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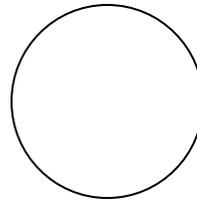
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MESSAGE

I am glad that Mission Shakti in collaboration with CARE – INDIA has prepared “Empowered Woman – a Vision Document for micro-finance in the State of Orissa” which focuses on the ways and means for achieving our goal of women empowerment through properly coordinated micro-finance activities.

I am sure this Vision Document will prove to be the guiding star for Mission Shakti and all other stakeholders striving for the cause of women empowerment.

(NAVEEN PATNAIK)

Smt. Pramila Mallik

Minister

Women & Child Development Department
Government of Orissa

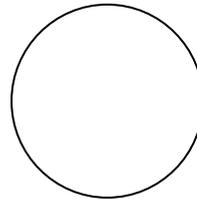
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MESSAGE

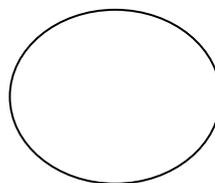
I am glad to learn that the Mission Shakti launched in March 2001 has successfully entered its next phase for 2004 – 2008. A vision document for microfinance in Orissa for this phase is getting in to public domain.

I am sure this vision Document will certainly act as a guide and help all concerned to achieve the objectives and the vision of empowered woman and prosperous Orissa.

I wish the conference a grand success.

(PRAMILA MALLIK)

Dr. Satish B. Agnihotri, IAS
Commissioner Cum Secretary
Women & Child Development Department
Government of Orissa



PREFACE

The Vision Document for Microfinance in Orissa is placed before you. It coincides with the second phase of Mission Shakti i.e 2004-08. Preliminary reading of the report will itself reveal that the quantitative targets in terms of two basic activities; forming of Women's SHGs and creating credit linkage for them will be achieved, in fact, over achieved. And it is precisely this fact that calls for a fresh look at what we should do; complacency has no place in the scheme of things.

Self – help evolve through different phases, savings, internal lending, productive activities at subsistence level, credit linkage, surplus production, engagement with the markets whether through a supportive or an exploitative market chain and finally to an enhanced of empowerment beyond the realm of the economic into the social and perhaps the political.

In the initial phase of SHG movement, these stages were assumed to be necessarily sequential in nature. This need not be so. In the twentieth century 'parallel processing' is quite commonplace in IT, it can be so in the SHG movement too. Mission Shakti has to address these different facets of the SHG evolution simultaneously.

This calls for availability of a credible data-base updated periodically and analysed regularly. As an 'umbrella' organisation, we may have to pro-actively reach out to different players in this field, for there are a large number of them, and co-ordinate the activity of promotion of women's SHGs. Once this is done the data has to be analysed for informing the policy and to do evidence based advocacy for improving the scope of work of the WSHGs.

The sheer expansion in the number of SHGs, necessitates that we decentralise. A single organisation can not handle the complex and multi-faceted task of women's empowerment all alone. It is necessary that intermediate levels are created and supported to carry out such a task. Such levels can be at the Government level, each district has to have a trained and designated officer to look at the WSHG activities. It could be in the SHG sector itself through cluster level or sectoral federations. It could be in the NGO sector through Self Help Promoting Institutions (SHPIs) including micro-Finance Institutions (mFIs). This needs a serious thought and effective execution, sooner rather than later.

With such an apparatus in place and even otherwise, one needs to address the issue of standardised maintenance of information and account keeping. But at the same time some flexibility has to be offered, perhaps at the district level in the formats prescribed. This is a tight rope walking, but Mission Shakti has to walk it anyway.

Above standardisation alone will call for considerable training efforts leave aside the training needs for skill up-gradation, product diversification, quality control and above all engagement with markets. A parallel set of efforts have to go in the training and sensitisation of the SHGs in issues beyond the economic realm; concerns like health, nutrition, sanitation and literacy. Although sensitisation of the SHGs may not be a panacea for all ills of the society, and we must not entertain too romantic a view on it, this still has a useful role to play in improving women's lot.

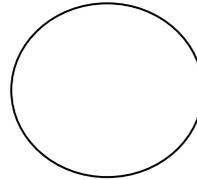
The SHG movement has to make its major presence felt in the most tricky of the domains; the markets. In most self employment programmes the system dissipates much of its energy in the classical sequence of beneficiary identification, training, asset transfer and production'. By the time it comes to markets its energy is exhausted, the market chain laughs all the way to the profit in its till riding on the back of the production potential created thanking the self employment programme of the Government.

We therefore need to urgently think of different means of engaging with the markets. While participation in exhibitions and sale through 'show rooms' may have their own use, the larger markets have to be tapped whether within the Government e.g. the Mid-Day Meal scheme or the wholesale markets in private sectors or the export markets in different commodities. This calls for efforts in the NGO sector, the government structures with build risk averse mechanisms are not the best market promotion agencies. The SHPIs have a role to play here by developing marketing opportunities through trained professionals. This will also necessitate a trained cadre of persons for quality assurance, product upgradation, design inputs and the like.

In the end of course, a sobering thought needs to guide all of us. WSHG movement does not necessarily make a big dent in the society in economic terms; the entire credit flow to the sector in one year may be less than the cost of a medium irrigation project. Where it makes a difference is in the social empowerment of the women whether in the household or in the society. Some scholars of the movement have observed that savings have a far stronger empowering effect on women than credit. Some others have raised concern about the volume and the pace of credit flow to different groups that could cause disharmony within the groups. These issues have to be faced as we move along the learning curve. I am sure the vision document will provide a useful input in achieving overall development of WSHG movement in Orissa and making the Mission Objectives of Mission Shakti a reality.

(S.B.AGNIHOTRI)

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11 JYST 1927 (S)
1ST June 2005

MESSAGE

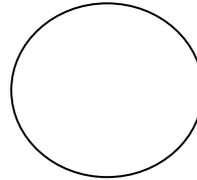
It gives me immense pleasure that Mission Shakti, Government of Orissa in collaboration with CARE INDIA has prepared “Empowered Woman – A VISION DOCUMENT FOR MICROFINANCE IN ORISSA which shall be released by the Hon’ble Chief Minister of Orissa in the micro-finance convention Orissa Conference to be held on 7-8th June 2005.

In this context, CARE INDIA have done much research work in ringing this VISION DOCUMENT which will be of much help to NGOs, micro-finance institutions as well as bankers.

State Bank of India through its vast rural network has been providing support in the field of livelihood development in the State of Orissa through micro-finance and is committed to strengthen it further through Self-Help Group movement.

(V.S.G. Chandra Sekhar)

B.K.Bose
General Manager



Small Industries Development Bank of India

OCHC Building, 4th Floor, Near Ram Mandir, Janpath, Bhubaneswar – 751 001

June 1, 2005

MESSAGE

I am glad that **MISSION SHAKTI**, Govt. of Orissa along with **SIDBI** and **CASHE**, **CARE INDIA**'s micro finance programme is holding a two-day State Level conference on "Micro-Finance Orissa" in Bhubaneswar during June 7-8, 2005 and a Vision Document for micro-finance in Orissa prepared by Mission Shakti in collaboration with CARE INDIA is being released on this occasion.

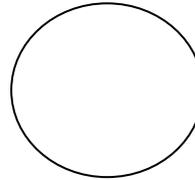
One of the biggest revelations in the last two decades has been the finding that the poor can save, can borrow and can repay loans. Micro finance, founded on this concept, is being nurtured by NGOs, financial institutions and the Government, in partnership, to deliver sustainable financial services to the poor for improving their standard of living. Orissa is poised for making a visible impact by effective use of micro finance tool adopting best practices in the sector.

I am sure all the stakeholders would take effective actions and new initiatives to achieve the goal set in the **VISION DOCUMENT** and thereby contribute to the Millenniums Development Goals of reducing poverty by half by 2015.

(B.K.Bose)

B.R.Chauhan

Dy. General Manager
Cum
Convenor, SLC, Orissa



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1ST June 2005

MESSAGE

It gives me immense pleasure to learn that Mission Shakti Govt. of Orissa in collaboration with CARE INDIA is going to release “EMPOWERED WOMAN, A VISION DOCUMENT FOR MICRO FINANCE IN ORISSA” on 7th June 2005.

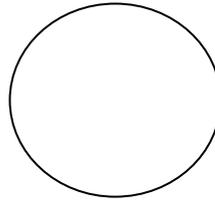
It coincides with the year of Micro Credit as 2005 is observed as year of Micro Credit by UNO

This document will work as a reference manual for all the stakeholders of Mission Shakti while pursuing their activities for strengthening Micro Credit Expansion through Women SHGs in the state.

I request all the Bankers in the state to put their heads together to Credit Link as many as Women SHGs in the state by 2008 to make Women economically empowered for their sustainable economic growth.

(B.R.Chauhan)

DSmt. Aparajita Sarangi, IAS
Director Mission Shakti
Women & Child Development Department
Government of Orissa



From Mission Director's Desk.....

On 18th November, 2004 the United Nations launched the International year of Micro-credit (2005). Its official press release declared this move as, an effort to build support for making financial services more accessible to poor and low income people. Stanley Fischer, Vice Chairman of Citigroup and Chair of the advisors' group for the International Year of Micro Credit, said "Today the world's Stock Markets are focussing on the people to whom this year is dedicated: Micro-finance clients".

In September, 2004, Grameen Bank in Bangladesh went one step further in its much-acclaimed endeavour in poverty reduction through Micro-Credit, by equipping beggars in city streets with mobile phones. The plan is that beggars would offer the phone to passers-by to make calls for a fee.

At home, Mission Shakti, a Self-help mission for empowerment of women, was launched by Hon'ble Chief Minister on 8th March, 2001. Mission Shakti, which I like to refer to as a campaign and not a routine programme of Government is much more than micro-credit and micro-finance. It aims at holistic empowerment of women, economic upliftment being a significant step in the ladder.

In more than four years of Mission Shakti, we, in all humility, can talk of "many feathers in the cap". By 31st March, 2005, 1,55,412 SHGs have been formed in various districts with 19,27,420 members, the average size of the group being 15. While Rs.110.81 crores are the savings accrual, Rs.343.00 crores have been advanced as credit by banks to 1,47,951 SHGs i.e., 95% of the SHGs have been credit-linked. Most of the SHGs are into some economic activity or the other. Clusters/federations have also started to be born at various places. Capacity building and skill upgradation are our focus areas. Various poverty alleviation

schemes as well as awareness generation programmes are being implemented through SHGs. At most of the places, they have taken up cudgels against social ills. Confidence enhancements due to self-reliance is a natural outcome of the entire exercise.

I remember having met twelve members of Kalinga Self-Help Group of Banapur Block in Khurda district very recently. They could not hide their elation when they informed me about Rs.8, 000/- being the profit accrual last month. This group consists of young unmarried girls who were forced to discontinue their studies mainly because of social and economic reasons. Found in 2001 the group started its thrift activities and went about it with some degree of religiosity. No wonder, within 3 (three) years they could accumulate impressive amount as their savings. Thanks to the liaisoning with Kalinga Business Development Federation (KBDF) in September, 2004, these enthusiastic girls took up the job of manufacturing homeopathic plastic bottles. The total investment made by them in October, 2004 was Rs.40, 000/-, totally out of their kitty of savings. Rs.35, 000/- was spent in purchasing two machines and Rs.5, 000/- was the cost of raw materials and then the journey began in true sense of the term. Interestingly, before venturing into this business the SHG was intelligent enough to enter into an agreement with KBDF for buy back management of their finished product. Their elation is justified.

With all that has been achieved, Mission Shakti decides it is time- time to take stock of the situation, go for self-analysis and set definite goals for itself. And, therefore, there arose the need of this Vision Document.

“EMPOWERED WOMAN-A VISION DOCUMENT” is a joint effort of CARE-INDIA and Mission Shakti. It highlights those “left-out” or “less attended” areas which demand the attention of all of us working for strengthening Mission Shakti. Exploration of the possibility of more and more marketing tie-ups, need- based skill upgradation training, ways and means to ensure sustainability of this movement through formation of clusters and federations, uniform methodology of book-maintenance, gradation of all SHGs, steps to strengthen the ‘not so good ones’ and motivation of SHGs to augment their income by going for multiplicity of economic activities are some of the issues we need to concentrate on. Needless to say, the thrust on formation of more and more groups only must undergo a shift. Formation and consolidation must go hand in hand. And last but not the least, Mission Shakti does need to come up as an umbrella under which all SHGs promoted by various agencies – NGOs, GOs and banks thrive. We need to supplement each other’s efforts and not enter into fruitless competition.

This Vision Document has been prepared with lot of background work so as to act as ‘a guiding star’ for all of us working for Mission Shakti.

Mission Shakti gratefully acknowledges the valuable inputs received from **Dr. S.B. Agnihotri, IAS**, Secretary to Govt., W&CD Department, Govt. of Orissa who was kind enough to write the Preface of the Document.

But this Document could have not been possible without the tremendous support received from **Mr. Steve Hollingworth**, Country Director; **Mr. Daniel Sinanthanby**, Asst. Country Director (SED); **Mr. Vipin Sharma**, Director, micro-Finance, **CARE-INDIA** and the **Orissa CASHE Team** including **Smt. Priya S. Mahapatra**, Programme Manager. **Dr. Amulya K. Mohanty** and **Mr. C.Upendranath**, CARE-INDIA, CAHE Project however, deserve special mention; their hard work and persistence in creating this Document are worth appreciation.

I hope that this Document will serve the purpose for which it has been prepared.

