
Chapter-7

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7.1 Introduction

District federations of SHGs known as Zilla Samakyas (ZSs) have been promoted as third level of federation of SHGs. These federations have been promoted to take up larger socio-economic issues affecting the SHG members. The ZSs take up issues of the poor with district administration, banks and marketing institutions. They also act as umbrella organizations for promotion of certain common activities such as promotion of insurance, marketing of agricultural inputs and procurement of agricultural produce. As the key decisions in the district are taken at the district level, a people's organization located at the district headquarters can take up and address several issues affecting the poor. Thus, ZSs have been promoted in all districts of the state to provide overarching support to the CBOs in the districts. An attempt is made in this chapter to briefly examine the composition of ZS, its functional committees and its funds and areas of performance.

7.2 GB, EC and OB

A three-tier governing structure was promoted in the ZSs. These include General Body, EC and OBs. All MS presidents constitute ZS-EC. A five member OBs is elected from the ZS-EC. SERP has promoted representation of the POP community of SCs in the OBs, STs and SCs together constitute about two-thirds of the total OBs. In the immediately preceding OBs, the proportion of SCs was slightly lower, while the share of others was relatively higher. The change in the social composition of the ZS-OBs, is a positive feature. There have been change of leaders in all sample ZSs, as part of SERP's strategy to nurture leadership. Thus, in *Chittoor*, OBs were replaced at least thrice, while in *Kadapa*, the OBs were replaced twice. This was true of *Prakasam* and *Vizianagaram*.

The functional effectiveness of OBs depend on their awareness level and education. Among the sample ZSs, 60% of the OBs had high school level education (VI to X class), while 11% had primary school level education background. On the other hand, 14% were illiterate. Interestingly, 7% had intermediate level education, while another 7% were graduates. Thus, the OBs could be considered as fairly knowledgeable and capable of undertaking the management of the ZS (*Table-7.1*). However, motivation and commitment of the members is equally important for efficient management of the ZS.

Table – 7.1
Educational Level of Office Bearers : Sample ZSs

Particulars	President	Vice President	Secretary	Joint Secretary	Treasurer	Total	%
No Edu- cation	--	1	--	1	2	4	14
Upto V	1	--	1	1	--	3	11
VI to X	4	3	3	4	3	17	61
Inter	1	--	1	--	--	2	7
Degree	--	1	--	--	1	2	7
Total	6	5	5	6	6	28	

Source: Sample data

7.3 Performance of ECs

The OBs undertake day to day management of the ZS under the overall guidance of project staff. The EC takes all key decisions relating to ZS management but these are implemented by OBs. All decisions taken by the OBs need to be approved by the EC. The effectiveness of EC depends on the frequency of EC meetings, the member attendance at EC meetings, member awareness of issues and their participation in decision-making. The percentage of attendance of EC members during the preceding three meetings (prior to Mar.'13) varied between the districts (*Table-7.2*).

Table – 7.2
Member Attendance at EC Meetings : Sample ZSs

District	% of Attendance in the Last 3 Meetings	MSs not Attended 3 Consecutive Meetings	Reasons	Penalty for not Attending the Meetings	Amount Collected 2012-13
Chittoor	91	0	--	Rs.5/- for half an hour late and Rs.10/- for 1 hour late, Rs.50/- for not submitting Masanivedika, Rs.100/- for not attending and not submitting the Masanivedika	3835
Kadapa	93	0	--	Rs. 50/- for late and Rs.100/- for absent	0
Prakasam	67	3	Migration, Health, loss of wage, perception of no purpose is survived	--	0
Vizia-nagaram	75	3	Far away from vizianagaram	Rs.50/- for late and Rs.100/- for absent	0

Source: Sample data

Three MSs did not attend ZS meetings during the last three consecutive meetings in *Prakasam* and *Vizianagaram* districts. Reasons for absence are not indicated. There did not appear to be only deterrents for MSs not participating EC meetings in the two districts. While, there was a system of penalties for not attending EC meetings in *Chittoor* and *Vizianagaram*. However, penalties were

rigorously enforced only in *Chittoor*, as reflected in the penal amounts collected during 2012-13. It is essential to institute appropriate disincentives to promote member attendance at EC meetings particularly in *Prakasam*, and *Vizianagaram* districts. The SERP could focus on ways and means of promoting member attendance in EC meetings.

