by the frontline staff and CRPs. *Chandani* SHG of Raidih, reported that no staff had visited them during the preceding six months.

Table-3.5
Savings Made Vis-à-Vis Savings Expected

S. No.	Percent of Savings Expected	No. of SHGs	% of SHGs
1.	40-50	1	2.2%
2.	50-60	2	4.4%
3.	60-70	7	15.6%
4.	70-80	9	20.0%
5.	80-90	3	6.7%
6.	90-100	8	17.8%
7.	>100	15	33.3%
8.	Total	45	100%

Inter-lending

3.13 Inter-lending of accumulated corpus of the SHGs is another core micro-finance principle that all SHGs are required to adhere to. However, sample data collected for 86 members who have availed internal loans *vis-à-vis* length of membership does not reveal any consistent trend. For example, 6 members who had a length of membership of less than 11 months had borrowed an average amount of Rs. 13,909/- per member, while those with a membership duration ranging between 12 and 23 months had availed loan of Rs. 10,455/- per member. Those with a membership duration of 2 to 3 years had borrowed over Rs.20,000/- per member. On the average, each sample member had borrowed an average internal loan amount of Rs. 14,000/-, while the median was around Rs. 10,000/-. The inter-lending trends do not really portend a situation where each member would be able to borrow Rs.1.0 lakh to Rs.1.5 lakh from internal sources over 7 to 8 years, as envisaged by the Mission.

Table-3.6
Loan Portfolio Analysis

S. No.	Loan Purpose	No. of Internal Loans	Percent of Internal Loans	Total Internal Loan Amount (in Rs.)	Average Amount of Internal Loan (in Rs.)
1.	Agriculture	113	32%	294650	2608
2.	Debt Swapping	8	2%	151000	18875
3.	Education	25	7%	95460	3818
4.	Food	1	0%	1000	1000
5.	Health	65	18%	140260	2158
6.	HH Consumption	30	8%	27520	917
7.	House Const./ Repair	21	6%	135800	6467
8.	Land Purchase	6	2%	84000	14000
9.	Livestock	24	7%	99400	4142
10.	Marriage/Festival	27	8%	59000	2185
11.	NA/Others	32	9%	75140	2348
12.	Other Assets	4	1%	45000	11250
13.	Total	356		1208230	3394

Table-3.7
Length of Membership and Average Internal Borrowing

S. No.	Length of Membership (in months)	Member Borrowers	Total Internal Loans (in Rs.)	Average Internal Loan per Member (in Rs.)
1.	0-11	6	83454	13909
2.	12-23	26	271830	10455
3.	24-35	6	121062	20177
4.	36-47	17	176800	10400
5.	48-60	7	221200	31600
6.	>60	24	333408	13892
7.	Total	86	1207698	14043

3.14 In terms of frequency, maximum loan was taken for agriculture purpose (32%) followed by credit for health needs (18%). While the data reflects that around 70% of members reporting cultivation as their primary occupation and 11% reporting agriculture wage employment (*Table 3.8*). The study revealed that 74% of members had some loan outstanding while 26% had no outstanding loans, whereas around 33% of fund available with SHGs was lying idle.

Table-3.8
Internal Loan Outstanding

(as of Oct, 15)

S. No.	Amount Outstanding in Rs.	No. of Members	Percentage
1.	0	23	26%
2.	500-5499	34	38%
3.	5500-10499	15	17%
4.	10500-15499	4	4%
5.	15500-20499	5	6%
6.	20500-25499	5	6%
7.	35500-40499	2	2%
8.	65500-70499	1	1%
9.	Total	89	100%

SHG Bookkeeping

3.15 A standard set of books, bookkeeper and Bookkeeping practices are essential pre-requisites for a sound micro-finance programme. . While the minutes book, cash book and member pass book have been introduced in most of the SHGs, general ledger and loan ledger are not maintained. Further, there were variations in bookkeeping practices which have resulted in anomalies in reporting and cash reconciliation.

Table-3.9
Availability of Books of Accounts with Sample SHGs

S. No.	Books of Records	No. of SHGs for which data was available	No. of SHGs where books were introduced	%
1.	Minutes Book	55	54	98%
2.	Cash Book	55	47	85%
3.	General Ledger	55	0	0%
4.	Loan Ledger	28	2	7%
5.	Member Pass Book	55	52	95%
6.	Saving Cum Attendance Register	36	17	47%
7.	Monthly Report	55	0	0%

3.16 A few instances of the discrepancies arising out of poor bookkeeping practices are mentioned below:

- The interest amount was not being recorded according to the standard protocol in Thorpa, Khunti. Interest on multiple loans was being recorded in two different books (formal and informal). This practice, if left unchecked, would result in a mismatch between the books of records, the MIS and the cash box, since the MIS captures information only from formally instituted books of accounts;
- Cash-in-hand and cash as indicated in the books of records were not tallying as some transactions like fines were accounted separately in Jivan Jharna SHG (Shikapripara);
- Incorrect entries were also observed in some groups such as *Jai Dharma Mahila Mandal*, (Rs.50,000/- withdrawn from bank but only Rs 49,000/- was recorded in cash book) and in *Jeeval Mahila Mandal, Senha* (an amount of Rs.49,000/- was withdrawn from the bank, but only Rs 42,500/- was booked in the cash book);
- A couple of SHGs were also seen to be operating two saving bank accounts. For example, the *Chando* SHG in Senha block, had two accounts in two separate branches (BOI -4923101100012420 and Union Bank-5959020100011741). RF and CIF were disbursed to both the accounts. This is to be rectified at the earliest as multiple accounts will make tracking of funds disbursed that much more difficult; and

- Even the bookkeeping practices varied from one block to another. While in few places bookkeepers computed and reported monthly interest rate on loans, in other locations book keepers reported cumulative interest.

3.17 These practices are a consequence of inadequate training (only about 3-4 days) and the lack of dedicated bookkeepers. This is also reflected in the MIS reports. For example, only 403 SHG bookkeepers were identified and trained for all the SHGs promoted *i.e.*, in the ratio of one Bookkeeper for 23 SHGs.