LIST OF ABBREVIATIONS

APITCO: Andhra Pradesh Industrial Technical Consultancy	DGM : Deputy General Manager
APMAS: Mahila Abhivrudhi Society, Andhra Pradesh	DTP : Desk Top Publishing
BAGB : Bolangir Anchalika Gramya Bank	DWCD : Department of Women and Child Development
BDS : Business Development Services	EDA : Enterprise Development Agencies
BIRD : Bankers Institute of Rural Development	EDP : Enterprise Development Programme
BISWA : Bharat Integrated _____	EU : European Union
BMASS: Block Mahila Anchalik Sanchayika Sangha	FARR : Friends' Association for Rural Reconstruction
CASHE: Credit and Savings for Household Enterprise	FIR : First Information Report
CB : Capacity Building	FSS : Financial Self Sufficiency
CBI : Capacity Building Institute	FWWB : Friends of Women World Banking
CB-mFI: Community Based micro-Finance Institution	GIC : General Insurance Companies
CBO : Community Based Organization	GO : Government Organisation
CDF : Cooperative Development Foundation	GM : General Manager
CENDERET:Centre for Development Research &	HDFC : Housing Development Financial Corporation
CGM : Chief General Manager	HLL : Hindusthan Lever Limited.
CRS : Catholic Relief Services	ICM : Institute of Cooperative Management
CYSD : Centre for Youth and Social Development	IGSSS : Indo German Social Service Society
DCCB : District Central Cooperative Bank	INGO : International Non Government Organisation
DDMs : District Development Managers	IRDA : Insurance Regulatory & Development Authority
DEIS : Development Education International	IRV : Independent Rural Volunteer
DFID : Department For International Development	KAGB : Kalahandi Anchalika Gramya Bank

KBK	: Kalahandi, Bolangir, Koraput	OSCB	: Orissa State Cooperative Bank
KPGB	: Koraput Panchabati Gramya Bank	OSHC	: Orissa Self Help Cooperatives
KVIC	: Khadi and Village Industries Corporation	OSS	: Operational Self Sufficiency
LIC	: Life Insurance Corporation	OTELP	: Orissa Tribal Empowerment and Livelihood Project
LOD	: Loan Over Deposit	PDS	: Public Distribution System
LPG	: Liquid Petroleum Gas	PPCS	: Poultry Producers Cooperative Society
MACS	: Mutual Aided Cooperative Societies	RGB	: Rushikulya Gramya Bank
MCID	: Micro-credit Innovation Department	RGVN	: Rashtriya Grameen Vikas Nidhi
MDM	: Mid Day Meals	RMK	: Rashtriya Mahila Kosh
mE	: micro-Enterprise	ROI	: Return on Investment
mF	: micro-Finance	RPA	: Return on Performing Asset
mFI	: micro-finance Institution	RRB	: Regional Rural Bank
MIS	: Management Information Service	RWI	: Rural Welfare Institute
MPCS	: Milk Producers Cooperative Societies	SBI	: State Bank of India
NABARD	: National Agricultural Bank for Rural Development	SC	: Savings Credit
NAFED	: National Federation	SFMC	: SIDBI Foundation for Micro-Credit
NBCFDC	: National Backward Castes Finance Development Corporation	SGSY	: Swarnajayanti Gram Swarajgar Yojana
NBFC	: Non-Banking Financial Corporation	SHG	: Self Help Groups
NGO	: Non Government Organisation	SIDBI	: Small Industries Development Bank of India
NPA	: Non Productive Assets	SIRD	: State Institute of Rural Development
NTFP	: Non Timber Forest Produces	SLBC	: State Level Bankers Committee
OD	: Organisational Development	SMCS	: Swayamshree Micro-Credit Services
ORMAS	: Rural Marketing Society	TOT	: Training of Trainers
ORUPA	: Orissa Rural and Urban Producers Association	TSP	: Technical Service Provider

UNDP : United Nations Development Programme

UNICEF: United Nation International Children Emergency Fund

WETSH: Women Empowerment Through Self Help

WFP : World Food Programme

WORC : Western Orissa Resource Centre

WORLP: Western Orissa Rural Livelihood Project

WSHG : Women Self Help Groups

WSHG : Women Self Help Groups

XIM : Xavier Institute of Management

Woman Empowerment in Orissa & Orissa State micro-Finance Vision: An Introduction

1.1 Evolution of the Self Help Movement in Orissa – a brief history

The SHG movement in Orissa has become almost synonymous with economic empowerment of women. A significant issue associated with the economic empowerment of women is an understanding of their legal, judicial and social rights and entitlements. While efforts from various institutions in the state towards poverty reduction and women's empowerment have not been lacking, the impact has fallen short of expectations. Despite being one of the most naturally endowed states in terms of natural resources, Orissa has one of the highest incidence of poverty in the country with 47% households below the poverty line¹ compared to all India average of 26%. Poverty and backwardness of women in the state are mammoth in proportions that need for redressal. Women and children suffer more on account of poverty. Illiteracy, social and material deprivation, dependence on agriculture and non-timber forest produces for livelihood, lack of avenues for supplementary income, coupled with physical distances from the centres of development and developed markets contribute towards overall poverty, the major brunt of which is faced by women. Female literacy rate in the State has consistently been lower than that of the males. Though the female literacy in the state reached 50.5 % in 2001, it is still lower than the national average of 53.7%. Further, only 31.34% of the total workers in Orissa are women. The main workers and marginal workers among female constitute 35.41% and 64.59% of the total female workers respectively.² The un-organised primary sector, which includes agriculture, animal husbandry, fishery, forestry, mining and quarrying, plantations and allied activities absorbs as much as 74% of the total female workers. Nearly 8.5% of the female workers are engaged in household industries, and other sectors of the economy provide employment to 17.5% of female workers.³ Though women constitute an important segment of the labour force, the unpaid economic activities of women and their contribution in the domestic sector remain unreported and go largely unrecognised.

¹ Census of India, 2001

² *Ibid*

³ *Ibid*

While the self-help movement in Orissa has been a direct consequence of the goal towards empowerment, under the present circumstances, a lot remains to be achieved in terms of overall improvement of women's lot. There are winds of positive change blowing. When Reena Mahanand from a SHG in Sambalpur becomes the National Winner of City Group micro-enterprise award,⁴ there is obviously room for hope. When the mothers of Kalahandi get out of their home & hearth & contest elections & address their problems at public, we cannot but be happy. Or for women rights, when Sumani Jhodia shares the dias with the Chief Minister of Orissa, Mr. Naveen Patnaik, in the 1st micro-Finance convention,⁵ we could only appreciate wide-eyed, the courage & confidence of this lady.

One of the effective interventions, able to tackle the issues of poverty and women empowerment concurrently and demonstrate encouraging results, has been micro-finance. In Orissa, micro-Finance has emerged over the last five years as one of the fastest growing and most promising interventions addressing the issues of women's empowerment and poverty reduction.

While NGOs (Non-Government Organisations) pioneered this movement in the mid nineties, the Government, realising its potential, has since then come forward to strengthen the existing SHGs and developing new ones in order to give the SHG (Self Help Group) movement a boost in the state. A step towards this end is the launching of Mission Shakti on 8th March 2001 for empowering women through Self-Help. This "mission" approach resulted in a substantial increase in the number of SHGs promoted in the state. Through 'Mission Shakti' the Government found a co-ordination mechanism to enable it to take upon itself the primary role of facilitating formation and strengthening of SHGs.

1.1.1 NGO-Initiatives

The NGO sector in Orissa gained momentum in the early eighties for its socio-economic programmes, especially in developing and promoting people's organisations and community centred activities. Establishment of grain Bank, Seed Bank, Community Fund and formation of committees such as Village Health Committees, Joint Forest Management Committees etc. to protect the interest of the communities were among the activities that were undertaken. NGOs have played a significant role in addressing issues of women's empowerment in the state through savings in the form of kind and cash which began in mid-eighties

⁴ City Group micro-enterprise Award, 2005

⁵ 1st Orissa micro-Finance Convention, CARE, 2002

involving women members of the households by forming “Mahila Mandals”. This was initiated for collective learning and to act as vehicle for fostering collective bargaining by some of the leading NGOs like CYSD (Centre for Youth & Social Development), Gram Vikas, PREM and Fellowship during early 1990s. Gradually, the savings in kind grew by early nineties and the concept of SHG became popular towards the mid-nineties. These institutions provided a firm base for dialogue and co-operation in programmes with other institutions like government departments and PRIs.

The entry of NABARD in Orissa to support SHG activities in mid-nineties did encourage the bankers and NGOs to strengthen their SHG programmes. As the pilot project of NABARD in linking SHGs with banks gained momentum after 1992 in the southern parts of the country, SHGs became popular in Orissa too as a cost effective credit delivery system. NGOs in Orissa realised SHG as a viable means for socio-economic development of the rural poor, especially the women; they started promoting SHGs in their respective operational areas. But, as the concept was new to them, a countable number of organisations were involved in SHG promotion. A few organisations like Adhikar in Khurda, Darbar Sahitya Sansad in Puri, Antodaya and Parivartan in Kalahandi, Vikalpa in Bolangir, Sundargarh Zilla Mahila Parishad in Sundargarh; MASS (Manav Adhikar Seva Samiti) in Sambalpur, Dhakota Yubak Sangha in Keonjhar, Samuha Vikash and Gania Sishu Rajja in Nayagarh took up SHG promotion seriously and linked them with Banks. Further, under the auspices of a capacity building project sponsored by DIAKONIA, CENDERET (Centre for Development Research & Training) facilitated formation of over 800 groups in the KBK (Koraput, Bolangir and Kalahandi) districts through networks of district level grassroots NGOs.⁶ However, till 1998 when 1043 cumulative number of groups were linked with Banks in the state, only 105 groups were found linked with the banks in the Western Orissa districts.⁷

Subsequently, the sectoral focus on micro-credit by RGVN (Rashtriya Grameen Vikash Nidhi), SFMC (SIDBI Foundation for Micro Credit), CASHE (Credit And Savings for Household Enterprise) and other donors encouraged more and more NGOs to take up micro-finance programmes in the state.

⁶ Annual Report, Capacity Building (DIAKONIA), CENDERET, 1998

⁷ Progress of SHG Bank Linkage in India, NAARD, 1998

Apart from this, with the support from European Union and CORDAID, XIM-CENDERET has been implementing a project “Women Empowerment Through Self Help’ since 2000 by organising the women into self help groups, building up their capacities, linking the groups with Banks through 60 NGOs in 12 district of Orissa. Even it has developed a tool to measure the degree of empowerment among the women.⁸

Major donors like UNDP (United Nations Development Programme), DFID (Deptt. of International Development), EU (European Union), WFP (World Food Programme) and INGOs (International Non-Government Organisation) like CARE, IGSSS (Indo German Social Service Society), Action-Aid etc. are implementing projects through the support of the local NGOs for promotion and strengthening of SHGs. Another recent phenomenon observed has been setting up of mFIs in the state by NGOs.

1.1.2 Govt. Initiatives

Women & Child Development (W&CD) Department, Govt. of Orissa is the largest promoter of programs related to women’s empowerment in the state. Two main programs being run by the W&CD Deptt. are the ICDS (Integrated Child Development Scheme) and Women Development Program (WDP). ICDS is being run in all the 314 blocks in all the 30 districts of the state addressing issues of child survival and safe motherhood, implemented through ‘Anganwadi Centres’ at the village level. Currently the program covers 34,201 Anganwadi Centres.⁹

Women Development Program has been started in the state with the objective of social, political and economic empowerment of women. A structured approach with defined focus on women’s empowerment came with the launching of Mission Shakti in 2001. Since then SHG approach remained the front runner in carrying forward the W&CD Deptt.’s vision and mission to take the services to the rural women. The SHG program is now integrated with other programs of WCD - sexual health, adolescent development and capacity building of women. The Government programmes such as RMK (Rashtriya Mahila Kosh), SGSY (Swarnajayanti Gram Swarojgar Yojana) and “Swayamsiddha” etc. and of late Mission Shakti have influenced the micro-finance scenario in Orissa. Over the past 10-15 years, public policy on poverty alleviation has focused strongly on mF initiatives with substantial thrust on subsidy.

⁸ Annual Report, WETSH, CENDERET, 2002

W&CD Department, Govt. of Orissa with its massive reach and infrastructure in the state is well poised to play a significant role in the SHG movement in the state. Through Mission Shakti, the government's efforts have been in the areas of promotion, capacity building and enhancing marketing opportunities for women entrepreneurs so that they would be able to enhance their income generation opportunities. The Mission has an objective of empowering women through formation and promotion of over two lakh women SHGs by 2008 and strengthening the already existing ones by providing capacity building support and facilitating credit linkages for income generation. Till March 2005, under the umbrella of Mission Shakti, 1,55,412 WSHGs (Women Self Help Groups) have been formed with a cumulative savings of Rs.110.81 crores¹⁰ and of them 1,48,471 WSHGs have been credit linked with banks (Rs.175.39 crores).¹¹ As per the information available with Mission Shakti, out of the total 1,55,412 groups formed, the ICDS and other block staff have formed 70.14% (1,08,027) groups.¹² Under Swayamsiddha, a Govt. of India aided programme, 3600 SHGs have been formed in 36 Blocks of 9 districts of the state.¹³

The state Cabinet also gave its approval for the Orissa Self Help Cooperative (OSHC) Act 2001 expecting to contribute greatly to the women SHGs in Orissa, especially the micro-finance activities and initiatives. Besides, this Act has enabled legal status for SHGs, cluster and federation for promoting self help, self-reliance, mutual aid, autonomous, voluntary, democratic business enterprises, to be owned managed and controlled by women to address issues of economic and social empowerment. As of 20th May 2005, 407 no. of cooperatives have been registered under the new act, out of which 403 are primary cooperatives and 3 are secondary cooperatives. Apart from this, 12 no. of cooperatives registered under Cooperative Societies Act 1962 have also been converted to the new generation cooperatives registered under the OSHC Act.¹⁴ Recently Govt. of Orissa brought amendments in the membership criteria of the Cooperative Societies Act 1962, which at this moment provides legal sanction to SHGs for being enrolled as a member of cooperative society for collective economic action.¹⁵

Moreover, as an expression of Government concern for SHGs, the stamp duty charged from SHG at the time of loan advancement by banks has been waived.

⁹ Source: Directorate of Social Welfare, Deptt. of Women & Child Development, Govt. of Orissa

¹⁰ Mission Shakti Monthly Progress Report, March 2005

¹¹ Bank Wise Financing under SHGs as on 31.03.2005, SLBC, Bhubaneswar

¹² Mission Shakti Monthly Progress Report, March, 2005

¹³ Mahila Viaksh Samaaya Nigam, Deptt. of Women & Child Development, Govt. of Orissa

¹⁴ Deptt. of Cooperation, Govt. of Orissa

Building up cluster at the GP (Gram Panchayat) level, federation at the block level and confederation at the district level is another initiative undertaken by the State Government to strengthen the potential of women collectives. At present 2939 clusters and federations have been promoted by Govt. officials in 22 districts out of 30 in Orissa.¹⁶ Though majority of the clusters and federations are at the premature stage, experiences in this regard has been encouraging, especially in fostering community owned and controlled financial institutions for self reliance of women in Ganjam.¹⁷

1.2 Issues revolving around Women Empowerment and micro-finance

Though there has been a remarkable growth in the number of SHGs in the state and increasing micro-finance delivery channels with the involvement of Govt. NGOs and SHPIs, their sustainability and quality have emerged as a significant issue over the years. Moreover, the approaches adopted by various micro-finance practitioners, agencies are highly diversified by nature. Hence sustainability aspect of all such approaches remain question-worthy. However, several SHPIs have taken micro-finance very seriously and are pursuing to be more sustainable and a few have even obtained legal registration for mF programme. NGOs along with government realised that micro-finance is one of the major tool for poverty reduction. But NGOs dealing with micro-finance programmes are still finding it difficult as to understand where to go next in the absence of adequate handholding / promotion support. One school of thought is that access to credit by the poorest of the poor is the objective of micro Finance (mF) practices whereas some say credit is meant for productive use thereby enabling the family earn more, employ more and develop a habit of repayment for further linking to mainstream financial institutions and so on and so forth. Again on legal front despite the OSHC Act 2001, there is a long way to go with regard to proper legal option for micro-finance operations in the country including Orissa.

1.3 Objective of bringing out a State Vision Document for micro-Finance

Though several Government, national and International donors are operational in the micro-finance sector in the state, each player has its own strategy for addressing the core issues but unfortunately the impact is far less than the sum total of all the efforts, commendable though they individually might be. The time has come, therefore, to take stock and evaluate the progress made the gaps as they exist and then devise a plan to move forward in a

¹⁵ The Orissa co-operative Societies (ammendment) Bill, 2004

¹⁶ Mission Shakti Monthly Progress Report, March, 2005

¹⁷ Annual Report District Mahila Anchalika Sanchayika Sangha

cohesive and well thought out manner. Hence, the need for a shared long-term vision for micro-finance in the state – a vision which would provide a comprehensive perspective and enable the government and other stakeholders to facilitate a systematic growth of the sector. A vision that would provide all those involved in micro-finance with a road map to follow where each stakeholder chart is plotted to achieve a common developmental agenda for poor women in the state. It is with this in mind, that Mission Shakti has embarked on the process of developing a State Level Vision for micro-Finance in Orissa.

1.4 Methods Adopted for Preparation of this document

The vision document has evolved through a participatory approach – a process of consultations, discussions, and interviews with all the stakeholders, series of workshops, which have been mentioned below.