7.4 Member Participation

Member participation was generally high in the four ZSs. Further, relatively younger and members with some level of education had a better understanding of the agenda and the issues being discussed. The relatively older members with lower level of education remain silent or not actively participating in the proceedings of the meetings. The ZSs were closely guided in their functioning in general and conduct of EC meetings in particular by the project staff.

7.5 ZS Agenda

The general agenda of ZS-EC include multiple items. The common items covered by ZS during the last several meetings are¹:

- review of decisions taken in the previous meeting;
- mobilization of POP into project fold in different mandals;
- review of CRP work;
- review of individual MSs on the basis of *Maasa Nivedika* (covering progress of VOs, POP mobilization, CIF to VOs/SHGs, recovery of CIF from VOs, grading of MSs, performance of sub-committees, cash balance with OBs, bank balances held, income and expenditure *etc*);
- special activities undertaken by MS – for example, marketing, NPM, gender *etc.*;
- functioning of ZS staff;

Minutes of meetings of ZSs held in the sample ZSs during the study period.

- participation of project staff in ZS meetings;
- functioning of senior SRPs, bank mitras, insurance mitras;
- progress of outsourcing works entrusted to ZS;
- review of *Aam Aadmi Bheema* (insurance) and *Abhayastham*; and
- review of capacity building/training organized by ZS for bank mitras, insurance mitras, MS-OBs, accountants, sub-committees, CRPs, VORTs.

7.6 Compliance with MACS Act or Societies Act

All the ZSs registered under MACS Act or Societies Act are required to conduct GB meeting at least once in a year. Audited accounts as well as annual report on the activities of the ZS are required to be approved by the GB, before filing the returns to the competent statutory authority. But, all the sample ZSs were not found adhering to the statutory provision of holding annual GB meetings. For example, in *Vizianagaram ZS*, the last GB was conducted in Aug.'12 and the one before that was organized in Aug.'12. In *Kadapa*, GB meeting of the ZS was not held until Mar.'13. In *Chittoor*, the most recent meetings was held only in Apr.'10. As the meetings were not held regularly in all ZSs, the audited statements of accounts and annual reports were not placed before the GB for its consideration and approval. Consequently, the audited accounts and annual reports were not regularly submitted to the statutory authority.

EC meetings were found to be regularly conducted at monthly intervals under the close supervision of the project staff. Members were generally aware of the proceedings of the EC. But only a small number of members appeared to be actively participating in decision-making. It was observed that decisions taken in the meetings are not correctly documented in the minutes in the case of all ZSs. The project staff appeared to be playing a key role in the decisions made by the ECs. The ECs too, depended on the staff for guidance and advice on the decisions to be taken.

7.7 Receipts and Payments

7.7.1 Receipts

Funds from SERP are the principal source of receipts for the ZSs. The grants are given for specific purposes such as capacity building/training programmes, health and nutrition activities, promotion of non-pesticide management, gender and other project activities. In addition, the ZSs also receive grants from DRDA for implementing SGSY/NRLM. As part of providing certain outsourcing services, the ZSs receive funds from NREGS, NRHM, Housing Corporation and other agencies. For services provided to various agencies, the ZSs also receive fees or service charges including service charges for insurance. In addition, the senior CRPs/ CRPs also make certain subscription from out of their service charges to the ZS. Interest on bank balances is the other source of receipt for the ZS.

7.7.2 Payments

The payments of the ZS include salaries of staff and other office establishment expenditure, expenditure on conducting trainings and meetings, payment of insurance claims (where ZS runs the insurance schemes, e.g., *Vizianagaram*), auditing fee and travel cost of members (**Table-7.3**).

