

**HARYANA COMMUNITY FORESTRY PROJECT
FOREST DEPARTMENT
GOVERNMENT OF HARYANA**

Self-Help Group Capability Assessment 2007



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WITH SUPPORT FROM TEAMS OF FIELD RESEARCHERS

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Several rating systems for micro-finance interventions and Self-Help Groups (SHGs) have been developed in the past. But most of these were restricted to understanding the creditworthiness of SHGs and employed indicators on performance on basic group functions and credit absorption capabilities. Social, empowerment and behavioural aspects of SHG functioning rarely found a place in the rating system.

While being associated with the process of working with the SHGs of HCFP and attempting gender mainstreaming of the project, we have had an opportunity to develop a unique rating system, taking into account the whole gamut of factors involved in enhancing economic and social empowerment of disadvantaged groups.

We are thankful to the Project Management Unit of HCFP for providing us this opportunity. We record our grateful thanks to Shri S. K. Dhar, currently Additional PCCF, Haryana and formerly Project Director, Shri Jeet Ram, the incumbent Project Director, Dr. Amarinder Kaur, Conservator of Forests (M&E) and Shri R. K. Sharma, DFO (HQ) for their unstinted support and guidance.

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It is hoped that the report would be found useful by HCFP and will serve as an input for the consolidation and growth of SHGs.

Technical Assistance Team

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I. INTRODUCTION

The unique approach of Haryana Community Forestry Project is its participatory management methodology, which is designed to enhance the stake of village people in the process of planning, implementation, monitoring and management of project activities. The objective of the project is to reverse the process of degradation and depletion of natural resources through community led initiatives for development of village forests. One of the project results is empowering disadvantaged sections of the village community, including women, to have a dominant say in decisions regarding development of local natural resources. Community involvement is ensured through the village-based institution of Village Resource Management Committee (VRMC), which is assisted to develop technical, managerial and social capacity to carry on community forestry activities even after project phase-out. Disadvantaged sections represented by scheduled castes and women are given due representation in the membership of the executive body of these committees. Being a sub-committee of the Village Panchayat, the latter, being the organ of local self-government based in the community itself, becomes the ultimate guardian and custodian of community forests, which are common property resources of village people.

To evolve a strategy to actively involve women, who form close to half the rural population of Haryana, in community forestry development was a major challenge of the project as gender mainstreaming was mandated in the project design. The project, in the year 2000, commissioned an NGO, Institute for Development Initiatives, New Delhi to evolve a strategy for gender mainstreaming. The study came out with the recommendation that women of Haryana have to be given an economic stake in the project by creating avenues of income generation for them. Though actively contributing to the economy of Haryana by participating intensely in unpaid agricultural and livestock rearing operations at family level, women in general and poor women in particular had little organisational or useful economic skills to reap the benefits of community forestry development.

The field studies conducted by the NGO showed that the immediate need of women were opportunities to save, access to small credit for emergent needs, introducing them to the capacity to manage their finances through banking transactions, vocational skill development/upgradation and support for setting up income generating activities, preferably land and forestry based. As it was difficult for individual women to acquire the above capabilities the study recommended that the institutional form of Self-Help Groups (SHGs) be adopted to aid in social mobilization and economic and social empowerment of women. The idea was that through peer pressure, face-to-face interaction, group identity, collective

action and other dimensions of group dynamics, the groups would develop into social and economic affinity groups pursuing common interests.

Project management accepted the recommendations, but decided to walk a very careful path. There were doubts whether the groups could handle their financial activities, namely saving and lending. Any mismanagement of these activities would lead to disintegration of the groups and would also show up project initiatives in a bad light. Further exposure to too much credit might lead to conspicuous expenditure and non-repayment of loans. Project staff had little experience and exposure of working with SHGs. It was also difficult to find capable NGOs to act as facilitators. Finances available for the activity had also to be taken into account. Therefore, in the first year of taking up this activity (2000-2001) only 42 SHGs were formed in selected villages. Gradually the activity was extended to 101 villages and today there are 180 SHGs in existence.

Microfinance programmes have become central to poverty alleviation measures. It begins with the premise that if poor people are provided access to financial services, including credit, they will be able to start or expand a micro-enterprise that will help them break out of poverty. Microfinance is usually targeted towards poorest segments of society who do not meet the eligibility norms of financial service providers. But along with microfinance services many credit-plus services have to be provided to the poor if their micro-enterprises are to succeed. These include social capacity building, skill development, provision of forward and marketing linkages including marketing support, training, etc.

In India microfinance is generally channelled through SHGs. SHGs go through four phases of development. The first phase, **the interactive** phase, lasts between three and six months. The focus of this phase is evolving a common purpose among members and evolving mutual appreciation and understanding to build trust for joint action. The second, **formative phase** can last up to one year. Training for capacity building is a crucial element during the interactive and formative phases. This involves getting conformity to bye-laws and regulations by members, establishing organisation systems and initiating both developmental and financial programmes. The **stabilization phase** should be completed by the end of the second year. This is the phase when consumption loans give way to production loans, micro-enterprises are planned and developed and social actions are initiated. The **growth phase** begins after two years and during this phase the SHG should become financially and socially viable and independent.

Capacity assessment of SHGs should be linked to the phase of development of SHGs. It is not correct to study a six-month old SHG with yardsticks that are attributable to SHGs that have been in existence for more than three years. In the current study there are SHGs which have been formed between two and six years back. Logically the older SHGs should exhibit greater capability and growth than the newer SHGs. But this again is dependent on the level of development of the villages where they function, the quality of nurturing support received, level of education of members and a host of other factors. While analysing the results of the study we would be conscious of this fact, but it may not be possible to control all the factors. Around one hundred of the SHGs formed by the project are considered to have reached the stabilization phase, while remaining eighty groups are rapidly moving towards it.

II. SHGs PROMOTED BY HCFP

The Haryana Community Forestry project has promoted 180 SHGs in 101 villages. Of these seven, formed in 2006-07, have not completed one year of existence. These new SHGs have not been taken up for assessment. The year-wise distribution of these SHGs is as follows:

2000-01	(Batch I)	:	29 (42 were formed; 13 have been dropped)
2001-02	(Batch II)	:	33
2002-03	(Batch III)	:	42
2003-04	(Batch IV)	:	37
2004-05	(Batch V)	:	11
2005-06	(Batch VI)	:	21
2006-07	(Batch VII)	:	07
Total		:	180

Five NGOs are engaged in nurturing support to SHGs in 101 villages. In the earlier batches, particularly in Ambala and Kurukshetra, suitable NGOs could not be located and for some time individual short-term consultants had to be engaged. In some places NGOs engaged earlier had to be replaced due to less than desired quality of support, with gaps in between. These factors affected SHG growth, but these problems have been resolved and there is now very smooth coordination between SHGs, NGOs, division-level project staff and the Project Management Unit.

The NGOs currently providing support to SHGs are the following:

REEDS	:	14 villages in Kurukshetra
SARATHI Foundation	:	20 villages in Ambala Division
SRETA	:	21 villages in Jatusana Division
ASEED	:	22 villages in Bhiwani Division
UJJWAL Society	:	24 villages in Hisar Division

The total membership of 180 SHGs stands at 2150, an average of 12 members per SHG. The membership ranges from 8 to 20 per group. All SHGs, except three, have membership of women exclusively. The cumulative saving of these groups amounts to Rs 5.8 million. All the SHGs are involved in inter-lending and the cumulative loan amount is Rs. 13 million. The groups have earned an interest of Rs 1.2 million. In addition the project has provided a matching grant of 0.45 million to the groups Thus the total corpus of the groups (saving + interest + matching grant) comes to Rs 7.45 million. The ratio of loan to the corpus funds is 1.75:1, which is a quite satisfactory rate of fund rotation. The groups also have an adequate reserve of funds in their savings bank accounts with banks, giving them operational space for further lending.

Apart from making available the services of NGOs and providing matching grants, the project has invested a lot of money in providing the services of an in-house consultant exclusively for monitoring the activity and coordinating with NGOs and groups, organising special SHG workshops, launching of awareness campaigns for SHGs, organising skills training, literacy training, study tours and exposure visits. Female Link Workers available in each project village also lend

support to the SHGs beside the NGOs, since they are normally themselves members or office bearers of the groups. Extensive training provided to Link Workers has given them the skills to take charge of main activities of the SHGs.

A training manual was prepared by the Technical Assistance team to train Link Workers and NGO staff on various aspects of SHG development. About five batches of training were provided to these people. Another important initiative was preparation of a printed pictorial toolkit that was used to train SHG members. The tool was designed in such a way that one topic could be covered in one meeting. Each SHG has also been provided a mini-library with booklets on a wide variety of issues, to promote the concept of holistic development.

The monitoring system consists of quarterly feedback from the NGOs regarding SHG savings, lending, repayment, IGAs, group functioning, etc.

With the growing strength and initiatives of SHGs and favourable disposition of development administrators, the project has launched a new initiative to consolidate the gains of this successful social mobilization venture. This consists of forming cluster associations of SHGs. Ten block level cluster associations of SHGs and one division level federation have been formed, beginning in 2005-06. The purpose of the associations/federation is to aid in mutual exchange of ideas and information, take steps to make available forward and backward linkages for micro-enterprises and to lend more visibility to the SHGs so as to make this a sustainable movement.

Most SHGs are members of these institutions, contributing Rs 50-100 every month. The project has provided Rs 25,000 each for these associations to set up their offices, build up infrastructure and carry out their basic functions. Executive members of the cluster associations are given specialised training in how to manage these apex associations.

Feedback on this assessment report would be very useful to understand the extent of stabilization, growth and capacity of the SHGs formed under HCFP. Such feedback would enable the project to plan its capacity building activities and SHG strengthening activities in a more purposeful manner.

III. OBJECTIVES AND METHODOLOGY

The project has employed a participatory methodology to assess the capacity development of the community- based institutions that it has helped to develop at village level. These include VRMCs and SHGs. In the past three years capacity assessment of SHGs has been a regular feature. The objective of the assessment is twofold:

- To enable the project to have a fair idea of the level of capacity development of SHGs, to identify weak areas, identify weak SHGs and devise action plans to further strengthen them.
- To enable the office bearers and members to introspect and assess their own strengths and weaknesses.

All the SHGs formed up to 2005-06, numbering 173, were assessed. Only the 7th batch of newly formed SHGs, numbering seven, was left out of the assessment as these had not completed one year of formation.

The strategy adopted in conducting the assessment was the following:

- Design a simple rating system on selected indicators on various aspects of SHG development and growth.
- Train the research team to deploy the rating system actually in face-to-face interaction with SHG members.
- Organise a group discussion with the SHG members with the help of a chart paper with the indicators and sub-indicators written down. Each sub-indicator is a Yes or No question; Yes refers to a positive feature, attribute or outcome and No is the reverse.
- Request the SHG members to make a self-assessment of their group as good, moderate or poor on each main indicator based on their response to the sub-indicators (the insider assessment). This assessment is arrived at by the SHG members during the assessment meeting through intense mutual consultations. Based on this self-assessment the group gets a fair idea of its capacity and can plan for strengthening the weak areas.
- On the basis of the responses the research team makes an objective assessment of group capability. The overall capability score along with the capability score on each indicator is fed back to the group, on the basis of which the group can further chalk out its future action strategy.

Thus it can be seen that this assessment exercise is not an extractive academic exercise, but is designed to sensitize the groups regarding their strengths and weaknesses. The exercise also enables the project to pay more attention to the weak SHGs.

The assessment exercise carried out in March 2004 did not contain a rating exercise but pointed to significant aspects of group functioning. The major findings were that many groups were not homogeneous, some had experienced decrease in membership, one fourth of the SHGs had increased their monthly

saving rates, leadership rotation was low, record maintenance by most groups was satisfactory, inter-lending process had taken roots, repayment was regular, credit linkage with banks had not commenced, there was good scope for initiating income generation activities, linkages with forestry related activities were weak, capacity in group and credit management aspects had to be enhanced. The study also raised concerns about the capacity of grassroots level facilitators deployed by NGOs.

The assessment exercise carried out in 2005, which covered 142 SHGs, had the following major findings:

- 20 percent of the groups performed very well and 60 percent were average performers. 20 percent were weak.
- Batch 2 and 3 villages performed better than batch 1 villages.
- Ambala and Kurukshetra had better performing SHGs.
- A third of the groups formed have stabilized.
- A significant proportion of the groups require external support in record maintenance.
- The responsibility for record maintenance must be slowly transferred from NGOs/Link Workers to SHG office bearers.
- There were some problems in repayment of loans, deposit of cash in bank etc. Office bearers needed orientation on these aspects.
- Ordinary members of the groups were not given an opportunity to visit banks, post offices etc. in connection with group related financial transactions.

IV. INDICATORS FOR ASSESSMENT

The indicators selected for assessment were nine in number. For each broad indicator there were 5 to 10 sub-indicators, formulated into questions which elicited Yes or No answers. Yes answers were scoring points and No answers carried zero marks. Each sub-indicator carried a weighted score ranging from 0.5 to 1 and 1.5 to 2. The broad indicators are organisational capacity, saving and credit, financial management, micro-enterprises, skill development, awareness & attitudes, empowerment & influence, networks & linkages and plans & visions. A brief description of the indicators is given below.

Organisational Capacity

This indicator measures the ability of the SHG to function collectively in an organised and systematic manner. The sub-indicators are maintenance of group records, holding meetings at the stipulated intervals, observance of group norms, evolving group identity, evolving a mechanism for consensus, and rotation of office bearers. The groups would normally develop these qualities during the “interactive” phase, which lasts six months. Rotation of leadership will not take place in the first months but the principle would have found acceptance during this period. The seven sub-indicators used to assess organisational capacity are:

- i) Regular group meetings
- ii) Decisions take by consensus
- iii) Meeting minutes are up-to-date
- iv) Members adhere to group regulations
- v) Office bearer elections take place at agreed frequency
- vi) Group has taken measures to keep distinct identity/visibility
- vii) There is no major disagreement that divides members

Savings and Credit

During six months to one year of formation, which is termed as the “formative stage”, the group would take up its savings and lending operations and develop proficiency in these areas, though they may make mistakes initially. Seven sub-indicators have been used to measure this capability. These are:

- i) All members are contributing their savings at the agreed interval (weekly/ fortnightly/quarterly)
- ii) Members deposit savings in group meetings only (office bearers do not have to go house-to-house to get the contribution; the practice of making the contribution in front of others improves transparency)
- iii) All members needing a loan get it at least once (availability of loan for emergencies at the time it is needed is one of the immediate benefits of group membership; this facility is not available from banks or even money lenders)

- iv) Office bearers take loans only after the needs of all other members are met (this tells about the quality of leadership)
- v) Loan recovery is above 90 percent (by inculcating credit discipline, the SHG makes itself and its members eligible for taking loans from formal financial institutions, and this is one of the characteristics that banks assess when they grade groups)
- vi) At least 50 percent of group loans is for productive purposes (the members must graduate from taking consumption loans to production loans, as economic empowerment will not take place otherwise; during the next phases of development, members will be able to reduce their consumption loans as the end use of production loans will result in more disposable income which would finance consumption needs)
- vii) SHG loans have freed members from the compulsion to approach money lenders (this is an important outcome of group membership)

Financial Management

Being a group of poor people who have never handled money, working in Self-Help Groups they must learn the basic principles of financial management and this is an essential quality the group must acquire for long term sustainability. This indicator measures the growth of SHGs towards this goal, which also must be acquired during the “formative stage”. The five sub-indicators for this are the following:

