CHAPTER – III

FORMATION AND DEVELOPMENT OF SELF HELP GROUPS

3.1 INTRODUCTION

Poverty has a female face. This poverty deprives a person of all entitlement and accesses to enjoy a healthy and safe living. Most of the world’s poor are women, and most of the world’s women are poor. Women are the poorest among the poor section with limited access to resources. Poverty and gender are inextricably linked. Gender inequality is strongly linked to human poverty. Generally, the face of poverty is changing, but female poverty continues to remain a constant factor.

Poverty has many faces says the UNDP Human Development Report 1997, “It is much more than low income. It also reflects poor health and education, deprivation in knowledge and communication, inability to exercise human and political rights and the absence of dignity, confidence and self-respect”. Poverty accentuates gender gaps and when adversely strikes, it is women who are the most vulnerable. There is considerable evidence in the Indian Context to suggest that the exclusion from reliable and non-exploitative sources of credit is one of the basic causes of poverty. One of the basic means for overcoming poverty is to build access to credit sources. To be able to ameliorate the situation of poverty of women workers, some direct interventions have to be made in economy as it exists today.

Individual poor rural women gain a feeling of self-confidence by being a member of women’s group that is working on the problems of the poor. So, a group is not collection of demoralized, depressed rural women who sit together from time to time and
women themselves change fundamentally when they are members of a strong women’s
group and strength is the key concept.

3.2 Self Help Group

Self Help Group is a voluntary group formed to attain some common goals; most of
its members have similar social identity, heritage, caste or traditional occupations, and they
come together for a common cause, and manage resources for the benefit of the group
members. These groups are called “Solidarity groups” as they provide monetary and moral
support to individual members in times of difficulties.

SHG is defined as a homogeneous group of rural poor voluntary formed to save
whatever amount they can conveniently save out of their earnings and mutually agree to
contribute to a common fund from which they lend to members for productive and
emergent credit needs.

The self-help group aims at providing awareness among the poor about the on-
going development programs. The poor should know how best to use existing government
programs and also the legal provisions meant for the disadvantaged sections of the rural
communities.

The self-help group can create awareness about health problems. Preventive
medical care remains a neglected area in the rural sphere because the rural poor accept pain
and suffering as part of their poverty ridden lives.

The self-help groups are best suited to take up gender-linked issues like wife
battering, child marriages and harassment by employers. They can also take up general
community issues.
3.2.1 Objectives of SHG

1. Development of leadership qualities
2. Building Self-confidence
3. Increasing social awareness
4. Improved status of the women in the family and society
5. Improvement in health and family welfare
6. Functional literacy
7. Awareness of legal rights
8. Economic development
9. Increasing income
10. Inculcating habit of savings
11. Increase assets
12. Access to market, choice of activities
13. Getting out of money lender clutches

3.2.2 Functions of SHG

1. Each group has 3 office bearers normally
2. President will preside over the group meeting
3. Secretary may ensure about the norms
4. Treasurer will maintain accounts
5. Getting NGO’s help in conducting meeting and maintenance of account
6. Maintenance of Attendance register for members attending meetings
7. Regular contribution of monthly savings
8. The quantum of amount for monthly savings is decided by the group
9. All the money pooled is revolved among the members during the regular group meetings

10. All lending norms Viz., purpose, amount, repayment, unit cost are arrived on consensus

11. Each group opens a Bank account jointly operated by president, secretary and treasurer or by secretary and treasurer as decided by the group members

12. The Savings Bank account will be in the name of the group

13. Records are maintained for formation, activities, and resolutions of the group

Regular meetings, compulsory attendance and savings are the features of the SHG. These meetings are conducted at the group leader’s house either weekly or fortnightly or thrice a month depending on the convenience of the members. There is a penalty for late attendance and absenteeism. Thus, there is 100% participation. Agenda items include savings, flow of credit, income generation activities, recovery, social issues etc.