Table-7.3
Receipts and Payments of ZSs

S. No.	Receipts	S. No.	Payments
1.	Grant in Aid	1.	Salaries
2.	NPM	2.	Office Maintenance
3.	Gender	3.	Meeting Expenses
4.	EGS	4.	Training Expenses
5.	SGSY	5.	Bank Charges
6.	HN	6.	Claims Redemption
7.	IHCB	7.	Printing Expenses
8.	NRHM	8.	Auditing
9.	Out Sourcing	9.	CRPs Fee
10.	Insurance Service Charge	10.	Depreciation Assets
11.	Sr. CRPs/CRPs Subscription	11.	Travel Expenses
12.	Interest on Bank Balances		
13.	Loan Protection Scheme Premium		

7.8 Funds Available with the ZS

Correct and timely accounting for receipts and payments and income and expenditure is very important for any community institution. An examination of the quality of bookkeeping of ZSs reveals that accounts were not maintained properly. Most of the sample ZSs did not share their audit reports with the researcher. While *Kadapa* and *Prakasam* indicated that their account statements were not prepared for various reasons. *Prakasam* ZS was not able to share even audit reports for the years 2010-11 and 2011-12. There appeared to be several pending advances and overdue recoveries in most ZSs. All accounts of all ZSs are required to be audited for all years and submitted to the district and state project management.

The total funds available with the *Vizianagaram* ZS were the largest and it was found that they were growing from year to year. At the end of 2012-13, the amount was equal to Rs.7.93 crores. The ZS had been running autonomous insurance schemes for members as well as milch cattle supplied under the programme. The surpluses earned from these programmes are reflected in the outstanding balances. In *Chittoor*, the fund available was Rs.2.16 crore at the end of Mar.'12, while in *Kadapa*, it was Rs.1.56 crores. Thus, the funds available with the ZS are significant and provide necessary base for the ZSs to undertake multiple activities. In *Vizianagaram*, the amounts were higher because the ZS was running an insurance programme for sometime (*Tables-7.4 &7.5*).

Table – 7.4
Total Fund Availability : Sample ZSs

<i>Rs. in Crores</i>				
S. No.	Name of the ZS	2012-13	2011-12	2010-11
1.	Chittoor	NA	2.16	0.67
2.	Kadapa	NA	1.56	1.94
3.	Prakasam	NA	NA	NA
4.	Vizianagaram	7.93	5.44	4.69

Source: Sample data

Table – 7.5
Surplus Funds : Sample ZSs

<i>Rs. in Crores</i>				
S. No.	Name of the ZS	As on 31/03/2013	As on 31/03/2012	As on 31/03/2011
1.	Chittoor	NA	1.87	0.62
2.	Kadapa	NA	1.56	1.91
3.	Prakasam	NA	NA	NA
4.	Vizianagaram	5.35	3.97	3.17

Source: Sample data

7.9 Bookkeeping

7.9.1 Books Maintained by ZSs

The ZSs were maintaining membership register, attendance register, minutes book, day book, ledgers, stock register, procurement register, general expenses register, training register and receipts and vouchers. All books were maintained by the ZS bookkeeper who possesses necessary qualifications and experience. However, the researcher was not able to secure copies of account statements, either audited or unaudited. The ZSs gave reasons such as change of bookkeepers and delays in consolidation of accounts of different units. It was understood that consolidated accounts in respect of AABY, JSBY, Oriental General Insurance (OGI), EGMM, NAC, housing *etc.*, were pending for a long time. Further, it was informed that ZS accounts in respect of several direct budget lines were not finalized for various reasons. The ZSs were incurring certain expenditures which were actually authorized by the DPMU and information on such accounts were not available.

7.10 ZS Staff

All the 4 sample ZSs had full time accountants and managers. They were paid salaries from the ZS fund. In addition, two sample ZSs had office accountants and attenders. All staff were appointed on a consolidated payment basis. Because of its closeness to DPMU, the ZS was supported by DPMU staff in several areas. Some expenditures of ZS were also incurred with the approval of the DPMU. The DPMU undertook reviews of their performance by the ZS-EC once in a month. As the OBs do not attend office regularly, the office staff were found indirectly reporting to the DPMU. The managers of the ZSs are relatively young people needing the guidance of DPMU staff. The ZS-OBs too did not have required capabilities to take autonomous decisions and run the ZSs independent of DPMU.