- i) Members know how much saving they have contributed, how much loan they have taken, how much they still owe the group
- ii) Members know how much the group has mobilized through savings, how much interest it has earned, how many members have defaulted in paying their dues and what is the amount of default
- iii) Savings and loan ledger as well as the cash book of the group are up-to-date;
- iv) All members have visited the bank branch at least once for group financial transactions
- v) Cash is deposited in the bank at the earliest time and some money is retained in the cash box (under lock and key kept with the treasurer) for emergency loans

Microenterprise Development

From the second year, which marks the “group stabilization phase”, most of the group members should be able to start their own income generating activities, either as group or as individuals. Economic advance is one of the primary goals of group formation, and the earlier this activity develops, the better. But prior to this certain essential activities like choosing the activity, skill development, market intelligence and establishing market linkages, business development plans and other linkages must be established. This indicator probes the group capacity in this sphere with the help of the following five sub-indicators:

- i) At least 25 percent of the groups have acquired vocational skills after joining the group

- ii) At least 50 percent of the members have started new micro-enterprises or expanded their existing enterprises
- iii) These micro-enterprises yield the expected returns on investment
- iv) These micro-enterprises are free from serious marketing problems
- v) The groups have established forward and backward linkages for their micro-enterprises

Awareness and Attitudes

Working in groups, discussing issues of common interest, working for the common cause and such other activities, group members acquire more forward looking attitudes and become aware of social issues. These attitudinal changes are an indication of the capability of the groups, as the SHG movement goes beyond a mere saving and lending entity and becomes a tool for social empowerment. This indicator has 10 sub-indicators, the maximum number in this assessment exercise. These range from knowledge about group goals, gender issues, legal awareness etc. The 10 sub-indicators are the following:

- i) Members can articulate goals of the group
- ii) Members are aware about pre-natal care and immunisation of infants
- iii) Members agree not to demand/give dowry
- iv) Members are aware of legal age of marriage
- v) Members know causes & prevention of diarrhoea and jaundice
- vi) Members believe in small family norm
- vii) Members are aware of law against female foeticide
- viii) Members believe in girls' education
- ix) Members are aware of plantations, chulhas and other project activities
- x) Members are aware of functions of SHG cluster associations/federation

Networks and Linkages

Groups work better when they develop linkages with other institutions like Village Panchayats, VRMCs, other SHGs, Block Development Offices and other agencies. This indicator explores capacity development through the aid of five sub-indicators. The sub-indicators are the following:

- i) Group held meetings/consultations with other SHGs in same or nearby village
- ii) Group has organised community events on special occasions
- iii) Group has regular consultations with the VRMC
- iv) Group has consulted Agriculture/Animal Husbandry/Soil Conservation officers for on-farm activities
- v) Group has contacted DRDA/other agency for information and support

Empowerment and Influence

Well functioning groups become very visible in the community and this aids in the process of social empowerment of members. This is the goal of all SHG activities and this capability is assessed through 10 sub-indicators. The uniqueness of the HCFP's SHG grading and assessment system lies in going beyond the usual economic yardsticks and probing the social and empowerment dimensions of the changes taking place. The relevant sub indicators are the following:

- i) Members' role in family decision making has improved
- ii) Members can dispose of their own income as per their choice
- iii) 50% of members participated in last Gram Sabha meeting
- iv) A member contested Panchayat elections
- v) Group has campaigned to improve school/anganwadi/other common amenity
- vi) Group has campaigned against social evils
- vii) Group has lobbied with Panchayat to solve a problem
- viii) Group lobbied with administrative authorities for amenities/problem solving
- ix) Group has promoted organic farming
- x) Group has prompted formation of another SHG and is guiding it

Skill Development

This is an assessment of the ability of the group to manage its own functions through interaction with service providers; it also probes whether these group capacities find recognition by other social entities in the community and outside. The six sub-indicators are the following:

- i) Group can hold meetings without help from NGO
- ii) Group can maintain records without help from NGO
- iii) Group has negotiating power with bank, suppliers, village institutions
- iv) Group is able to demand services from NGO/project
- v) Illiterate members have learnt to read and write
- vi) Community members seek the help of the group

Plans and Visions

This is a long-term capacity area, which may go even beyond the stabilization phases. These five sub-indicators try to explore whether the groups are progressing towards the growth phase. These are important pointers for the exit strategy of the project with respect to SHGs.

- i) Group has a plan to improve its corpus funds

- ii) Group has a plan to diversify IGAs
- iii) Group has a plan to increase its social activities
- iv) Group has plans to sustain itself when project support ceases
- v) Group has plans to utilize/invest its surpluses

V. PROJECT-WIDE SHG CAPABILITY

To get a general understanding of the extent of capability of all the project SHGs taken together, an average SHG capacity index has been worked out. This score is the average of the score obtained by all the SHGs taken together on the nine capacity indicators, the maximum score for each being 10. The capability index of the average “HCFP SHG” is 7.5 out of 10, indicating that generally the SHGs of HCFP possess “good” overall capacity.

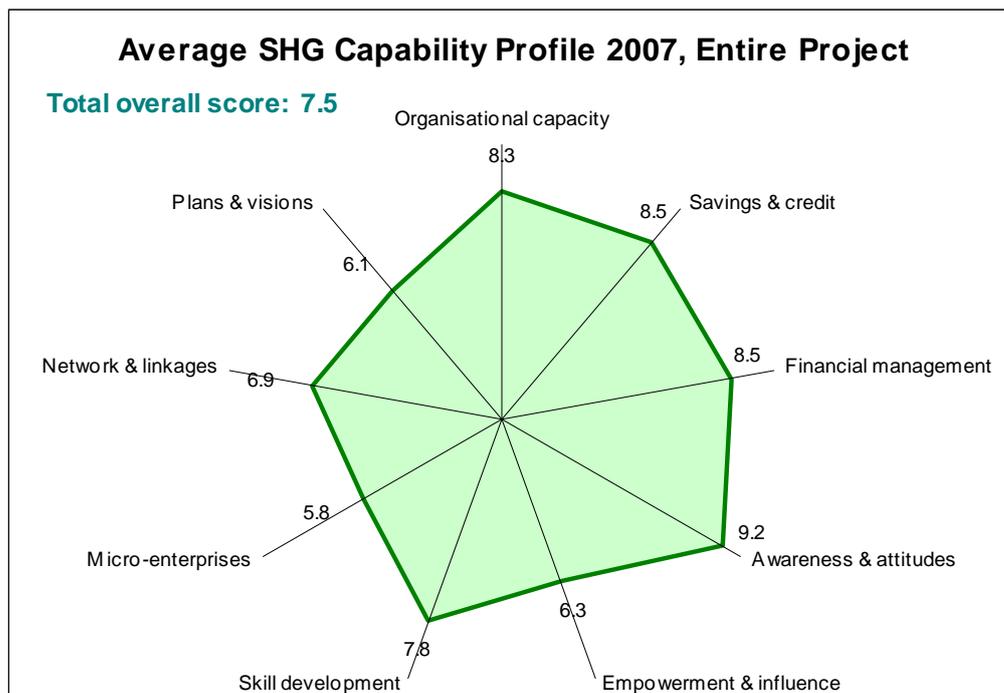


Figure 1

As is seen from Figure 1, the highest capability is for the parameter awareness and attitudes. In the matter of savings & credit and financial management the average SHG has a rating of 8.5 each. For organization capacity, the score is 8.3. With respect to skill development also there is a high score of 7.8. These five functional areas constitute the strong areas of SHGs, indicating that the basic elements of independent functioning have already been acquired by the HCFP SHGs in general.

However, the performance of SHGs is moderate with respect to micro-enterprise development (5.8), network and linkages (6.9), empowerment and influence (6.3) and plans and visions (6.1).

It would be interesting to know how many of the SHGs are in the good, moderately good and weak categories. According to the ratings obtained by SHGs through external assessment (objective assessment) an overwhelming majority of 103 are rated as good, 65 are moderate and only five are weak. The scores of each of the SHGs have been published separately and the project is aware of the weak and moderately good SHGs. Efforts are on to build up the capacity of weak and moderate SHGs.

Table 1: Number of SHGs rated as good, moderate and weak

Maximum score	10
Minimum score	1
Average score	7.5
Median score	7.8
Number of Good SHGs	103
Number of Moderate SHGs	65
Number of Weak SHGs	5

According to the self-assessment made by the SHGs themselves, 130 assessed themselves as good, and 36 as moderate. None assessed themselves as weak. It is encouraging to note that the variation between the objective assessment and self-assessment was not very wide.

The performance of SHGs has improved substantially from the 2005 score. The improvement took place on all the nine parameters (Figure 2).

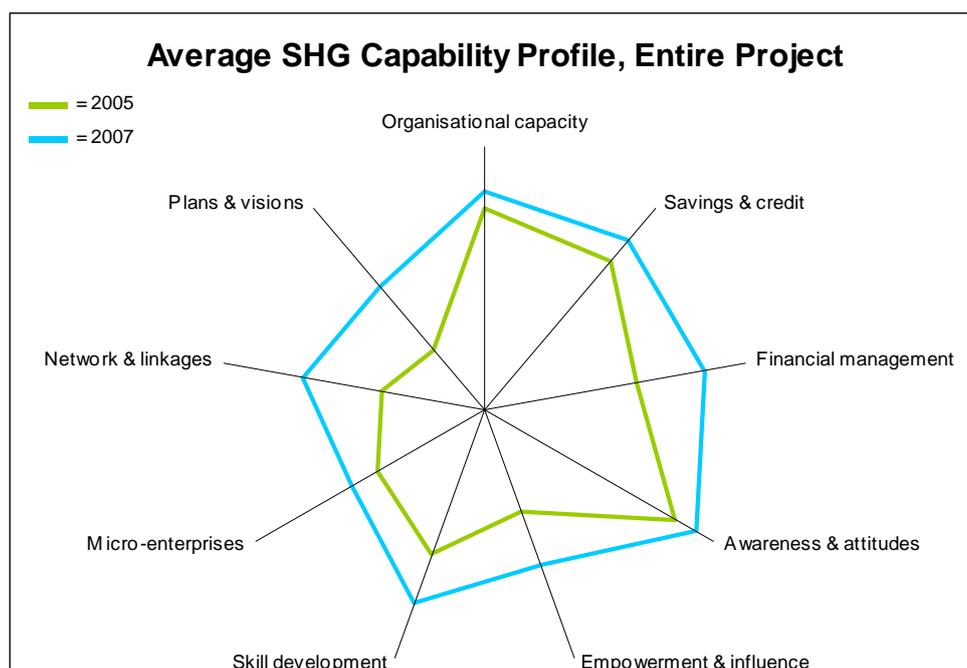


Figure 2

In 2005 the overall capacity index was 5.6, which improved to 7.5 in 2007. Organisational capacity index improved from 7.7 to 8.3. For savings and credit the capacity index improved from 7.4 to 8.5. In the area of financial management the change was significant – from 5.8 in 2005 to 8.5 in 2007. Awareness and attitude index changed from 8.3 to 9.2 – the highest score for any parameter. Index for empowerment and influence improved from 4.1 to 6.3, a substantial leap indeed. Skills development index went up from 5.8 to 7.8, micro-enterprises

from 4.7 to 5.8; networking from 4 to 6.9; and plans and visions from 3 to 6.1. In fact the magnitude of change has been highest in the area of plans and visions.

The age of SHGs has been cross-tabulated against their capability indices, to probe if age has any bearing on their capacity development. Table 2 clearly indicates that the SHGs of batches 2, 3 and 5 are doing extremely well on almost all parameters. The capacity of batch 1 villages, though the oldest, has not come up to the level of batch 2, 3 and 5 SHGs, probably because of wrong selection of batch 1 group members, as the activity was new to both the project and the NGOs involved. Many of these groups had to be reconstituted later on.

Table 2: Batch-wise overall average score of SHGs on capability parameters

Parameter	Batch 1	Batch 2	Batch 3	Batch 4	Batch 5	Batch 6
Organisational capacity	8	8.4	8.3	8.1	9.4	8.3
Savings & credit	8.3	8.8	9	8.4	9.1	7.4
Financial management	8.5	9	8.6	7.9	8.9	8.7
Awareness & attitudes	8.9	9.5	9	9.1	9.6	9.3
Empowerment & influence	6	7.3	6.4	5.9	8.3	5
Skill development	7.6	7.8	8.3	7.4	8.4	7.5
Micro-enterprises	6	7.2	6.2	4.8	6.4	4.3
Network & linkages	6.6	7.4	7.4	6.1	8.2	6.6
Plans & visions	6.3	6.7	6.7	4.8	6.9	5.7
Overall score	7.4	8	7.8	6.9	8.4	7

Looking at the performance across Divisions (Table 3) it is found that the SHGs in Jatusana are better performers not only in the aggregate (score of 8.6) but also on individual parameters. The SHGs in Bhiwani have yet to come up to the level of SHGs functioning in other divisions. This probably reflects on the quality of the nurturing support provided through the designated NGO.

Table 3: Division-wise capacity index of SHGs 2007

Parameter	Ambala	Kurukshetra	Hisar	Bhiwani	Jatusana	All
Organisational capacity	8.4	7.7	8.4	7.9	8.9	8.3
Savings & credit	8.3	8.5	8.4	7.9	9.6	8.5
Financial management	9.4	8.9	8.1	7.1	9.6	8.5
Awareness & attitudes	9.4	8.8	9.3	8.4	9.8	9.2
Empowerment & influence	5.6	6.6	6.7	5.8	7.3	6.3
Skill development	8.3	8.3	7.5	6.7	8.6	7.8
Micro-enterprises	6.3	5.9	5.7	3.6	7.8	5.8
Network & linkages	6.9	7.3	7.3	5.3	8.1	6.9
Plans & visions	6.1	5.3	6.8	4.6	7.7	6.1

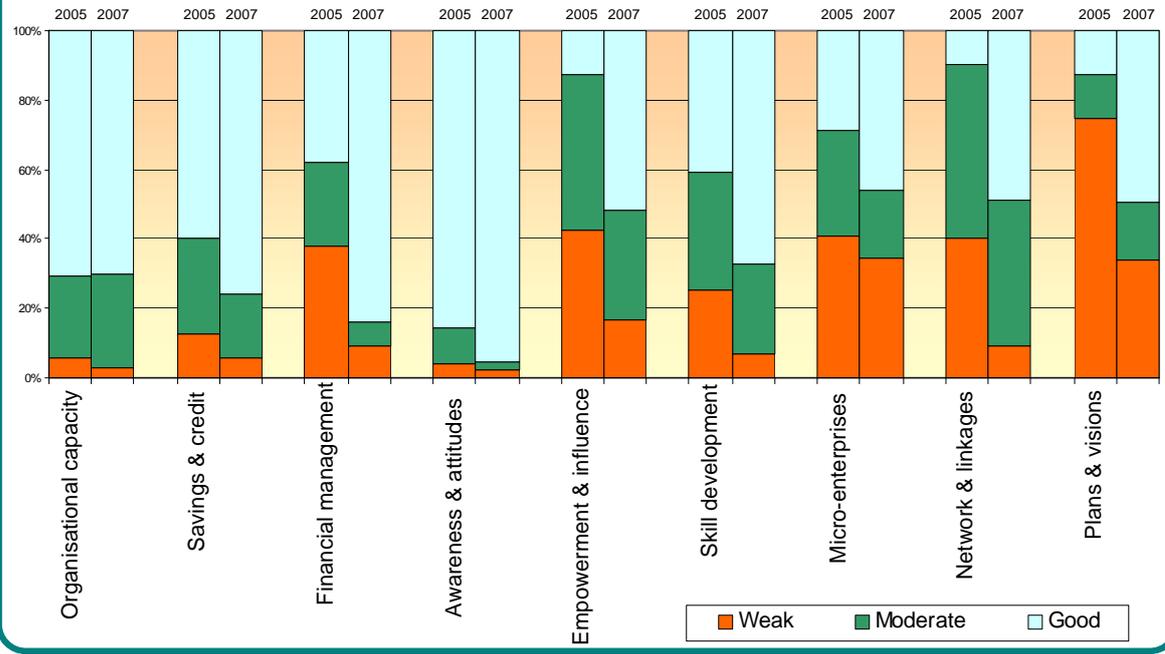
Overall score	7.6	7.5	7.6	6.4	8.6	7.5
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Comparing the score of 2007 and 2005 (Table 4), it is found that there is substantial improvement across divisions on all parameters. This indicates that the capacity building effort picked up pace after the 2005 capacity assessment exercise. Not only was the implementing machinery better oriented towards the weak areas, but the SHGs themselves became self-aware of their shortcomings and took concrete measures to improve. This also indicates that the assessment exercise in itself has been a useful capacity building tool.