3.2.3 Record and Registers Maintained by the SHGs

2. Attendance register

3. Minutes book

4. Savings ledger

5. Loan ledger

6. General ledger and cash book

7. Individual pass book

8. Subscription register
3.2.4 Benefits of Women SHGs

1. There is a simple accounting system
2. SHG is a localized financial institution
3. Books maintained are: cash register, pass book for deposits / loans, cash receipts for vouchers
4. For advance, self designed DPNs, undertaking etc. Books are open for verification by the members
5. Vouchers-the DPN for loan availed are maintained
6. All the transactions should be entered in the registers
7. Books are left open for members to verify at any time

3.3 Mahalir Thittam

The ultimate objective of SHG is the empowerment of women living in rural areas. This empowerment of women would lead to benefits at two levels one, direct benefits to the individual woman and women’s group, and development benefits for families and community as a whole.

3.3.1 Objectives of Mahalir Thittam

1. Easy access of SHG members to various governmental schemes and bank credit schemes
2. Development of leadership qualities
3. Increasing social awareness
4. Self confidence building
5. Improved status of the women in the family & society
6. Improvement in health and family welfare
7. Functional literacy
8. Awareness of legal right and legal access
9. Inculcating the habit of savings in the rural women
10. Management of common funds for the benefit of members of SHG and community
11. Increasing of income
12. Control over income and better income management
13. Change from worker status to worker-manager status
14. Access to market, choice of activities
15. Continued access to the regular credit delivery/ attendance credit delivery system
16. Getting out of money lenders clutches

Savings constitute an important factor in determining the living conditions of a person. Hence, individuals and groups voluntarily come forward to contribute something to the common fund in order to obtain the basic needs in future. This idea is emerging among the members of SHGs towards the eradication of money lenders exploitation, obtaining the credit facilities from various institutions and the like, in order to recognize this purpose; SHGs are formed with fullest co-operation and co-ordination of its members. The Government of India has implemented various programs Viz., Integrated Rural Development Program (IRDP), Development of Women and Children in Rural Areas (DWCRA) and Training Youth for Self Employment (TRYSEM) to improve the standard of living of the deprived sections of the community and all these are mainly concentrated on the individual and not the group of society. In contrast, the newly identified scheme for women development called Mahalir Thittam concentrates on the economic empowerment of the individual through the group.
3.4 Who can Organize Self Help Group

Self help groups may be organized in village or cluster of villages either by Reputed Voluntary Agencies. Non-Governmental organizations (NGOs) or at the initiative of Branch manager of Banks. Normally, the promoting VAS/ NGOs provide training, extension and support facilities to the group and its members.

3.5 Need for Linkage with Banks

Self help groups meet the smaller consumption and emergency needs of members from the common fund generated from the savings of members. As the age of the groups increases, the capacity of the group for credit absorption also goes up. By then, the group would have gained enough experience and discipline to manage the finance, but the funds are not adequate. At this stage, the groups need the support of the local financial institution to provide credit to meet the growing demands.

3.6 Criteria for Selection of Self Help Group

1. The membership of the group should preferably be between 10 to 20 and should not exceed 20 at anytime
2. The members should have preferably a homogeneous background and interest
3. The group should have an active existence of at least 6 months and must have undertaken savings and credit operations
4. The group should function in a democratic manner allowing free exchange of views and participation by members
5. The group should maintain simple records, Viz., Minutes book, membership register, savings register and credit register
6. The bank should be convinced of the genuineness of the group formation and its objectives

7. The group should devise a code of conduct for themselves, Viz., periodicity and the amount to be saved by every member, purpose for which loan can be given, rate of interest to be paid/charged on savings/credit to members etc.

3.7 Selection Criteria for NGO / V.A

1. The NGO / VA should have a good track of record
2. It should have proper system of book-keeping and accounting
3. It should have basic financial and management capabilities

3.8 FORMATION OF SHGs

The role of Non-Government Organization (NGO) is crucial in the formation and development of SHGs in the villages and concentrated efforts are needed by promoting agency to bring people together by confidence building among them and making them understand and accept the objectives of the scheme. The role of promoting agency is important in bringing cohesiveness in the group and orienting group members towards group action. The evolution process for the groups to emerge as a strong and vibrant entity would take at least 6 – 12 months.