Summary

3.18 In terms of establishing footprint, the partnership has made good progress, having entered all the 237 GPs across 14 blocks. The Mission has entered 1,661 villages which constitute 90% of the potential target (all except 163 villages). The Mission has mobilized 61% of eligible households into SHGs. Thus, the Mission now needs to saturate mobilization with focus on left out households in these villages. The responsibility of ensuring further mobilization and inclusion needs to be entrusted to the VOs. In terms of promotion/strengthening of SHGs, the partnership has made a good progress with 9,143 SHGs having been brought into the Mission fold, with an average size of 14 members per SHG. However, the sample data suggests that only about 55% of the SHGs were provided some initial capacity building inputs. This is clearly an area which requires additional efforts. The level of awareness of the members and their understanding of SHG dynamics also indicated scope for substantial improvement. The study also indicates that a significant proportion of SHGs, both old and new were not adhering to *Panch Sutras*. Only half of the sample SHGs were found to be undertaking regular savings. On the average, each sample member had borrowed an average internal loan amount of Rs.14,000/-, while the median was around Rs. 10,000/. The internal loan analysis reveals that agriculture and health account for most of the borrowings (32% and 18%, respectively). Further, it was found that about one-third of the SHG funds were being held as idle funds, although only about 70% of the members had outstanding loans. This reflects less efficient use of internal funds available. The quality of bookkeeping also leaves significant scope for improvement. There was a significant variation in the number and type of books being maintained by the SHGs. A significant proportion of the SHGs did not have the support of trained bookkeepers. This had affected the quality of bookkeeping. A large number of incorrect and inconsistent entries were observed in respect of the sample SHGs. Identification, training and deployment of bookkeepers along with the MBKs to provide handholding support need to be undertaken. The MBKs could undertake a campaign to clean up and update all the books in a Mission mode. The VOs could be entrusted with the responsibility of providing bookkeeper services to the SHGs and collect a small honorarium from each SHG.

Chapter-4

External Funds to SHGs

Introduction

4.1 This chapter presents a brief discussion on funds provided to SHGs through RF and CIF. The chapter also discusses trends in bank credit accessed by SHGs. This is followed by a discussion on utilization of funds by SHGs in terms of loans advanced to members and their terms and conditions. An analysis of outstanding loans of sample SHGs is also presented as part of this section.

RF to SHGs

4.2 An encouraging feature of implementation has been provision of capital support to the SHGs in the form of RF and CIF. Both the MIS and sample SHG data indicate that a vast majority of the SHGs were provided RF and CIF. The MIS data indicates that 8,777 SHGs had fulfilled eligibility norms for receiving RF, out of which, 6,367 were provided RF by Dec.'15 (72.5%). This is a significant achievement.

CIF to SHGs

4.3 Further, out of 8,749 six-month old SHGs, 5,086 were guided to preparing MCP / MIP on the basis of which an amount of Rs.31.01 crore was released as CIF. This accounts for 58% of the total eligible SHGs. The sample data also indicates similar trends. Out of 53 sample SHGs for which comparable data was available, 96% were provided RF and 94% CIF. The sample data, however, reveal that there is a vast scope for improving the quality of MCP/MIP preparation and adherence of the members to the plans on the basis of which CIF is disbursed. A quick examination of the sample MCPs/MIPs revealed that the plans were prepared primarily to meet procedural requirement. The sanction and disbursement that followed the planning process were at variance with the CIF requirements of the members. There was also a divergence between the planned requirements and the actual releases to the individual members. There was no system to track actual utilization of CIF by the member households. However, a majority of the sample members indicated that the funds were used for the intended purposes. The sample data emphasizes the need for improving the quality of MCPs, the quality of trainers, training of SHGs in MCP preparation, and post-CIF follow-up of the households.

SHG-Bank Credit

4.4 A central feature of NRLM is to promote SHG-bank credit linkage. SHGs' own corpus and capital support provided through RF and CIF are expected to be used to leverage bank credit in multiple doses not only to meet the consumption requirements (food, health and education etc.,) but, more importantly to finance livelihood assets of the poor households. Each household is thus expected to leverage a cumulative credit of Rs.1.00 to 1.50 lakhs over 7 to 8 years from the banking system. The Mission implementation units are expected to focus on both demand and supply sides to enable SHGs to leverage the required quantum of credit. On the demand side, apart from promoting *Panch Sutras*, the Mission units are required to improve financial literacy of the members, provide RF and CIF and institute CBRM to encourage bankers to lend SHGs. On the supply side, the Mission units are expected to coordinate with the banks and encourage use of Information, Communication & Technology (ICT) based financial technologies, business correspondents and community facilitators like 'Bank Mitras'.

4.5 While there is a significant room for improvement in overall SHG bank linkage performance in the State, a quick comparison indicates that while 37% of the eligible SHGs are credit linked in non-partnership areas, only 13.5% of the eligible SHGs in partnership geography have been credit linked (up to Dec.'15). The actual utilization of credit by the SHGs could even be lower. The sample data reveals that out of 55 mature SHGs, only 15 (27%) were bank linked for credit. This should clearly receive priority. The BLFs and PRADAN teams need to intervene on both supply and demand sides to improve the credit linkage of SHGs. Unless the credit constraints are eased and the SHGs are linked to banks for increasing amounts of credit, achievement of the livelihood objectives of the Mission would be difficult. The fact that the households continue to depend on money lenders and other informal sources of credit, points to the need for focusing on SHG-bank credit linkage. An analysis based on a small sub-set of households reveals that dependence on money lenders and friends and relatives continues to be high in the region (*Table-4.1*).

Table-4.1
Other Sources of Credit for Sample Households

(in Rs.)					
S. No.	Institution	No. of Members Accessed Loan	Total Amount of Loan Taken	No. of Members with Outstanding Loan	Outstanding Loan
1.	Banks	5	442000	1	39450
2.	Money lender*	6	149000	2	45000
3.	Friends and Family**	10	125000	10	105000

Notes: * Two members reported keeping jewellery as collateral, the rates of interest varies from 60% -120% per annum
** One member reported paying 24% interest p.a. to her friend/family. The other 9 reported 0% p.a.

