
**CHANGE IN THE ROLE OF STAKE HOLDERS AND SHPIs IN
NATIONAL RURAL DEVELOPMENT MISSION (NRLM) FROM THE
EARLIER RURAL DEVELOPMENT PROGRAMMES**

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ABSTRACT

This paper attempts to delineate a detailed analysis of the significant role played by different stake holders and Self Help Promoting Institutions (SHPIs) in creating an enabling environment for promotion and growth of Self Help Groups (SHGs) and microfinance institutions. They strengthen the effort to consolidate the SHGs for bringing more and more women actively participating in their own development movement. The SHG promoters/facilitators as a whole promote a strong network within them, collect and disseminate information and share experiences.

I: Background

In India rural development programme directly targeting poor families for creation of assets and self employment started with Integrated Rural Development Programme (IRDP) in the year 1980. In 1999 a major reform work took place in transforming IRDP into Swarnajayanti Gram Swarozgar Yojana (SGSY). Self –employment through organizing poor into Self Help Groups (SHGs) formed the basis of the new strategy. In this Yojana 2.5 crore rural BPL households have been organized and brought into SHG network. This Yojana assisted people living below poverty line in increasing their income through micro enterprises through a mixture of bank loan / credit and government subsidy. Women empowerment and improvement of social and economic status and position of people belonging to scheduled caste and tribes through self employment is the main corner stone of the new strategy.

In 2012 the SGSY has been re-structured as National Rural Livelihood Mission (NRLM) due to certain shortcomings like vast regional variations in mobilization of rural poor, in sufficient capacity building of beneficiaries, in sufficient investments for building community institutions and weak linkages with banks leading to low credit mobilization and low repeat financing. Several states have not been able to fully utilize the funds received under SGSY. Absence of adequate aggregate institutions of the poor, such as SHG federations precluded the poor from higher order support services for productive enhancement, marketing linkages, risk management etc. Out of the estimated 7.0 crore rural BPL households (2010 projections of BPL households) 4.5 crore BPL households still need to be organized into SHGs. Several evaluation studies have shown that SGSY scheme has been relatively successful in alleviating rural poverty wherever systematic mobilization of the poor into SHGs and their capacity building and skill development has been taken up in a process intensive manner. In other places, impact has not been that significant. That is why in the new form of microfinance i.e. NRLM social mobilization and building strong institution of the poor is made critical for unleashing the innate capabilities of the poor.

II: Social Mobilization

Mobilization of the poor to form their “Own Institution” is the most important prerequisite and core investment for large scale poverty reduction. In order to ensure that no poor family is left out, NRLM uses differential strategies for social inclusion / mobilization of all identified BPL households into functionally effective and self managed institutions. For universal social mobilization particular focus is given on more vulnerable sections like scheduled caste, scheduled tribes, particularly vulnerable tribal groups, single women and women headed households, disabled, landless, migrant labour, isolated communities and communities living in disturbed areas. Mobilization begins with identifying the poorest of the poor and vulnerable amongst the BPL through participatory vulnerability assessment and ranking. Then the mobilization effort progresses with the satisfactory community readiness and milestones for various stages of mobilization and graduation as evolved and tested in participatory manner.

Social mobilization enhances solidarity, voice and bargaining power of the poor. It promotes SHGs with exclusive women membership. This process enables them to pursue viable livelihoods based on leveraging their own resources, skills & preferences. These SHGs serve the

purpose of providing women member's space for self help, mutual cooperation and collective action for social and economic development. They promote savings and build own funds. They become the local financial institution to provide a range of financial services including providing credit for debt swapping and livelihoods. The key elements for a successful strategy of strengthening SHG movement are i) Self determined / voluntary group membership and group norms ; ii) homogeneity in group membership (through self selecting process) ; iii) group determined saving and inter lending norms ; iv) initial inter lending from own saving for smoothening consumption ; v) social capital for providing support services (like training, book keeping etc .) vi) revolving funds and loans from banks to augment capital to meet various credit needs of the members and vii) higher order federation of SHGs.

Social mobilization ensures that the microfinance programme is driven by the poor themselves so that it can be scaled up in a time bound manner. Thus they come out of abject poverty and do not fall back into poverty.

III: Stages of Evolution of SHGs

SHGs evolve into full fledged, active and efficient institutional platform by under going various stages. Indicative development milestones of SHGs are:-

Pre formation stage:- The tenure of this stage is two to three months. In this stage profiling and vulnerability assessment are made. Initial interactions are done with proposed group members.