3.8.1 Formation and Development of Self Help Groups

The first and foremost investment is to promote and develop SHGs as effective and sustainable institutions. The process of promotion development of these groups is organic and needs to be evolved over a period. A lot of process inputs are essential for organizing the members and developing their leadership capabilities to promote the SHGs. Equal
efforts need to be put in for nurturing and building them as institutions for the future. Each of these institutions has various stages of development and definite milestones of growth.

3.9 Stages of Group Development

Each group goes through several stages in development. These stages are by and large common to all groups, though their manifestations may be different.

3.9.1 First Stage

The initial stage in the life of a small group is concerned with forming the group. This stage is characterized by members seeking safety and protection, tentativeness of response, seeking superficial contact with others, demonstrating dependency on existing authority figures (trainer or facilitator), complaining about physical and simple matters (light, sleeping and food arrangements, seating and the like.) and a certain degree of smart get up to the authority to gain his approval. Members at this stage either engage in ‘busy’ type of activity or withdraw and show apathy.

3.9.2 Second Stage

The second stage is marked by the formation of dyads and triads. Members seek out similar others and begin a deeper sharing of self. Continued attention to the subgroup creates a differentiation in the group and tensions across dyads/triads may appear. The members feel comfort and support in their dyads/triads and feel strong enough to challenge the authority. Strong dyads attempt to show defiance of authority. Focus on task performance begins to emerge, but energy is mostly spent within a sub-group. ‘Pairing’ is a common phenomenon.
3.9.3 Third Stage

The third stage of development is marked by more serious concern with task performance. The dyads /triads begin to open up and seek out other members in the group. Efforts are made to establish various norms for task performance. Members begin to take greater responsibility for their own groups and relationship with the group members becomes relaxed. Others who are dissimilar in the group are accepted and interaction among dissimilar people takes place around the task.

3.9.4 Fourth Stage

This is the stage of fully functioning group where members see themselves as a group and get involved in the task fully. Each person makes a contribution and the authority figure is also seen as part of the group. Group norms are followed and collective pressure is exerted to ensure the effectiveness of the group. The group redefines its goals in the light of information from the outside environment and shows an autonomous will to pursue those goals. The long-term viability of the group is established and nurtured.¹

3.10 Selection of NGOs

Identifying good voluntary agencies, which enjoy the confidence of the people, have track record of command service and minimum institutional strength has been a challenging task. Application is received in the Project Management Unit (PMU) from willing NGOs operating in the state, after a pre-appraisal by project officers. A three member team consisting of the zonal officer from a different district is deputed from the PMU for appraisal of applicant NGOs. This has resulted in an open and fair appraisal process. After verifying records, capacity of the NGO is appraised by considering various aspects like infrastructure, finance, staff, confidence of local people, execution of other
programs, etc. Selection is made based on the recommendations of the team and documents submitted.

NGOs selected as partners, are not necessarily experts in the formation and facilitation of SHGs. As many of them have focus on specific issues like health, education, etc., annual workshops for brainstorming and troubleshooting and annual exercises in identifying problems, sorting them out and besides clarifying them are carried out.

3.10.1 Group Formation

Group formation will be preceded by a village level household survey which will provide the base line data. This should be conducted by the NGOs for which techniques like Participatory Rural Appraisal (PRA) could be used wherever possible. To facilitate sustainability it should be in the range of 12-20. In no case the group size exceeds 20. The age group for the membership will be 21-60. The member should be married women. Preference will be given for widows, divorcees, deserted and handicapped women and women belonging to SC/ST combining. In any case, all members must be below the poverty line. By and large, the groups must be mixed groups, being composed of members from different communities as possible. However in the case of hamlets and colonies populated exclusively by members, of particular community, such exclusive group may also be formed. NGO should clear group formation, which would be after a minimum of 3 months from the commencement of group functioning.

3.10.2 Role of NGOs in Group Formation

Steps taken by the NGOs for the group formation and development are given below.