Utilization of Funds by SHGs

4.6 SHGs are expected to efficiently utilize the funds – own funds as well as borrowed funds. The Mission implementation units are required to promote efficient utilization of funds by instituting appropriate mechanisms such that the amount of idle funds at any point of time is the least. Sub-optimal utilization of funds amounts to inefficiency as there is an opportunity cost for funds. Information for sample SHGs summarized in *Table-4.2* reveals that 45 to 50% of the total funds of SHGs were held as idle balances (as cash-in-hand and bank account) during the months of September, October and November 2015. Clearly, this is inefficient utilization of funds including borrowed funds, while the SHG members were resorting to borrowing from informal sources at high rates of interest. The persistence of idle funds could also mean lack of viable investments/ livelihood opportunities or a situation where SHGs do not have close guidance and support for diversification of livelihoods.

Table-4.2
Idle Funds in Sample SHGs

(in Rs.)

S. No.	Month	Average Cash in hand and in Bank	Loan Outstanding	Idle Funds as % of Outstanding Loan
1.	Sep.'15	32533	57954	56%
2.	Oct.'15	31224	61177	51%
3.	Nov.'15	29056	64065	45%

Terms and Conditions of Loans

4.7 All SHGs are required to adopt clear terms and conditions of loans including rates of interest, maturity period for different types of loans, moratorium, if any and such other conditions. Sample study reveals that a variety of practices were being followed in the SHGs which do not fall under any set of norms. No uniform set of repayment guidelines were enforced across the sample, although there was some understanding about the maximum number of installments (20 to 24) in which the loans are to be repaid and the rate of interest. The practice of regular repayment of loans as per a given schedule was neither prescribed nor practiced in any of the sample SHGs. The members were not found to be repaying principal and interest as per any fixed norms. The repayments made were by and large *ad hoc* and irregular. Even members who had not cleared outstanding loans were given additional loans. In Shikaripara, members who had not paid their previous principal or interest were granted two additional loans. Some SHGs had adopted a moratorium of 6 months. The irregular repayments by the members to the SHGs and CIF by SHGs to the VOs had its impact on their lendable resources.

Table-4.3
Percent of Idle Funds vis-à-vis Loan Outstanding

S. No.	Idle Funds as % of against Loan Outstanding	No. of SHGs	% of SHGs
1.	0-20	8	30
2.	20-40	5	19
3.	40-60	1	4
4.	60-80	1	4
5.	80-100	1	4
6.	>100	11	41
7.	Total	27	100

Loan Outstanding

4.8 Another dimension of less efficient use of funds could be observed from the sample data on outstanding loans. Out of the 89 sample members for whom comparable data could be collected, 26% had no loan outstanding, while the SHGs had substantial unutilized funds. Less than 40% had a loan outstanding varying between Rs.500 to Rs.5,499/-, while those with an outstanding loan of Rs.5,500/- to Rs.10,500/- accounted for 17%. Thus, there is a strong case for promoting utilization of funds through close counseling, guidance and provision of complementary livelihood support services.

Table-4.4
Loan Outstanding of Sample SHG Members

S. No.	Amount in Rs.	No. of Members	Percentage of Sample
1.	Nil	23	26%
2.	500-5499	34	38%
3.	5500-10499	15	17%
4.	10500-15499	4	4%
5.	15500-20499	5	6%
6.	20500-25499	5	6%
7.	35500-40499	2	2%
8.	65500-70499	1	1%
9.	Total	89	100%

Summary

4.9 A significant number of SHGs were provided RF and CIF in the partnership geography. About 73% (6,367) of three-month old SHGs were provided RF. In addition, 58% of the six-month old SHGs (5,086) were provided CIF amounting to Rs.31.01 Crore, based on MCPs/MIPs. The sample data, however, reveals that the quality of MCPs/MIPs needs improvement. There appeared to be a significant divergence between the amounts indicated in the MCPs/MIPs and the amounts actually sanctioned and disbursed. There was also a variation between the amounts initially indicated and actual loans sanctioned by SHGs. These gaps point to the need for improving the quality of MCPs, quality of training and quality of the trainers. In respect of SHG-bank linkage, the progress was very limited. Only 13.5% of the SHGs were bank linked and the average amount of loan per SHG was low. On the contrary, in the areas under JSLPS, 37.5% of SHGs were credit linked. Clearly, a lot of effort would be required on both demand and supply side to improve SHG-credit linkage. Deployment of bank mitras and institution of CBRM as well as sensitization of bankers could improve the situation. The analysis of terms and conditions of loans by SHGs to members reveals a bewildering variation across the sample areas. The rate of interest, the repayment frequency and period and other terms and conditions vary widely across the blocks. The major concern was the substantial amount of unutilized funds with the SHGs, while a significant proportion of members had no outstanding loans. It is therefore essential that uniform terms and conditions of loans including rate of interest, period of moratorium, frequency and duration of repayment *etc.*, are promoted across the blocks.

Chapter-5

Promotion of Village Organizations

Introduction

5.1 The village organization (VO) is the first level federation of SHGs. The SHGs and VOs are organically linked in terms of governance as well as financial relations. The VOs are charged with the responsibility of managing CIF as a fund in perpetuity. Being the first level federations, VOs are also responsible for overseeing and monitoring the progress of SHGs. The VOs are responsible for mobilizing the left over poor into the SHGs. The functional efficiency of the VO determines the health of the community institutions in the village. An attempt is made in this chapter to briefly discuss the functioning of sample VOs in the partnership geography.

Promotion of Village Organizations

5.2 A four-tier community institutional structure is required to be promoted in the blocks as per partnership guidelines. While PRADAN has promoted a two-tier institutional structure involving SHGs and BLFs as part of its chosen model of community institutions, the partnership with JSLPS requires promotion of a four-tier structure viz., SHGs, VOs, CLFs and BLFs. PRADAN has promoted 2,979 SHGs federated into 15 BLFs in the partnership blocks. After the commencement of the partnership, PRADAN has promoted VOs in 609 villages up to Dec.'15. However, no CLFs were promoted as required under the MoU. Standard protocols for formation and nurturing of VOs have not been formulated. Guidelines relating to (i) when to form a VO; (ii) what is the minimum number of SHGs required; (iii) what is the membership fee; (iv) what is the monthly saving requirement; (v) what are the potential financial relations between VO and SHGs; and (vi) what type of services are provided by the VO to the SHGs etc., need to be clearly formulated and enforced.