- Consultative workshop with key stakeholders viz. NABARD (National Agricultural Bank for Rural Development), SIDBI (Small Industries Development Bank of India), RRBs (Regional Rural Banks), Leading mFIs (micro-Finance Institutions), SLBC (State Level Bankers Committee), Government Projects, MVSN (Mahila Vikash Samabaya Nigam), CARE
- In-depth interviews with heads of major stakeholders like SBI, NABARD, SIDBI, SLBC, CDF (Cooperative Development Foundation), Marketing Institutions, Capacity Building Institutions, Research Institutions, Consulting Firms
- Field visits to districts of Ganjam, Rayagada, and Sundargarh for discussions with the Collectors and other government functionaries
- Workshop with leading NGOs, mFIs and SHPIs (Self Help Promoting Institutions).
- Workshop with all the Chairmen of RRBs and key personnel of their sponsored Banks in the state.
- Interface with representatives of SHGs from across the state
- Discussions with Government Departments including Department of Panchayati Raj, Department of Women and Child Development, Co-operation Department.

The views and inputs of the various stakeholders consulted, as mentioned above, have been incorporated into this document to make it a comprehensive Vision Document for micro-Finance in the State. Apart from these, annual reports, strategy papers, focus papers of almost all the stakeholders have been referred to.

This document provides a comprehensive analysis of the sector in the state and articulates the vision and strategies from the perspective of the government and all stakeholders. And therefore, this document, it is hoped, would enable stakeholders to devise operational strategies and actions for the synergy in promotion of micro-finance in the state. However, the document does not intend to paint an unrealistic picture of mF being a panacea of all ills. Yet, it seeks to recognise the high potential that micro-Finance has, in improving women's lot in the field.

Main Stream Financial Institutions & SHG-Bank Linkages in Orissa

2.1 Progress and Current Status

A number of main-stream financial institutions like NABARD, SIDBI, HDFC, Commercial Banks, RRBs and DCCBs are involved in extending micro finance services in the state. Linking quality SHGs to bank for accessing credit has been one of the major routes of financial intermediation which started in India during the early 1990s with NABARD providing refinance facility to the banks. While Orissa being a late starter of the SHG movement, there has been substantial progress over the years in SHG-Bank linkage. In Orissa, since 1994, banks have been providing such linkage to eligible groups in a small way. While 20,553 SHGs (cumulative) were linked by 2002, the situation changed substantially during the past 2 years and reached 77,588 as of March 2004 and 1,48,481 by the end of March 2005.¹⁸

It is gratifying to note that Orissa stands first in the Eastern Region in linking of SHGs with credit linkage exceeding the milestone of one lakh mark by November 2004¹⁹. The share of bank linkage (77,058) as of March 2004 to the total number of SHGs formed in the state (1,19,994) is about 64.22%. This is still higher at 95.54% when we look at the position as of March 2005 (1,47,951 groups credit linked out of 1,55,412)²⁰. Still the state has demonstrated a lukewarm response towards SHG-Bank linkage when compared to the all India statistics. Out of the total groups linked in the country (10,79,091) with credit disbursement of Rs.3905 crores as of March 2004, only 7.14% of the groups (77,588) are linked in Orissa with a credit disbursal of Rs.67.65 crores (4.29%). Of the total linked groups in the country (approximately 15.7 lakhs) with credit disbursement of Rs.6600 crores as of March 2005, 9.42% of the groups have been linked in Orissa with credit disbursement of Rs.343.04 crores²¹. This shows that Banks in Orissa in the past were not been very proactive in this portfolio.

¹⁸ Bank wise Financing under SHGs as on 31.03.2005, SLBC, Bhubaneswar

¹⁹ Orissa State Focus Paper, 2005-2006, NABARD p.26

²⁰ Mission Shakti Monthly Progress Report, March 2005

²¹ Bank wise Financing under SHGs as on 31.03.2005, SLBC, Bhubaneswar

Within the state, there are regional variations not only in terms of group formation but also in terms of SHG-Bank linkage. It is to be noted that the spread of SHGs has been more in Western Orissa (26.32%) followed by Eastern Orissa (22.57%), Southern Orissa (121.75%), Northern Orissa (18.94%) and Central Orissa (10.42%).²² This bears on the linkage status as well. Of the total liked groups as on March 2005, while 30.43% groups are linked in Western Orissa, 25.06% groups in Southern Orissa, followed by 16.67% in Eastern Orissa, 16.26% in Northern Orissa and 11.48% groups in Central Orissa linked with Banks. Similarly, out of the total groups reported to Mission Shakti, while 27.55% groups are in KBK districts with linkage status of 37.30%, 72.45% of the groups are in Non-KBK districts with 62.70% of linkage status.²² More specifically, factors like special development strategy of Central and State Govt. for KBK regions and implementation of Govt. projects like Western Orissa Rural Livelihood Project in Western Orissa districts might have contributed to this. It is to be noted that response of the banking sector has also played a critical role.

Though Orissa stands fairly well in terms of number of linkages, there is long way to go in terms of financial deepening, as still we find the per SHG credit is far below the national average. The average loan per SHG in Orissa is Rs.21,756.00, which is far below the national average of Rs.36,179²⁴ as of March 2004. However, by the end of March 2005, the average lending in the state has been increased to Rs.23,186²⁵ against the national average of Rs.47,000/-.

2.2 Role of Banks

Under the overall policy guidance of NABARD, bankers are proactive in supporting SHG movement. There are three broad models under which support of bankers can be classified.

- a. SHGs formed and financed by bank branches
- b. SHGs formed by formal agencies and NGOs but directly financed by banks
- c. SHGs financed by banks through NGOs

²² Mission Shakti, Monthly Progress Report, March, 2005

²² Progress of SHG-Bank Linkage in Orissa, 2005, NABARD Unpublished data,

²⁴ Progress of SHG-Bank Linkage in India, 2003-2004, NABARD ,

²⁵ Mission Shakti, Monthly Progress Report, March, 2005

While the model a) & b) are quite wide spread, the outreach through model c) is slowly gaining ground as NGOs have enhanced their capacities and promoted separate micro finance institutions.

When it comes to performance of banks in Orissa under the above three models it can be seen that, as of March 2005, banks have promoted and financed 52,817 SHGs (42.85%) with a loan amount of Rs.1058.7588 million (42.05%), 52,884 (42.91%) SHGs promoted by formal agencies and NGOs have been assisted through direct finance of Rs.1166.9839 million (46.35%). Apart from the above two, under the NGO support model 17,555 SHGs (14.24%) have been assisted with a loan fund of Rs.292.2015 million (11.60%).²⁶

The performance of the banking sector in SHG-Bank linkage shows that RRBs (which are promoted by commercial banks) stand out as major contributors for SHG-Bank linkage. At the sametime, the commercial banks have increased their portfolio substantially as the rate of growth of their linkages are much faster compared to the RRBs during the past two years. In terms of linkage as of March 2004, Out of the total linked groups, while RRBs had linked 56.07% of the groups, Commercial banks and DCCBs had linked 33.56% and 10.47% groups respectively. Similarly, while RRBs had advanced 56.75% of the total credit advanced to the SHGs, Commercial banks and DCCBs had advanced 32.43% and 10.82% of the total credit.²³ But the dramatic change in the role of Commercial banks in linkage brought down the share of RRBs and DCCBs to 51.94% and 9.43% in terms of number of group linked with the credit advancement share of 49.77% and 9.36% respectively while increasing its own share to 38.63% in terms of number of groups linked with Banks with credit advancement share of 40.87% as of March 2005.²⁴

This reflects the fact that Commercial Banks and Regional Rural Banks are demonstrating enhanced commitment and healthy competition towards SHG-Bank linkage.

²⁶ Progress of SHG-Bank Linkage in Orissa, 2004-2005, NABARD unpublished data

²⁷ Progress of SHG-Bank Linkage in India, 2003-2004, NABARD

2.3 Role of Promoting Institutions

Mission Shakti and NGOs are major promoting agencies in the state vis a vis SHG promotion and strengthening. While the government has come out with a systematic approach to promotion during the past five years, NGOs are engaged in this agenda for many years through the support of national donors and International Donor Agencies.

Being identified by NABARD as a resource agency in the eastern region, CENDERET got involved in training of the NGOs and bankers on "SHG Promotion and Management. From 1995-96 to March 1999, it had organised 24 training programmes for the bankers sponsored by NABARD and trained 413 branch managers, senior bank staff and NGO personnel from Orissa. A MOTT (Mobile Orientation Training Team) was constituted to orient the grass roots level NGOs at the district level on micro-credit. In 1998, CENDERET felt the need of State Level micro-Finance Resource Centre to bring about a Self-Help Movement in the state by motivating more and more NGOs and banks to be involved in the linkage programme. The proposition of the institute was warmly regarded by the NABARD and to translate the propositions into reality, under the auspices of NABARD; a Resource Centre for micro-Finance was set up at XIM (Xavier Institute of Management) in April 1999.²⁵ The centre (CMF) started operating initially in 11 districts of Orissa including KBK districts. For the expansion and propagation of SHG linkage programme in Orissa CENDERET took up various tasks such as

1. Situation and agency specific interventions.
2. Building up the capacity of SHGs through training and other forms of support and to imparting training skills to NGOs for undertaking training of SHGs.
3. Converting informal groups, village committees etc., formed under different programmes into SHGs.
4. Encouraging and guiding NGOs to develop healthy relationship with bankers.
5. Organising training programme for NGOs and Banks

Under this particular project, more than 150 NGOs in 11 districts of Orissa participated without any funding assistance and brought a remarkable change in the state of Orissa in the linkage scenario upto 2001. By March 2001 before the launching of Mission Shakti, roughly more than 300 NGOs were involved in SHG Promotion

²⁵ Annual Report, CMF, Cenderet, 2000

and Management by providing training to the SHGs on leadership, group dynamics, book keeping, effective savings and credit management, and preparing them for bank linkage. Whenever bank linkage was not possible, they were borrowing loan funds from RMK and on-lending them to groups.

Along with this, during the past few years NGOs have launched several donor supported field projects to enhance outreach of financial services among the poor households. As per a conservative estimate over 70,000 SHGs are promoted by NGOs in the state though only 34,993²⁶ no. of groups have been reported to Mission Shakti. Discussion with the NGO-mFIs revealed that most of the NGOs are not providing information to the district administration in the fear of SGSY support to their groups which would ultimately disintegrate the others, which are not supported by SGSY.

There are about 225 **SHPI** branches²⁷ belonging to the nine RRBs in Orissa, which form SHGs and link them with banks. Information available with NABARD reveals that out of the total linked groups as on March 2005 (1,25,256), 52,817 groups have been formed and linked by the SHPI branches. Due to the routine banking work, bankers are not able to provide adequate time for nurturing and handholding of the groups.²⁸ Even there are large numbers of groups, which have even not undergone a single training programme.

As far as Govt. promoting institutions are concerned, a major role is played by ICDS at the block level in group formation and lot many training programmes are being organised with the support of Mahila Vikash Samabaya Nigam. However, lot of convergence is required between Govt. agencies like block and ICDS administrative set up for getting the desired results under Mission Shakti.

2.4 Role of NABARD

NABARD has been active in providing not only the refinance but also policy direction and coordination to strengthen SHG movement in the state. The state Regional Office and the DDMs (District Development Managers) of NABARD at the district level are active in undertaking promotional activities and engaged with all the stakeholders. Under SHG promotional activities NABARD has supported 97 projects to 80 NGOs in the year ending March 2004. This support is aimed at

²⁶ Mission shakti, Monthly Progress Report, March, 2005

²⁷ Interview with Mr.S.N.A.Jinnah, DGM, MCID, NABARD Regional Office, Bhubaneswar

²⁸ Progress of SHG-Bank Linkage in Orissa, 2004-2005, NABARD unpublished data

formation and strengthening of 7268 SHGs through a promotional grant of Rs.8.661 million. As per the March 2004 report, of the promoted groups a total of 2966 SHGs have been linked with banks.²⁹ It would be of interest to mention that none of the NGOs from the districts like Gajapati, Jajpur, Bhadrak, Jharsuguda and Jagatsinghpur has been provided with SHG promotional grants. However, as on 31st March 2005, 91 NGOs (cumulative) have been provided with grant assistance for formation of groups. A sum of Rs.1,36,38,950/- has been sanctioned to form 8620 groups, out of which Rs.81,67,971/- has been released and 6567 groups have been formed in both KBK and Non-KBK regions.³⁰

With a view to tap the voluntary spirit of the socially committed rural individuals and involving them in the task of promotion and linkage of SHGs, a new initiative of associating Individual Rural Volunteers has been launched in Malkangiri and Nabarangpur districts . Under this programme it was envisaged that 50 IRVs (25 in each district) would be promoting (250 SHGs in each district). A sum of Rs.6,90,000/- was sanctioned to KPGB for implementing the programme through its 20 identified branches On the basis of the success of the scheme in the region, in 2003-2004, KAGB was sanctioned a grant assistance of 3.90 lakhs for promotion of 300 SHGs through 30 rural volunteers over a period of three years in Kalahandi, Nuapara, Kandhamal and Boudh districts of Orissa.³¹

Further, to explore the possibilities of monetising the savings in kind in the form of grains, NABARD has initiated a pilot project in establishing grain banks in 17 villages of Thuamul Rampur block of Kalahandi district and linking them with Banks.³²

DEWTA (Development of Women Through Area approach), an innovative area-based programme envisaging economic empowerment of 1000 rural women in a cluster of 5 villages over a period of three years has been launched during 2003-2004. The programme is under implementation through the Rushikulya Gramya bank in Ganjam district. The total grant assistance of Rs.11 lakh has been sanctioned of which first installment of Rs.2.25 lakh has been released to the bank.³³

²⁹ Progress of SHG-Bank Linkage in India, 2003-2004, NABARD

³⁰ Progress of SHG-Bank Linkage in Orissa, 2004-20005, NABARD Unpublished data

³¹ Orissa State focus Paper, 2005-2006, NABARD, p.27

³² *Ibid*, p.16

³³ Orissa State Focus Paper, NABARD, 2005-2006, p.25

2.5 Potential for Enhancing SHG- Bank Linkages in the state

Orissa is one of the poorest states in the country with 47% of the households below poverty line. Leaving aside the totally destitute, unmobilizable families and those covered under SC/ST action plan and SGSY, the potential for organising poor into SHGs and supporting them through financial services is very high in Orissa. It is estimated that there is potential to promote another 1.5 lakh more SHGs in the state **to cover a majority all the poor women** within the fold of this movement.

NABARD in its medium term mission will also be linking at least 13 lakh additional poor families by linking about 1.15 lakh SHGs in a 3 year period ending March 2007. It is intended that the SHG bank linkage programme would be upscaled qualitatively, impactfully and profitably.³⁷

When Public Sector Bank like State Bank of India has started linking SHGs in an aggressive mode, more and more Private sector Banks and Public Sector Banks are interested to do business with the SHGs and prepared to disburse even larger amount based on the quality of groups. It is not out of place to mention that Mission Shakti has of late realised that the figure of 1.55 lakh SHGs is severe under-reporting; the contribution of NGOs and Banks has not been fully taken into account. Mission Directorate is in the job of correcting the figure and in all likelihood, the figure will cross 2 lakh **mark**.³⁸

2.6 Issues and Bottlenecks in SHG-Bank Linkage

There are several issues around SHG-Bank linkage, even though it is gaining faster momentum as an inclusive process. These issues can be seen from the perspective of three major players viz., SHG, promoting agency and bank.