7.11 Services Provided by ZS

The 4 sample ZSs were engaged in promoting the capacities of the CBOs through the CRPs and SRPs. On the basis of an assessment of the capacity building needs of different MSs, the ZSs were utilizing the services of the resource persons (CRPs, SRPs, bank mitras, senior CRPs, insurance mitras, registration CRPs etc). This is an important service provided by the ZSs which has a direct impact on the functioning of the MSs and other CBOs.

Several agencies such as housing corporation, DRDA, MEPMA and Star Health Insurance requiring different types of manpower were hiring personnel through the ZS. The role of the ZS is only to disburse the remuneration for the hired personnel from out of the funds received. The ZSs charge a small fee for the service provided. Thus, in *Kadapa*, a large number of personnel working in MEPMA, DRDA, Star Health organization were being paid through ZS. In *Chittoor*, the ZS acts as the intermediary manpower agency for 7 organizations. In *Vizianagaram*, about 700 staff so recruited were paid through ZS. The ZSs also provide other support as described below:

- takes up several issues with the district administration on behalf of MSs. These include allotment of agricultural land for the landless, issue of titles to land under cultivation, issue of job cards under MGNREGS and sanction of housing subsidy benefit. Some of these issues were successfully resolved by the ZS with the support of district administration.
- Several social issues affecting the poor such as issues relating to untouchability, *Jogini* system, illicit distillation, child labour, fire accidents etc., were brought to the notice of the District Administration through the ZSs. However, there was no system in place to regularly bring the issues from the MSs which could be resolved with the support of the ZS. It is therefore necessary to institute a systematic procedure to bring-up issues requiring ZS intervention.

7.12 Insurance Promotion

The ZSs have been involved in promoting life and accident insurance coverage for the members of the CBOs. They have been playing an important role in mobilizing members for AABY, JSY, OGI and *Abhayastham* social security pension. The ZSs were also supporting members in claim settlement. Renewal of insurance coverage is another important activity undertaken by the ZSs. However, interaction with the MSs indicated that in order to meet the targets imposed for mobilization, the ZSs are in turn pressurizing the MSs and other CBOs to subscribe to the insurance policies. In order to meet the targets, some MSs/VOs were found making payment of insurance premium on behalf of the members from their general corpus. But all of them were not able to recover such advance payments made from the members. The other problem indicated by the members covered was that their eligible children were not paid scholarship as per the promise made at the time of mobilization. Some were paid scholarships but there were long delays.

In *Vizianagaram* district, the ZS had been running two community managed insurance schemes viz., loan protection scheme for livestock (purchased out of CIF) and *Udayasree*, a life-cum-accident insurance policy. It was understood that the claims made exceeded the normal rate, indicating some doubtful claims.

7.13 Training and Job Placement

The ZSs were also mobilizing the educated youth for training for self/wage employment in all sample districts. The skills division of SERP has been facilitating training of youth for gainful wage/self-employment with the support of National Academy of Construction (NAC), Reddy's Labs, G4 Security Services, OCFIT (Textiles), Skylark (Textiles), Trithick Apparels, GoGo International, Karvy Consultants *etc.* Apart from facilitating mobilization, the ZS has been supporting

organization of *job melas* and providing selection and placement support. The MSs have dedicated staff to promote training and placement of youth (JRP, APM JOBS, JDM *etc*).

The sample ZSs were providing the following types of support to the youth:

- payment of small advance money for clothing, shoes, pocket money and other personal effects;
- monitoring of training by ZS sub-committee;
- supporting higher education of meritorious students from the poor communities through the lower level CBOs; and
- facilitating placement support through G4 Securities, OCFIT and KARVY.

7.14 Community Journal

The ZSs were running community journals in order to propagate best practices and involved the community in documenting the good practices and success stories. The following community journals were run for various periods.

- *Vizianagaram - 'Vijayagathalu'* - occasionally;
- *Chittoor - 'Navodayam'*;
- *Kadapa* – Not started; and
- *Prakasam* – Not started

The *Chittoor* model requires a good deal of efforts to identify and train community journalists and institute autonomous system for its perpetual publication. Apart from provision of funds, institution of systems for promoting circulation and marketing are important.