5.3 As no clear guidelines were formulated, VOs adopted different guidelines. For example, the norm of saving by SHGs with VOs varied widely. The *Ekta* VO in *Churgi Mahhatu* village of *Torpa* block was promoted in March, 2014 but SHG savings with the VO (@ Rs.50/- per SHG per month) started only after one year of formation i.e., from 07.07.2015. Also there were instances of irregular savings by SHGs in the VOs. In *Ayurlaha* VO of *Shikaripara*, the monthly saving of Rs.30/- was not being regularly paid, while the concept of annual membership fees remained to be introduced. In *Poriyaat* village, *Taratikar* VO was formed after an initial orientation for a couple of hours. While the Mission provides for adequate resources to undertake capacity building exercise, it was reported

that the members were not provided refreshments during the orientation. Further, some VOs were formed drawing SHGs from 2 to 3 villages, without taking into account the functional issues involved, especially issues relating to membership strength.

Governance Structures

5.4 However, as part of promoting VOs, governance structures were established. Apart from promoting general body, executive committee and office bearers were selected in all VOs. SHGs were also linked organically with the VOs for governance. Each SHG was guided to sending two representatives to the EC and the EC in turn elected its OBs with the guidance of the BLFs and frontline staff. The size distribution of VOs varied between 5 and 19 SHGs, with nearly two-thirds of sample VOs having less than 10 SHGs each. This includes some pre-existing VOs brought into the Mission fold. Further, VOs were guided to observing certain equity norms in the selection of leaders. In the total VO-OBs selected, 61% belonged to the STs, while 38% to others including OBCs.

Table-5.1
Size Distribution of Sample VOs

S. No.	No. of Member SHGs	Number of VOs
1.	5-7	6
2.	8-10	12
3.	11-13	5
4.	14-16	3
5.	17-19	1
6.	Total	27

Capacity Building and Vision of VOs

5.5 Functional efficiency of VOs critically hinges on the awareness of members in general and the capacities of executive committee members and OBs for self-management. A study of 27 sample VOs clearly indicates that the OBs and EC members had limited awareness of the concept of VO, its relevance and functions, even after one year of their formation. The members had no clear vision for the development of the VO. Bylaws governing the VOs and rules and regulations for the functioning were not found with the sample VOs. Further, there was no clear strategy and time limit for bringing all the SHGs including pre-existing SHGs into the VO fold. As a result, a significant number of eligible SHGs of pre-partnership vintage were outside the VO fold, thus making them ineligible for CIF and capacity building support.

5.6 Despite the limited vision and capacity, all VO-ECs, OBs and sub-committees were not provided the required minimum training. A study of the sample data summarized in *Tables-5.2 to 5.4* clearly indicates that training inputs were not provided uniformly across all VOs on the required modules.

Table-5.2
Training Input Provided to Sample VOs

S. No.	Type of Training	No. of VOs for which data was available	No. of VOs for which training was conducted	% of VOs for which training was conducted
1.	Formation, meeting processes and norms	24	17	71%
2.	Exposure and immersion	23	8	35%
3.	Training on VO management	22	10	45%
4.	Training on VO Book keeping	20	17	85%
5.	Training of Sub-committees	18	11	61%
6.	Training on MCP Appraisal	16	5	31%
7.	Training on CIF & Fund Management	15	3	20%
8.	Training on Audit and legal compliance	15	2	13%
9.	Training on Cadre Management	14	1	7%

Table-5.3
Sample VOs with Sub-Committees

S. No.	Sub-Committee	No. of VOs with the Committee	Percentage
1.	No. of VOs with all 3 sub-committees functional	13	50
2.	No. of VOs with 2 sub-committees functional	2	8
3.	No. of VOs with 1 sub-committee functional	1	4
4.	No. of VOs with none of the 3 sub-committees functional	10	38

Table-5.4
Sample VOs with Different Sub-Committees

S. No.	Sub-Committee	No. of VOs with the Committee	% of VOs in which the Committee is Functional
1.	Aajeevika Committee	20	45
2.	Mahila Mandal Sudhar Committee	16	44
3.	Nyay Adhikar Committee	11	82
4.	Samajh Sudhar Committee	11	36
5.	Social Issue Committee	6	67
6.	AarthikAwlokan Committee	4	100
7.	Loan Lending Samiti	2	100
8.	Rozgar Samiti Committee	2	100
9.	Nigrani Committee	1	0
10.	Purchase Committee	1	100

5.7 The sample data indicates that the concept and functional norms of VO have not been internalized and mainstreamed in the partnership blocks. Not only training input provided was inadequate and uneven, but the sub-committees remained notional. As a result, the VOs which are expected to guide and promote the SHGs and undertake their grading were found wanting and had less impact on the functioning of the SHG and the livelihoods of the members. There is a vast scope for improving the functional capacities of VOs through sustained capacity building, which in turn requires creation of a pool of resource trainers through a cascading mode. While the staff of PRADAN and BLFs can provide TOTs, community level training assumes importance for the VOs and the SHGs. Training of community cadre also needs to be improved. Though there is a system of preparing quarterly training calendar, there is no record of actual trainings provided such that the sub-committees can monitor the progress. It is therefore imperative that training records are maintained at all levels.

5.8 Further, as there is no fund constraint, it is important to ensure provision of minimum training to all SHGs and VOs in a phased manner. This requires effective planning and implementation at the district and block levels.

Funds to VOs

5.9 BLFs provide funds to the VOs to meet RF and CIF requirements. The amount to each VO is determined on the basis of number of eligible SHGs. While RF is a grant to the SHG, CIF is a loan given to the eligible SHGs based on MCP/MIP. Preparation of MCP/MIP is therefore a pre-condition for sanction of CIF. An examination of sample MCP applications revealed several incomplete and inconsistent entries. This points to the need for strengthening the MCP process and the capacities of the MCP trainers. The sample VOs were not found undertaking rigorous appraisal of the MCPs before sanction and release of the amount. Some incomplete assessment forms were noticed in certain BLFs (e.g., *Torpa* and *Poriyahat*). A more rigorous and structured training is required for the SHGs to prepare MCPs. The current mechanism of training seems inadequate. As a result, MCPs were prepared in an *ad hoc* manner. There were a lot of inconsistencies and incomplete items in the approved MCP applications. For example, the amount of CIF provided to *Sikiyam Baha Mahila Mandal of Kathikund Dumka*, was higher than the amount demanded in MIP. Further, the VO sub-committees on CIF management and bank linkage had limited functional abilities to undertake capacity building and reviews expected of them.