Table 4: Division-wise capacity index; 2005

Parameter	Ambala	Kurukshetra	Hisar	Bhiwani	Jatusana	All
	2005	2005	2005	2005	2005	2005
Organisational capacity	8.7	8.5	7	7.4	7.3	7.7
Savings & credit	8.4	8	6.8	5.8	8.7	7.4
Financial management	8	8.1	6.1	3.9	4.3	5.8
Awareness & attitudes	8.8	8.6	8.1	7.7	8.5	8.3
Empowerment & influence	4.5	3.8	4.9	3.8	3.5	4.1
Skill development	6.3	7.2	5.3	4.5	6.5	5.8
Micro-enterprises	6.9	7.6	4.3	3.8	2.4	4.7
Network & linkages	3.8	4	4.5	3.9	3.6	4
Plans & visions	5.2	6.1	2.8	1.6	0.9	3
Overall score	6.7	6.9	5.6	4.7	5.1	5.6

Self-Help Group Capability Rating



VI. CAPABILITY SCORE ON INDIVIDUAL PARAMETERS

6.1 Organisational Capacity

For any collective activity to be sustainable over a long duration of time, however small the group, the general organisational principles must apply. In the context of SHGs these include regular holding of meetings, maintenance of minutes of meetings, consensual decision making, member adherence to group regulations, rotation of leadership democratically, consensual conflict resolution and developing a distinct identity of the collectivity. Table 5 gives the distribution of SHGs by positive or negative responses on each of these seven areas of basic group functioning.

Table 5: Adherence of group to basic organisational principles

Sub-indicators	Yes Count	No Count	Total	Percentage of Yes	
				2007	2005
Regular group meetings	166	7	173	96	87
Decisions taken by consensus	165	8	173	95	96
Meeting minutes are up-to-date	165	8	173	95	92
Members adhere to group regulations	153	20	173	88	79
Office bearer elections take place at agreed frequency	106	67	173	61	32
Group has taken measures to keep distinct identity/visibility	94	79	173	54	46
Group has no major disagreement that divides members	151	22	173	87	76

It is noticed that regular meetings as per agreed periodicity takes place in all except 8 groups (compared to 18 in 2005¹). Decisions are taken by consensus in all groups except eight (5 in 2005). Meeting minutes are up-to-date in all groups except in eight (11 in 2005).

There are 20 groups whose members do not adhere to group regulations. Non-adherence to group regulations was prevalent in 30 groups in 2005 and it is gratifying that the number has reduced substantially in one year. These groups require follow-up by the NGO concerned, project staff and Cluster Associations.

There is also substantial improvement in repeat office bearer elections taking place. While there were 96 groups in 2005 which had no such repeat elections, there are only 67 such groups now. This fact is a good sign that the groups are imbibing democratic principles. Re-election to confirm mandate from constituents, or rotation of leadership, avoids the danger of unchecked dominance by a few

¹ For all following comparisons between 2005 and 2007 it is to be noted that the 2005 assessment covered 142 SHGs, while the 2007 assessment covered 173 groups.

members, which would go against democratic functioning principles and deprive other members of the opportunity to have a voice or develop leadership qualities.

In 79 of the groups efforts have not been taken to project the group's distinct identity (compared to 77 in 2005). By group identity is meant those features by which the group is known in the community. These may include such things as the visibility of the group name, anthem, dress code, banners and badges, popularity in the village etc. Stronger groups develop stronger identities, and inculcate better sense of group belongingness and pride in being part of the group.

Consensual working is the hallmark of any sustainable group. Disagreements do arise, but these are thrashed out through discussions and common agreement. This is a basic quality required by groups to sustain their existence. The fact that 87% of the groups have worked out strategies for consensus building augur well for the future. This is a substantial improvement over 2005. Only 22 SHGs are now plagued by lack of consensus, compared to 34 in 2005. These SHGs need further training in consensus building and regular guidance by the NGO concerned.

6.2 Savings and Credit

Opportunity to save and get access to small loans at the time they are required are the two core functions of SHGs and the immediate benefits accruing to group members. To understand the performance of SHGs on this aspect detailed probing was done through group discussions. The accuracy of responses was verified through checking the SHG records too.

Table 6: Performance of SHGs on financial saving and credit operation

Sub-indicator	Yes Count	No Count	Total	Percentage of Yes	
				2007	2005
Full savings contribution by all members	160	13	173	92	87
Members deposit savings during meetings only	141	32	173	82	71
All members needing loans got loan at least once	146	27	173	84	89
Office bearers take loan only after needs of others are met	148	25	173	86	90
Loan recovery is above 90%	150	23	173	87	72
At least 50% of loan amount is for productive purposes	124	49	173	72	54
SHG loans have freed members from usury/forced need deferment	150	23	173	87	32

It is heartening that an overwhelming majority of SHGs generally have sound practices in their group financial transactions. The major areas of improvement over 2005 are improved saving regularity, saving collection in group meetings, loan recovery, increase in production loans and reduced dependence on money lenders.

Still there are some weak SHGs in this regard, with concerns arising from the following:

- existence of non-regularity of savings (13 SHGs, compared to 19 in 2005);
- non-deposit of savings during group meetings, which is essential both as an element of group discipline and also as a means to ensure transparency (32, compared to 41 in 2005);
- not all needy members are getting loans at least once (27, compared to 15 in 2005);
- office bearers taking loans before the requirement of others are met (25, compared to 14 in 2005);
- loan recovery below 90 percent (23, compared to 40 in 2005);
- predominance of consumption loans (49, compared to 65 in 2005);
- continued dependence on money lenders (23, compared to 96 in 2005).

Getting freed from moneylenders, of course, is a result of group membership and access to group loans and not directly related to financial management capability. The aspect has been included just to know the impact of group dynamics. Clearing of indebtedness to moneylenders also features high in how SHG women have used their income (see Chapter IX), average loan repayment being Rs. 19,500.

6.3 Financial Management

Financial management capability is measured for the purpose of this assessment through transparency in transactions and maintenance of financial records. A look at the data shows that there is a tremendous improvement on all aspects related to this capability compared to 2005. The most important change is that visit of members to bank branches at least once has increased from 24% in 2005 to 70% currently. Similarly, members in 84% of the SHGs now know details of group savings, compared to only 46% in 2005.

Table 7: Groups' financial management capability

Sub-indicator	Yes Count	No Count	Total	Percentage of Yes	
				2007	2005
Members know their own savings and loan amounts	154	19	173	89	75
Members know group savings, interest earned, default amount	145	28	173	84	46
Saving/loan ledger and cash book are up-to-date	159	14	173	92	77
All members have visited the bank for savings deposits	121	52	173	70	24
Cash is deposited in bank at the earliest possible time	160	13	173	92	87

The fact still remains that there are 52 SHGs whose members have not visited their bank branch at least once. One of the desired outcomes of group functioning is the introduction of group members to transactions with formal financial institutions. There is scope for working with such groups on this as well as other aspects related to financial management. The fact that 19 SHGs have members who do not know about their own savings and loan details and that there are 28 SHGs who do not know about the groups' financial details is an indication of weak development of financial management capabilities in such groups. Also, there are 14 SHGs whose financial records are incomplete and 13 who do not deposit the cash collections in bank.

It may be remembered that one of the weakest areas of SHGs identified in the 2005 assessment was financial management. Following this, the project imparted training to all the SHG members in this aspect. It may not be too off the mark to surmise here that the effect of the training is reflected in the improved performance in financial management.

6.4 Microenterprise Development

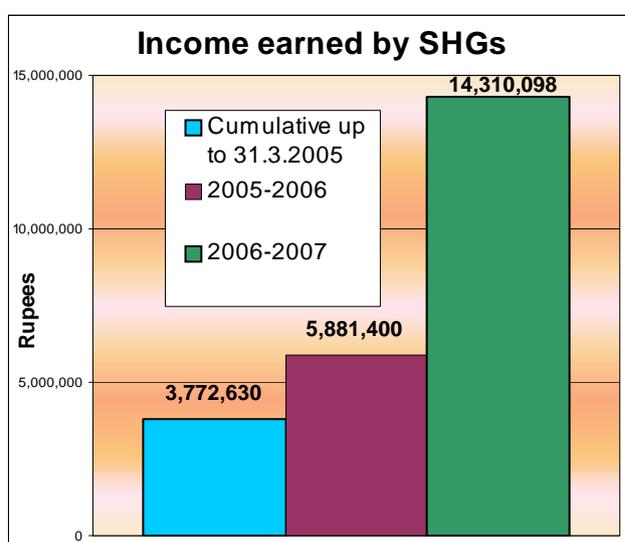
In the formative stage the group members avail of small loans to meet their emergent needs. But as the groups develop and mature more members should take loans for starting small income generating activities (IGAs) or micro-enterprises. This is essential for them to advance towards economic empowerment and economic wellbeing. In the absence of a movement towards such a stage it is difficult for SHGs to function as ongoing concerns.

SHG members have initiated close to 400 additional IGAs during 2006-07, in particular dairy, shop keeping, tailoring/embroidery, weaving, tie-and-dye and manufacture of wooden beads. There are now, on an average, 5-6 kinds of IGAs per SHG. Women have through their groups gained competence and confidence and are being sought after as resource persons by other departments and organisations; the number of members engaged as trainers, health workers, anganwadi workers, assistants in preparing mid-day school meals, etc. has increased almost four times since 2005-06. Vermi-composting remains the activity involving most groups, 152 of them. Organic farming by SHG members is prevalent, practised commercially by 66 groups. Nine milk cooperatives involving women of 24 SHGs are in operation in Ambala, and throughout the project area 126 groups are engaged in dairy. 113 SHGs are running 140 shops. SHG members have during 2006-07 been engaged in IGAs of 46 different kinds.

Vermi-composting	152 SHGs	Poultry	5 SHGs
Dairy	126 SHGs	Sweet box making	4 SHGs
Tailoring/embroidery	117 SHGs	Sweet making	4 SHGs
Various kinds of shops	113 SHGs	Clothes business	3 SHGs
Agriculture (mainly organic)	78 SHGs	Articles on rent	3 SHGs
Service activities (training, etc)	73 SHGs	Paper bags/envelopes	2 SHGs
Animal husbandry	46 SHGs	Organic pesticides	2 SHGs
Durry weaving	36 SHGs	Bee-keeping	2 SHGs

Washing powder/soap making	26 SHGs	Knitting	2 SHGs
Bead or bangle making	22 SHGs	Plaster of Paris toys	1 SHG
STD booth	20 SHGs	Sunflower seeds	1 SHG
Tie-and-dye	18 SHGs	Fish farming	1 SHG
Pickles/fruit preservation	15 SHGs	Mushroom cultivation	1 SHG
Flour grinding	12 SHGs	Furniture making	1 SHG
Phenyl making	11 SHGs	Orchard	1 SHG
Book binding	10 SHGs	Basket making	1 SHG
Interlock stitching	9 SHGs	Bag making	1 SHG
Candle making	8 SHGs	Cattle business	1 SHG
Rope making	8 SHGs	Papad making	1 SHG
Forest protection as an IGA	7 SHGs	Jewellery	1 SHG
Cattle feed business	6 SHGs	Doll making	1 SHG
Door-to-door peddlers, trading	6 SHGs	Drama performances	1 SHG
Pottery	5 SHGs	Horse-cart	1 SHG

There has been a huge increase in income earned from IGAs in 2006-07. While SHG members earned Rs. 3.8 million during a 3-year period up to March 2005, the income reached Rs. 5.9 million in 2005-06 and has during 2006-07 skyrocketed to Rs. 14,310,000. This income is recorded for 1617 SHG members (75% of all group members), with a net average of Rs. 8,850 per member during the year. Cumulative net income during 5 years is Rs. 24 million. All 180 SHGs are now involved in IGAs, financed from inter-lending of group savings.



The five top income earning activities for SHG members are shown below. Dairy has during 2006-07 overtaken vermi-composting as the activity generating most income, and also as the activity engaging most members. The average net income from dairy per member engaged is a respectable Rs. 9,444 for the year. Various kinds of shops have contributed Rs. 12,312 per member involved and wooden bead manufacture Rs. 19,860 per member. Women engaged in service activities such as training, etc. have earned an average income of Rs. 8,905 during the year, making this the sixth most remunerative activity.

Activity	No. of members engaged 2006-07	Net income 2006-07 (Rs.)	Cumulative Net Income (Rs.)
Dairy	714	6,742,773	9,614,251
Vermi-composting	479	1,033,106	4,860,916
Various kinds of shops	146	1,797,520	2,791,400
Tailoring, embroidery, stitching	304	1,290,620	1,708,633
Wooden bead making	43	853,960	1,015,160

Local fairs have been organised to promote products of SHGs. Group members have also attended bigger commercial fairs to familiarise them with marketing requirements. Product promotion of SHG merchandise like wooden beads, embroidery and organic crops beyond the local market has been initiated through specialised consultants. A standard label for sale of various products made by the project's SHGs has been developed.

Intense project inputs in the form of vocational skills training, market exposure and linkages, etc. should have significant effects on the capability of SHGs for the micro-enterprise parameter. Table 8 shows that this has in fact been the case.

A good number of SHGs have taken up additional micro-enterprises, generally by availing small loans from corpus funds. But they have not yet approached banks or other financial institutions to avail of large loans. The micro-enterprises such as vermi-composting units, crop cultivation, animal husbandry, detergent making, candle making, food processing etc. were of such small scale that they did not need much investment. Vermi-composting has been the most common activity among the HCFP SHGs. Other schemes were also very tiny activities and did not enjoy economics of scale. Project authorities also did not encourage SHGs to avail of bank loans as it felt that sufficient skill base and forward and backward linkages were yet to be established to support microenterprises of even moderate levels of investment.

Table 8: Performance of SHGs on developing microenterprises

Sub-indicator	Yes Count	No Count	Total	Percentage of Yes	
				2007	2005
25% of members have acquired new skills after joining the group	147	26	173	85	75
50% of members have started new or expanded existing micro-enterprises	105	68	173	61	38
Micro-enterprises yield expected income	95	78	173	55	44
Micro-enterprises free from serious marketing problems	80	93	173	46	53
Group has established linkages for successful working of micro-enterprises	77	96	173	45	23

Microenterprise development still has some way to go in many groups. In 68 SHGs more than half of the members have not taken up any income generating activity. There are some women who have little need or time for microenterprises, but still want to be members of a group, to enjoy enhanced status in the family and the society. Opportunity to save and access to consumption loans are other benefits. Microenterprises taken up did not yield expected income in 78 SHGs. There are 93 SHGs facing serious problems of marketing. Forward and backward linkages necessary for successful management of microenterprises is still absent in 96 SHGs. However, it is heartening to note that in the case of 85% of the

SHGs there are at least 25 percent of members who have acquired new skills necessary for establishing microenterprises. The proportion was 75% in 2005.

6.5 Awareness and Attitudes

Improved awareness of members about social issues is an important indicator of the capacity development of groups. The improved awareness levels enable group members to play a more effective role in community affairs and work towards achievement of common goals.