³⁷ *Ibid*, NABARD 2005-2006, p.26

³⁸ Interview with Director, Mission Shakti

2.6.1 Low focus in micro-finance or lack of genuine interest in SHGs

Majority of the promoting institutions are donor driven with multi sectoral focus and not able to consider the micro-finance programme as a business proposition. By and large many NGOs consider SHG-Bank linkage as a burden and do not evince genuine interest in linking the groups in the absence of financial incentive to meet the promotional expenses.

In the RBI / NABARD guidelines under the SHG support through NGO financing, though there is flexibility in charging reasonable service charge, the norm of 2 per cent margin for NGOs when they on-lend to SHGs imposed by the banks appears to be inadequate for many NGOs who need to manage the costs within this margin. While on one side any increase in rate of interest to the SHGs may create additional burden on borrowers, bankers are not flexible in reducing the interest rate at the NGO level in order to support the promotional costs. This situation is leading to reluctance on the part of NGOs to become financial intermediaries under SHG-bank linkage.

2.6.2 Quality of Groups:

Quality of groups has become one of the major concerns in the linkage programme. The mushrooming growth of groups in the state and lack of adequate monitoring has resulted in irregular savings, irregular meetings, improper book-keeping, lack of solidarity and peer pressure in the group affecting the quality of the groups. Even the rate of mortality of groups is also increasing day by day and bankers are reluctant to link such groups. Till now no agencies including NABARD has ever tried to make a systematic study to assess the mortality rate of the groups. Though NABARD has prescribed rating formats, they are not religiously used by either the bankers or government agencies or Non-government Agencies while linking the groups with Banks except the SGSY ones. Rating or qualitative analysis of SHGs in the state as of December 2003 revealed that out of 109109 SHGs, 31837 SHGs (29%) were rated A; 15800 SHGs (14%) were rated 'B' and 61472 SHGs (57%) rated as C grade.³⁹ The quality of SHGs required lot of improvement in all those districts reporting moderate intervention in terms of capacity building. Generally, the need for quality enhancement in all the 30 districts is emphasized by all. After December 2003, no agency has ever tried to compile the grading status of all the existing groups in the state and hence information on status of groups is not available. There are several formats developed by several

³⁹ Mission Shakti : An Over View, WCD Deptt. Govt. of Orissa, dated 01.02.2005

agencies in order to grade the SHGs which need to be standardized through a process of consensus among all practitioners and used rigorously. However, Mission Shakti Directorate is currently trying to compile the gradation of SHGs in all the districts as on 31st December 2004.

2.6.3 Low credit absorbing capacity and lack of skill in enterprise

One of the constraints in credit deepening is the low credit absorbing capacity of the SHGs mostly in rural tribal areas, as majority of them is found lacking entrepreneurial skill. Except for consumption purposes, hardly any other portfolio thrives in rural areas. It is found that a large chunk of savings has remained idle in the groups. Even most of the promoting institutions do not have the requisite skill or capacity to escort the groups to micro-enterprise. In this situation, Promoting Institutions are not willing to take the risk of developing a bad relationship with banks by linking their groups.

2.6.4 Lack of enthusiasm to deal with SHGs / and exposure to SHG management and linkage

Though the rate of growth in linkage is quite high in Orissa, a major chunk of the Officers from Commercial banks, RRBs and DCCBs are still not exposed to the SHG-Bank Linkage. They opine that they suffer from limitations of time and resources, but in addition, their lack of enthusiasm to deal directly with poor and illiterate clientele do inhibit them from serving this market.

2.6.5 Variation in banking norms and lending rates

There appears to be variations in norms practised by banks while engaged in SHG-bank linkage. This, on one hand confuses the members and on the other hand, hampers the spirit of SHG-Bank linkage. For example, few bank branches are treating the savings of the SHG members as collateral for lending. A few other banks are converting the savings of the members into fixed deposit and sanction LOD (Loan Over Deposit). Further, there appears to be variation in lending rates to the NGOs and Groups among the Commercial and Regional Rural Banks, which discouraging the promoting institutions to link their groups with bank under model (b) and model (c) as mentioned earlier.

2.6.6 Squeezing and under quoting of SC ratio⁴⁰

It has been reported that in most of the banks, the bankers are squeezing and under quoting of savings credit ratio resulting in demotivation among the Groups and promoting institutions for linking the groups with the Banks. Foreclosure of the Loan Accounts in majority of the banks has also been reported.

2.6.7 Importance to Retailing than Wholesaling (bulk lending)

Almost all the banks are found giving importance to retailing (linking the groups directly with the bank) than wholesaling (bulk lending) to NGOs for further onlending them to the groups. This has not only prevented the outreach of the SHG-Bank linkage but also created dissatisfaction among the NGOs in nurturing the groups at their own cost and serving the banks.

2.6.8 Time lag⁴¹ & target approach

SHG linkage seems to be seasonal. In some cases banks take three to four months to process the loan documents and in certain cases even more than four months. This procedural delay distracts most of the NGOs and the groups from linkage because the groups do not avail bank loan timely. The loans intended for the purchase of seeds or / and fertilizers during agricultural seasons, for instance, may not serve the purpose if there is procedural delay.

2.6.9 Non-prioritization to repeat finance⁴²

Leaving aside the new groups linked in this year, out of 77,588 groups linked as of March 2004, only 11,144 groups have been provided with repeat finance of Rs.260.9222 millions with an average of Rs.23,413/- as on March 2005.⁴³ This shows that priority is not being given to repeat finance in the state. As a result out come of SHG linkage programme in terms of poverty alleviation is yet to be established.

⁴⁰ State Focus Paper, 2005-2006, NABARD, p.60

⁴¹ *Ibid*

⁴² *Ibid*

⁴³ Status of SHG Bank Linkage in Orissa, NABARD Unpublished Data, 2005

2.6.10 No Innovation

In the last ten years, under SHG-BANK linkage programme, importance has not been given to innovations in credit delivery mechanism.

2.6.11 Watershed Groups and Groups promoted by forest departments

The role of Govt. departments in the sphere of SHG movement is found to have increased especially after the implementation of watershed projects in all most all the districts. So also forest departments have been forming groups for forest protection and allied activities. In most of the cases, SHGs are formed and linked with the banks but adequate attention is not provided to strengthen the groups further and to bring financial discipline among the members. This has also enhanced the possibility of delinquency among the groups. There is a need to develop coordination mechanism to identify needs and ensure quality.

2.6.12 SGSY

Subsidy provided under SGSY creates certain operational difficulties for non-subsidised SHGs weaning them away from original SHPIs and affecting their loan repayment culture.⁴⁴ It is time to decide whether SGSY may be confined to existing SHGs on objective basis like seniority and other quality criteria like effective financial management capacity with good repaying habits.

⁴⁴ State Focus Paper, 2005-2006, NABARD p.61

Alternative Micro Finance Institutions in Orissa

3.1 Current Status

During the last decade, NGOs have dominated the retail service landscape with the most widely practiced service model being the SHGs. In Orissa, way back in 1992-93, RGVN was the first agency to have provided loan funds to hundreds of NGOs for further on-ward lending to SHGs. Post 1995, revolving grant for SHGs became an in-built component within large integrated projects of NGOs supported by donors. While many NGOs promote SHGs and remain as SHPIs, there are growing number of agencies who have entered into retail micro finance service provision to individuals and groups. Registered under different legal forms suitable to run credit operations, these new generation service providers identified the need to address outreach as well as sustainability aspect of micro finance operations.

micro-Finance Institutions such as Swayanshree Micro-Credit Society (registered under section 25 of Companies Act), promoted by CYSD; Gram Utthan and BISWA (registered under 1860 Societies Act) promoted under CARE CASHE Programme provide micro-finance services to both groups and individuals. Looking at the scope of micro-finance market, recently a few mFIs operating in other states such as Asmitha microfin Ltd., BASIX, KAS Foundation etc., have entered into Orissa recently. Among all the mFIs operating in Orissa, Asmitha Micro-Fin Ltd. It has got the largest clientele base as well as the largest loan portfolio. It is an NBFC registered with the RBI under section 45/1A in June 2002 and launched its operation in Orissa in September 2002. As on 31st May 2005, it is working in 16 districts of Orissa with 26 branches. The clientele base is 22,382. It has disbursed 13.37 crores to 19,340 active borrowers. The total loan outstanding portfolio is 7.25 crores. It has been rated with “∞” by MCRIL and has set a steady repayment rate of 100%.⁴⁵ Similarly, BASIX, a new generation livelihood promotion institution working in Orissa since last four to five years to promote a large number of sustainable livelihoods for the rural poor and women, through the provision of financial services and technical assistance in an integrated manner. The corporate structure of BASIX comprises a range of companies to address a diverse set of tasks As on March 31st 2005 “Samruddhi” of BASIX registered as a NBFC with RBI is operational in 437 villages in 2 districts (Ganjam & Nayagarh) of Orissa. The disbursement for the last financial year (2004 – 05) was Rs.6.8 crores. The outstanding as on March 31, 2005 were Rs.6.2 crores with more than 8700 active loans, out of which 31% are women. The company maintained a high portfolio quality with an on-time repayment rate of 97.3 percent.⁴⁶ FWWB (Friends of Women World

⁴⁵ Asmitha micro-fin Ltd. Khurda division, Area wise Glance as on 31.05.2005

⁴⁶ Operational Summary, Bhartiya Samruddhi Fin. Ltd. March 2005,

Banking) has come forward to direct the NGO-mFIs in the state which have multifarious development activities, towards delivering financial services in a cost-effective way. FARR in Kalahandi and BISWA in Sambalpur have already received loan assistance of Rs.30 lakh and Rs.50 lakh from FWWB.⁴⁷ RGVN also currently supports small and medium size NGOs with loan fund as well as capacity building grants.⁴⁸

3.2 Role of SIDBI /SFMC

SIDBI through SFMC (SIDBI Foundation for Micro-Credit) has emerged as a leading mF wholesaler, which is promoting sustainable mFIs for addressing the gap remaining in the rural credit system. To create a national network of strong, viable and sustainable Micro-finance Institutions from the informal and formal financial sector to provide micro-finance services to the poor, especially women, SFMC was launched as a separate branch of SIDBI in November 1998. Since then it is endeavouring to provide an institutional answer to the huge unmet demand for micro-finance and to emerge as a viable apex wholesaler. More specifically it is trying to develop a new financial system for micro-finance in the country.

As far as SIDBI's strategies are concerned SFMC provides institution building support to mFIs by making them strong, formal, sustainable and responsive; helps in shifting towards commercial source of finance, encourages investment in micro-finance by formal financial sector leading to mainstreaming of micro-finance; capacity building through reputed technical and management institutes; development of network of service providers viz. Rating agencies, TSPs (Technical Support Providers) etc.; facilitating creation of a favourable policy and regulatory framework. With regard to products and services - it provides loans to large and medium scale mFIs for on-lending; capacity building grant support to mFIs for financing expansion costs and technical assistance, liquidity management support, equity support / transformation loan to eligible mFIs and loans to FFIs (Formal Financial Institutions) for on-lending to client mFIs, building human resource of mFIs through short and long duration training, placement of fresh professionals etc.; institution building of mFI network, TSPs etc.; action research, studies surveys, impact assessment etc..

⁴⁷ Communication with Ms. Daksha Shah, FWWB, Ahamadabad

⁴⁸ Interview with Ms. Dharitri Dwivedi, RGVN, Bhubaneswar

Recently, SIDBI has sanctioned loan assistance of Rs.7.9 crores to Asmitha micro-finance Ltd. (out of which Rs.2.9 crores has already been disbursed), Rs.50 lakhs to BISWA in Sambalpur, Rs.40 lakhs to Gram Utthan, and Rs.40 lakhs to RGVN. Besides, BASIX has also been supported for mF through its three branches in Nayagarh, Berhampur and Aska. As of March 2005 SIDBI has sanctioned more than Rs.10 crores as loan support to various mFIs, NGO-mFIs in Orissa.⁴⁹

3.3 Role of Public Sector and private sector banks

It is to be noted that wholesaling to mFI is still very nascent in Orissa as only handful of organisations has capacities to expand outreach. On the other hand, Public Sector Banks are responding slowly to the needs of NGO-mFIs and community based federations of SHGs. This situation is due to lack of assessment mechanism and lack of experience in wholesale funding among bankers. Some beginning in this direction is made by SBI, which has appraised and approved bulk lending of 75 lakhs to “Swayamshree Micro-Credit Services”⁵⁰ and has agreed to support BISWA and Gram Utthan.

Participation of private sector banks in bulk lending to mFIs is one promising field as the advent of ICICI Bank, ABN-Amro and HDFC bank., which made initial forays into supporting mFIs. They have come in a big way to Orissa by looking at the scope of micro-finance in the state. While ICICI bank has already sanctioned Rs.2 crores each to Gram Utthan and BISWA (CARE’s partners) for on lending it to the clients,⁵¹ It has sanctioned Rs.2 crores to CYSD for onlending it to its partner organisation (SMCS).⁵² Similarly, HDFC has committed BISWA for bulk lending.⁵³

⁴⁹ Interview with Mr. A.K.Rastogi, Manager, SIDBI, Regional Office, Bhubaneswar

⁵⁰ Interview with Mr. Parashuram Nayak, SMCS, Bhubaneswar

⁵¹ CARE-CASHE Quarterly Progress Report, March 2005

⁵² Interview with Mr. Parashuram Nayak, SMCS, Bhubaneswar

⁵³ Interview with K.C.Mallik, CEO, BISWA, Sambalpur

3.4 Potential for Growth of mFIs in Orissa

In spite of massive bank linkage in Orissa, a large chunk of poor still depend upon the moneylenders. A study⁵⁴ conducted in Southern Orissa reveals that though commercial banks and RRBs are operating in the areas, the credit gap is still around 60%. The informal credit source is mostly commission agents, moneylenders and marketers of the product. The average rate of interest in the informal credit sector is in the range of 48%-100%. To free them from the clutch of the informal sources, a large number of NGOs have started graduating to NGO-mFIs in the area to which formal financial institutions do not have an access. Further, the qualitative performance of the NGO-mFIs and their outreach has attracted the private sector banks and mFIs from other places to operate in Orissa.

To do micro-finance programme through client owned, managed and, controlled institutions, Govt. of Orissa has taken initiatives in Federation Building and so far there are 2939⁵⁵ clusters and federations have been formed in the state.

In the state when SFMC is aiming to nurture and support 10-15 mFIs, a few NGO-mFIs like Adhikar in Khurda, Awareness in Cuttack, FARR and Parivartan in Kalahandi are in the pipeline and BMASSs like Sorada, Jagannath Prasad and Hinjlicut, LIPICA and some other potential agencies are under active consideration for support from SIDBI.⁵⁶

Asmitha microfin Ltd. Plans to increase its out reach to 40 branches with a clientele base of 54000. Loan portfolio is estimated to be about 17.56 crores. In the next three years it would move in a dynamic way in reaching out with greater depth to the far remote areas of Orissa. It plans to increase in clientele base doubling the members every year and offering financial services with efficiency and at the same time reach the poorest in the villages. It aspired to computerize all its branches and establish three regional Training centres, thereby increasing the efficiency of the staff. Asmitha microfin Ltd. Would continue to work with a focus on the poorest and deliver professional services.⁵⁷

⁵⁴ Banking with the Poor, BASIX 1999-2000

⁵⁵ Mission Shakti Monthly Progress Report, March 2005

⁵⁶ Interview with Mr. A.K.Rastogi, Manager, SIDBI Regional Office, Bhubaneswar

⁵⁷ Communication with

In the next three years FWWB would be providing loan assistance to at least 10 new organisations in the state for partnership and make them sustainable in the micro-finance sector through conducting training programmes and exposure visits to the best practices.⁵⁸

3.5 Issues and bottlenecks for growth

The main aim with which the alternative MFIs have come up is to bridge the increasing gap between the demand and supply. A vast majority of them set up as NGOs for getting access to funds as, the existing practices of mainstream financing institutions such as SIDBI and NABARD and even of the institutions specially funding alternatives, such RMK and FWWB, is to fund only NGOs, or NGO promoted SHGs. As a result, the largest incentive to enter such services remains through the non-profit route. The alternative financial institutions also have not been fully successful in reaching the needy. There are many reasons which have been mentioned below.