Funds Flow

5.10 However, the fund flow from BLF to VO was found to be smooth. Within 15 days of receipt from the BLF, funds are transferred by VOs to the SHGs, in the form of cash by most VOs. There were some VOs with float of funds. No clear repayment schedules were being followed by SHGs for repaying the CIF loans to the VOs. For example, an amount of Rs.75,500/- was disbursed to an SHG in *Kadamphool, Basua, Gumla* in the form of cash on 10.10.2015. However, the transaction was not recorded in the minutes book. There were instances of 4 SHGs returning the entire CIF amount in one installment to *Jiling VO*, immediately after receiving the amount. There was another SHG which was not informed of the CIF loan sanctioned and disbursed even after three months of transfer. In the mean time, the SHG had contacted the bank for a loan. Further, a 'blank' cheque signed by all members was found in *Naya Severa Gram Sangthan, Jiling*.

5.11 These instances clearly point to the need for instituting fund transfer and recovery mechanism between VOs and SHGs, which in turn require introduction of appropriate books, positioning of trained bookkeepers and close monitoring by frontline staff/BLFs. In the absence of these systems, the SHGs which had received CIF were not making regular repayments, affecting in turn recycling of funds at the VO level.

Recovery of CIF

5.12 Protocols relating to CIF repayment had not been standardized. The VO committees did not appear to have the required capacity to undertake appraisal of the MCPs nor the ability to review and grade the SHGs.

Table-5.5
CIF Repayment Situation in Sample VOs

(Amount in Rs.)

S. No.	Name of the VO	Age of VO in Months	Amount of CIF Loan Disbursed	Amount of CIF Loan Recovered from SHGs	Percentage of CIF Amount Recovered
1.	Narakela GS	10	375000	53000	14%
2.	Divya Prakash Gram Sangathan	11	175000	0	0%
3.	AyarLaha Gram Sangathan	12	150000	11630	8%
4.	MulukChandoMahila Gram Sangathan	14	425000	0	0%
5.	Taratikar	14	550000	55281	10%
6.	Gram Sangathan Tetuliya	15	375000	0	0%
7.	Nari Vikash Mahila Gram Sangathan	15	350000	11000	3%
8.	Jagrani Gram Sangathan	17	350000	102500	29%
9.	Naya Savera Gram Sangathan	21	486000	381000	78%
10.	Malnistra Gram Sangathan	22	550000	177000	32%
11.	Mamta Gram Sangathan	25	200000	11500	6%

5.13 The low rate of repayment had adversely affected accretion of corpus and further inter-lending. The member awareness of the importance of inter-lending and the determinants of corpus needs to be built through sustained financial literacy campaigns.

5.14 NRLM requires that repayments should be regularly tracked right from member level up to CLF. For this to happen, a community monitoring system needs to be instituted at VO and CLF levels. However, such mechanism remains to be instituted.

5.15 It is important to promote member awareness of the start-up funds and involve them in the procurement decisions. This was also observed in 23% of VOs with idle funds. Further, CIF repayment was not initiated in many VOs.

Table-5.6
Average Idle Fund vis-à-vis Outstanding Loan

S. No.	Month	Idle Fund	Loan Outstanding	Idle Fund as Percent of Loan Outstanding
1.	Oct. '15	116186	381961	30%
2.	Sep. '15	118758	358215	33%
3.	Aug. '15	91059	349154	26%

Notes: * Idle Fund = Cash in Hand and Cash at Bank

** Data of only 12 VOs available. The books of records of the remaining VOs were not maintained properly.

Start-up Fund

5.16 By December 2015, 582 VOs were promoted, of which, 290 VOs were provided start-up costs to set up offices and procure necessary infrastructure. However, the funds provided were not fully used for office infrastructure. Out of Rs 50,000/- transferred from block federation to each VO, only Rs 20,000/- to Rs 25,000/- was found utilized.

5.17 The offices established were relatively small and infrastructure available did not appear to be adequate for conducting regular meetings. Member awareness of the funds provided for start-up cost appeared to be limited.

Bookkeeping

5.18 As in the case of SHGs, the quality of bookkeeping needs to be improved in respect of VOs as well. There were variations in the number and type of books available and maintained across the sample VOs, as indicated in the following *Table-5.7*. The quality of bookkeeping was less than satisfactory. Apart from incomplete and inconsistent entries, several VOs had not got their books updated. The *AyarLaha* Gram Sanghathan in Shikaripara block reported two minutes book. In *Torpa*, the DCB register was in the form of computer printed page punched in a file. The format for DCB register varied from block to block. While on one hand, very important books and bookkeeping practices like DCB, varied from place to place, printed books were found introduced for RF and CIF. Moreover, there appeared to be problems in getting these books introduced has could be observed from the wrong entries made. For example, in *Ekta* VO, of *Torpa* the date of RF disbursement precedes the date of request. This in turn points to the need for not only having bookkeepers for all VOs but also to have them trained and supported by MBKs. It is also important to improve the knowledge and awareness of OBs and EC members of the financial transactions of VOs.

Table-5.7
VO Books of Records

S. No.	Books of Records	Number of VOs Introduced	No. of VOs with Up to Date Records	Percent Introduced	Percent Update
1.	Member Reg.	21	15	78%	56%
2.	Minutes Book	27	15	100%	56%
3.	Cash Book	26	20	96%	74%
4.	Loan Register	12	5	44%	19%
5.	General ledger	5	3	19%	11%
6.	Receipt & Payment	12	6	44%	22%
7.	Stock Register	18	12	67%	44%
8.	CIF DCB Register	20	11	74%	41%
9.	BL DCB Register	4	2	15%	7%

Cluster Level Federations

5.19 Promotion of cluster level federation is central to the design of NRLM community architecture. The CLFs are expected to act as support organization for VOs and SHGs, providing financial and non-financial support. They are expected to undertake bulk borrowing and lending, micro-insurance, value chain development activities and facilitate convergence with line departments. However, no CLF has been promoted in any of the partnership blocks. It is imperative that the partner agency takes necessary steps to promote CLFs and enable them to play the role expected of them. On the contrary, during the past two years, non-partnership areas have seen the emergence of 26 cluster level federations. Therefore, finalization of the CLF policy and the promotion of CLFs brooks no further delay.