The average score on this aspect was 9.2, compared to 8.3 in 2005. The number of SHGs graded as “good” numbered 165 (95%), while 4 each were rated as moderate or weak.

Table 9 shows that almost all SHGs have positive attributes on the sub-indicators. In fact the rise in awareness levels has been one of the major outcomes of SHG activities. However, there are a few SHGs that have low awareness levels, regarding cluster associations (38 compared to 63 in 2005), project activities (23 vs. 12 in 2005), agreeing not to demand dowry (19 vs. 36 in 2005), pre and post natal care (12 vs. 12 in 2005), water borne diseases (15 vs. 39 in 2005), law against female foeticide (14 vs. 16 in 2005) etc.

Table 9: Groups’ capacity reflected through awareness levels of members

Sub-indicator	Yes Count	No Count	Total	Percentage of Yes	
				2007	2005
Members can articulate goals of the group	166	7	173	96	88
Members are aware about pre-natal care and immunisation of infants	161	12	173	93	92
Members agree not to demand/give dowry	154	19	173	89	75
Members aware of legal age of marriage	170	3	173	98	84
Members know causes & prevention of diarrhoea and jaundice	158	15	173	91	73
Members believe in small family norm	166	7	173	96	99
Members are aware of law against female foeticide	159	14	173	92	89
Members believe in girls' education	166	7	173	96	82
Members are aware of plantations, chulhas and other project activities	150	23	173	87	92
Members are aware of functions of SHG cluster associations/federation	135	38	173	78	56

Exposure visits to other project villages have been arranged for SHG women. SHGs have arranged awareness rallies on environment and social issues, together with VRMCs and school children.

SHG women are increasingly discussing and taking action on social and community problems like sanitation and pollution, management of village schools, various kinds of assistance to poor women, alcoholism, female foeticide, dowry, access to drinking water, health, etc. SHGs are also starting to shoulder the responsibility for social fencing of the project's woodlot plantations. Totally 134 groups have by now been involved in actions on social and community issues.

The fact that participating in group functions has enhanced the general awareness levels of the HCFP groups shows that most of the groups have passed the stabilization phase and are poised to enter the growth stage. Many of the groups are already in an advanced stage of growth.

6.6 Networks and Linkages

This indicator captures the endeavours done by the SHGs in establishing networking and linkages with other institutions (e.g. VRMCs, other SHGs, cluster associations, various Government departments, etc). These expand the social space of the SHGs and make them capable of taking up collective and individual activities in a more purposeful manner.

It is heartening to note that the HCFP SHGs are slowly expanding their operational space. 60% of the SHGs have consulted Agriculture and other allied service providers for farm related guidance and assistance. The proportion was only 19% in 2005. The percentage of SHGs establishing contacts with DRDA, which is the main agency for rural development, is only 42%. But this is much higher than the figure of 13% in 2005.

Table 10: Networking capabilities of SHGs

Sub-indicator	Yes Count	No Count	Total	Percentage of Yes	
				2007	2005
Group has consulted Agriculture/ Animal Husbandry/Soil Conservation officers for on-farm activities	104	69	173	60	19
Group has contacted DRDA/other agency for information and support	72	101	173	42	13
Group held meetings/ consultations with other SHGs in same or nearby village	135	38	173	78	82
Group has organised community events on special occasions	138	35	173	80	47
Group has regular consultations with the VRMC	150	23	173	87	38

78% of the SHGs have contacts with other SHGs within and outside their villages, whether they be sponsored by the project or other agencies. In 2005 the proportion was higher at 82%. It may be remembered that several other agencies

including DRDAs and Women and Child Development Departments are forming and nurturing groups. It would be useful to have a coordination forum for all SHGs at village level. In fact under the Mahila Samridhi Yojana and Indira Mahila Yojana of Department of Women and Child Development, village level and block level associations of SHGs are already in existence and the capacity building services of these programmes are accessible to all SHGs irrespective of departmental affiliations.

80% of the groups, compared to 47% in 2005, have organized cultural events on special occasions. Further, 87% of the SHGs now have regular consultations with VRMCs, compared to only 38% in 2005.

Networking is an important area through which SHGs enhance their identity, visibility and influence on social and community affairs. Only when this aspect is strengthened, further growth of SHGs is possible.

6.7 Empowerment and Influence

Saving and credit related activities of SHGs are only entry points to the goal of empowering disadvantaged rural communities to have a role in decision making and ensuring “self-directed development”. The HCFP is keenly interested to know whether this outcome is actually taking effect through SHGs, as this has an important bearing on capability of SHGs as ongoing collectives. As many as 10 proxy indicators were used to measure these changes.

Data show that SHG members now have an increased say in family decision making in the case of 93% of the SHGs. It is also a matter of pride for the HCFP that the fact of working together in SHGs has enabled women to be able to dispose of their income according to their choice. This was unthinkable before. On these two aspects the proportion was slightly higher in the 2005 assessment, as a result of adding batch 6 groups to the 2007 sample. These younger groups are yet to develop their empowerment and influence.

Table 11: SHG as a tool for empowerment and social influence

Sub-indicator	Yes Count	No Count	Total	Percentage of Yes	
				2007	2005
Members' role in family decision making has improved	158	12	170*	93	96
Members can dispose of their own income as per their choice	143	27	170*	84	89
50% of members participated in last Gram Sabha meeting	115	58	173	66	17
A member contested Panchayat election	57	116	173	33	22
Group has campaigned to improve school/Anganwadi/other common amenity	110	63	173	64	20
Group has campaigned against social evils	106	67	173	61	21

Group has lobbied with Panchayat to solve problems	101	72	173	58	18
Group has lobbied with administrative authorities for amenities/problem solving	83	90	173	48	20
Group has promoted organic farming	115	58	173	66	66
Group has prompted formation of another SHG and is guiding it	106	67	173	61	44

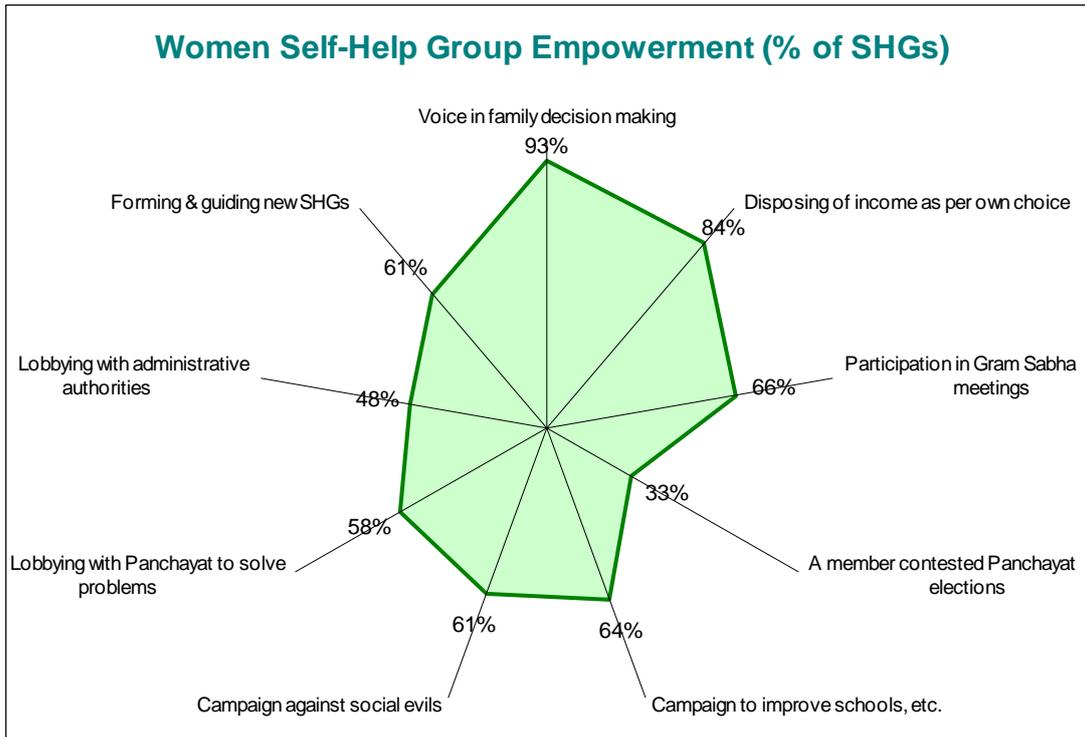
* Excluding the 3 male groups

Two thirds of the SHGs reported that at least 50 percent of their members attended the last meeting of the Gram Sabha. This had rarely happened before. At the start of the project it was very difficult to bring women together for a public meeting or discussion, and even if a few came they would be hiding their faces in veils and sit with their back against their audience and would rarely utter a word. This situation has undergone a sea change.

It is also remarkable that in one third of the SHGs at least one woman member contested Panchayat election and many of them won the elections. Nearly two thirds of the SHGs campaigned to improve the conditions of public service institutions like schools, Anganwadis and other common utilities. Campaigning against social evils has been taken up by 61% of the SHGs. These included harassment of brides for unreasonable pecuniary demands, drinking in public places, poor quality of mid-day meals in schools and Anganwadis etc. In fact some of the SHGs have taken up preparation of mid-day meals as an IGA and they are serving good, nutritious food.

More than half the number of SHGs have campaigned with the village Panchayat to solve common problems like leakage of water pipes, disruption in power supply, upkeep of hand pumps, etc. 48% of the SHGs took up such campaigns at the levels of BDOs, District Collectors, etc. In fact, in many places men guided the women to go full throttle, as it was felt that women's voices would get a ready hearing at higher levels.

Apart from taking up vermi-composting as an IGA, about one third of the SHGs pioneered organic farming by using the manure in their own fields for cultivation of vegetables and other crops and reducing or completely stopping use of chemical fertilizers. Due to the efforts of these women organic farming is gaining popularity in project villages as well as other villages.



The capacity development and influence of women SHGs has progressed to such an extent that 61% of the SHGs have aided in forming other groups in their villages and are guiding their routine activities. It may be also mentioned that some of these groups do not get technical or financial support from any government or voluntary agency. This is an important indication of the increasing empowerment and influence of women SHGs in the rural community.

On all these eight indicators (except in organic farming which stood constant at 66%), the increase of the percentage of SHGs was quite substantial and the change towards the better phenomenal. As a result, these SHG women are now recognised as a potential resource for carrying out various development work, resolving village conflicts, etc.

The increasing areas of influence of SHGs is a good omen that many of the SHGs are on the way to further growth and development. This trend needs to be consolidated and encouraged.

6.8 Skill Development

Under the HCFP SHG members were imparted training in essential group management functions. They were also taken on exposure visits. Training in vermi-composting was imparted to all SHGs that took up this activity and for many other IGAs also the groups were provided skills training. On the parameter of skills development the chief assessment point was how the group management skills have been put to use by the SHGs.

94% of the groups can now hold meetings without help of external facilitators. 92% have the capacity of independent record maintenance. 84% of the groups have developed negotiating power with banks, village institutions and suppliers of

goods and services. 80% have developed the ability to demand services from the partner NGOs.

A major achievement has been development of the skills of reading and writing, or at least signing their names. Now women need not give thumb impression against payment vouchers. Literacy training for illiterate SHG members, using computers as training aids, has been conducted by the project in 120 SHGs up to March 2007, with a final batch of another 15 groups now undergoing this training.

Nearly half the number of SHGs have reported that members of the village community seek the assistance of SHGs in various technical and social matters.

On all the five sub-parameters, there is significant improvement over the situation in 2005, reflecting considerable progress towards the desired goal.

Table 12: Skills development of SHGs

Sub-indicator	Yes Count	No Count	Total	Percentage of Yes	
				2007	2005
Group can hold meetings without help from NGO	163	10	173	94	82
Group can maintain records without help from NGO	160	13	171	92	73
Group has negotiating power with bank, suppliers, village institutions	145	28	173	84	63
Group is able to demand services from NGO/project	138	35	173	80	73
Illiterate members have learnt to read and write	142	31	173	82	44
Community members seek the help of the group	80	93	173	46	28

6.9 Plans and Visions

To have a vision of the goals to be achieved in the long run and plan for achievement of those goals is vital to the sustainability of any affinity group like SHGs. There should be a shared vision, emerging out of discussions and consensus in group meetings. This is usually a neglected aspect of group functioning, but it is quite important.

Table 13: Visioning and Planning Capacity of SHGs

Sub-indicators	Yes Count	No Count	Total	Percentage of Yes	
				2007	2005
Group has a plan to improve its corpus funds	115	58	173	66	67
Group has a plan to diversify IGAs	90	83	173	52	29
Group has a plan to increase its social activities	116	57	173	67	8
Group has plans to sustain itself when project support ceases	128	45	173	74	68

Group has plans to utilize/invest its surpluses	82	91	173	47	11
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In the last assessment report, visioning and planning were identified as the weakest area. With more groups advancing to the stabilization and growth phases, the position in 2007 is much better than that of 2005, and weaknesses are less marked, albeit still existing. Two thirds of the SHGs have plans to increase their group corpus through saving, more than half of the groups are planning to diversify their micro-enterprise base, (compared to only a little over one fourth in 2005) two thirds are planning to diversify their social activities (compared to only 8% in 2005) and nearly half of the SHGs have plans to utilize their surpluses (compared to only 11% in 2005). It is encouraging that three fourths have the confidence of continuing to function effectively even after project support is withdrawn.

6.10 Performance of Basic Functions

Seven basic group functions have been identified as essential for any group to continue to function effectively and attain a modicum of stability. These are holding of regular meetings, decision making by consensus, adherence to group regulations, loan recovery of above 90 percent, full saving contribution by all members, knowledge about the group's financial transactions and not holding cash in hand except as is needed for emergency purposes. Table 14 gives the information on this aspect. It is found that more than 90% of the groups hold regular group meetings, arrive at decisions by consensus, have all members contributing full savings amount and deposit cash in bank at the earliest time. More than 80% of the groups (closer to 90%) adhere to the remaining functions.

The division-wise variations are the following:

- A little less than 80% of the groups in Hisar have more than 90 percent recovery of loans. Loan repayment is more regular in all other divisions, especially in Jatusana, where practically every group has managed such high recovery.
- Adherence to group regulations is high in all divisions except Kurukshetra.
- Members' awareness of group financial transactions is exceptionally high in Ambala and Jatusana, and rather poor in Bhiwani and Kurukshetra.
- Practically all groups in Kurukshetra, Ambala and Jatusana make early deposits of cash in bank, while around 85% do it in Bhiwani and Hisar.
- The occurrence of regular group meetings, consensus decisions and full savings contribution is consistently high in all divisions, with only Hisar falling a bit behind in savings regularity.

Table 14: Percentage of SHGs by positive performance of basic group functions

Function	All Divisions	Jatusana	Bhiwani	Hisar	Kurukshetra	Ambala
Regular group meetings	96	97	100	92	100	92

Decisions taken by consensus	95	97	95	95	91	97
Members adhere to group regulations	88	97	90	87	70	92
Loan recovery is above 90%	87	97	85	79	83	89
Full savings contribution by all members	92	97	92	85	91	97
Members know group savings, interest earned, default amount	84	94	69	82	74	97
Cash is deposited in bank at the earliest possible time	92	97	87	85	100	97

Table 15 below provides comparative performance of SHGs during the assessments of 2007 and 2005. There appears to be a sea change between the two assessments. During 2005 only 6% of the SHGs in Jatusana had positive response on all seven functions. This has increased to 94% in the current assessment. In Bhiwani 56% are positive on all seven essential functions, whereas none were positive in 2005. The percentage has increased from 24 to 62% in Hisar and from 69 to 75% in Ambala. However, in Kurukshetra there has been a decline from 83 to 48%. Overall, 30% of the groups had positive response to all seven functions in 2005, and 68% in 2007.