3.5.1 Financial problems leading to setting up of inappropriate legal structures

NGOs invented micro-finance but NGOs are not the best type of agencies to carry out micro-finance on a long-term sustainable basis as they mostly depend upon grants, which are very limited. If they earn a substantial part of their income from lending activity, they violate section 11(4) of the Income Tax Act and can lose their charitable status under Section-12. Moreover, they do not have the appropriate financial structure for carrying out micro finance activities. NGOs being registered as societies or trusts, do not have any equity capital and can never be "capital adequate".

The other alternative for an MFI is to become a cooperative or a company. As in the long run, the primary source of lending funds for MFIs is deposits, till that stage, the MFI has to rely on borrowings. To be able to attract borrowings, MFIs have to have equity capital. Thus, it is only possible to establish a financially sustainable MFI either as a cooperative or as a company or an NBFC or Bank. The latter requires a license and a minimum start up equity of Rs100 crores, which is very difficult for an MFI to mobilise. The concept of Local Area Bank, with a lower start up capital of Rs.5 crores, has not yet been operationalised by the government. If an MFI opts to become an NBFC, then the minimum entry-level capital requirements are Rs 2 crores, w.e.f April 1999. It is difficult to mobilise any borrowings from Indian Financial Institutions due to the negative image of NBFCs in general. Further, even deposit mobilisation is not possible at least for the first three years, till a

⁵⁸ FWWB Strategy Paper for Orissa, communication with Ms. Daksha Shah, FWWB, Ahamadabad

satisfactory credit rating is obtained. That leaves the option of borrowing from foreign institutions, which is difficult in the first place, due to RBI's requirement of at least two credit ratings. Further, very few foreign institutions are willing to give rupee denominated loans. Thus the MFI taking foreign currency loans are subject to exchange risks, which they cannot handle.

Though SIDBI-SFMC provides Transformation loan envisaging as a quasi-equity type support to a select band of top level non-corporate micro-finance institutions helping them not only in transforming themselves / their existing structure into corporate entities or by setting up separate entities for exclusively handling micro-finance operations in a focused manner but also in enhancing their equity base thus helping in leveraging loan funds and expanding their micro-credit operations on a sustainable basis.⁵⁹ But NGOs in Orissa some how or other do not have this information.⁶⁰

3.5.2 Lack of Commercial Orientation

Striving to make credit available to the clients at low cost with subsidies and grants, most of the alternate mFIs achieve a lot of success in their programs in the initial period, but they fail to maintain the same record in the long run because of lack of commercial orientation thus making it unsustainable.

3.5.3 Lack of Proper Governance and Accountability

Governance and accountability are limited in case of non-profit Organisations and need to be improved. Their Boards must be made aware of their financial liabilities in case of failure. The lenders should be more stringent and insist on nominating a few directors.

3.5.4 Isolated and Scattered

The alternate mFIs are isolated and scattered. There is no proper coordination among them and also there is lack of information dissemination.

⁵⁹ Schemes of SFMC, SIDBI, Lucknow

⁶⁰ NGO, NGO-mFI workshop for developing vision document, CYSD, Bhubaneswar, dated -----

3.5.5 Sustainability with Outreach

One of the critical factors that inhibit growth of mFIs is to achieve sustainability with rapid outreach. Issues related to cost of funds, ability to leverage loan funds at cheaper rates become critical for the survival of these mFIs. Currently very few public sector banks and financial institutions are looking at this portfolio.

3.5.6 Rating / High Performance Standard

Good ratio and high performance standard such as OSS (Operational Self Sufficiency), FSS (Financial Self Sufficiency), internal control mechanism and Governance are emerging as key conditions / benchmarks for mFIs to achieve sustainable intermediation. SIDBI has also promoted the rating mechanism for orderly growth of mF sector, which many nascent mFIs are not in a position to fulfill. However, It provides capacity building support to NGO-mFIs for an interim period so that they eventually meet the rating standards.

3.5.7 Design, HR and Information Constraints

It has been recognized that NGO / Community Based mFIs play a critical role in supporting/ promoting livelihoods in rural areas. Apart from being a good distribution channel for various financial services like credit, savings and insurance and non-financial services like forward and backward linkages, they also play an important function of aggregation, which becomes critical for achieving some scale, necessary for viability and sustainability of the efforts. However, often these organizations, though strong on their social foundation, are not equipped to take up economic activities. Many such institutions need proper operational models and management information systems for increasing the scale of reach and depth of the market.

3.5.7.1 Design Constraint

Often the design of the micro-finance operations of NGOs / Community Based mFIs are weak. NGOs / Community Based mFIs are not aware of the various choices available for designing their financial operations

3.5.7.2 HR Constraint

Getting adequately trained personnel to manage the operations of community-based organizations is difficult. In addition, deploying the people properly, assigning their job responsibilities with financial discipline also needs refinement.

3.5.7.3 Information Constraint:

As Micro Finance activities are dispersed across different geographic locations, the effective management, consolidation and processing of information plays a critical role. Absence of appropriate systems often is a major constraint. For addressing these problems and enhancing the capacity of the NGO / CB-MFIs it is necessary to develop an appropriate (i) Operating System, (ii) Information System, and (iii) Human Resource System. These three systems are very closely linked to each other. Unless these three are developed simultaneously the desired outcome will not be achieved

3.5.8 Lack of Awareness about Policies

The potential of these organizations are often constrained due to inadequate awareness of the policies by the NGOs / Community Based mFIs and of the ground reality by the policy makers

3.5.9 No recognition to NGO-Promoted Federation

In Orissa, there are about 50 federations registered under Societies Registration Act, 1860. These federations have been promoted by the District Administration and NGOs in different districts. Almost all the federations promoted by district administration in Ganjam district are emphasising financial intermediation. Except for the federation promoted by the district administration in Ganjam, not a single federation promoted by NGOs in Orissa has been linked with banks for wholesale loans. SIDBI has also recently completed the preliminary assessment of three BMASSs viz. Sorada, Jagannath Prasad and Hinjicut and actively considering them for loan support. The only reason behind non-funding to federation is lack of due recognition to federation at national and state level. NABARD is actively considering the possibility of linking groups through self-emerged, truly client owned, controlled and managed federations. NABARD's facilitative role is very critical in this regard. Once such models are supported, there is tremendous scope for developing SHG-federations as institutions for financial intermediation..

3.5.10. Low recognition to Cooperatives registered under OSHC Act - 2001

About 407 Cooperatives have been registered under the new Orissa Self Help Cooperative Act, 2001 as of May 2005 and there is a huge demand of credit from the clients. The federations, which got converted into cooperatives, lost their very identity and there by lost their eligibility to be linked with the banks. Neither Financial Institutions nor banks are supportive in providing loan assistance to such cooperatives except a few cases for example 2 no. of credit cooperatives under this act namely “Cuttack Credit Cooperative” and “Capital Credit Cooperative Bhubaneswar” have been linked with OSCB (Orissa State Cooperative Bank) and one cooperative under this act named Bijayananda Co-operative (Balangir) has been succeeded in having credit linkage with OSCB and ICICI bank.⁶¹ Currently, SMCS⁵⁷ and RGVN⁵⁸ have committed to provide bulk lending support to one such cooperative on experimental basis. These cooperatives can become potential clients for the other Public Sector and new generation Private sector Banks like once they demonstrate management capabilities.

There is a need to address these issues through a systematic process of consultation and consensus. This legal framework, as many analysts point out, would have great potential to accelerate outreach and also provide a basket of services such as savings, credit, insurance, remittance, pension, leasing etc.

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⁵⁷ Personal Interview with Mr.Parashuram Nayak, CEO, SMCS, Bhubaneswar

⁵⁸ Personal Interview with Ms. Dharitri Dwivedi, Regional Manager, RGVN, Bhubaneswar

Micro- Insurance

4.1 The Importance of Micro-Insurance

Providing insurance services to the majority of the rural population, scattered over a wide dissection of geographical, socio-cultural and linguistic landscape will be a major challenge for both public and private institutions concerned with delivering insurance services. The challenge is even more daunting because of low literacy levels, poor infrastructure and a nascent and urban centric insurance industry at this point of time. The importance of having a deep penetration of insurance services in the rural sector need not be overstated, to highlight its importance for the overall strength of the state.

Rural employment is directly influenced by externalities like rainfall, weather conditions, level of agriculture cultivation, yield etc. Majority of rural poor seek wage employment, and hence are affected by such adverse external factors. Ability of rural poor to earn wages depends on their health condition. Their overall livelihood is subjected to protection of their assets, health and consumption needs. Financial loss arising out of most such external factors can be effectively addressed with insurance services.

The risks faced by rural households may be broadly classified as those related to life and livelihoods. Those risks that would fall under the livelihoods are the ones, which would be under the domain of general insurance companies in Indian context. The major livelihood risks that are faced by a rural household are:

- Risks to Agricultural activity
- Risks to agri-allied activities like risk to livestock
- Risks to assets used in non-farm activities
- Health risks.

While the risk to agricultural activity may be mainly from natural factors like inadequate rainfall, this activity also faces certain market risks like price risks. Those engaged in non-farm activity too are prone to risks affecting the farm activity as the rural economy is still dominated by agrarian activity. Therefore in order to

address risks affecting various livelihood activities, a combination of tools like risk mitigation / minimization (through better pest management practices, disease prevention etc) and risk management through financial instruments like insurance and derivatives are required. Health risks faced by rural people is not only debilitating for the rural household because of expenses involved for diagnosis and treatment, but also loss of wages to the entire family as typically all members of rural household even at very old age are engaged in economic activity to eke out a living. This problem is further compounded by the fact that rural places have very poor health infrastructure coupled with low awareness levels on health.

Micro insurance is essentially a financial service, which uses risk pooling to provide compensation to low income individuals or groups that are adversely affected by a specified risk or event. One of the critical requirements for poor women to ensure income and economic security would be micro insurance. Poor women do need insurance against life and also on their assets like house, productive equipment etc. Of late, this service has been gaining importance as the social security tool for the poor due to their vulnerability to a range of risks such as health problems, death of livestock and natural disasters.

Vulnerability to risk affects not only poor people, but also MFIs dealing with them through their adverse impact on loan repayment rates and stability of savings deposits for MFIs. MFIs attempt to minimise risk in ways, which necessarily conflict with the interests of needs of clients.

4.2 Risk mitigation solutions currently available in market

4.2.1 Life Insurance:

In the area of Life insurance, Life Insurance Corporation (LIC) has had a long history of selling life insurance policies in rural areas through its vast agent network. But as these policies are sold entirely by the agent force, the focus on commissions to be earned, restricts the profile of products sold to the high valued, savings linked policies, which are not affordable for a majority of rural households. Besides this, from time to time LIC has launched some group life insurance policies under various government schemes. But these policies have failed to bring under their coverage significant number of lives. With the opening up of the insurance sector to the private players, and rural and social sector business obligation imposed by IRDA, the rural sector has seen launch of several individual and group insurance products by the private players. These products are characterised by low levels of coverage and very low premium rates.

4.2.2 General Insurance:

There are two products that are more familiar in the rural context are:

- Crop Insurance delivered by public sector insurer (GIC)
- Livestock Insurance by the public sector insurers.

The delivery of the above products has been mainly restricted to beneficiaries of various government-sponsored schemes and there has been little active participation by the insurers to deliver these products on a larger scale. The public sector companies have also designed health insurance products like the Universal Health Insurance, but these policies have really not been able to bring under their coverage sufficient number of people.

To overcome the shortcomings of the crop insurance product, a couple of private insurance companies in partnership with distribution channels have been piloting rainfall insurance. Similarly most private insurance companies are also coming out with products to cover the risks of Livestock. A major distribution channel that is being explored by Insurance companies is to tie up with mFIs. .

4.3 Current Scenario of micro-Insurance

A number of insurance companies such as LIC of India, SBI-Life, AVIVA, Royal Sundaram, Max New York, TATA-AIG, Birla Sunlife, ICICI have come forward to serve the SHG clients with quite lucrative micro-insurance products through their corporate agents. When LIC of India is serving the clients directly as well as through Govt. and corporate agents like BISWA, Royal Sundaram and AVIVA are operating in Orissa through banking tie-ups, corporate agents like BASIX and direct sales force.

In the area of life insurance BASIX has worked with ICICI Prudential to begin with and is currently working with AVIVA Life Insurance Company. BASIX is also currently working with Royal Sundaram General Insurance Company for the delivery of Livestock insurance product and ICICI Lombard for the delivery of rainfall insurance. BASIX is also actively working with the above and couple of more insurers for designing a suitable health insurance product for its rural clients. In 2003,

BASIX was also given a Corporate Agency license by IRDA to distribute retail life insurance products from AVIVA. During the last financial year, BASIX through its 3 field units in Orissa has insured 900 plus clients with the insured amount of Rs.187 lakhs.⁵⁹

Under SBI life, presently “Shakti” a product exclusively designed for the SHGs is available only to the SHGs maintaining account with SBI branches and Samanwita Gramya Unnayan Samiti, the Development Project sponsored by the SBI in the district of Kandhamal. So far 2050 members of Self Help groups have availed insurance cover in the State under “Shakti” Product exclusively designed for Self Help Groups. All the three claims received from the district of Keonjhar & Kandhamal have been settled.⁶⁰

Since the end of the 1990s an increasing number of NGO-mFIs like FARR⁶¹ and Parivartan⁶² in Kalahandi, Swayanshree⁶³ in Cuttack have tried to develop insurance products for their clients to reduce this risk. While organisation like Swayanshree in Cuttack incurred loss, FARR in Kalahandi had to redesign its product due to poor response. But the insurance product developed by DMASS in Ganjam has been found successful⁶⁴. However, micro-insurance unlike micro-Finance needs to be provided by specialist entities other than the mFIs as the skills required to run micro insurance program are quite different from those required for a lending and/or deposit taking institution.