- Promotion of regular meetings and full attendance
- Repeatedly re-literate the group objectives and clarify doubts of the members
• Promotion of mutual trust and co-operation among members
• Identifying natural leadership among members and nurturing the same
• Training office bearers and allocation of duties
• Training the members in book keeping and record maintenance
• Facilitating strict adherence of group norms
• Promotion of collective decision-making process
• Organizing cross visit
• Ensuring transparency in management of group funds
• Helping SHGs in establishing links with banks and other agencies
• The NGOs/SHPIs should actively associate with the groups till they attain the stage of normal functioning
• During this period, they play the role of explorer, initiator, promoter, facilitator, coach and guide
• After the group is stabilized, the NGO/SHPI will be a support functionary. At this stage the functioning agency will start taking part and assume the role of financier, collaborator and advisor.

3.10.3 Role of Government

• Formation of groups among rural poor
• Provide revolving support to tremendous groups
• Capacity building and training support to SHGs
• Support to group enterprises undertaken by SHGs
• Empowering the poor (Economic and Social)
• Create awareness among the poor about SHGs
• Providing forward and backward linkages

• Market support for the products of SHGs

3.10.4 Role of Banks

• Provide credit to the groups for internal lending

• Provide credit to the joint ventures undertaken by the groups

• Provide credit to individual members of SHGs for development activities

• Capacity building of staff members

• Capacity building of SHGs through training and SHGs meets.

3.11 Estimated Expenditure of Formation of SHGs

There are different patterns followed in NGOs about incurring expenditure on formation and stabilization of groups. However, it can generally be said that expenditure is required on the following important heads.

1) Survey and village-wise promotional meeting
2) Training of leaders and members
3) Exposure visits for leaders and members
4) Monitoring of the regular meetings and other activities of group
5) Meeting of group representatives and annual meetings
6) One full-time facilitator (for at least 10 to 12 of groups) to give guidance and lead
7) Animators honorarium
8) Miscellaneous (records, books etc)

3.12 Group Meeting

The group must meet every week for savings and repayment collections and every fortnight for discussing all others matters, in addition to saving and repayment. In certain
cases, the meeting can be conducted once in 10 days for both saving and repayment and other matters, instead of weekly and fortnightly.

Group meetings need to be conducted with a certain discipline in relation to regularity of time and items to be discussed. There needs to be a fixed day/date every week/10 days on which prior intimation is given. Certain items such as savings, rotations of Sangha savings, bank loans and repayments, social and community action programs must be discussed in every meeting without fail.

3.13 Group Maintenance Fund

To supplement group fund an amount of Rs. 15/- per member is to be collected initially on group formation, which will be in addition to the group savings. This will cover the cost of stationery, rubber stamps, registers, postage etc. After six months, another one time collection of Rs. 10/- is also be made.

The members of the group should also contribute a minimum of Rs. 2 per month as group maintenance fund. This could be utilized for minor purposes like TA for bank visits, purchase of stationery items etc. The group would also receive a three year support from the group towards maintenance fund for enabling the group to engage an animator.

3.14 Group Common Fund

The group would receive funds in addition to savings and maintenance fund amount, such as fines imposed on members, contribution from the NGO. CDF bonus on various programs, service charges on external loans etc., should be put in the group common fund. The service charges to be charged to external loans can be left to the discretion of the group. It may range from 2% to 12% or more. Therefore if an external
loan is received by the group at 12%, the member would get it at minimum of 14% or such high rate of interest as decided by the group.

3.15 Rotation of Group Funds

All savings and common fund would be rotated among the members at the rate of interest to be decided by the group. It usually varies between 2% and 3% per month and to whom the sangha loan should be given to be decided by the group. This sangha loan would enable the members to meet their small consumption and productive need without having to go to the moneylender or bank or co-operative society.

Internal loans should be prioritized and differential rates of interest could be charged for emergency loans as distinct from loans for income generating activities and family functions. Internal loans should not be given to more than 10 members at any given point of time except in extraordinary situation. Request of a second loan before cleaning the first loan from the group should not be admitted. However, the group can decide regarding both these points based on the circumstances.