Block Level Federations

5.20 BLFs were found to be functioning as apex federations at the block level. Each BLF had 5 office bearers and an executive committee. All financial and non-financial powers are vested with the EC. Effective functioning of EC, however, requires training and capacity building of the members, particularly, in respect of financial matters. Interaction with the sample BLF members suggests that their understanding of the financial matters leaves a vast scope for improvement. As per the norms, all the BLFs had their accounts audited annually by CA firm. However, none of the BLFs had even applied for 12-A, which is likely to have income tax implications, adversely affecting the corpus of the community institution.

5.21 At federation level, it was found that transactions were being properly recorded and the accounts regularly audited by a CA firm.

Procurement Process at Federation

5.22 The study team observed that all the federations had engaged a common auditor for statutory audit and another audit firm for handholding support in developing financial system. NRLM procurement process has not been followed in selection of these auditors.

Summary

5.23 PRADAN has promoted 609 new VOs in the partnership blocks, in addition to the primary federations (2,979) promoted by PRADAN as part of its two-tier institutional model in 15 blocks. However, standard protocol for promotion and nurturing of VOs remained to be formulated and enforced. As a result, there were variations across the sample area in terms of the membership norms, saving subscription, books of accounts and financial relations. Member awareness of the concept and functioning of VOs was relatively limited. The sample study indicates that not all VOs were provided minimum capacity building inputs required. Though, there was a sub-committee system, not all VOs had all the sub-committees. Even those present were not functionally effective. VOs which receive funds from BLFs were providing RF and CIF to SHGs in proportion to the number of eligible SHGs in each of them. CIF was provided to SHGs on the basis of MCP/MIP. However, the quality of sample MCPs/MIPs did not reveal that the plans were prepared primarily to meet the procedural requirement. There were significant variations between the plans and the actual disbursement of CIF to the SHGs and by SHGs to members. All the fund transfers were not clearly recorded in the VO-SHG books of accounts. More importantly, fund recovery mechanism from members to SHGs and SHGs to VOs was not firmly instituted, although SHGs were found repaying varying amounts to the VOs. On the whole, the recovery rate was much less than the expected amount, affecting the recycling process. There was no transparent record to understand the reverse flow of CIF from member to SHG and SHG to VO. It was also observed that start-up fund provided to 290 VOs was not fully utilized to establish the office infrastructure. As in the case of SHGs, the quality of bookkeeping needs significant improvement. Apart from standardizing the books of accounts, their maintenance needs to be improved through trained bookkeepers and supported by MBKs. Finally, CLFs were not promoted as required under the partnership arrangement. Promotion of sustainable CLFs is very important for component of the NRLM strategy and does not brook any further delay.

Chapter-6

Livelihoods and Entitlements

6.1 PRADAN has been promoting the livelihoods of the poor in select geographies of Jharkhand for well over 20 years. The main justification for partnership was to leverage this experience of PRADAN. The MPR indicates that more than 60,000 households were provided livelihoods support up to Nov.'15. The livelihood support includes training for adoption of better methods of agriculture. As agriculture is predominantly rain fed, NTFP, goat-rearing and poultry activities were also promoted. During the year preceding Nov.'15, about 20,000 households were reported to have been provided support for at least one livelihood, primarily in the agricultural sector. In addition, households were also supported to tide over food insecurity, besides extending some support for health and other exigencies.

Table-6.1
Livelihoods of Sample HHs

S. No.	Livelihood Source	Primary Source	%	Secondary Source	%
1.	Cultivation on own land	58	65	9	10
2.	Cultivation on leased in land	5	6	2	2
3.	Casual agricultural wage labour	5	6	18	20
4.	Regular agriculture wage labour	6	7	4	4
5.	Animal husbandry	3	4	21	24
6.	Casual non-agricultural wage labour	10	11	9	10
7.	Regular agricultural wage labour			4	4
8.	Salaried work/ Private/ Govt. Service	2	2		2
9.	Own Business/Shop			2	2
10.	None/NA			20	22
11.	Total	89	100	89	100

6.2 Study of sample SHGs also reveals that the RF and CIF provided had contributed to a reduction in the dependence of poor households on traditional high cost sources of borrowing. Some had got their mortgages released from the non-tribal HHs. However, in respect of technical support for strengthening livelihoods, there was a lot that could be done. If member perceptions are any guide, then a substantial number of sample households indicated that there is scope for additional financial and non-financial support for improving farm livelihoods, livestock development as well as micro-enterprises. The members of Ekta VO in Torpa and JivanJharna SHG in Shikaripara, reported that the last training conducted on livelihoods was in the Pre-NRLM era i.e., around 5-8 years back.

Promotion of Access to Entitlements

6.3 A sub-sample study indicates that 63% of households had PDS cards as well as job cards. Out of the sample, only 55% had bank accounts, while only 27% had annual insurance cover. About 50% of the sample households had not accessed work under NREGS during the preceding one-year. Clearly, there was scope for improving the access of the poor to entitlements and public services.