In CASHE Project area of Kalahandi, Sambalpur and Ganjam **district, 21, 930 women members have enrolled under Janashree Bima Yojana by February 2005** including three BMASSs (Jagannath Prasad, Hinjlicut and Sorada).⁶⁵

Under Mission Shakti, in different district of Orissa under Janashree Bima Yojana 19,739 nos. of SHG members have been enrolled and 136 nos. of death claims have been settled in 2003-2004 with disbursement of Rs. 28,40,000. During 2004-05, 44,408 SHG members have been enrolled under the scheme under which 134

⁵⁹ Bharatiya Samruddhi Finance Ltd., March 2005

⁶⁰ Progress of SBI Life in Orissa, communication with Dr.G.P.Ray, SBI-Life, Bhubaneswar

⁶¹ CASHE PNGO Annual Review Report, 2004-2005

⁶² *Ibid*

⁶³ *Ibid*

⁶⁴ Discussion with Mr. Sanjaya Singh, IAS, District magistrate & Collector, Ganjam

death claims have been settled with a total disbursement of Rs26,10,000/- as on 31.10.2004. Further under ICICI Lombard's "Mahashakti Yojana" 32,000 SHG members have been insured only in Rayagada district.⁶⁵ Efforts are on to expand this service in 9 more districts.⁶⁷

4.4 Issues and bottlenecks

5.4.1 Awareness and Education:

There is major challenge for insurance companies and policy makers to increase the awareness levels among rural population, so that they may view insurance policies as a risk management tool. Traditionally rural households have addressed their risk protection in various forms: from the joint family, investing in gold, land and other assets. Most insurance policies that rural clients are familiar with have been sponsored or subsidized by the government, the legacy of this past is that rural people do not fully see insurance as a risk sharing mechanism through contributions in premium. There is need for sufficient investment by both private and public institutions to bring about a change in the perception of Insurance as a risk mitigation instrument and enhance the awareness levels on various insurance products and how they work in principle.

4.4.2 Documents for Certification

For effecting and servicing various insurance contracts, variety of documents are expected to be provided by the client to the insurance company. On account of their low awareness levels and also lack of documentation systems in public institutions for issuing various documents, rural people face a peculiar disadvantage of not processing even some very basic documents required for taking insurance policies. Below are listed a few such cases -

4.4.2.1 Age Proof

Most rural people do not have a formal age proof that is demanded by insurance companies. A common kind of age proof that may be available with good number of people is the Voter Identity Cards issued by the Government. Unfortunately, the quality of information captured on these Voter IDs is found wanting and therefore

⁶⁵ CARE-CASHE Monthly Progress Report, March, 2005

⁶⁵ Mission Shakti: An over View, WCD Deptt., govt. of Orissa, dated 01.02.2005

⁶⁷ Personal Interview with Director, Mission Shakti

is not accepted as a standard age proof by some Insurance Companies. If we are to seriously look at extending Life Insurance on a large scale in rural areas, it will be necessary to provide a standard age proof to all rural clients which, will be accepted by all insurance companies without discrimination.

4.4.2.2 Death Certificate

Currently there is no standardized procedure for issuance of a death certificate across the country. Some insurance companies have difficulty in accepting death certificates issued by other than municipal authorities and revenue departments. For rural people the most feasible way to get a death certificate is from the Gram Panchayat. The regulator should clarify to the industry to give sanctity to the death certificate issued by Gram Panchayat. Sometimes the insurers insist for cause of death, which is possible only if an autopsy is conducted.

4.4.2.3 First Information Report (FIR)

In claims that involve an accident, all insurance companies insist on submission of a FIR report registered with the Police. In the rural context the access to a police station is quite difficult to many places and the perception of a large segment of villagers is that a police station would bring more problems than solution. In view of this, insurance companies should be willing to substitute an FIR with a declaration from community members in cases where it is convenient to get an FIR.

4.4.3 Product Customization

Most products being offered today in the rural market are very often urban products, with some negligible difference. Very often this may not be the right way to go about selling rural products, as the requirements of rural clients can be very different from that of the urban clients. The product needs specific design in terms of pricing, premium payment options and simplicity in product features and process requirements.

4.4.4 Premium routing:

Clients in rural areas do not have direct access to Insurance companies, in order to remit small premiums amounts in cash to the insurer directly. The alternative available for them is to remit cash to the insurer through banking instruments like Cheques or Demand Drafts. But this option is unlikely to be helpful to rural clients as very few have bank accounts to use these instruments and also the banking infrastructure in rural areas is grossly inadequate. Therefore there is a need for the

regulator and the insurance companies to work on a process, which allows rural clients to remit premium to insurance companies in a convenient and cost effective manner. An alternative would be to route the premium through distribution channels like micro-insurance companies, which have the capacity to handle small, and multiple cash transactions in villages.

4.4.5 Remuneration of expenses for distribution and servicing:

It is well known that cost of delivering micro-finance services is very high. This is a result of the combination of small and multiple transactions, with the clients scattered over a wider geography. The current regulations on compensation for insurance distribution have a cap on the commissions payable, which does not necessarily cover the cost of selling and servicing policies in rural areas. There is need to de-regulate the commissions payable on various kinds of policies, especially for the rural sector. This would allow the insurance companies to ensure that at least the transaction costs of selling and servicing of rural insurance policies are recovered by the distribution partners. This would be absolutely essential to ensure that rural policies are sold and serviced actively.

4.4.5 Moving from “willingness to pay” approach to” willingness to charge” approach:

Traditionally all research and design of rural products has been weighed down by thinking on what will be minimum premium amount that rural clients will be willing to pay for various policies. The result of this has been that most products have been designed with very low premium that do not adequately cover the actual cost of covering the risk, leave alone the cost of delivery and servicing of the product. This has only helped to meet in the short term the regulatory requirement imposed on the insurance companies to do a certain minimum number of policies in rural areas. But as a consequence of this method of pricing, there is little incentive for either the insurance company or the distributor to sell these policies in large numbers and do the needful servicing. Therefore there is a need to design products that are priced in such way that there is enough interest for clients and also for the insurance companies and distributors to sell the products on a large scale.

4.4.6 Lack of focus on pure risk policies by Insurance companies and high lapsation of policies in rural areas.

Traditionally life insurance business has been seen more as a savings and tax-reduction instrument rather than as a major risk protection tool. In the rural context it has got translated into a mere savings instrument, with very little risk coverage. The time bound contracts in insurance policies are such that, there is every chance of lapse of these policies if the client cannot pay the premium in a timely manner. This results in, not only the loss of risk coverage, but the loss of a significant part

of the savings made by the client. The probability of this happening in rural areas is very high as the incomes of rural household are unpredictable and varying. This is on account of the agrarian economy of the rural areas, which is subject to the risks of nature (like inadequate rainfall) quite frequently. Thus the current life insurance policies, primarily designed for the urban market, are to the disadvantage of rural market, where the clients stand to lose both their savings and risk protection.

4.4.7. Minimal targets for rural areas:

The current targets set by the regulator for the insurance companies, to meet the rural /social sector obligations are not representative of the percentage of people residing in rural sector. Further the targets talk about only first 5 years from commencement of the company. As a result of this, insurance companies have not made sufficient investments in the right direction, to design and deliver products for the rural market. They have by and large preferred to exhaust their efforts on rural market by meeting the minimum targets set by the regulator. To see a greater investment in rural products by Insurance Companies, it is possibly time for the regulator to consider a revision in the rural targets for the insurance companies to a higher level.

4.4.8 Group approach:

While the group is very much being explored by many insurance companies to offer insurance services, it gets restricted to groups where members have taken credit from an institution. The down side of this arrangement is that those clients who do not have credit requirements get left out of insurance coverage. Therefore there is a need for insurance companies to design products for groups in rural areas where Insurance can be offered as a stand-alone service without necessary bundling with credit. This would allow getting a large size of rural population under insurance coverage through the simplicity of group products.

4.4.9 Health insurance- a morphing product

Health insurance product would be more viable to administer for the high impact and low frequency health risk events. These would generally fall under the critical illness category. While there is an expressed demand by both clients and grass-root organisations in rural areas to provide insurance coverage for the minor and more frequent ailments, it would be more advisable to meet these smaller costs through savings (self-insurance). It is also well documented that one of the major requirements for credit in rural areas is to meet health expenses. Thus, it would be useful to design a health finance product where the lower cost and higher

frequency health risks are addressed by savings and the other end of the spectrum with higher cost and lower frequency health risks can be addressed by Insurance. Some of the health risk in the middle of the spectrum could be addressed by credit possibly. Therefore a health finance product is required, which morphs from a savings to credit to insurance product based on the scale and frequency of health risk. Of course the delivery of such product would need the capacities of more than one institution, which have the capacity to deliver all these services in a complimentary manner.

4.4.10 Separate regulations for rural insurance:

Today most of the regulatory activity is directed in general at the whole market, which is still dominated by the urban and commercial insurance business. Some of these regulatory directions while addressing the regulatory requirements of the larger market may sometimes actually work to the disadvantage of developing the rural market. Therefore, it is essential for the regulator to come out with separate regulations, which would propel the development of insurance services for the rural sector.

Capacity Building Needs of micro-Finance Sector

5.1 Capacity Building Initiatives in Orissa

With more government and non-government organizations promoting SHGs as strategy for overall development of the SHG movement, there is an urgent need to take stock of current capacity needs, providers and issues around this portfolio. This becomes all the more important, as financial linkages critically hinge on the capacities of SHGs, their federations, promoting institutions, bankers, government officials and other stakeholders. Some of the issues that need to be addressed for the growth of the SHG movement and ensuring sustainability of the groups are:

- Identifying and addressing the capacity building needs at the SHGs level leading to quality enhancement in the movement
- Enhancing capacities of local NGOs / promotional agencies in microfinance
- Shaping / enhancing capacities of mFI as an institution building process.
- Enhancing credit flow to the poor through SHG-Bank linkage program and other linkage banking/ credit flow mechanisms
- Supporting the SHGs in linking their products with mainstream markets and developing mechanisms for providing sustainable BDS support
- Strengthening institutional linkages for greater convergence and collaboration for supporting the SHGs
- Working towards enabling legislation for promoting mutually aided cooperative societies, which could be an appropriate forum for growth of community based organizations undertaking microfinance activities

The Self Help Promoting Institutions (SHPIs) in the state have been trying to address these issues, with some degree of success, but these initiatives have been limited to the operational areas of respective organizations and far short of the aggregated challenges at the state level.

Several CB initiatives at the promoter level have become imperative with rapid growth of SHGs in the state. Support to formation of SHGs, promotional activities, material development for training, developing ToT (Training of Trainers) methodologies, promotion of best practices in book keeping, developing cadres of trained

personnel at different levels (village, panchayat, block and district levels), rating of SHGs and reaching the most needy poor communities have been some of the major initiatives taken up by promoting agencies.

5.1.1. Capacity Building Initiatives by NABARD

NABARD has been active in undertaking capacity building activities for bankers, government officials, NGOs and SHG leaders. Till the end of March 2004, NABARD has sensitised about 4,595 Bankers, 896 NGOs, 4,877 Government Officials and 20,351 SHG Leaders.⁶⁸ Apart from such sensitisations, NABARD has also supported training of AWWs, bank specific training programmes, externalisation of CB programmed with TE of banks and reputed NGOs, policy workshops for senior bankers, exposure visits for DCCBs, issues specific workshops, training of IRVs and sensitisation of specific trials heads have been the hallmarks of NABARD's training and capacity building strategy so far. In 2004 and 2005, further 1050 bankers, 1394 govt. officials, 10218 GRLTPs (SHGs), 448 lady PRI members have been sensitised or trained. Apart from this, 36 participants from DCCBs and 234 participants from BLBC have been sent for exposure. Again two zonal NGOs meets have been organised with 86 participants.⁶⁹

NABARD has been trying to strengthen institutional capacity of financial institutions for enhanced credit flow to women by opening separate cell christened Women Development Cell for addressing credit related issues of Women beneficiaries. During 2003-2004 financial assistance to the tune of 5.8 lakh was released in favour of 3 RRBs, OSCB and 2 DCCBs under the scheme of Women Development Cell.⁷⁰

5.1.2 Capacity Building Initiatives by SIDBI

In line with the need of deepening the reach of financial services to the poor in the under-served areas, SFMC has formulated a two prolonged strategy of forgoing long-term partnerships with committed capacity builders for capacity building of new / small mFIs as also of directly nurturing and developing select small mFIs that demonstrate the potential to graduate to medium scale institutions. The objective is to provide enabling inputs to small NGOs, who are presently playing a pivotal role in supporting / promoting livelihoods in rural areas, so that they develop into mFIs and become Bank's clients, in due course of time. In furtherance of the said

⁶⁸ Progress of SHG Bank Linkage in India, 2003-2004, NABARD

⁶⁹ Progress of SHG Bank Linkage in Orissa, 2004-2005, NABARD Unpublished data

⁷⁰ Orissa State Focus Paper, 2005-2006, NABARD p.59

initiatives, SFMC has extended grant assistance of Rs.40.35 lakhs to Asmita micro-finance Ltd., 14 lakhs to Gram Utthan, 10 lakhs to PREM and 9.9 lakhs to “Swayamshree Micro-Credit Services” in Bhubaneswar for building up their capacities in handling large micro-finance loan fund. As of March 2005 SIDBI has sanctioned more than Rs.6 crores as CB support to various NGO-mFIs / mFIs in the state.⁷¹

5.1.3 Capacity Building Initiatives by CARE

As a complementary activity to NABARD’s on going initiatives, CASHE has tied up with BAGB and RGB for intensifying the efforts of linkage banking in these RRBs. CASHE has been providing financial and technical support to help the RRBs to track outreach, quality and financial deepening. In association with State Bank of India, CASHE undertook an intensive OD (Organisational Development) initiatives with two of their sponsored RRBs in Orissa (KPGB and KAGB). The entire staff of both the RRBs was trained. Inputs also included market research, client response, product development, portfolio planning, poverty targeting and also an exposure program to BRI in Indonesia for the Chairmen of RRBs. Training and exposure programmes for DCCBs (Koraput, Bolangir & Keonjhar) and RRBs (BAGB, KAGB, KPGB, RGB) have also been facilitated by CASHE in Orissa on the finer aspects of micro finance lending, sharing of tools and products developed by CASHE. Recently CASHE has offered an exposition to bankers to explore the diverse models, products, practices and tools in microfinance sector in Orissa to suit the formal financial sector especially the new generation private sector banks that are looking at micro finance as a business opportunity.⁷²

Apart from this, CASHE has been organizing programmes on various thematic areas such as advance course on financial management, gradation of SHGs, federation building, credit policy development, perspective development. It has also facilitated exposure visits for NGO representatives to many institutions inside as well as outside the state such as Dhan Foundation, Sanghamitra, Myrada etc. Further, CARE has promoted a cadre of micro-finance barefoot trainers to provide their services on fee basis. All these capacity building initiatives have been targeted at SHG leaders, NGO staff, Govt. officials, bankers and potential barefoot trainers.

Also, micro-finance capacity building initiatives have taken up by a number of state level agencies such as XIM-CENDERET, DRTC - CYSD, SIRD and ICM in terms of curriculum designing and conducting training programme.

⁷¹ Personal Interview with Mr.A.K.Rastogi, Manager, SIDBI, Regional Office, Bhubaneswar

5.3 Demand side factors: An assessment

The SHG movement in Orissa is growing exponentially with major stakeholders contributing a lot in terms of big numbers to the SHG stock. Other models of delivery is also growing steadily. There are over eight SHG based projects and programs (WORLP, SGSY, ITDP, OTELP, WETSH, NABARD linkage program, SFMC of SIDBI, CASHE project of CARE India) which have been playing a pivotal role in looking at SHG as the vehicle for carrying services to clients. The movement is further fortified by large presence of over 800 NGOs, which are taking SHG route to deliver services to rural clients. Aggregation of SHGs though is a recent phenomenon in Orissa is now catching up fast and it has been reported that there are over 2939 such community based clusters and federations in Orissa. There is overwhelming interest from the Community Based Organisations (CBOs) to get registered under the new co-operative act. It is estimated that the registration under the new co-operative act has reached 379.