Table 15: Percentage of SHGs by positive attributes on essential group functions

Division	Positive response on all seven functions		Positive response on at least 6 of 7 functions	
	2007	2005	2007	2005
Jatusana	94	6	97	53
Bhiwani	56	0	74	15
Hisar	62	24	72	45
Kurukshetra	48	83	70	83
Ambala	75	69	92	96
All	68 (118*)	30 (43*)	82 (141*)	54 (77*)

* Number of SHGs

6.11 SHG Perceptions about Other Stakeholders

SHGs are not isolated entities, but work within the total village environment and the development process initiated by HCFP, as well as other Government and non-government agencies. Therefore, it is relevant to understand how the SHG members perceive other stakeholders, like HCFP functionaries, community based institutions and other support providers. At the end of the assessment exercise the survey team engaged group members in discussion on this aspect and some interesting findings were obtained which are summarised in Table 16 below:

Table 16: Perception of SHGs on the support provided by stakeholders (% of SHGs)

Stakeholder rated	2007	2005
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	Very Good	Good	Not Good	Very Good	Good	Not Good
NGO	14	77	9	38	61	1
Male Link Worker	5	80	15	10	64	22*
Female Link Worker	10	82	9	26	48	16
Forest Guard	4	83	13	11	71	14*
VRMC	8	83	10	8	45	35*
Panchayat	5	66	28	4	42	28*
BDO	2	61	38	0	10	33*
Bank	2	91	6	12	65	21*
ICDS (child care)	0	69	31	1	11	38*
CDPO (child care)	1	65	34	2	10	41*
Anganwadi Worker	8	82	10	13	42	37*
Village Community	2	92	6	26	45	27*
Husband	8	89	3	23	55	19*
In-laws	4	92	3	16	62	19*

* The total of the three columns does not come to hundred as there were many non-responses in the 2005 assessment. (In other cases, totals may not add up to exactly 100 due to rounding off.)

Of all the stakeholders the rating of the NGOs appears to be the best, 14% of the SHGs rating their support as very good, 77% as good and 9% as not good. However, there is a drop in their rating from 2005, when “very good” rating of NGOs was given by 38% of SHGs. Similarly, while 9% of the SHGs rated NGOs as not good in 2007, only 1% had rated them so in 2005.

The support provided by the Forest Guards was generally good (83%) or very good (4%), with some decline in estimating them as “very good” since 2005. The percentage of SHGs rating support of VRMCs as not good has come down from 35% in 2005 to 10% currently.

Female link workers fare better than males – 10% of females being rated as very good compared to 5% of males, and 9% of SHGs assessing females as not good compared to 15% of males. Unhappily the “very good” rating of husbands and in-laws appears to be on the decline, but at the same time there is also a decline in rating husbands/in-laws non-supportive, down from 19% in 2005 to only 3% now.

The support extended by banks appears to be good. This is apparent from the fact that the “not good” rating of banks has been done only by 6% of the SHGs in 2007, compared to 21% in 2005. However, “very good” rating has also declined, to 2% in 2007 from 12% in 2005.

In Table 17 overleaf we analyse the division-wise variations in “not good” rating of stakeholders.

Table 17: Division-wise “not good” rating of stakeholders (% of SHGs)

Stakeholder rated	Jatusana		Bhiwani		Hisar		Kurukshetra		Ambala	
	2007	2005	2007	2005	2007	2005	2007	2005	2007	2005
NGO	8	0	0	3	15	3	17	0	6	0
Male Link Worker	11	4	13	41	26	39	4	17	17	0
Female Link Worker	0	13	13	28	15	27	4	0	8	0

Forest Guard	11	20	18	19	10	21	9	6	17	0
VRMC	8	50	13	44	13	27	4	33	8	19
Panchayat	42	67	36	34	18	9	17	0	25	15
BDO	42	83	54	50	23	9	35	0	33	4
Bank	8	83	8	3	3	9	4	0	8	0
ICDS (child care)	17	90	59	50	21	28	13	0	39	0
CDPO (child care)	39	90	54	53	23	41	17	0	31	0
Anganwadi Worker	6	90	10	41	10	24	4	0	19	12
Village Community	14	83	0	13	8	25	4	0	6	0
Husband	3	77	0	3	5	0	4	0	6	8
In-laws	3	77	0	9	5	0	4	0	6	0

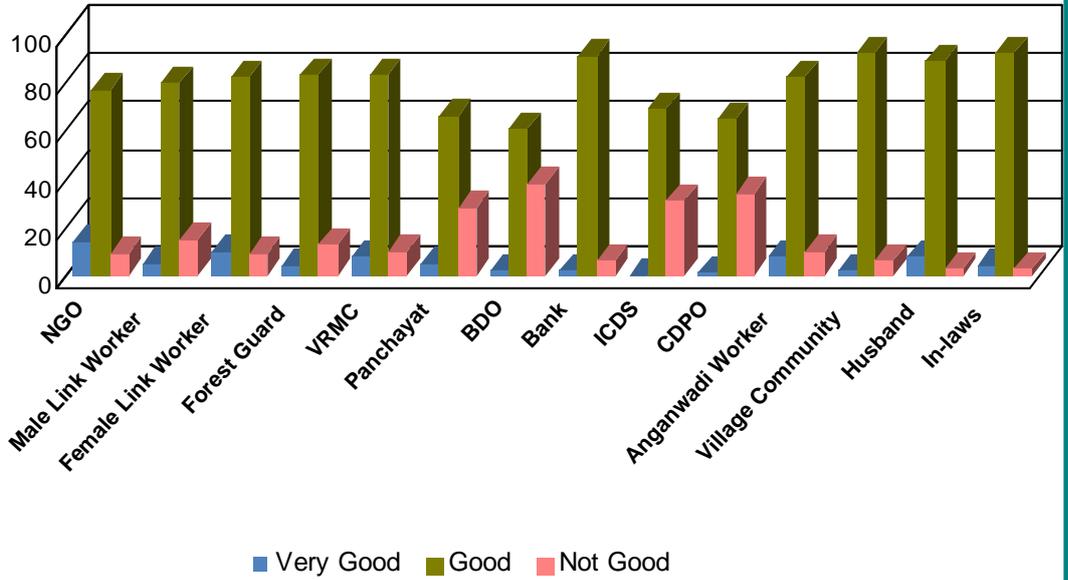
The proportion of SHGs rating NGOs as not good ranges from nil in Bhiwani to 17% in Kurukshetra. Generally, the NGOs had better rating in the 2005 assessment. The decline in good rating appears mainly in Hisar and Kurukshetra, where new NGOs had to be brought in from mid 2006; they have possibly not had enough time to establish their credibility with the groups at the time of the assessment. It is also possible that the groups have raised the stakes for the kind of support they expect the NGOs to provide as they are becoming full-fledged; it is no longer routine assistance to manage meetings and records. Looking at the bright side of it, it is not altogether bad that the SHGs are a bit frustrated with the NGOs – it forces them to manage their affairs with less external support and makes them less dependent on NGOs that will anyhow not be there to support them when the project ends in 2008.

Panchayats are generally rated as not good by a fairly large percent of SHGs in all divisions. In Kurukshetra, weak rating has increased from nil in 2005 to 17% in 2007. In fact there is an increasing trend of poor rating of Panchayats in all divisions except in Jatusana. VRMCs, on the other hand, now appear to be much more favourably perceived by SHGs in all the divisions, looking at the trends in the two rounds of assessment. This is an encouraging development, showing that the efforts to promote more interaction between the two kinds of village institutions supported by the project have paid off.

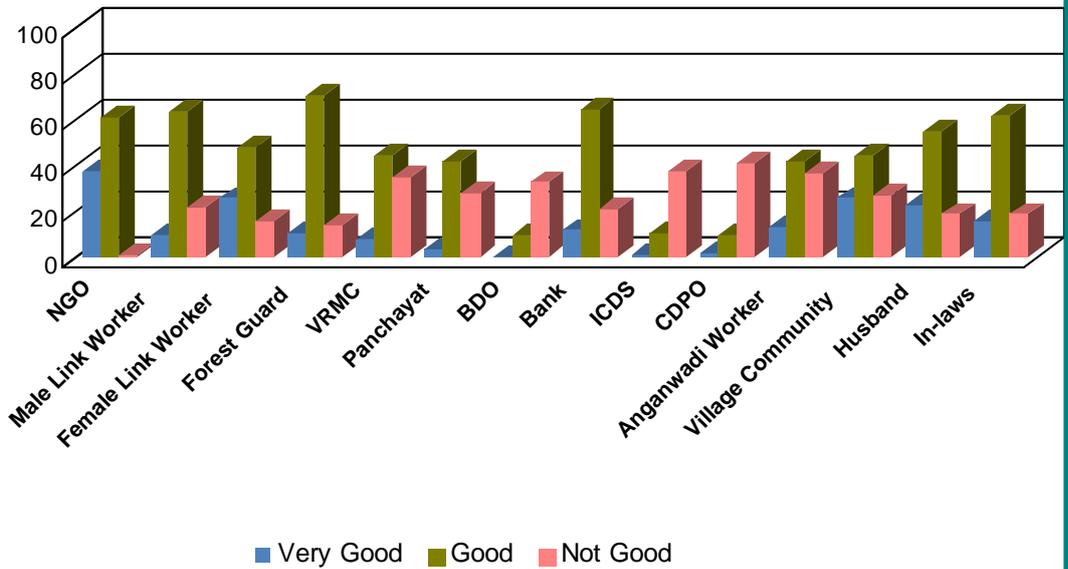
Rating of the support provided by in-laws and husbands is positive in both rounds. The most dramatic change is in Jatusana, where “not good” rating has dropped from 77% in 2005 to just 3% in the current assessment.

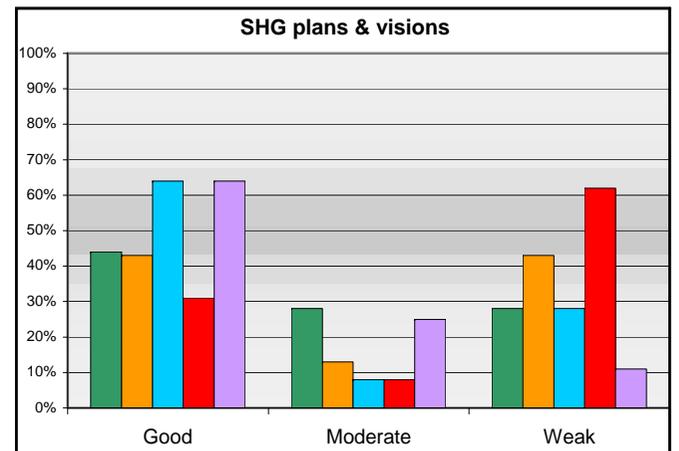
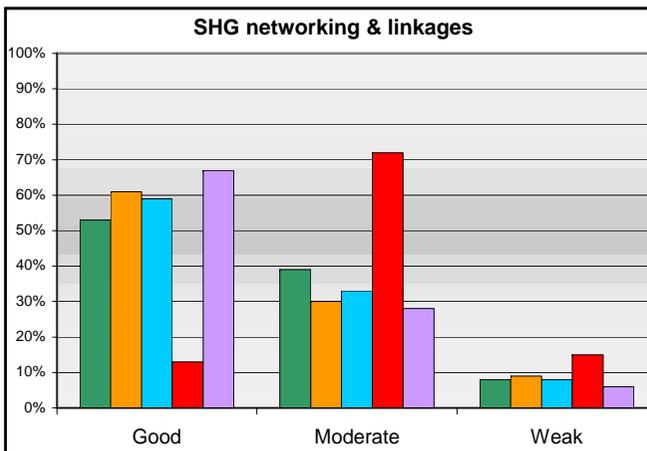
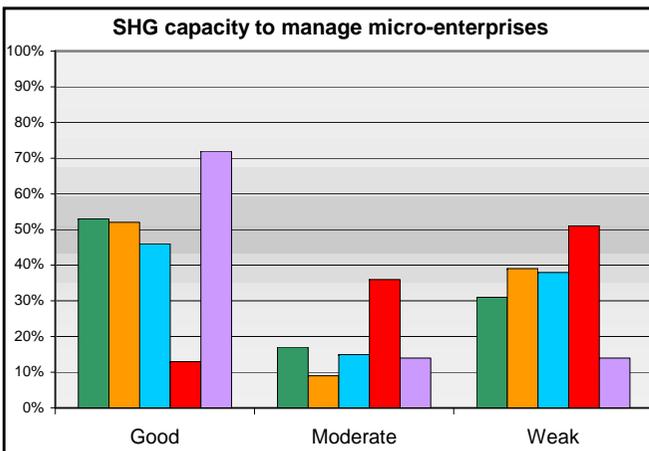
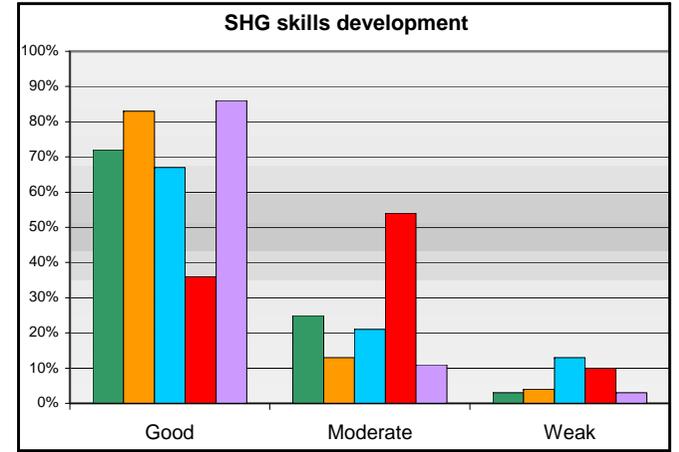
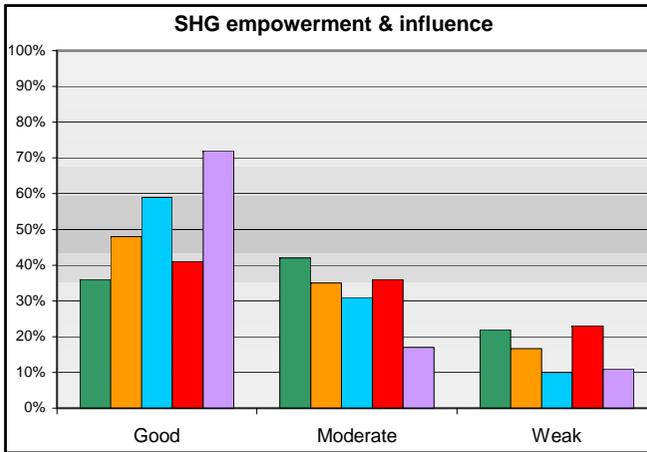
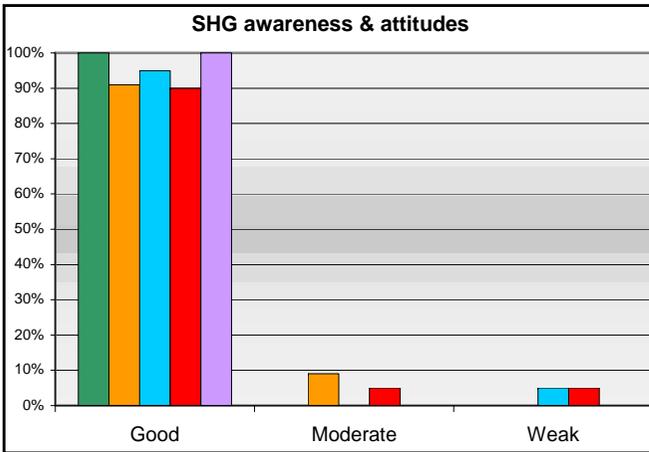
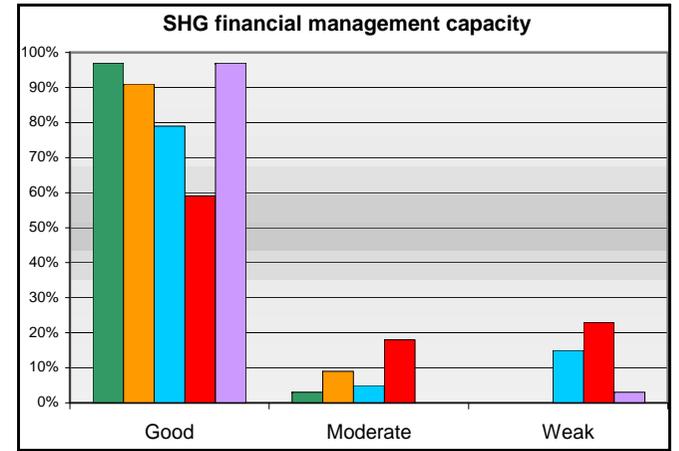
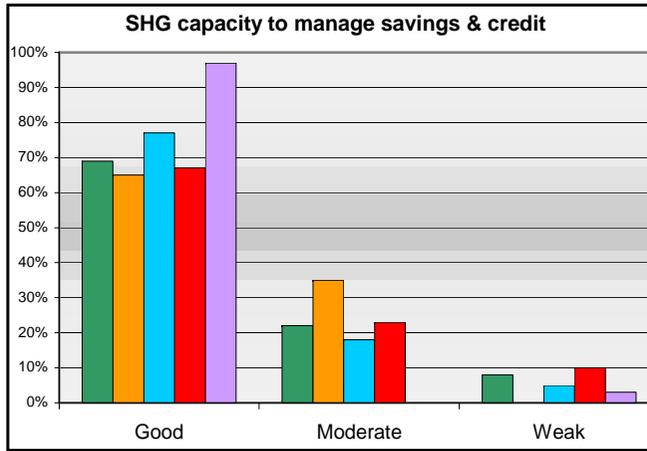
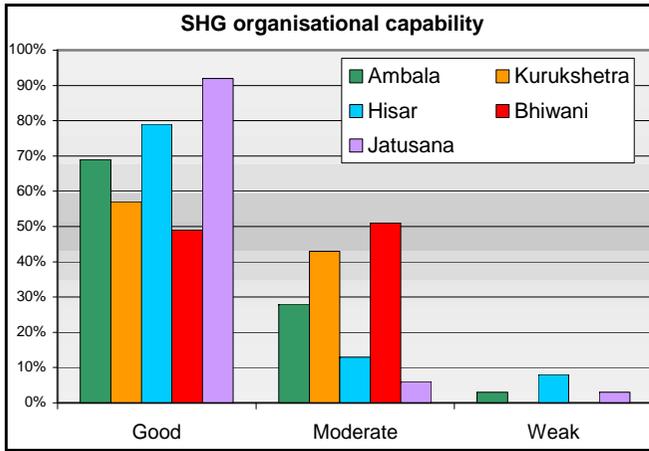
The support provided by other service providers like ICDS, CDPO, BDO, etc. appears not to be at the desired level, gleaned from the responses in both the assessment rounds. It is going to be a challenge for the newly emerging SHG Cluster Associations to muster more support from these service providers, which – unlike the NGOs – are a permanent fixture in the SHG environment.