7.15 Capacity Building/Training Initiatives

ZSs were organizing capacity building/training programmes of key project staff and CBO functionaries, social activists, bookkeepers, para-professionals, CRPs, SRPs and other community activists. The ZSs have been organizing capacity building/training for MS-OBs, EC members and other OBs including sub-committees. MS accountants are also provided training by the ZS. An important contribution of ZS is the capacity building of VOs and SHGs through specially trained and experienced CRPs/SRPs and senior SRPs.

The ZSs were also involved in providing training of key functionaries in NPM technology, dairying, marketing, NTFP and other economic activities undertaken by the CBOs. The services of ZS are also used for providing necessary training and capacity building of functionaries and CBO representatives involved in implementation of *Abhayastham* and insurance programmes. The ZS also acts as catalyst in organizing training of staff and CBO functionaries in implementation of health and nutrition and other pilots. However, the involvement of the ZS in capacity building/ training is largely staff driven by SERP staff, it has been changing with the priorities of the project.

7.16 Convergence with Line Departments

The ZS have been promoting convergence of activities of SHGs and their federations with line department programmes. The ZS-EC meetings provide a live platform for the line departments to interact with the CBO representatives. The CBOs on the other hand can represent their issues with the line departments at the ZS meetings. The line departments also use the ZS meetings to disseminate the details of new programmes launched and enlisted the cooperation of the CBOs in the implementation of the programmes.

A review of recent meetings organized by the ZSs reveals that heads of key departments such as ICDS, DWMA, Housing, SC and ST Corporations, Animal Husbandry, Agriculture attended the meetings of ZS in the past. The District Collectors used participate in most of the meetings, which in turn ensures presence of several heads of departments. The AGM-NABARD, lead bank manager and heads of some principal banks also attend the EC meetings to discuss issues relating to the SHG bank linkage and disbursal of interest subsidy. Some ZS members were reported to leave participated in ICDS, DWMA and district level bankers meetings.

7.17 ZS Sub-Committees

In order to promote monitoring and supervision of project activities and to facilitate their smooth implementation, 6 sub-committees were promoted in all ZSs and some of which continue to function even now:

- MS review and monitoring and POP development committee;
- bank linkage, TFI, life and asset insurance committee;
- NPM, land rights, issues and development, employment guarantee, dairy, marketing and food security committee;
- jobs, higher education, *village nirmitha kendras*, DW CRA products and handicrafts committee;
- audit and CIF committee; and
- pre-primary and primary education, gender, health and nutrition and disabled development committee.

7.18 Responsibilities of Sub-Committees

Each committee comprises 4 to 5 members having experience or interest in specific activities. The committees also invite the senior CRPs and other experienced persons as special invitees. All the committees are provided training

and orientation for 3 to 4 days. The committees prepare plans and undertake visits to different mandals to oversee and monitor the progress of activities and report their observations to the EC for appropriate decisions. The committees are also expected to coordinate with line departments with PRIs and facilitate resolution of issues affecting project implementation. The committees monitor the performance of CRPs and their commitment, dedication and values. In particular, the committees are required to examine each specific target, process adopted, progress made and the problems encountered in the areas assigned to the community.

All sub-committees were not functioning as per guidelines. Interaction of the researcher with sub-committee members indicate that several of them were not able to spare time for the meetings and visits month after month. In *Prakasam*, out of 6 committees, only bank linkage and audit and CIF committees were found functioning. In *Vizianagaram* too, only two committees were functioning.

7.19 Resolution of Social Issues

The ZSs have been involved in resolution of three different types of social issues *viz.*, household level and community level issues. The individual issues resolved with the intervention of the ZSs during the last several years include:

- dowry/domestic violence related police cases (*all sample districts*);
- financial and medical support for conduct of cleft-lip surgeries for the poor (*Vizianagaram*);
- financial support for households in distress following the death of breadwinners and not able to redeem insurance claims (*Vizianagaram*);
- financial support to destitutes and their admission into old age homes (*Vizianagaram*);

- mobilization of financial support for distribution among victims of floods in Kurnool district (*Kadapa*);
- provision of financial support of Rs.15,000/- for disabled persons for higher studies;
- provision of financial support of Rs.30,000/- to meritorious students from the poor households for prosecuting higher studies;
- provision of assistance of Rs.2,000/- to a SC person without means to study B.Ed. course;
- mobilization of support for distribution of calipers free of cost to the disabled persons (*Vizianagaram*); and
- support for temporary stay and rehabilitation of women in moral danger (*Chittoor*).