Table-6.2
Sample Members having Ration Card

S. No.	Ration Card	No Card	BPL	Antyodaya	APL	Total
1.	No. of Members	24	55	3	6	88
2.	Percentage	27%	63%	3%	7%	

Table-6.3
Sample Members with MGNREGA Job Card

S. No.	NREGA Card	HHs without Job Card	Hhs with Job Card	Total
1.	No. of Members	28	61	89
2.	Percentage	31%	68%	

Table-6.4
Wage Employment Accessed through MGNREGA (Preceding 365 days)

S. No.	No. of workdays accessed in last 365 days	No. of Sample Member HHs	Percentage of HHs
1.	0	30	49%
2.	1-10	8	13%
3.	11-20	9	15%
4.	21-30	5	8%
5.	41-50	5	8%
6.	51-60	2	3%
7.	81-90	2	3%
8.	Total	61	100%

Table-6.5
Sample Members with Individual Bank Account/ PMJDY A/c

S. No.	Members	With Account	Without Account	Total
1.	No. of Members	49	40	89
2.	Percentage	55%	45%	

Table-6.6
Sample Members with Annual Insurance Cover

S. No.	No. of Sample Members	With Insurance	Without Insurance	Total
1.	No. of Members	24	75	89
2.	Percentage	27%	73%	

Summary

6.4 PRADAN has been engaged in the promotion of livelihoods of the poor in the partnership geography for over 20 years. The MIS suggests that the interventions of the PRADAN had impacted over 60,000 households, primarily in agriculture and livestock areas. It is expected that PRADAN would scale-up their livelihood initiatives to cover most of the partnership villages. The MIS suggests that about 20,000 households have been assisted at least for one livelihood during the first two years of partnership. Given the length of experience of PRADAN in this area, it would be necessary to cover a larger number of households not only in agriculture, livestock and NTFP but also in non-farm sector. This would require a greater focus on provision of livelihood support services including training and placement of livelihood professionals and resource persons to cover all villages. Further, value chain development and market integration should receive priority in the months ahead. Promotion of livelihood collectives is also expected from the partnership. Finally, PRADAN should strengthen its efforts to promote the access of the SHG member households to all entitlements and public services.

Chapter-7

Summary and Conclusion

Coordination Arrangements

7.1 The state coordinator, a senior representative of the partner agency is expected to act as a vital link between the partner agency and the state Mission and play a lead role in planning, implementation and review. However, it was reported that he was primarily engaged in administrative activities, leaving the more important role to the integrator. It is imperative that the state coordinator plays the envisaged role. Second, it was found that the partnership teams at the district level were not effectively participating in all BMMU reviews and related events. More importantly, it was understood that the key partnership teams did not subscribe to the core NRLM four-tier institutional architecture and the use of CIF as a loan product. The partnership teams needs to be reoriented to NRLM community institutional design and the funding model integral to it. Having accepted to implement NRLM in all its dimensions, it is only imperative that all stakeholders subscribe to the same strategy, notwithstanding their past experience and ideological predilections.

Mission Expansion

7.2 In terms of establishing footprint, the partnership has made good progress, having entered all the 237 GPs across 14 blocks. The Mission has entered 1,661 villages which constitute 90% of the potential target (all except 163 villages). The Mission has mobilized 61% of eligible households into SHGs. Thus, the partnership Mission now needs to saturate mobilization with focus on left out households in these villages. Before considering expansion into other blocks, mobilization should be saturated in the existing blocks.

SHG Promotion

7.3 In terms of promotion/ strengthening of SHGs, the partnership has made a good progress with 9,143 SHGs having been brought into the Mission fold, with an average per SHG size of 14 members.

Capacity Building

7.4 Building the capacities of the SHGs is an essential pre-requisite for the effective functioning of the SHGs. However, the sample data suggests that only about 55% of the

SHGs were provided some initial capacity building inputs. This is clearly an area which requires additional efforts.

Adherence of SHGs to *Panch Sutras*

7.5 The study also indicates that a significant proportion of SHGs, both old and new, were not adhering to *Panch Sutras*. Only about half of the sample SHGs were undertaking regular savings.

Internal Loans

7.6 On the average, each sample member had borrowed an average internal loan amount of Rs.14,000/-, while the median was around Rs.10,000/-. The internal loan analysis reveals that agriculture and health account for most of the borrowings (32% and 18%, respectively).

Idle Funds with SHGs

7.7 The study revealed that about one-third of the SHG funds were being held as idle funds, although 30% of members had no outstanding loans. This reflects less efficient use of internal funds available.

Bookkeeping

7.8 Sample SHGs displayed a significant variation in the number and type of books being maintained. A significant proportion of the SHGs did not have the support of trained bookkeepers. This had affected the quality of bookkeeping. A large number of incorrect and inconsistent entries were observed in respect of the sample SHGs. Identification, training and deployment of bookkeepers along with the MBKs to provide handholding support need to be undertaken on a priority basis. The MBKs could undertake a campaign to clean up and update all the books in a Mission mode. The VOs could be entrusted with the responsibility of providing bookkeeper services to the SHGs and collect a small honorarium in lieu thereof from each SHG.

RF and CIF

7.9 About 73% (6,367) of three-month old SHGs were provided RF. In addition, 58% of the six-month old SHGs (5,086) were provided CIF amounting to Rs.31.01 Crore.

MCPs/MIPs

7.10 The sample data reveals that the quality of MCPs/MIPs needs improvement. There appeared to be a significant divergence between the amounts indicated in the MCPs/MIPs and the amounts actually sanctioned and disbursed. There was also a variation between the amounts initially indicated for each member and actual loans sanctioned by SHGs. These gaps point to the need for improving the quality of MCPs, quality of training and quality of the trainers.

SHG-Bank Linkage

7.11 In respect of SHG-bank linkage, the progress was very limited. Only 13.5% of the SHGs were bank credit linked and the average amount of loan per SHG was low. On the contrary, in the areas under JSLPS, 37.5% of SHGs were credit linked. Clearly, a lot of effort would be required on both demand and supply sides to improve SHG-credit linkage. Deployment of bank mitras and institution of CBRM as well as sensitization of bankers could improve the situation.

Terms and Conditions of Loans to Members

7.12 An analysis of terms and conditions of loans by SHGs to members reveals a bewildering variation across the sample areas. The rate of interest, the repayment frequency and period and other terms and conditions vary widely across the blocks. The major concern was the substantial amount of unutilized funds with the SHGs, while a significant proportion of members had no outstanding loans. It is therefore essential that uniform terms and conditions of loans including rate of interest, period of moratorium, frequency and duration of repayment etc., are promoted across the blocks.