Perception of SHGs on the support provided by stakeholders (2007)



Perception of SHGs on the support provided by stakeholders (2005)





VII. VILLAGE CASE STORIES

Women of Sundrah Discipline the Teachers

The Lakshmi group of Sundrah village (Kanina Block, Mahendragarh district) was formed on 25.8.2001, with 11 women members. Saving at the rate of Rs. 50 per member every month, the group has, till June 2006, mobilized saving of Rs. 25,390. Through inter-lending the group has earned an income of Rs. 7,650 in interests. HCFP arranged vocational training to the women in different trades. Most of the group members have started micro-enterprises of vermi-composting, organic farming, jewellery shop, dairy and garment making. Through these activities members have earned an income of Rs. 1.85 lakh. This additional income is being used by the women for the welfare of their families, particularly of the little children. They pay special attention to girls' education.

The group members have enthusiastically taken up the task of environmental improvement of their village. They have organised rallies and mass awareness campaigns for literacy and environmental awareness, drawing participation of children, adults and the aged of all social classes. The group has taken concrete steps for the welfare of women, handicapped and the poor. They have been instrumental in persuading the Village Panchayat to build houses for the poor, construct sanitary toilets and give financial assistance to marriage of poor women. Ms Krishna, one of the group members, is engaged in preparing the mid-day meal in the village school.

The treasurer of the group, Sunita Devi, once visited the village school. She observed that the teachers were playing cards. Children were loitering around and fights were erupting among them. Sunita protested to the teachers but they just laughed at her. She went back and brought with her all the other group members and told the teachers that they are going to lodge complaints with the Panchayat, Education Officer and Deputy Commissioner. Hearing this, other villagers also began to assemble in the school compound. Sensing the gravity of the situation, the Headmaster apologised to the women and assured that teachers would never again misbehave in future.

Since then, there is a good teaching atmosphere in the school, though some teachers tried to spread rumours against Sunita. The incident helped the Lakshmi SHG have a visible identity and influence in community affairs – a typical example of women empowerment indeed!

Women of Bhurthala Village Adopt Organic Farming

Village Bhurthala forms part of Nahar block of Rewari district, at a distance of 25 kilometres from Rewari town. Two Self-Help Groups were formed in this village in 2001 – Baba Mukteshwarपुरी and Apna Bank. The combined saving of these groups is Rs. 60,000. The members of both groups were given training in production of organic manure through earthworms. None of the members sell the manure, but use it in their own fields for organic cultivation of wheat, mustard and horticultural crops. About 20 farmers have taken up cultivation of guava, papaya, ber, lime,

pomegranate and other horticultural crops for which only organic manure is used. Dharmapal, a progressive farmer and member of the VRMC, earns an annual income of Rs. 1.5 lakh from his one acre horticultural farm. The treasurer of the Apna Samooh, also the female link worker of the village, has likewise taken up organic horticulture, as well as poultry rearing, mushroom cultivation and vegetable cultivation, using only organic manure.

Five SHG members are undergoing training at a nearby factory and will later on get employment in the factory. Other SHG members are preparing the mid-day meal at the anganwadi.

The two groups also demanded training in dari (cotton carpet) making. HCFP arranged training for members of both groups. Some of the members have started dari making units. Other IGAs taken up are dairy and dress making.

In this village there is good coordination between the SHGs, VRMC and the Panchayat. Shrimati Gyanwati, the President of Apna Samooh, is also the Vice President of the village Panchayat and takes keen interest in the developmental activities of the village. The project also arranged literacy programmes for 25 women of this village through a computer aided package. The women are now able to do basic arithmetic and read letters, name boards, headlines of newspapers, etc.

Villagers are very appreciative of the all-out efforts being done in the village towards capacity building through formation and training of SHGs and the VRMC and also involving them in forestry activities. They are environmentally conscious and are spreading this consciousness to others as well.

Women Bring About Social Change in Tarkanwali

Ram Devji SHG of Tarkanwali village (Sirsa district) was formed in 2001 with a membership of 10 women. The small monthly savings of Rs. 30 per member has grown to Rs. 50,000 (February 2007), and the group has added an interest income of Rs. 5,000. The members received training in group management and opportunities to go out of the village on exposure visits. The act of meeting together and discussing issues of common concern as well as handling money has transformed the life of these women. The group also participated in the computer-aided literacy training organised by the project.

They were also given technical training in vermi-composting, organic farming, etc, which enabled them to take up these activities for income generation. Besides some of the members set up units for bead garland making, a flour mill, etc. Through these micro-enterprises group members have accumulated an income of Rs. 60,000. With the increased income the women are now able to take better care of children and other members of the family.

The group also helped other poor women of the village to form SHGs, which were later brought under the ambit of DRDA. Chando Devi, the group president, though uneducated, has become an excellent motivator of village women to take up social and economic development activities and environmental issues. She is a close link

between bank and government officials on the one hand and village women on the other. Through her efforts the job of preparing mid-day meals in the village Anganwadi (child care centre) and schools has been entrusted to the group, which adds to the income of the women and also ensures nutritious and hygienic food to the children.

Environmental improvement of the village has become a mission for the group by organising regular cleaning of village drains and streets. The group also strives to assist women in distress through their moral and organisational support. The women have also raised their voice against child marriage, dowry and other social evils.

Moreover, there has been considerable improvement in the function of the village cooperative and the village Panchayat due to the support provided by the SHG. There is good coordination between the SHG, VRMC and Village Panchayat. The group has been instrumental in resolving many local disputes. The members visit the school and Anganwadi at least once a week to monitor the quality of food distributed and the cleanliness of the campus.

Prosperity through Microenterprises in Gurera Village

Gurera village of Siwani block, Bhiwani district, is one of the villages where villagers have adopted HCFP as their own project. The VRMC is very active. Some educated women also began to take keen interest in project activities. When they came to know about SHGs being formed in other project villages, they made a strong plea for similar groups in Gurera. Two years ago, two women groups, Kavita and Saraswati, took shape.

This village lies in a fully dry belt. Agriculture is dependent on the scarce available rain, water is brackish and cultivation is not profitable. The two SHGs looked for opportunities outside agriculture to augment their income. They got training in manufacturing wooden beads and ten women in each group took this up as an income generating activity. During 2006-07 they earned an average of Rs. 24,000 per head from this activity, contributing a significant share of the income of their families. The women are exploring the possibility of marketing their products at Delhi. The treasurer of the Kavita SHG underwent training in doll making at Hisar and started a well functioning doll-making enterprise unit.

The groups are also active in the social sphere. Such activities include cleaning of village drains and helping two poor young women to get financial assistance for their marriage under a scheme of the State Government.

The efforts of women of Gurera have inspired women of neighbouring villages of Mithi, Hasan and Naloi to also take up wooden beads as a profitable enterprise. The SHGs and VRMC hold joint meeting at the Chetna Kendra (awareness centre), a community hall built under HCFP, and discuss issues of common concern to the village. These are pointers to the fact that the grassroots level institutions promoted under HCFP in Gurera village are marching towards self-reliance and sustainability.

Women Lead Social Development in Rawalwas Kalan Village

Rawalwas Kalan village, lying at a distance of 16 kilometres from Hisar town, was one of the first year villages of Haryana Community Forestry Project. The VRMC of the village was formed in the year 1999-2000. Two women SHGs took shape in 2001 – Unnati and Kalpana.

In 2002 the groups started vermi-composting, after receiving training and visiting vermi-composting units in Kurukshetra. The women have sold organic manure worth Rs. two lakh, besides using the manure in their own fields. In 2003, the Unnati SHG opened a general store as a group enterprise, with an investment of Rs. 10,000 from corpus funds. In 2005, the local bank branch sanctioned a credit limit of Rs. one lakh Rupees to the Unnati group. The group used this money for on-lending to the members for setting up small income generating units like sale of animal feed, grocery shop, STD booth, general store, etc. The group is regular in repaying bank loan instalments.

Besides demonstrating the viability of vermi-composting, organic farming and other women-led microenterprises, these SHGs have also started taking an active part in community affairs. Acting unitedly, the SHG women met the Deputy Commissioner and persuaded him to solve the drinking water problem of the village. There also was a court case involving two members of the VRMC. The SHG intervened to evolve an out-of-court settlement of the case.

Seeing the highly successful functioning of these two SHGs, other women of the village formed an SHG without any outside support. Another group of below poverty line women, called Nari Kalyan Samooh, was also formed with the help of the HCFP SHGs. In 2005, Shakuntala, a member of this group, became the Sarpanch of the village Panchayat. At the time of election she was not very familiar with Panchayat affairs, and her husband was the de facto President. This situation changed after she participated in a training programme organised by HCFP at Pinjore for women elected President and members of Village Panchayats. After the training, Shakuntala has become an efficient leader of the village.

She has taken effective steps, with the active support of the SHGs functioning in the village, to stop the practice of sale of liquor. Due to joint efforts, the District Education Officer was persuaded to appoint adequate number of teachers in the village school. The Sarpanch holds meetings of school teachers once in a month. The pass percentage of the school has increased from 35 percent to 65 percent. Sports competitions for school children and women of the village were also organised. Girls and women participated enthusiastically in the competitions. Monitoring of the Anganwadi, the school and the health centre by the SHGs has become a regular feature of life in village Rawalwas.

The two groups are also active members of the SHG Cluster Association, formed in 2006. With the help of the association, the groups assisted a widow to get employment as a helper in the Anganwadi, though local leaders were pressurising for the appointment of a lady of their choice. Roshni and Rajbala, SHG members of this village, are enthusiastic Cluster Association leaders as well as effective trainers and resource persons for other departments.

VIII. VALUE OF ECONOMIC BENEFITS

An attempt was made to work out the value of economic benefits of the SHG members as compared to project investments made in forming and nurturing 180 SHGs. The cost stream has been calculated from the computerized accounting system of HCFP. The benefit stream has been derived from NGO monitoring reports on the net income obtained by SHG members. The cumulative cost and benefits streams from 2000-01 to 2006-07 (7 years) is provided in Table 18 below:

Table 18: Investments made by HCFP and income of SHGs: 2000-01 to 2006-07

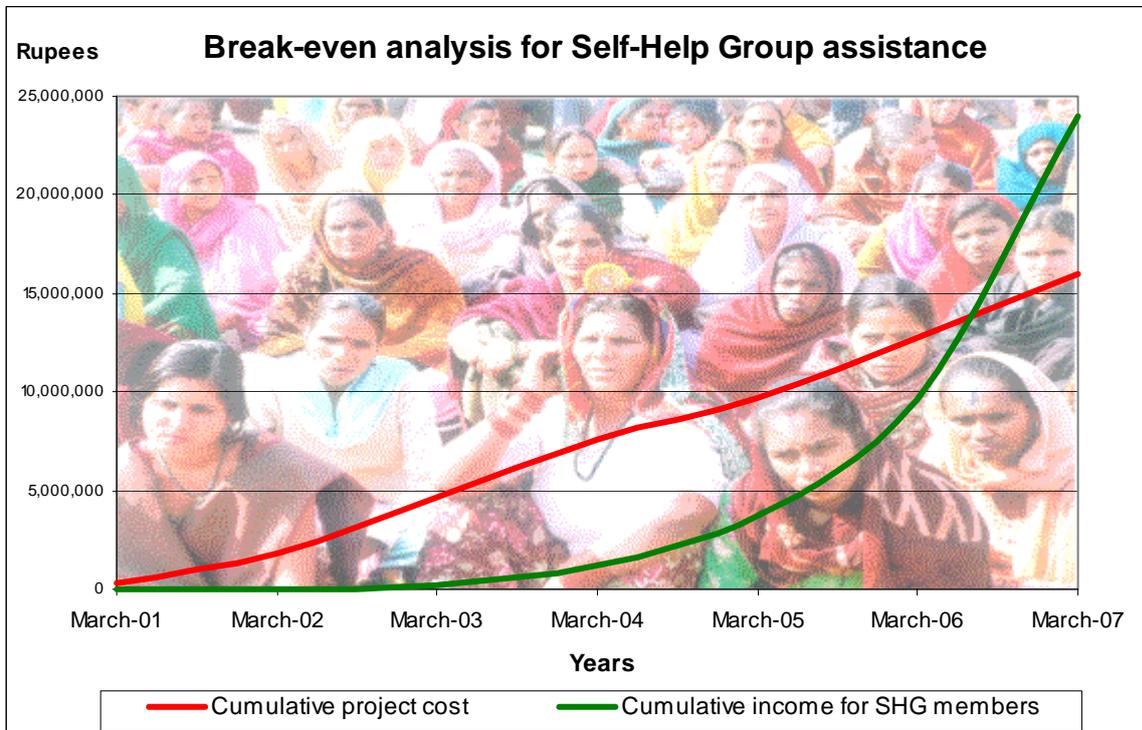
Items	Cumulative Amount (Rs. In million)
Cost Stream	
NGO and marketing support cost	8.684
Cost of in-house consultants	1.158
Matching grants to SHGs and other support	0.542
Special workshops	0.327
Awareness campaigns	0.306
Skills training	3.624
Literacy training	0.730
Study tours/exposure visits	0.610
A: Total Costs	15.981
Benefit Stream	
Income of SHG members through IGAs	23.964
B: Total Benefits	23.964
C: Net Benefits (B-A)	7.983
Benefit-Cost Ratio	1.5:1

The benefit-cost ratio, in purely economic terms, works out to 1.5:1, which, by any account, is highly positive. In this analysis, of course a large number of non-tangible social benefits have not been provided an economic value. These include benefits such as improved status of members within their households and their community, their ability to participate in the decision making process through Gram Panchayats and VRMCs, the economic and social benefits of social and community actions initiated by SHGs, the value of social empowerment and changes in attitudes and behaviour, the ability to meet, discuss and solve common problems, etc. Nor can additional benefits of literacy, acquisition of knowledge and skills, etc. easily be provided a direct economic value. The cost for social action is mainly the time allotted by members. The administrative cost of the SHGs has only been marginal – and the social benefits are huge.