3.16 Animators

The animators will be from the local village and necessarily a resident of the village. The animators should be literate and must possess certain leadership qualities. She must be in position to take on the role of a trainer for the group members with certain leadership qualities and in certain aspects of their daily life.

The animator position must be rotated amongst the representatives once in every two years. She will also assist the representatives to learn the role of the animator or facilitate take-over as and when required.
3.17 Participatory Planning

“Participatory Planning” is the first activity of the women’s group and the planning process helps both in formation and existence of the SHG. It is not a matter of “making” the women “agree” to formulating program-targeted activities, but it is a matter of helping the women to identify what they want to do and to decide how to go about doing it. The participants in the program i.e., the poor rural women members’ in village level group take the major role in the “planning” of the activities of their group.

3.18 Training

Since this project is basically a human resource development project, training is being given top priority. Certain types of training will be imparted through the animators/representatives to the groups while some other types will be imparted directly to the groups. Apart from the animator, the representatives from each group will also be imparted specific training in a year along with the animator and there after two representatives would be trained by rotation for the next two years. In addition to regular training, refresher training will also be provided to the animators and representatives. Specific performance teams would be used and films shown, song sung, dances, dramas and puppetry etc.

3.19 Development of Self Help Groups in India

In India soon after independence, there has been an aggressive effort on the part of the Government, which was concerned with improving the access of the rural poor to formal credit system. Some of these measures have been institutional, while some others were through implementation of focused programs for removal of rural poverty. Reaching out of the far-flung rural areas to provide credit and other banking services to the hitherto
neglected sections of the society is an unparalleled achievement of the Indian banking system. The main emphasis is on the spread of the banking network and introduction of new instruments and credit packages and programs which were to make the financial system responsive to the needs of the weaker sections in the society comprising small and marginal farmers, rural artisans, landless agricultural and non-agricultural labourers and other small borrowers falling below the poverty line.

3.20 Women’s Empowerment Program in 'The Carpet Belt' in India

This cooperation with the UN Development Program (UNDP) during 2009-2013 will enhance the social, economic and political empowerment of women in 500 villages in Uttar Pradesh, India where Ingvar Kamprad Elmtaryd Agunnaryd (IKEA) Foundation and UNICEF have been present since 2000. At least 50,000 women will be encouraged to become entrepreneurs, contribute substantially to their household income, strengthen legal awareness and participation in local political decision making processes. Through this program, UNDP will help women by training them in good financial practice, help with access to micro credit loans and equip them with business skills. In addition, women will get more advanced literacy and leadership training in order to take on a catalytic and decision making role as village leaders in institutions of their local community.

3.21 Initiatives by NABARD

NABARD has been instrumental in facilitating the formation and nurturing of SHGs, involving all possible partners in the arena. Realizing the task involved in group formation which is process oriented, NABARD has been encouraging involved voluntary agencies, bankers, socially spirited individuals, other formal and informal entities and also government functionaries to promote and nurture such groups. The focus was on building
capacities of the partners and providing assistance in meeting the incremental costs of nurturing of SHGs.

3.22 NABARD as Facilitator of Microfinance

Besides, conceiving the SHG-Bank Linkage Program two decades back, NABARD has assigned to itself the role of a facilitator and mentor of the initiatives. The focus was on bringing in various stakeholders on a common platform, building capacity among the stakeholders to take the movement forward while extending 100% refinance to all banks participating in the program. A large number of seminars, workshops and training programs were organized to create awareness about the microfinance program among all the stakeholders – the bankers, the Government agencies, the NGO partners and more importantly the SHG members. The NGO sector who played the key role of organizing and nurturing the SHGs as the self help promoting institutions – later joined by many others including the rural financial institutions, Farmers Clubs, etc. – were encouraged by way of promotional grant assistance by NABARD for taking up such work. The phenomenal growth of SHG-Bank linkage program during the last 20 years owes a great deal to these promotional efforts actively supported by NABARD and participated by the stakeholders. The rapid growth of the SHG linkage program and its success in taking financial services to the poor, led to its recognition as the most important tool for financial inclusion-the main focus of the XI Five Year Plan. Simultaneously, efforts were also on to experiment innovative initiatives practitioners facilitated the efficacy and reach of the program with the involvement of all microfinance practitioners facilitated by NABARD. A glimpse of the facilitator role played by NABARD, the ICT initiatives taken, policy changes etc. in this sector during 2011-12 is narrated in the following.
3.23 Refinance to Banks