Formation stage:- The duration of this stage is six months. In this stage group members are organized and full- fledged, efficient active SHGs are developed through following specific developing norms. Due stress is given on practicing "Pancha Sutra" which comprises 1) regular meeting 2) regular saving 3) regular inter loaning 4) timely repayment and 5) up-to-date books of accounts. Besides this micro – investment plans are formed and efficient leaders are developed.

Linkages stage:- This stage stays for six months to twenty four months. In this stage the poor are provided with the requisite skills for: managing their institutions, linking up with markets, managing their existing livelihoods, enhancing their credit absorption capacity and credit worthiness etc. SHGs are linked with banks for availing continuous and easy access to finance at reasonable rates, till they accumulate their own funds in large measure. Besides this

strong institution of the poor such as village level and higher level federations are promoted to provide space, voice and resources for the poor and for reducing their dependence on external agencies.

Maturing and self sustaining stage: - This stage begins after two years. Here visioning and planning is done. The innate capabilities of the poor are harnessed and complemented with the capacities (information, knowledge, skills, tools, finance and collectivization) to deal with the rapidly changing external world. Planning is done in three heads- enhancing and expanding existing livelihoods options of the poor; building skills for the job market outside and nurturing the self employed entrepreneurs. In this stage specialized poor women SHGs are brought under the purview of livelihoods collectivities/ institution formed around key livelihoods of the poor. These livelihood collectivities pass on immediate benefit of productivity improvement, market information and market facilitation to members. They also benefit the members by helping them access fair price for their produce by linking with formal sector.

In this stage social capital is created for scaling up the Micro-finance programme. These social capital comprises institution of the poor, their members and office bearers, community resource persons, community professionals (book keepers, accountants, community animators/ facilitators, customer relationship managers in banks etc.) Social Capital formation has two sides – supply side process would ensure “improved availability” of services i.e. community agriculture extension workers, Para- vets, village health activists etc. Demand side processes would ensure “increased access” of services through aggregation (e.g., resource persons supporting community procurement centers and milk collection centers, bank mitras etc.) In this phase new products adapted to recent demand scenario and supply side constraints are also launched.

IV: Stake holders of the Micro-Finance Programme

The stake-holders provide an external dedicated and sensitive support structure for inducing the social mobilization, institution building and empowerment process. They underpin the upward mobility through facilitating knowledge dissemination, skill building, access to credit, access to marketing and access to other livelihood services. They enhance and expand existing livelihoods options of the poor; build skills for the job market outside and nurture self employed and entrepreneurs (for micro enterprises). Mobilizing the poor into their institution is

induced by the Government agencies, NGOs, civil society organizations, local self Governments, banks and academicians. These stake holders aggregate the poor; thereby reduce the transaction costs to the individual members.

V: Self Help Promoting Institutions

The Self Help Promoting Institutions (SHPIs) build and strengthen the institutional platforms of the poor. These platforms with the support structure of their build-up human and social capital, offer a variety of livelihoods services to their members across the value chain of key products and services of the poor. These services include financial and capital services, production and productivity enhancement services, technology, knowledge, skills and inputs, market linkages etc. These platforms also offer space for convergence and partnerships with a variety of stake holders, by building an enabling environment for poor to access their rights and entitlements, public services and innovations.

Initially at least one member from each identified rural poor household, preferably women, is brought under the SHG network in a time bound manner. Subsequently, both women and men are organized into institution of their own for addressing livelihood issues. These institutions are farmer organizations, milk producers' co-operatives, weavers associations etc. All these institutions are inclusive and no poor are left out of them.

SHGs and their village level and higher level federations provide space, voice and resources for the poor and thereby reduce their dependence on external agencies. They empower the poor and also act as instruments of knowledge and technology dissemination and hubs of production, collectivization and commerce.

In addition specialized institutions like livelihoods collectivities, producer' co-operatives/ companies are promoted. They are engaged in livelihoods promotion through deriving economies of scale, backward and forward linkages and access to information credit, technology, markets etc. The livelihood collectives enable the poor to optimize their limited resources.

The existing institutions of the poor women formed by the Government efforts and efforts of NGOs are strengthened in a partnership mode. They are supported and in turn their leaders and staff support the processes of forming and nurturing new institutions

With time, as the institutions of the poor grow and mature, they become the internal sensitive support structures and institution for the poor. Their successful members and

empowered leaders take charge of and accelerate many of these processes. Thus the programme for the poor becomes the programme by the poor and of the poor.

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