The inescapable conclusion of this is that the social and economic benefits by far outweigh the costs of the project and clearly justify the expenditure.

Further analysis of investments under this project component shows that the breakeven point has been reached in 2006-07. Considering that to form SHGs, train

them in essential group functions, mobilize NGO support and support SHGs to start up income generation units is a time consuming process, it is no mean achievement that the breakeven stage has been reached within a period of little more than six years. Not much further investment may be necessary and the SHGs sponsored by HCFP are now poised towards the consolidation and growth stages.



IX. HOW SHG WOMEN USED THEIR INCOME

A survey of how the SHG women have spent their increased income from microenterprises was carried out as a separate exercise. The survey, which covered 332 women from 98 groups spread over the entire project area, also charted some general characteristics of the members.

57% of the sampled women belong to Scheduled Castes or Backward Classes. 50% of the households are landless, and the median landholding size for SHG households owning land is 1 hectare. The average age of an SHG woman is 36½ years, with an age distribution of 22% below 30 years, 52% 30-40 years old, 18% being >40-50 years old and only 7% aged more than 50.

The median gross income from microenterprises during the past year, i.e. income without deducting costs for establishing and running the enterprises, is Rs. 25,000 for women in the sample. 26% of the women earned less than Rs. 15,000, 40% earned between Rs. 15,000 and 30,000 and 34% earned more than Rs. 30,000. The number of enterprises managed by a single woman varied; 35% had only one, 39% were managing two, 19% had three and 7% could cope with four enterprises, giving an average of two microenterprises per woman.

The average SHG household consists of 5½ family members. With most of the women being relatively young, it can be assumed that father-in-law and mother-in-law are in most cases still alive (and included in this figure) and also that the children are mostly still unmarried and living at home. It can thus be inferred that the average SHG woman has given birth to two children, i.e. is practising family planning.

Two thirds of respondents in the sample have formal education, with an average of 8 years in school. 18% have no education but have become literate through the project's literacy training and 14% are illiterate. The majority (57%) of women without schooling are thus functionally literate.

Women were asked how they had utilized the income they had earned from microenterprises undertaken as a result of their membership of a Self-Help Group. A total of 19 different purposes of spending money was identified and each purpose for which money was spent was also ranked by the respondents, in order of perceived importance/magnitude of the purpose. The number of purposes for which the income was spent ranged from 3 to 18 for an individual woman, with an average of 12 different purposes. The findings are summarised in Table 19, where "average priority rating" indicates the average ranking 1-18 given for each purpose for those women who have indicated use for a particular purpose. The lower the score, the higher the priority.

The highest priorities were given to additional investments in microenterprises, mostly to expand the business they are currently running (average priority 3.6, with 70% of the women ranking this within their first five priorities), but also for other

productive investments (average priority 4). These latter investments are mainly for purchase of livestock (89%), overwhelmingly buffaloes, and/or for fodder (52%).

Table 19: How SHG women used their increased income

How income from microenterprises was used	% who used	% who used as priority 1	% who used as priority 1-5	Average priority rating
Investment to expand same microenterprise	91	28	70	3.6
Other productive investment (cattle, fodder, etc)	64	11	47	4
Improved housing	80	14	57	4.3
Education for children	91	11	64	4.4
Better clothes for family/children	92	4	60	4.9
Better nutrition/food	96	3	43	6.1
Savings in bank	52	1.5	20	6.5
Purchase of household items	78	2	25	6.6
Repayment of previous loans to moneylenders	55	4	17	6.8
Religious tours	80	5	23	7.3
Money given to husband to be used at his discretion	41	4.5	9	7.8
Any emergency	73	9	23	8
Medical treatment/health care	88	0.5	18	8.5
Purchase of bicycle, scooter, other transportation	26	0	6	8.5
Purchase of jewellery	46	0	4	10
Wedding gifts for kin	66	0	4	10.2
Dowry items	27	0	2	10.5
Support of relatives	15	0	1	11.1
Other uses (like plot of land or investment in shops)	22	0	0	11.8

91% of women have spent a good part of their income on investments in the same microenterprise they are now running, 64% have invested in another business. It is certainly a prudent decision of the women to put their money on the “golden goose” that provides it all.

The third highest ranking, 4.3, was given to improved housing, with 80% of the women using a part of the income for either an expansion to or repair of the house or for construction of a new house. This was closely followed by money spent on the education of children, average ranking 4.4 with a high 91% of respondents using their income for this. The same proportion of women have also spent money on better clothes for children and other family members, with an average ranking of 4.9.

Almost all women have used a part of the income on better nutrition, but seldom as a very high priority (average ranking 6.1). This shows that the households have climbed up the ladder of needs, where the need for food is already met and other basic needs, such as proper housing, clothes and education, have come to the fore.

Having met such basic needs, more than half of the women could also afford to save part of their earnings in bank. The total bank savings of these women amount to Rs 2.4 million, with an average saving of Rs. 14,500. Equally important is that 55% of the women could afford to pay off previous loans to moneylenders. A total of Rs. 3.2 million of such loans was repaid, the average repayment of debt being as high as Rs. 19,500. The clearing of indebtedness to various kinds of moneylenders in the village, and the fact that it could be managed without foregoing essential household needs (ranked below housing, education, clothes, food, etc.), must be viewed as a truly liberating outcome of Self-Help Groups.

Then come the “luxuries”. 78% of the women used earnings to purchase household items like TV, CD players, ceiling fans, kitchen utensils, refrigerators and furniture. Specification of household items bought are given in Table 20. It is a measure of relative wealth that almost one third of households in the sample could afford to buy a TV with the money women earned from microenterprises.

Table 20: Household items bought

Household items bought	Number of households	% of sample	% of those who bought items
TV	102	31	40
CD player	46	14	18
Fan or desert cooler	96	29	37
Kitchen utensils	66	20	26
Refrigerator	41	12	16
Furniture	34	10	13
Phone (landline or mobile)	29	9	11
Iron	16	5	6
Sewing machine	15	5	6

80% of the women have also opted to use some of the money on religious tours, a true indication that most material needs have been met. However, the spending on religious tours is also a pointer that women are now empowered to take their own decisions on how to use the money they have earned. In the patriarchal rural society of Haryana, where women are viewed more as mothers than as human beings, spending money on an outing for them would be seen as somewhat frivolous. And yet these women have managed to get away with it. Also, these tours are much more than mere pleasure trips. A rural woman in Haryana doesn't have that many opportunities to get out of her village. To be able to do so, to come out into the outer world albeit in the guise of pilgrimage – and using her own money for it! – has wide implications.

Having made this observation, it is surprising to note that as many as 41% of the women have given some money to their husbands to be used at their discretion. This, on the surface of it, seems to go against the finding that the vast majority of women have asserted that they can dispose of their income as they themselves wish. However, no contradiction in a real sense may exist. The women take a constructive approach and want to keep the family together. They may also trust their husbands to use the money given to them judiciously, for the good of the family, or they may take pride in showing them that they have become equally important breadwinners. It is an established fact that emancipation of women in the family ensues from women proving their income earning proficiency. And then again, the ranking of this use of income is quite low. Maybe the women have started to give their husbands pin-money? If the husbands are prone to wasteful spending, they used to get the money for it from moneylenders. Nowadays, it is the wife providing.

Medical treatment and health care does not feature very high in the average ranking of income utilization, although 88% of respondents have used some money for it, and 73% have used money for emergencies, 82% of which are for sickness. Except for a few cases of operations and other hospitalisation, the money here involved is for payment of doctor's fee for relatively minor ailments.

Towards the bottom of the ranking list are found utilisation purposes like purchase of a bicycle or scooter, jewellery, wedding gifts for kin, dowry items and money used for the support of relatives, in particular brothers. Other low-ranking money utilization includes procurement of a plot of land and investment in shops.

Ranking of income use has been cross-tabulated against household characteristics like landholding size, caste, age, family size, education and income level. While age of the woman, family size, caste and landholding size had very little impact on the priorities of utilization – except for the landless giving higher priority to improved housing and less priority to loan repayment, dowry items and purchase of bicycles/scooters – quite a lot of variation was found to be determined by educational background.

Illiterate women were found to give higher ranking to religious tours – which should be viewed against their liberating propensity – but they also more often give money to their husbands (as appeasement?). Illiterate women have further given higher priority to bank savings, improved housing, health care, clothes and better nutrition – and less priority to jewellery, dowry items, purchase of bicycle/ scooter and investments in their own microenterprises. This shows that these women, who presumably are of poorer background, have to struggle more to make ends meet and, therefore, have less choice in how to spend the money.

In contrast, women with more than eight years of schooling give higher priority to investments in their microenterprises and purchase of bicycle/scooter and lower ranking to religious tours, health care, improved housing, money to husband and support of relatives. The needs of these educated women and their households are quite different from the more imperative needs of illiterate women.

Surprisingly, women with a higher income, above Rs. 30,000, conform very well to the general utilization pattern, except for slightly lower ranking for improved housing, clothes and education and higher priority given to dowry items and purchase of bicycle/scooter. The higher income is not sufficient to make the household assume the spending behaviour of an affluent household.

All these variations notwithstanding, the differences in ranking were not of such magnitude as to invalidate the general pattern of income utilization.

Women were also asked how they would have liked to spend their income if they had not been forced by circumstances to spend it as they did. 85% of the respondents have indicated such wished-for utilization. Of these, 70% would have liked to spend more money on their microenterprises, in particular on shops and dairy. Another 8% wished to spend more money on improved housing. 10% wanted to spend more money on their children, either for their education or their marriage. Others have indicated more altruistic desires to spend money on the general development of the village or the group. This and especially the prominence of microenterprises, where a lot of investment has already been made, in the wishful thinking, gives reason to conclude that the hierarchy of basic needs has already to a large extent been satisfied by the money women earned from their microenterprises. The women have basically spent the money for the welfare of their families, with a parallel outlook on providing for the future and never losing sight of their own empowerment.

X. CONCLUSIONS AND RECOMMENDATIONS

- 10.1 To achieve the result of participation of women and other disadvantaged sections of the village community in the community development process, the Haryana Community Forestry Project adopted the model of micro-finance through SHGs as the appropriate tool for gender mainstreaming. The process of formation of SHGs was started in the year 2000-01 and the process continued up to year 2006-07.
- 10.2 180 SHGs have been formed in 101 selected project villages, out of a total of 338 project villages. The villages were selected on the basis of demand at the stage of microplanning, relative poverty and the potential for success. The total membership of the SHGs stands at 2150. All except three are composed exclusively of women.
- 10.3 The average SHG woman is 36½ years old, has 8 years of formal education and lives in a family of 5½ members. Half of the households are landless, and the median landholding size for SHG households owning land is 1 hectare. 57% of the SHG households belong to Scheduled Castes or Backward Classes. The typical SHG woman is running two microenterprises and is earning a gross income of Rs. 25,000 in a year.
- 10.4 The project provides a matching grant of Rs. 2,500 to each SHG which has been successfully functioning at least for six months.
- 10.5 In addition to NGOs assisting the project in promotion of SHGs and their income generating activities, female link workers have been trained in group processes and they provide effective support to the SHGs. An SHG consultant, operating from Project Headquarter, provides monitoring, supervision and technical support the SHGs and the NGOs.
- 10.6 An SHG training manual has been prepared to train the grassroots level workers including staff of NGOs and link workers and each of them have been trained. In addition a pictorial training tool has been prepared and provided to each SHG, which they use for discussions and knowledge upgradation during group meetings.
- 10.7 In addition, training has been organised to group office bearers and members in various aspects of group dynamics and group management.
- 10.8 In order to enable the SHGs and their members to start income generating activities skills training has been organised.
- 10.9 Computer aided literacy programmes, awareness campaigns, exposure visits, study tours etc were organized for capacity building.
- 10.10 Cluster associations of SHGs have also been formed with membership and contributions from members as well as the project to provide visibility and joint action forum to the SHGs.

- 10.11 All the groups have opened bank accounts in the bank branches nearest to them and all financial transactions are being done through the banks.
- 10.12 The SHGs have mobilized saving of Rs. 5.8 million, in addition to getting matching grant to the extent of Rs. 0.45 million. Out of this corpus the SHGs have provided micro-finance of Rs. 13 million to its members, in the processing earning an interest income of Rs 1.2 million, without much administrative cost. The groups are having adequate reserve funds.
- 10.13 Though the groups were not encouraged to take loans from banks initially, as the project wanted them to run on their own steam and build up adequate credit discipline, many groups are now approaching banks to finance their income generating microenterprises and the response from banks appears to be positive.
- 10.14 As a part of the capacity building and lesson learning process HCFP launched an exercise to assess the capacity of the SHGs on several social, economic and organizational parameters. The first such exercise was done in 2003-04 and this exercise is the third in the series.
- 10.15 The assessment used a participatory tool of “self-assessment” by the groups themselves combined with an “external “ assessment by impartial consultants. A non-conventional, composite rating tool was designed by the Technical Assistance Team, comprising 9 broad capacity indicators and 70 sub-indicators. The rating tool encompasses the aspects of group capabilities in terms of organization, saving and credit, financial management, microenterprise development, awareness and attitudes, networks and linkages, empowerment and influences, skill development and plans and visions.
- 10.16 The rating tool thus goes beyond the conventional tools based on financial parameters and combines activities (organisation, financial management, microenterprise development), processes (saving & credit, planning, skill development, networking) and results (awareness, empowerment).
- 10.17 The assessment exercise has revealed that a typical HCFP SHG has received an average score of 7.5 out of a total score of 10 in terms of the combined overall score spanning nine major indicators. This indicates that considering all aspects the average SHG under the project is a well knit grassroots level organisation capable of carrying on their activities even without external support.
- 10.18 Nearly 70% of the SHGs are adhering to the norms regarding seven basic functions considered as essential for group stability. More than 80% of the groups are adhering to at least six of the basic functions.
- 10.19 In other words, the SHGs have successfully passed through the interactive, formative and stabilization phases and are poised for the phase of growth and development.
- 10.20 The highest scoring is on the parameter of “awareness and attitudes“ (9.2). This means that group functioning has resulted in the members imbibing attitudes that are necessary for advancing in the economic and social domain.