VOs

7.13 PRADAN has promoted 609 new VOs in the partnership blocks, in addition to the primary federations (2,979) promoted by PRADAN as part of its two-tier institutional model in 15 blocks. However, standard protocols for promotion and nurturing of VOs remained to be formulated and enforced. As a result, there were variations across the sample area in terms of membership norms, saving subscription, books of accounts and financial relations.

Capacity Building of VOs

7.14 Member awareness of the concept and functioning of VOs was relatively limited. The sample study indicates that not all VOs were provided minimum capacity building inputs required. Though, there was a sub-committee system, not all VOs had all the sub-committees. Even those present were not functionally effective. As VOs are expected to play an important role in financial intermediation and livelihoods promotion, it would be important to focus on training the OBs, ECs and Sub-Committee members using the standard modules.

Financial Intermediation by VOs

7.15 VOs receive funds from BLFs in order to provide RF and CIF to SHGs. The amount of funds provided to each VO is linked to the number of eligible SHGs for RF and CIF. As per the protocol, CIF was provided to SHGs on the basis of MCP/MIP. However, the quality of sample MCPs/MIPs revealed that they were primarily undertaken to meet the procedural requirement. There were significant variations between the plans and the actual disbursement of CIF to the SHGs and by SHGs to members. All the fund transfers were not clearly recorded in the VO-SHG books of accounts. More importantly, fund recovery mechanism from members to SHGs and SHGs to VOs was not firmly instituted, although SHGs were found repaying varying amounts to the VOs. On the whole, the recovery rate was much less than the expected amount, affecting the recycling process. There was no record to understand the reverse flow of CIF from member to SHG and SHG to VO. Further, it was also observed that start-up fund provided to 290 VOs was not fully utilized to establish the office infrastructure.

VO Bookkeeping

7.16 As in the case of SHGs, the quality of VO-bookkeeping needs improvement. Apart from standardizing the books of accounts, their maintenance needs to be improved through trained bookkeepers and supported by MBKs.

CLFs

7.17 CLFs were not promoted as required under the partnership arrangement. Promotion of sustainable CLFs is a very important for component of the NRLM strategy and does not brook any further delay.

Livelihoods

7.18 PRADAN has been engaged in the promotion of livelihoods of the poor in the partnership geography for over 20 years. The MIS suggests that the interventions of the PRADAN had impacted over 60,000 households, primarily in agriculture and livestock areas. It was expected that PRADAN would scale-up its livelihood initiatives to cover most of the partnership villages. However, the MIS suggests that about 20,000 households have been assisted at least for one livelihood during the first two years of partnership. Given the length of experience of PRADAN in this area, it would be necessary to cover a larger number of households not only in agriculture, livestock and NTFP but also in non-farm sector. This would require a greater focus on provision of livelihood support services including training and placement of livelihood professionals and resource persons to cover all villages. Further, value chain development and market integration should receive priority in the months ahead. Promotion of livelihood collectives is also expected from the partnership. Finally, PRADAN should strengthen its efforts to promote the access of the SHG member households to all entitlements and public services.

Conclusion

7.19 PRADAN has been promoting community based organizations and the livelihoods of the rural poor in difficult geographies of the state primarily inhabited by the Scheduled Tribes. In terms of social mobilization and promotion of SHGs and VOs, the partnership has made significant progress. Even in terms of capitalization of SHGs and VOs, the progress is satisfactory. However, there are a few areas which require greater efforts. These include promotion of CLFs, capacity building of SHGs and their federations, institution of norms of democratic functioning, management of internal and external funds in an efficient and equitable manner, credit linkage of all eligible SHGs and more importantly strengthening and diversifying the livelihoods of the poor, in both farm and non-farm sectors. In the true spirit of partnership, PRADAN needs to adhere to the four-tier community institutional architecture of NRLM and promote CLFs on a priority basis. It would also be necessary to promote the financial intermediation model implicit in NRLM strategy and promote standard books of accounts and bookkeeping practices. Equally important for the partner organization would be focus on creating appropriate community cadres for strengthening the institutions as well as for supporting the livelihoods of the poor. Apart from internal CRPs, livelihood CRPs, bank mitras, MBKs and such other cadres need to be identified, trained and optimal utilized to achieve the Mission objectives. In addition, the agency should augment its efforts to promote access of the SHG-member households to all entitlements and public services including access to PDS/AAY, NREGA job card, IAY, Pensions and other forms of social assistance, ICDS, public health facilities, school mid-day meals, admissions into residential schools *etc.* Finally, all coordination issues need to be addressed by reinvigorating the mechanism envisaged in the MoU, both at the state and district level.

Annexure-2
Progress Report up to December 2015

S. No.	Activity	Status as on 25th Oct 2013	Cumulative Progress up to Dec.'15
1.	No. of Gram Panchayats in which intensive strategy initiated	168	237
2.	No. of villages in which intensive strategy initiated	747	1498
3.	No. of New SHGs Promoted under NRLM	NA	5775
4.	No. of other SHGs brought into the NRLM fold (after revival/strengthening/compliance checks)	2923	3442
5.	Total No. of SHGs under NRLM fold	2923	9147
6.	No. of all Community Cadres (CRPs) identified, trained & placed	340	792
7.	Total Households mobilized into all SHGs	42212	124397
8.	No. of SHGs that have opened Bank A/Cs	2304	7690
9.	No. of SHGs provided RFs	0	6367
10.	Amount of RFs received by all SHGs (in lakh)	0	947
11.	No. of SHGs provided CIF directly by SRLM	0	5086
12.	Amount of Total CIF received by SHGs (Rs in Lakh)	0	3101
13.	No. of Village Organizations Formed	0	582
14.	No. of VOs provided start up cost	0	290
15.	No. of VOs provided VRF	0	73
16.	No. of SHGs credit linked with Banks	234	1443
17.	Total Amount of SHGs- Credit Linkage with banks	93.2	747.5

Annexure-3
Utilization of Funds for FY 2015-16

(Rs.in Lakhs)

S. No.	Items	Approved Allocation	Approved Half Yearly Allocation	Amount Utilized (April-Sep. 2015)	Utilization as % of Half-Yearly Allocation
1.	BLF	4634.30	2511.86	2544.34	101.2
2.	PRADAN	327.38	163.7	121.40	74.16
3.	Total Allocation	4961.68	2675.56	2665.74	99.63