During the financial years of the movement NABARD was extending refinance to the extent of 100% to banks for lending to SHGs since the SHG-Bank Linkage program was launched. Initially, this was intended to encourage the banks to actively participate in the program. As the banks gained confidence in lending to SHGs and realized the business potential in extending financial services through SHGs, they have been increasingly deploying their own resources in a mutually beneficial relationship with the SHGs. SHGs had been instrumental in bringing in more business for the financing banks by way of improving credible client base, also promoting rural and inclusive banking. Banks have also extended other financial services like remittance, housing, insurance, etc, though in a limited way, to this segment. As a result, the banks have started “owing up” the movement, as a sound business proposition and became less dependent on promotional support from NABARD. The refinance support from NABARD, however, continues to supplement resource mobilization for the program. During 2011-12, NABARD extended refinance to the extent of Rs.2545.36 crore disbursed during the previous year. Cumulative disbursement of refinance by NABARD for SHG lending during the year 2011-12, is Rs.18479.60 crore.

3.24 Microfinance Development and Equity Fund

The Micro-finance Development and Equity Fund is being utilized for promotion of various microfinance activities such as formation and linkage of SHGs through Self Help Promoting Institutions (SHPIs), training and capacity building of stakeholders, livelihood propagation, studies, documentation, etc. During 2011-12, Rs.33.31 crore was released of which Rs.28.68 crore was grant support for promotional activities and Rs.4.63
crore for capital support and lending resources to microfinance institutions. As against a total corpus of Rs.200 crore contributed by RBI, NABARD and commercial banks, the actual (cumulative) utilization of the fund stood at Rs.278.31 crore as on 31 March 2012. NABARD has been augmenting this fund from its own resources and has also been crediting interest on the unutilized portion of this fund. There have been no further receipts forthcoming from others contributors of this fund.  

3.25 Supports for Training and Capacity Building of Microfinance Clients

NABARD has been continuously imparting training to various partners and stakeholders of SHG-Bank Linkage Program such as bankers, NGOs, government officials, SHG members and trainers. During 2011-12, about 1.87 lakh officials of various agencies participated in NABARD supported training programs and exposure visits and cumulatively 28.48 lakh officials have been trained. NABARD in association with Gesellschaft International Zusammenarbeit (GIZ) has initiated the process of revising the content, coverage of training modules. Training needs of all the stakeholders are being assessed for the purpose.

Table – 3.1

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<td>21</td>
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<td>Tailoring</td>
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<td>Madurai</td>
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<td>59</td>
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<td>Theni</td>
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<td>196</td>
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<td>Computer, Tailoring, Toys</td>
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<td>10</td>
<td>Computer</td>
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<td>Virudhunagar</td>
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<td>31</td>
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<td>Computer</td>
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<tr>
<td>26</td>
<td>Sivagangai</td>
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<tr>
<td>27</td>
<td>Tirunelveli</td>
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<td>314</td>
<td>9</td>
<td>27</td>
<td>Computer, Coir, Fisheries, Honey</td>
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<td>28</td>
<td>Tuticorin</td>
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<td>148</td>
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<td>Computer, Coir, Seashore sippies, Panai</td>
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<td>29</td>
<td>Kanniyakumari</td>
<td>112</td>
<td>248</td>
<td>0</td>
<td>0</td>
<td>Service Kiosk, Leather products, Bakery, Napkin, Coir making, Herbal Products, Fishnet, Tailoring, Hollow Block, Tiles, Photography</td>
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<tr>
<td></td>
<td><strong>Total</strong></td>
<td>1589</td>
<td>5132</td>
<td>1026</td>
<td>1382</td>
<td>3363</td>
</tr>
</tbody>
</table>