5.4 Supply side factors: An assessment

Though Orissa is blessed with presence of a number of service providers for capacity building services, they are not functionally broad spectrum and many of them are training institutions, resource centers, consultants with limited scope for developing into a full fledged, specialised institution, which can meet the demand for such capacity building services. The following analysis shows the current supply regime and the gaps there in.⁷³

- Most institutions lack focused and integrated (Training, Action Research and Hands-on support) efforts directed at delivering their services.
- The initiatives are more generic than responsive acts based on need based requirements of the clientele.
- Except a scattered few small organizations, probably, most institutions operate on adhoc and transitory basis, without covering the full life-span of capacity building plan. For example, invariably, most institutions commit their support at mobilization and promotional stage often neglecting the crucial stages of economic empowerment.

⁷² CASHE Annual Report, CARE, 2002 – 2003, 2003-04, 2004-2005

⁷³ Capacity Building Institute in Orissa: A feasibility study, CARE, 2005

- Most institutions display conflicting characteristic as if mFI strengthening is a main but not mainstream agenda for them, evident from lack of sound long-term perspective and business plan.
- No standardisation of MIS (book keeping systems), training material and methodologies available.

5.5 Demand Vis-à-vis Supply – the gap

A comparative analysis of the demand and supply for capacity building services brings out the following summary.

5.5.1 Demand

- Over 1000 SHPIs (including banks) who need capacity enhancement in the areas of governance, management practices, micro finance delivery, HR Management, External relationship management, more importantly sustainable micro finance programming and MIS
- An estimated 5000 personnel who need capacity enhancement on conceptual clarity on micro finance programming. Promotion of groups, clusters and federations. Financial Management including pricing of the products. Delinquency management, financial analysis, financial ratio analysis
- Member education for over 20,00,000 SHG members on financial literacy
- Training to over 3,00,000 SHG leaders on leadership, group fund management and accounting
- Training to 1,50,000 book keepers
- Basic orientation to 1500 program managers of promoting agencies like Government departments, NGOs and Banks
- MIS training for 1500 professionals

5.5.2 Supply

- Micro finance specialised content providers at state level - CARE, XIMB, CYSD
- Micro finance generalized content providers -SIRD, ICM
- A limited number of SHPIs have the capacity to pay for the services, some requiring partial subsidy and some requiring full subsidy to pay for the services

- Limited number of agencies provide support for subsidized capacity building input such as NABARD, SIDBI, RGVN, CARE, ORMAS, CYSD, CRS
- Very limited courses are available in local language and local language content is also limited
- Professional trainers in micro finance are limited in number
- Quality of existing capacity building services needs lot of improvement
- A cadre of dedicated grassroot facilitators is missing as currently WCD functionaries, block level functionaries promote SHGs as part of their many activities and they are stretched beyond their limits in terms of work load
- Funding for CB is limited especially for NGOs who would like to promote SHGs. NABARD support for SHPIs is inadequate for the demand. There are no major donor funded projects (except CASHE) that funds CB in a big way.
- Government support to CB is available but coordination among various departments is required to make effective use of available funds.
- Cascading models of CB delivery is not practiced in a systematic way by the existing institutions as most of them work in isolation

5.6 Need for state level Capacity Building Institution

Many practitioners including Mission Shakti feel the need for institutionalizing the capacity building services within the sector and establishing standards and best practices to propel and strengthen movement in the state. Some models across the country like APMAS in Andhra Pradesh, suggest that a State level capacity building institution is best positioned to address the CB issues at the state level.

CARE and Mission Shakti assessed the capacity building needs of the sector through a preliminary study. The insights gained through the study reinforced the need for a state level Capacity Building Institute.

Apart from CB needs as identified in the demand-supply gap, the study⁷⁴ identified the need for support for

- mFIs to engage in diverse product profile like micro credit, micro savings, micro insurance etc and require, self assessment tools to recognize their strength and weakness

⁷⁴ *Ibid*

- mFIs need systematic organizational and human resource capacity building to sustain their interventions in the long run
- There is an inevitable need to integrate mF with livelihood opportunity through sub-sector approach
- There is a need to generate ground argument from learning from grassroots initiatives to influence policy makers to create enabling conditions for mFIs

The feasibility study has also established the need for an institution to take various CB and promotional portfolio in tiered approach. It has also recommended a governance structure that is autonomous and would involve wide stake holding with government and non-government agencies as promoters.

The advantages of this model is that it will be able to encourage other players to serve the target groups on a decentralized basis without having a field based infrastructure. But the feasibility of such an arrangement is quite possible within the existing environment where other institutions like RUDSETI, UNICEF and some banking institutions are keen to contribute to the corpus and pay for the capacity building services derived from the institution.

Thus the primary function of this institution will be capacity building for micro finance and business development services, building quality and standards in micro finance combined with research, advocacy and documentation. Thus the proposed institution would largely have to depend on grants, supplemented to some extent by service fees. However, in view of the need for new generation institutions to be less dependent on subsidies and move towards sustainability, operational creativity and broader visioning, there is a need to move towards more of fee-based services.

Micro-Enterprise Promotion and Marketing

6.1 mE promotion in Orissa

In Orissa the number of women living below poverty line has increased disproportionately over the past decade compared with the number of men. The feminization of poverty is a direct consequence of women's unequal access to economic opportunities. Thousands of poor women, struggle to make a living through home-based enterprises or small initiatives in the informal sector, desperately need small amounts of credit to break their dependence on middlemen.

In recent years, micro- financing for women's micro-enterprises has been seen as an effective way to promote & support women's self-employment and access to credit. The promotion, financing and strengthening of women Self Help Groups is a very effective way of increasing the productive capacity of women and breaking the 'cycle of poverty'. Thus, Micro-enterprise and micro-finance development have emerged as major strategies to combat the twin issues of poverty and unemployment. Governments at both the State levels and Center and NGOs have adopted several approaches and strategies to combat them. However, while micro-finance as a means to empower women has been progressing in the state quite successfully, utilisation of credit for adequate income and employment generation has become a cause of concern for most of the stakeholders. Moreover, there is a growing concern that micro-enterprise development programmes are not successful to the desired extent because of the lack of adequate and timely availability of credit. The missing link is that micro-enterprise and micro-finance, more often than not, have been dealt with, in isolation without any synergy between the two.

Though there are major players like NABARD, SIDBI, CARE, RGVN, RMK & NBCFDC running major programs in promoting SHGs, still these interventions do not have a specific and strategic component to support exclusively in the area of 'Business Growth and Micro-Enterprise Promotion'.

micro-enterprise promotion apparently appears to be the next step in providing micro credit. However, there are several other critical forms of support required in successful micro-enterprise development programs, especially if we intend to respond to the needs of the poorest members of society. These include such things as

the provision of infrastructure, support in marketing, technical advice and management training. The policy environment in which micro-enterprises operate - local, national, and international - is also a critical factor.

A mFI/NGO intend to promote Micro enterprise may not be in a position to provide all these ingredients because it involves huge costs, capacity and most importantly, time. Therefore it is pertinent that the mFI/NGO should go for some kind of collaboration with other agencies for providing forward and backward linkages for Micro enterprise promotion.

6.2 NGO efforts

In the last one decade many initiatives by NGOs in promoting livelihoods through SHGs in non farm sector. Organisations like Samanwita, Pallishree, Rescue, Pradata, Charms in Kondhamal district are engaged in production and marketing of “turmeric powder, chilly powder and Powered spices” through self Help groups but not able meet the demand of the market in terms of volume of production though the quality of the product is as good as that of any branded company. Similarly, a number of agencies like Manab Vikash are producing Leaf Plates and marketing them outside the state but not able to maintain the quality as the market demands.

Darbar Sahitya Sansad, Samagra Bikash Parishad in Baliapal are producing a lot of materials including furniture with from Golden Grass, but do not able to produce in large volume due to various reasons, hence facing difficulties in marketing. ORUPA which has been working for a decade to help the rural and urban producers has failed substantially. Similarly, a number of organsiations like Creed in Kanas, RWI, Freedom and several organisations have been promoting applique work through Self-Help Groups. But the groups are not paid for four to six months, till the products are sold in the market. This demotivates the producers. On one hand they become defaulters on the other, the remuneration that is made available to them does not meet the livelihood requirements.

In majority of the groups, the Women Self Help group members do rice processing, rice selling and ‘badi and papad” making. When rice processing and rice selling have become profitable micro-enterprises, preparation and selling of “badi and papad” has come out as a loss proposition as they cannot prepare it in large volume and lack adequate infrastructure to store it.

With regard to skill upgradation, RUDSET Institute based at Bhubaneswar has been conducting EDPs (Enterprise Development Programmes) on agriculture and allied activities such as dairy, sheep and goat rearing, poultry, bee keeping, horticulture, sericulture, piggery, mushroom cultivation; product EDPs such as dress design for men and women, “agarbati” manufacturing, woolen knitting, bag making, cane chair making, bakery products, applique Patchwork, fruit preservations, diary Products, fancy Items etc; process EDPs such as two wheeler repair, pump set repair, radio and television repair, motor winding, beauty parlour management, photography, videography, screen printing, photo lamination, watch repairs, domestic electrical appliances repair, book binding, Telephone and mobile repairing, DTP, Computer hardware etc. However, these services are not available to the women from distant tribal districts.⁷⁵

A few state level agencies such as Udyog Vikash under the aegis of DEIS, Pune and Bhoomika have been helping the micro-entrepreneurs in different ways such as preparation of BDS, helping them in getting both financial as well as non-financial resources. Presently Bhoomika under the aegis of DEIS being supported by CORDAID has developed Audio-visual aids on Business opportunity identification & production process based on 92 non-farm & 12 on-farm trades, pictorial training module for tribal & non Oriya speaking people and developed a number of study materials based on micro-enterprise promotion for bankers, NGO field functionaries, development practitioners, SHPIs & SHG leaders. Further, initiatives have also been taken in mass-media (Door Darshan) to telecast exclusively on different products & services available for possible income generating activities.⁷⁶

6.3 Govt. Initiatives

Mahila Vikash Samaaya Nigam, a state level nodal agency for empowerment of women undertakes economic programmes, social sensitisation and allied infrastructural activities. It undertakes various training programme for women capacity building such as EDPs, MDPs (Management Development Programmes), Leadership Development Programmes, training on marketing and sales promotion and other special training programmes. Further, “Swayamsiddha” an empowerment programme of Govt. of India being implemented in 36 blocks the KBK districts and in the district of Boudh. The programme aims at holistic empowerment of women through formation of WSHGs and the accompanying capacity building of the members. MVSN apart from imparting skill upgradation training has also recently started focussing on design development of handicraft products.

⁷⁵ Training Calendar, RUDSETI, 2004-2005

Women SHGs are taking up varieties of income – generation activities such as piggery, goatery, pisciculture, dairy, setting up PDS (Public Distribution System) outlets, kerosene dealership, execution of labour intensive works, vegetable cultivation, floriculture, horticulture, carpet making, leaf – plate stitching, bee-keeping, rope making etc.

In the farm sector, with the help of Department of Horticulture, banana cultivation by SHGs is being encouraged in the State. 396 nos. of groups have taken up banana cultivation in different irrigated patches of the State.

So far 1129 women from 840 self help groups have been trained in pisciculture in all districts except Boudh, Kalahandi, Malkangiri, Nuapada. Steps have been taken for providing Gram Panchayat tanks to Women’s SHGs on priority basis for taking up pisciculture. So far 1472 tanks have been leased out for pisciculture purposes. Tie up has also been made with Directorate, Fisheries for providing technical support to the SHGs.

760 SHG members have been trained on Village Industries activities like preparation of liquid disinfectants, candle, soaps, detergent, book-binding, Agarbatti, bee-keeping etc. with the help of KVIC.

145 SHG members have been trained in production of Pre-school kits for Anganwadi centres and 77 women have been trained in “Ready to Eat Food Preparation”.

In collaboration with UNDP, it has been decided to impart Computer literacy to WSHGs in 38 IT kiosks in the State. This step aims at skill upgradation of women and their consequent empowerment. Already training has been imparted to 667 women at Jagatsinghpur, Jajpur, Kendrapara, Bhadrak, Cuttack.& Nuapada. During the current year a target has been set for skill upgradation of 1080 women with the support of UNDP under Computer literacy programme.

Project “Shakti Gaon” has been introduced in the State for engaging SHGs as retailers of LPG cylinders for rural households. The process of implementing the scheme has already been launched in Ganjam & Sundargarh districts. In this regard, necessary tie-ups have been made with ORMAS and Oil Agencies namely, HPCL and IOL. 26 & 10 nos. totaling 36 nos. of SHGs are working as Shakti retailers in Ganjam & Sundargarh districts respectively.

⁷⁶ Personal Interview with CEO, Bhoomika, Bhubaneswar

6.4 Marketing

ORMAS is an agency that addresses the needs of micro enterprise promotion in the state, especially through support to identified sub sectors. ORMAS is currently engaged in streamlining backward linkages in the form of strengthening production stream and also linking up with markets through buyer-seller melas, craft exhibitions and such promotional activities. In some identified products, ORMAS has the capacity to provide specific technical assistance in the form of quality certification and assessment. One of the latest interventions is to promote processing of pulses through SHG groups in the southern district of Ganjam. In this district ORMAS has organised over 900 SHGs into producer groups for processing pulses and marketing them in the local markets as well as for government's mid day meal program for children. It also procures raw dals from SHGs in Koraput district for supply to MDM.

Mission shakti with the help of ORMAS has organised exhibitions of SHG goods wherein 510 SHG(s) participated resulting in sales of Rs.80.32 lakhs during 2003-04. In 2004-05 exhibitions have also been organized at Sambalpur, Puri, Rourkela & Dhenkanal, Ganjam, Cuttack, Paradeep & Bhubaneswar wherein 1144 SHGs have participated Goods worth Rs.1,71,46,746/- have been sold. Product Promotion-cum-Buyers' Sellers' Meet has also been organised to focus exclusively on Handicrafts. 173 SHG(s) & affiliated Societies of MVSN participated in a recently held Meet . Buyers from Calcutta & local regions had also participated. It has been decided to organise such Meets regularly for different products.

6.5 Potential for mE promotion in the state

There is a huge potential for the micro-enterprise promotion in the state. With the increase in groups and bank linkage a number of groups are coming forward with number of trades.

All the major players of the states like NABARD, SIDBI, CARE including Govt. of Orissa have realised the need and importance of micro-enterprise promotion and already initiated strategies for its growth. Through Mission Shakti, Government have taken initiatives for forming state level trade based federations to assess the needs of SHGs and ensure marketing tie-up. So far four trade based federations (chalk & phenyl, handicrafts., turmeric and leave cup, plate making) have been

formed. While MART has taken initiatives in market research, RUDSET Institute has been imparting skill based free training with free boarding and lodging, library, audio visual aids, adequate training materials and access to its data bank.

There is, however, a strong need to do out of the box thinking and involve SHPIs in quality control, product standardisation and market development in a big way. Besides, considerable market opportunities have opened up in Government itself through increased outlays in social sector. Additional central funds of the order of 70 to 80 crores under Mid Day Meals programme could themselves provide huge marketing opportunities to SHGs in food and food processing sector, if harnessed properly.