The larger social issues addressed by ZSs over the years include the following:

- campaign against child marriages and prevention of child marriages on celestial wedding day in *Srikalahasti* temple town (*Chittoor*);
- mobilization of the community against illegal liquor sale outlets and illicit distillation using rallies and campaigns;
- campaign against *Maathangi/Maathamma/Jogini* cultural practice involving dedication of girls to Hindu deities (*Chittoor*);
- sensitization of the community in vulnerable villages against child labour and support for their enrolment into bridge courses and later mainstreaming into regular schools (*Chittoor*);
- prevention of distress migration in vulnerable pockets of *Kadapa* (*Rayachoti revenue division*) by facilitating issue of job cards under NREGS; and
- support for anti-trafficking of tribal children in *Chittoor* and *Kadapa* districts.

7.20 Summary

A study of the third level federation of SHGs *viz.*, the ZSs indicates that a three-tier governance structure comprising GB, EC and OBs were promoted. The governance structures were highly inclusive in terms of their composition. However, the awareness of members of the transactions of ZSs leaves for room for improvement. It is important to assess the knowledge and capacities of the members and provide for suitable capacity building in order to facilitate larger and more effective participation of members. The functioning of the sub-committees of ZS also needs to be improved through systematic capacity building and regular reviews of work done by them.

The regularity of conduct of meetings and participation of representatives of MSs also needs to be improved. It is essential to ensure that the GB meetings are conducted every year as per the norm and the approval of the body is sought for all the activities of the ZSs. As the GB is a manageable body in terms of its size, the ZSs should be advised to hold the meetings regularly as per the statutory provisions. Further, the annual reports on accounts and activities should be thoroughly discussed in the GB in true spirit of the MACS Act. The implications of the statutory provisions should be disseminated among the ZSs. As the ZSs are largely guided and supported by the project staff in their day to day management, it is imperative that the DPMUs take the responsibility to organize GBs and facilitate discussion of all issues. If the ZS has to emerge as an autonomous apex organization, it should be nurtured into an organization adhering to the statutory norms relating to the conduct of annual GB meetings and approval of the activities and accounts. The ECs need to be guided to taking autonomous decisions subject to the overall project norms. Apart from promoting larger participation, there should be greater focus on developing member understanding of different issues.

The services provided by ZSs include capacity building of CRPs and SRPs, MSs, delivery of outsourcing services for DRDA, MEPMA and insurance companies. ZSs were also promoting social activities that affected the SHG members at large through liaising with the line departments and PRIs. Engagement of ZSs in training of youth and providing them to job placement with the support of agencies such as NAC, Reddy's Labs, G4 Security Services, OC Fit, Skylark, Karvy Consultants *etc.*, was very significant. Apart from resolving several individual social issues, ZSs were engaged in campaign against child labour, child marriages on *Sivarathri (Srikalahasti)*, illicit distillation, Jogini practice, prevention of distress migration, support for anti-trafficking for tribal children and facilitating issue of job cards.

Grants from SERP for specific activities such as training, health and nutrition, gender and livelihood activities are the principal source of receipts for the ZS. As part of some service delivery for third party agencies, the ZSs receive small receipts. The major source of payments for ZS includes salaries of staff and other office establishment, travel cost of members and other miscellaneous expenditures. The average fund available with ZS varied widely across the years from Rs.6.7 Crore to Rs.7.93 Crore. However, the researcher was not able to access full information on receipts and payments in all sample ZSs for all years. A few ZSs were also found to be making surpluses due to insurance and other activities undertaken by them. It was found that accounts were not regularly getting audited and placed before the GB. It is essential to complete audit of accounts and comply with statutory requirements. Further, ZS was making certain insurance and other payments to the SHG members, even before the relevant funds were received by them. In some sample ZSs it was found that such payments were not finally received by them. It is necessary therefore to ensure that all funds are received and accounted for.