Source: Mahalir Thittam, Sivagangai.
Major Training Programs provided to self-help groups

Catering

Embroidery

Handicrafts
Leather Works

Tailoring

Weaving
3.26 Grant Support to Partner Agencies for Promotion and Nurturing of SHGs

The SHG-Bank Linkage Program was launched by NABARD, the Self Help Promoting institutions (SHPI) such as NGOs, Banks (RRBs, DCCBs) Farmers Clubs and Individuals Rural volunteers (IRV) are being extended grant support to organize and nurture SHGs of the poor. In fact, the phenomenal growth of SHG-Bank Linkage Program in the country is the result of the painstaking efforts put in by these agencies in forming and nurturing SHGs especially in areas where the concept never existed. The financial
support extended by NABARD to various Self Help Promoting Institutions (SHPIs) during the year is indicated in Table – 3.2

<table>
<thead>
<tr>
<th>Agency</th>
<th>Cumulative Sanction</th>
<th>Cumulative Achievement (31.3.2012)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of SHGs</td>
<td>Amount</td>
</tr>
<tr>
<td>NGOs</td>
<td>499909</td>
<td>16200.59</td>
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<td>RRBs</td>
<td>53145</td>
<td>542.19</td>
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<tr>
<td>Co-op. Banks</td>
<td>71695</td>
<td>857.81</td>
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<tr>
<td>IRVs</td>
<td>43223</td>
<td>733.58</td>
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<td>Farmers Clubs</td>
<td>7689</td>
<td>83.16</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>675661</strong></td>
<td><strong>18417.33</strong></td>
</tr>
</tbody>
</table>

(Source: NABARD Report 2011-12)

3.27 Micro Enterprise Development Program

The Micro Enterprise Development Program launched by NABARD in 2006 is intended to nurture the entrepreneurial talents of members of mature SHGs to set up and run micro enterprises as a livelihood option in farm or non-farm sector, either or individual basis. Support is extended under the program to members of such SHGs to enrich their knowledge on enterprise management, business dynamics and rural markets. Nearly 5000 skill upgradation training programs have been conducted under these initiatives covering nearly 2 lakh members of mature SHGs. Most of the trained SHG members have since started on their journey to become promising entrepreneurs by availing loans from their SHGs. West Bengal, Tamilnadu and Chhattisgarh are major states where maximum number of SHG members were given skill training.
3.28 Financing of Joint Liability Groups

Joint Liability Groups (JLGs) are informal groups of 4 – 10 members who are engaged in similar or independent economic activities like crop production, dairy farming or other allied agriculture or non-farm based activities and who are willing to jointly undertake (mutual guarantee) to repay the loans taken by the Group from the Banks. Unlike in the case of SHGs, JLGs are intended basically as credit groups of tenant farmers/small farmers who do not have proper title of their farmland and are unable to provide tangible collateral for their borrowing from banks. Regular savings by group members is purely voluntary and intended to bind the members. Credit needs of the group members are to be met through loans from financial institutions and such loans could be individual loans or group loans. Financing of JLGs was introduced as a pilot project in 2004-05 by NABARD in 8 States with the support of 13 RRBs. Apart from extending refinance support to Banks, NABARD also extends financial support for awareness creation and capacity building of all stakeholders of this program. NABARD also extends grant support for formation and nurturing of JLGs to banks and other JLG promotion agencies. An amount of Rs.36.68 crore was sanctioned as grant for promotion of 1.95 lakh JLG across the country till 31 March 2012. During the year, 191662 new JLGs were promoted (36% growth over the previous year) and fresh loans to the extent of Rs.1700.39 crore (48% increase over the previous year) was disbursed to Rs.2845.69 crore. The growth of JLGs in the country is less skewed than the SHGs with Odissa leading table with over 53000 JLGs followed closely by West Bengal with nearly 49000 groups though southern region States top among the quantum of loans disbursed with almost 69% loans disbursed to JLGs in the region.
3.29 REFERENCES

1. www.meselfhelp.gov.in/steps/formation

2. Status of NABARD Report 2011-12