### Tentative SWOT Analysis of Micro Credit Delivery System of the NGOs and DRDA, 2008-09

#### Strengths

- Existence of a high level of flexibility which allows reaching out to diversified target groups.
- The environment required for micro credit is present. To this end the media is playing a vital role by addressing the issue of micro credit.
- All the NGOs and DRDA show a keen interest in finding solutions to the constraints experienced in current efforts to improve the quality of micro finance. These constraints pertain to crucial aspects of finance provision, e.g. savings mobilisation and the credit provider’s relationship with formal credit institutions.
- There is a tendency to utilize credit as a means of, *inter alia*, developing an entrepreneurial culture.
- The adoption of international best-practice models is increasing among the NGOs.
- The commercial banks are increasingly open to becoming active in providing credit to the SHGs.

#### Weaknesses

- There is a lack of commonly-defined strategies for outreach and sustainability, as well as insufficient training and follow-up procedures among the NGOs and DRDA.
- Effective monitoring and follow-up procedures are lacking, which implies weak data-collection systems and a lack of clearly-defined common strategies for repossessing loan funds or assets in the event of default.
- A real participatory approach – whereby clients take part in the designing and decision-making processes of the credit schemes – is rarely, if ever, adopted.
- Lengthy procedures of loan disbursement point to an under-utilization of the potential capacity of providing credit by the NGOs and DRDA.
- Institutional weakness is evident for some of the SHGs surveyed.
- Despite the increase in micro credit in Assam the loan output in the state is still very low according to international standards.
Opportunities

- The increased involvement of commercial banks in credit delivery to the SHGs will go a long way in promoting an enabling environment for micro credit.
- The exploitation of favourable conditions for improving information-sharing and consequently outreach efforts through government offices and the media will also help to create an enabling environment for micro credit.
- The participation of all role-players in formulating government policies affecting micro credit will help to build and stabilize it.
- The use of resources made available by donor agencies aimed at building the capacity of the NGOs will help to assure the sustainability of credit schemes served by them.
- The JLG structure should enable improved co-ordination among the entities involved in micro credit.

Threats

- The current excessive dependence on grants could lead to the collapse of credit schemes of the NGOs and the programmes they support once these grants have terminated.
- The contradictory aspects of finance delivery systems (e.g. disparate interest rates charged) that currently apply could result in fragmentation and ‘unfair’ competition in micro credit.
- The possibility of political pressure being placed on the NGOs and DRDA to provide loans for unsustainable use should be eradicated.
- There is a tendency among the credit providers to neglect non-productive uses.