In fact there are evidences to show that the improved knowledge and attitudes are translating into practice in the individual and community domains.

- 10.21 The other areas of good performance are savings & credit and financial management, with scores of 8.5 each, followed by organisational capacity (8.3) and skill development (7.8).
- 10.22 Performance of the SHGs in the other areas are also good but need further strengthening. These are microenterprise development (5.8), networks and linkages (6.9), empowerment and influence (6.3) and plans and visions (6.1). Microenterprise development of course is a long drawn out process involving the inculcation of entrepreneurship, vocational skills, access to inputs and marketing linkages, financial inputs etc. The project has taken the approach of introducing the SHG members to low-risk low investment activities like vermi-composting, dairy, etc, so that they inculcate the above skills on the principle of learning by doing. It should however be ensured that people are able to graduate from mini-microenterprises to microenterprises and then to more ambitious activities. People need to be provided opportunities for this, including linkages with technical institutions, access to institutional credit, marketing linkages, etc.
- 10.23 This report also includes findings of a survey of how SHG women have used the earnings of their microenterprises. The highest utilization rankings were given to additional investments in microenterprises, followed by improved housing, education for children, better clothes for family/children, better nutrition, bank savings, purchase of household items, repayment of loans to moneylenders, etc. Basic needs of the household have largely been satisfied by the money women earned.
- 10.24 Though the average rating is a rough indicator of the SHGs at a project wide scale, it would be necessary to look at the capacities of each SHG individually. From this angle, 103 SHGs are rated as “good”, 65 as “moderate” or medium and five as “weak”. The five SHGs that are weak are those that have not been able to cross the formative and interactive stages of group development and would need intense support from the support providing agencies for their capacity development.
- 10.25 The moderate SHGs also need to be provided more intense nurturing support. Volume 2 of this report gives the ratings of all SHGs on each of the broad indicators and sub-indicators. The support providing agencies should use this volume to chalk out an action programme to ensure that all the moderate and weak SHGs develop into the growth phase.
- 10.26 The extent of support received by SHGs from different service providers and stakeholders was assessed through rating of SHG perceptions on this aspect as “very good”, “good” or “not good”. The support provided by NGOs was perceived to be on the whole very good or good, with the exception of “not good” rating by a few SHGs in Hisar and Kurukshetra where the NGOs have been recently inducted. Similarly, the rating of Forest Guards is constantly high. There is a considerable improvement in SHGs’ rating of support from VRMCs since the previous assessment in 2005. This shows that there is improved integration between SHGs and VRMCs, which is an encouraging sign.

- 10.27 The continued poor SHG rating of the support they received from village Panchayats and other service providers is a bit alarming, as these would be the main sources of support to SHGs after project phase-out. There is obviously an increasingly important role for cluster associations of SHGs to emerge not only as support providers on their own, but also to work towards better integration with the government service delivery mechanism.
- 10.28 In purely economic terms, not considering the social and empowerment benefits, the benefit-cost ratio, comparing SHG women's net income from microenterprises against total project expenditure for the SHG component, is 1.5:1, which, by any standards, is a highly positive result. Thus social and economic benefits, by far, outweigh the cost on the project and clearly justify the investments. Further, the breakeven point was reached within a period of little more than six years.
- 10.29 The overall conclusion is that the SHGs in general have developed into vibrant, participatory, community based institutions that are capable of functioning independently. They will continue to function even after project phase-out.
- 10.30 The capacity building efforts should continue till the project ends, particularly in the area of strengthening cluster associations and placing thrust on developing weak and moderate SHGs.

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Annexure 3

SUB-INDICATORS FOR ASSESSMENT OF SELF-HELP GROUPS

NAME OF BLOCK:

NAME OF VILLAGE:

NAME OF SHG:

ICE-BREAKING EXERCISE

Discuss the following issues with the SHG members that have come together:

Tell me about an occasion when you felt really excited and proud to be part of the SHG. Tell me about the greatest achievement of your SHG. How do you feel about it? What is it that makes others in the community respect the SHG and its members? How did this respect come about?

This will open the assessment exercise on a positive note. Write down the responses. They will give material for success stories of SHGs.

1. ORGANISATIONAL CAPACITY

	Item	Status	Ask/observe	Observation
1.1	Group meetings are held as per agreed frequency	Yes/No	From meeting register, find out how many meetings were held during last 6 months, why some were not held. If most meetings were held but one or two not held due to emergency, write "Yes". Record reasons	
1.2	Group decisions are taken by consensus in group meetings	Yes/No	Ask members how major decisions are taken, e.g. choosing 2 loanees out of 5 applications. Is every one asked her opinion in the meeting?	
1.3	Minutes of meetings are up-to-date	Yes/No	If two or more of the meetings in past 6 months have gone unrecorded, mark "no". Record reasons e.g. "NGO did not come"	
1.4	Adherence to group regulations (e.g. attendance at meetings, savings, loan return) is the general norm rather than the exception	Yes/No	Ask members whether non-adherence to rules are followed by any penal measures and whether it is enforced impartially.	
1.5	Office bearers are changed/rotated at agreed frequency	Yes/No	Ask when was election due and whether it took place; even if the same leadership continues from the beginning, was this discussed and agreed? In that case status will be "Yes"	
1.6	Group has taken measures to maintain its distinct identity and	Yes/No	Ask about evidence of this; for example they may come for their meeting in their best dresses; they may narrate the successes of the	

	be visible in the community		group; they may have organized special functions and events in the village.	
1.7	There is no major disagreement that divides members	Yes/No	Ask if there was any major disagreement in the past, how was it solved, does the disagreement persist. No disagreement = Yes.	

Scoring: 2 points for 1.7; 0.5 points for 1.5; 1.5 points for the rest

Rating: 0 - 4 = Weak; 4.5 - 7.5 = Moderate; 8 - 10 = Good

2. SAVINGS & CREDIT

	Item	Status	Ask/observe	Observation
2.1	As on date all members have paid their full saving contribution	Yes/No	Find from saving ledger; if someone has not paid in full ask reasons. If only one member is lagging behind, and has legitimate reason for this, the status would still be "Yes"	
2.2	Member contributions are normally accepted only in group meetings	Yes/No	Ask three members at random	
2.3	All members needing loans have got them at least once	Yes/No	Ask members. Have they started inter-lending? If not, why? Is it due to lack of confidence in getting the loan back or faith among themselves? Confirm from loan ledger – find how many have taken loan at least once, how many more frequently	
2.4	Office bearers have taken loan only after the need of all others has been met	Yes/No	Ask members. Confirm from loan ledger. If office bearer is very poor and needy this condition need not apply – the status would still be Yes	
2.5	Rate of loan recovery is more than 90%.	Yes/No	Ask members. Confirm from loan ledger	
2.6	At least 50% of the loan amount has been for production purposes	Yes/No	Ask members. Confirm from loan ledger – for loans given during the past 6 months only	
2.7	Group loan has freed members from exploitative loans/forced deferment of needs	Yes/No	Ask members. If at least 50% raise hands write Yes. Describe in observation sheet	

Scoring: 2 points for 2.1, 2.3 and 2.5; 1 point for each of the rest

Rating: 0 - 4 = Weak; 5 - 7 = Moderate; 8 - 10 = Good

3. FINANCIAL MANAGEMENT

	Item	Status	Ask/observe	Observation
3.1	Members know the amount of their savings and loan liability	Yes/No	Ask 3 members (not the office bearers) at random; check with records	
3.2	Members know about total group saving, interest earned and default amount	Yes/No	Ask another 3 members (not the office bearers) at random; check with records	
3.3	Saving-cum-loan ledger and cash book are kept up-to-date	Yes/No	Examine. Note also who maintains the records.	
3.4	All members have visited bank at least once with the office bearer to deposit group funds	Yes/No	Ask all members to raise hands	
3.5	Cash (except that needed for emergency) is deposited in bank at the earliest possible time	Yes/No	Ask all members to raise hands	

Scoring: 2 points for each item

Rating: 0 - 4 = Weak; 5 - 7 = Moderate; 8 - 10 = Good

4. AWARENESS AND ATTITUDES

	Item	Status	Ask/observe	Observation
4.1	Members can articulate the goals of the group	Yes/No	Ask 3 ordinary members at random. If all of them can state at least two of the goals as per the bylaw, write Yes	Note down the replies
4.2	Members are aware about pre-natal care of expecting mothers, immunization of new-born infants	Yes/No	Ask another 3 members. If all know about importance of anti-tetanus vaccination, taking folic acid, going for medical check-up, triple antigen and polio drops for infants etc, the status is Yes	
4.3	Members agree that they will not demand or give dowry for marriage	Yes/No	Count the heads that say Yes. If at least 1/3 are positive, the status is Yes	
4.4	Members are aware about legal age of marriage	Yes/No	If 2/3 know, the status is Yes. (18 years for girls, 21 for boys – are they aware, do they comply with it?)	
4.5	Members know what causes diarrhoea and jaundice and how to prevent them	Yes/No	Probe awareness of waterborne diseases. Ask another 3 members; if all know the causes and preventive measures, write Yes	
4.6	Members believe in the small family norm	Yes/No	Initiate a discussion on family planning methods and probe awareness. If at least 2/3 agree, write Yes	
4.7	Members are aware about law against sex determination test followed by female foeticide	Yes/No	Ask about prevalence of the practice in the village and how they feel about it. If at least 1/3 are aware and agree with the ban, write Yes	
4.8	Members believe in education of the girl child	Yes/No	Do they think that girls need post-school education? If a choice has to be made between a boy and a girl, will the girl get a chance? If 2/3 believe in the importance of girls' education, write Yes	
4.9	Members are aware about plantations and other activities, including smokeless chulhas, under HCFP and have actively participated in their execution	Yes/No	Ask about the area planted, survival, how it will benefit women etc. All members should be aware of some other project activities, even though they may not all have participated	
4.10	Members are aware about the functions of cluster associations (federations) of SHGs	Yes/No	Have they information about activities of these associations? How do they assess the benefits? If all members are aware, write Yes	

Scoring: 1 point for each item

Rating: 0 - 4 = Weak; 5 - 6 = Moderate; 7 - 10 = Good

5. EMPOWERMENT AND INFLUENCE

	Item	Status	Ask/observe	Observation
5.1	Members' role in decision making in the family has improved	Yes/No	Probe their role in sending children to school, spacing of conception, managing finances etc. Compare it with situation before	
5.2	Members can dispose of their own income according to their choice	Yes/No	Ask 3 members at random how they use their income: have they purchased any item for their own use? Can they use their income without permission? If all are affirmative, write "Yes"	
5.3	At least 50% of members participated in the last Gram Sabha meeting	Yes/No	Ask 4 members if they participated in the last Gram Sabha meeting. If at least two state that they attended, write "Yes"	
5.4	At least one member contested the last Gram Panchayat election	Yes/No	Success or failure is immaterial	
5.5	The group has campaigned to improve working of anganwadi/school/other common amenity	Yes/No	Success or failure is immaterial	Document details
5.6	The group has campaigned against at least one social evil in the village (illiteracy, dowry, violence against women etc within the village or with administrative authorities)	Yes/No	Ask. They will be happy to tell. Success or failure is immaterial	Document details
5.7	The group has lobbied with Panchayat for solving at least one common problem	Yes/No	E.g. drinking water, sanitation. Success or failure is immaterial	Document details
5.8	The group lobbied with administrative authorities for amenities/solving grievances	Yes/No	E.g. power cuts; roads; water; sanitation. Success or failure is immaterial	Document details
5.9	Group has promoted organic farming/nursery raising	Yes/No	Document details	
5.10	Group has prompted formation of at least one other SHG in the village and is providing guidance to it	Yes/No	Ask for details	

Scoring: 1 point for each item (for male groups, don't ask 5.1 & 5.2; score 2 points each for 5.7 & 5.8)

Rating: 0 - 3 = Weak; 4 - 6 = Moderate; 7 - 10 = Good

6. SKILL DEVELOPMENT

	Item	Status	Ask/observe	Observation
6.1	Group can hold its meetings without help of NGO	Yes/No	Ask what happens if NGO is not able to come; do they wait and disperse? Meeting lasts only a few minutes?	

6.2	Group can maintain its record without support from NGO	Yes/No	Even if an educated villager helps them, the answer will be Yes	
6.3	Group has good negotiating power with bank, suppliers, other village institutions	Yes/No	Probe for instances	Document details
6.4	Group is able to demand services from NGO/project	Yes/No	Probe for instances	Document details
6.5	Illiterate members have learnt to read and write in local language	Yes/No	How many? Does the group consider this as an achievement?	
6.6	Community members seek the help of the group in matters like credit, education, business etc	Yes/No	Probe for instances	Document details

Scoring: 2 points for 6.5 and 6.6; 1.5 points for each of the rest

Rating: 0 - 4 = Weak; 4.5 - 7 = Moderate; 8 - 10 = Good

7. MICRO-ENTERPRISES

	Item	Status	Ask/observe	Observation
7.1	At least 25% of members have acquired new skills/improved existing skills after joining the group	Yes/No	Ask about training attended, what have they learnt, how they are using the knowledge?	
7.2	At least 50% of members have set up new micro-enterprises /expanded their existing micro-enterprises after joining group (either an individual enterprise or a group enterprise)	Yes/No	Ask details: what, when, why, where, turnover. If a group enterprise, highlight the management of interpersonal relationships	
7.3	These micro-enterprises are yielding income as members expected at start	Yes/No	Any enterprise closed or on the verge of closure? Will they continue and expand the IGA? If most IGAs are OK, write Yes	Document details
7.4	These micro-enterprises are running without being seriously constrained by marketing problems	Yes/No	Ask about marketing networks and channels, problems therein. If most enterprises have no marketing problem, write Yes	Document details
7.5	Group has established the linkages for successful working of the enterprises	Yes/No	Obtain details about the linkages and the constraints	Document details

Scoring: 2 points for each item

Rating: 0 - 2 = Weak; 4 - 6 = Moderate; 8 - 10 = Good

8. NETWORK AND LINKAGES

	Item	Status	Ask/observe	Observation
8.1	Group has made consultations with Departments of Agriculture/Animal Husbandry/Soil Conservation officers for pursuing on-farm activities	Yes/No	E.g. visited block agricultural officer, obtained information from Krishi Vigyan Kendra	Document details

8.2	Group has contacted DRDA/ other agency for information and support	Yes/No	When, why, why not, what?	Document details
8.3	Group has held meetings and consultations with other SHGs in the same or neighbouring village	Yes/No	When, how, for what, why not?	Document details
8.4	Group has organized community events on special occasions	Yes/No	E.g. international women's day, Van Mahotsav, independence day	Document details
8.5	Group has regular consultations with VRMC	Yes/No	Ask for instances and how it was done; what was the result?	Document details

Scoring: 2 points for each item

Rating: 0 - 2 = Weak; 4 - 6 = Moderate; 8 - 10 = Good

9. PLANS AND VISIONS

	Item	Status	Ask/observe	Observation
9.1	Group has a plan to improve its corpus funds	Yes/No	If yes, what, when, how? If not, why not?	
9.2	Group has a plan to diversify IGAs	Yes/No	What, how, when, why not?	
9.3	Group has a plan to increase its social activities (e.g. education, community amenities, help to the poorest)	Yes/No	When, how, for what, why not?	
9.4	Group has plans to sustain itself when support from the project is not available	Yes/No	What, how, why not?	
9.5	Group has plans to utilize/invest its surpluses	Yes/No	What and how?	

Scoring: 2 points for each item

Rating: 0 – 4 = Weak; 6 = Moderate; 8 - 10 = Good

OVERALL CAPACITY INDEX: 0 - 4 = Weak; >4 - 7 = Moderate; >7 - 10 = Good