6.6. Issues and bottlenecks

Orissa is marching ahead with the determination towards its goal of empowerment. Access to financial institutions has helped poor women climb the ladder of economic empowerment and this has led to starting of a range of economic activities by them. However, many of these activities initiated are not providing desired income. In reality, the poor do not require financial support alone, they also require a range of non-financial support in order to sustain the activity. SHG members face a number of constraints in pursuing the activities profitably. The key constraints affect them are poor business skills, difficulty in availing credit, lack of market knowledge and limited market linkage. It has been experienced that women entrepreneurs face more problems due to limited decision making power in financial matters, poor business management skill and inability to work on a regular basis. In the last one decade the way initiatives have been taken in the state in promotion of livelihoods through SHGs in non farm sector, they have not yielded the required results due to the problems identified below:

6.6.1 Identification and appraisal of non-farm activities

- Initiation of an activity without adequately assessing technical feasibility and economic viability, including analysis of secondary information.
- Inadequate analysis of available skills, infrastructure markets, suppliers and human resources against requirements of the initiative

6.6.2. Production related

- Knowledge of and access to appropriate technology is usually not adequate.

- Acquisition of requisite skills (managerial /technical) by poor producer group is a difficult process
- Targeting women is difficult
- Quality controls and standardization
- Inputs for product designing, development and upgradation are not easily available
- Information on technical documentation, evaluation and research are not easily available

6.6.3. Market related

- **Production led approach being adopted as against a market oriented approach, resulting in stock pileups, obsolete products, precarious liquidity and reduced profitability**
- Lack of information on market research findings, especially with regards to consumer preference and absorption capacity of markets
- Difficulty in access to information regarding legislation/regulations pertaining to marketing of products
- Poor packaging and limited opportunities for advertising due to low margins
- Lack of knowledge on appropriate market changes and distribution networks

6.6.4 Finance related

- Improper costing and pricing of products (knowledge and skills)
- Incomplete understanding of and poor management of liquidity and profitability
- Indifferent knowledge of inventory management
- Dependence on sustained extremes or hidden subsidies to make an activity apparently viable (soft credit, professional support at no cost, non-monetary support providers for linkages) leading to reduced competitiveness of the sector

Extract from the Budget Speech of P. Chidambaram, Finance Minister, Budget 2005-2006

on

Promotion of micro-Finance & micro-insurance

“The programme of linking Self Help Groups (SHGs) with the banking system has emerged as the major micro-finance programme in the country. 560 banks including 48 commercial banks, 196 RRBs and 316 cooperative banks are now actively involved in the programme. I propose to enhance the target for credit linking in the next fiscal from 2 lakhs SHGs to 2.5 lakh SHG”

“ Government intends to promote MFIs in a big way. The way forward, I believe, is to identify mFIs, classify and rate such institutions, and empower them to intermediate between the lending banks and the beneficiaries. Commercial banks may appoint mFIs as “banking correspondents” to provide transaction services on their behalf. Since MFIs require infusion of new capital, I propose to re-designate the existing Rs.100 crore micro-Finance Development Fund as the Micro-Finance Development and Equity Fund”, and increase the corpus to RS.200 crore. The fund will be managed by a Board consisting of representatives of NABARD, commercial banks and professionals with domain knowledge. The Board will be asked to suggest suitable legislation, and I expect to introduce a draft Bill in the next fiscal year.”

I propose to request RBI to open a window to enable qualified NGOs engaged in micro-finance activities to use the External Commercial Borrowing (ECB) window. Detailed guidelines containing necessary safeguards will be issued by RBI.

The benefits of opening the insurance sector are now visible by way of vast improvement in insurance penetration and insurance density, and the availability of a wide variety of products. Government would like to see these benefits percolate to rural India and to the vulnerable sections of the population. Micro-Insurance is a distinct product. Its design and delivery are specialized functions. The insurance Regulatory Development Authority (IRDA) has published draft regulations for micro-insurance. NGOs, SHGs, cooperatives and mFIs will be invited to become micro-insurance agents. Government will extend full support to the effort of IRDA to promote micro-insurance.

**State Vision & Strategies
for promotion of micro finance for Woman Empowerment**

7.1 Vision and Goals

- *The conditions of poverty in Orissa and current outreach of SHG movement so far demands a vision for extending quality micro finance services to over 25 lakh women from poor families in the coming three years. It is expected that such an outreach would have highly desirable returns in terms of social and economic empowerment of women.*
- *By the end of 2008, Orissa State would have over 250,000 SHGs (and their clusters & federations) with poor women accessing savings, credit and other financial services for their economic empowerment and self-reliance. This would mean the formation of an additional 100,000 SHGs in the coming three years, there by covering all the eligible poor women members. Efforts would be on balancing outreach and quality.*
- *Government would ensure that each revenue village in the state would have a SHG and credit linked with Bank by the end of 2008.*
- *By 2008, at least 80% i.e. 2,00,000 out of the total groups in Orissa will have quality credit access to formal and other financial institutions.*
- *SHG strengthening would be the priority with special focus on quality with a target of about 80% of all SHGs reaching A grade and being eligible for bank linkage by the year 2007. Repeat linkage would be ensured in case of 50% of total SHGs.*

- *The average lending per group would be Rs. 40,000/- by the end of 2008.*
- *Formation, strengthening of SHGs, clusters and activity based federations of SHGs and cooperatives as community owned institutions that provide sustainable mF services would be given top priority.*
- *Government would also take steps to promote urban micro-finance in the state for providing quality micro-finance products and services to the urban poor*
- *Government would also provide an enabling environment for strengthening mF activities of other promoting agencies including new generation mFIs, NGOs, NGO-mFIs, SHPIs, banks and other stakeholders.*
- *Effective market linkages would be developed so as to avoid production glut and eventual emergence of NPAs.*
- *Government would facilitate the setting up of a “Capacity Building Institute” to meet the CB demands of all the stakeholders to promote quality financial services and micro-enterprises in the state.*
- *Micro-Finance movement in the state would engage in a substantial way in addressing overall development of villages and empowerment of women through participation in Local Self-Governance and addressing social and human development issues.*

HOW ???

7.2.1 Promotion of SHG-Bank linkages

Strengthening the capacities of SHGs in terms of quality improvement would be the goal of the state, especially to ensure that over 80% SHGs are rated as “A” grade eligible for linkage. It would also be ensured that there would be enhanced outlay per SHG so that some of the members would be able to undertake micro-enterprises.

NABARD would be encouraged to plan and facilitate graduation of SHGs from micro-finance to micro-enterprises and conduct studies to access the gaps in marketing and support services and also prescribe SHG mode of enterprise building in a number of fields, so that credit absorbing capacity of the poor in SHGs would be increased and the average loan size in the group would be increased to Rs.40,000.

NABARD on its part would expand partnerships with variety of partners such as NGOs, RRBs, CCBs, and Individuals, outsourcing capacity building through resourceful NGOs in many folds to meet the increasing demand for SHG formation and strengthening. NABARD would be encouraged to provide refinance support to new generation banks like ICICI etc..

The fact that RRBs and public sector banks are in forefront in SHG-Bank linkages would be taken into cognizance and an enabling environment provided to these banks to enhance linkages. At the same time, the government would discuss with NABARD and facilitate enhanced linkages through DCCBs so that they would play an important role in SHG-Bank linkage.

HOW ???

Bankers would also be sensitized to deepen the credit so that the poor would benefit from linkage. From a current status of about 15% to 20% repeat finance to SHGs, attempt would be made to reach where 50% SHGs receive repeat finance.

NABARD and other banks would be encouraged including agencies like CARE would be encouraged to undertake sensitisation among bankers on a regular basis so that branch level officials would be able to appreciate the need for credit deepening and repeat linkage.

Through NABARD and International NGOs like CARE, interface among various stakeholders for smooth implementation of the programme would be organised.

Agencies working in Orissa would be encouraged to conduct studies on potential problems for healthy implementation of SHG-Bank linkage programme and develop suitable SHG promotion strategy for the tribals.

The government and other promoters would take steps for minimising procedural hassles and delays in accessing funds by SHGs. Further, NABARD would be encouraged to take steps in formulating guidelines for providing reasonable cost in financial intermediation to the NGOs.

The Government would endeavor to develop and strengthen MIS, analysis and dissemination of information.

Innovations like Computer Munshi, Grain Banks (micro-finance in kind), micro-finance Barefoot Trainers / Accountants would be encouraged.

HOW ???

7.2.2 Promotion of micro-Finance Institution

There is great potential for growth of mFIs in the state. SIDBI and other wholesalers would be encouraged to demonstrate an optimistic growth of mFIs in the next three years. Stakeholders involved in mFI development would be encouraged to enhance their support with gradual growth of NGO-mFI operations in the state. Wholesalers like SIDBI would consolidate their operations in the coming three years with partnerships of over 15 mFIs.

Other new generation private sector banks like ICICI, ABN-AMRO would also be encouraged to consolidate their portfolio of supporting NGO-mFIs in the state in the coming three years.

The Government through Mission Shakti would facilitate to form women SHG federation at the block level, where there is no federation and also strengthen them to qualify the ratings required for financial intermediation. Simultaneously, steps would be taken to recognise all the existing federations promoted by NGOs, SHPIs.

Cooperatives registered under Orissa Self Help Cooperative Act – 2001 would be strengthened as mFIs through adequate capacity building and loan funds. Government would encourage formal banking sector, especially DCCBs to proactively support these cooperatives.

To keep track of the SHGs promoted by the NGO-mFIs / mFIs and their loan intake, the district administration would be ensuring the submission of list of the groups promoted by the SHPIs, NGOs, NGO-mFIs, mFIs, Banks along with the details of savings, credit, source of credit and insurance information in a quarterly basis.

HOW ???

7.2.3 Promotion of micro-Insurance

Government and other promoting agencies would explore sensitization of the SHGs on micro-insurance through their vast machinery.

Promotion of rural micro insurance products would be the prime agenda. Public and Private Insurance Agencies would be encouraged to forge partnerships in promotion of different types of life and non-life products, so that women would be able to absorb economic shocks. All the good quality SHGs would be targeted for coverage under micro insurance schemes. Insurance for loan products, assets, life and health would be priority at the client level and these should be packaged within the loan products. SHGs, which are essentially the grassroots level groups for development, could be engaged in the promotion of micro Insurance to ensure low cost as well as effective delivery of services.

All public and private insurance companies would be facilitated for harnessing the rural market, which would help NGOs as well as their clientele in accessing appropriate insurance products, with relatively small premium and with wider risk coverage.

Affordable insurance schemes would be encouraged. Priority would be accorded to design of products, meeting the requirements of the target client profile.

There is potential for enhancing outreach of micro insurance through Mission Shakti promoted women SHGs. This route of partnership of Mission Shakti with private and public insurance companies would be encouraged.

Some insurance companies are looking forward to expand their operations through the corporate agent model, which would enhance the quality of service and outreach. This needs to be further encouraged and NGOs and RRBs can be seen as potential partners in this regard.

Promoting agencies would be encouraged to focus on insurance renewal of SHGs on a regular basis.

Government would encourage use of IT infrastructure for insurance promotion.

HOW ???

7.2.4 Capacity Building

A State level CBI would be established quickly in order to coordinate the efforts of Capacity Building. It needs to have functional coordination with other promoting agencies within the government and outside. Government would develop coordinated mechanisms with the proposed CBI as the nodal agency to consolidate all the training and CB efforts. All the line departments would coordinate with the CBI to implement their respective departmental capacity building plans. Cadre of Barefoot trainers / barefoot accountants at the village level would be developed. Mechanisms for sustainability of such cadres would be explored, so that SHGs would get continuous CB inputs starting from formalisation and consolidation of their operations.

Capacities of functionaries at different levels of different stakeholders' viz., government, NGOs, bankers and others would be strengthened through a cascading ToT approach.

Standardisation of methodologies, training curriculum, MIS would be undertaken in due course with the support of other practising agencies.

One important element concomitant to training and CB is rating (quality assessment). The Capacity Building Institute would develop rating mechanisms as part of the training so that members are able to appreciate the indicators of rating and would be in a position to undertake self assessment.

HOW ???

7.2.5 micro-Enterprise promotion & Marketing

There is space for SHGs to move away from addressing merely consumption loans to livelihoods based productive activities. This calls for capacitating the clients and stakeholders on providing the right livelihood choices.

Graduation of SHGs from micro-finance to micro-enterprises would be properly planned and facilitated. With the support of NABARD, a pilot project in potential districts would be introduced for making provision for special training through capacious NGOs in the area of skill building, entrepreneurship development, charting the route through low risk trading activities for confidence building before facilitating graduation to conventional risk based activities.

Efforts will be made for bridging the gaps between marketing and support activities.

Mechanisms for linking eligible WSHGs for assistance under SGSY would be established.

All eligible groups would be promoted in skill up-gradation and mE support and market support wherever necessary. It is targeted that about 50% per cent of SHGs and their members in each SHG would be engaged in mE activities by 2008. In reality SHG members are at various levels in the ladder of enterprise. The effort would be such that the women across the levels would be benefited.

One of the thrust areas for promotion of mE would be organising producers' groups and streamlining forward, backward and crossed linkages. Prominent sub-sectoral activities and clusters, clusters of producers groups would be identified, skill assessment would be done and business plans would be drawn in the rural areas of all the districts to develop strategies for mE promotion at the district level. SIDBI evinces interest in promotion of some of the important sub sectors like Dairy, agro-processing, NTFPs, horticulture, through producers cooperatives.

Capacity building efforts by upgrading technical skills, development of management and negotiation skills, participation in marketing activities would be initiated. Efficient production processes at the village and cluster level would also be introduced.

Priority would be given to strengthening grassroots level supply management chain and simultaneously efforts would be made to enhance market access for poor entrepreneurs so that they would benefit from market interventions of the government and other promoting agencies.

The CBI would introduce product and design development process, conduct market analysis, compile product brief, develop market driven design and test marketing of product sample.

The CBI would facilitate establishment of standardized production system, promote grassroots managers, wholesale purchases of raw materials, and establish strong supply management chain, establishment of common production and marketing center.

Government would facilitate SHGs participation in local fairs and exhibition, participate in national and international buyers sellers meets, organize exclusive exhibitions for SHG Products, build a promotional web-site to promote products in the mainstream market.

Infrastructure in rural "haats" and market outlets would be set up, so that this marketing platform would be more women friendly and ensure participation of women as sellers in the "haats". Establishment of new "haat" in remote villages to provide a marketing platform to the villages would

be initiated. The Block level functionaries would take on the responsibility of identifying “haats” for further development, as well as identifying places for new “haats”. Priority would be given to tribal and backward areas for such interventions.

Tie-ups with corporate, bulk buyers, private entrepreneurs to buy-back SHG products and support initiate service based activities would be established.

The fund allocated under infrastructure development under SGSY as well as fund available with NABARD (under RIDF) for “haat” would be utilised. Government would also work towards a “haat “ development policy in the state, so as to strengthen rural market infrastructure. .

Commodity (agriculture and minor forest produce) marketing by linking rural products with terminal markets would be strengthened. Collective action by SHGs and Federations for marketing of farm produces and NTFPs at distant remunerative markets would be facilitated. These groups would require infrastructural support for storage, drying platforms, weighing machines etc., which would be made available to them.

At the block level efforts would be made to capacitate animators as business facilitators, who would provide counseling and guidance support to SHG members on mE.

SHGs and Federations would be trained on business plan preparation in order to access loans for various businesses from financial Institutions. The CBI would provide necessary training.

Most of the SHG families are into traditional activities such as agriculture and animal husbandry. Their investment in economic activities, related to such sectors, are not yielding results due to lack of support services. The Government would ensure delivery of services at the doorstep of SHGs from all extension / line departments.

Initiatives would be taken to set up and manage MPCS (Milk Producers' Cooperative Society), milk chilling centres, PPCS (Poultry Producers' Cooperative Society) at the cluster level. Agency specialised in Cooperative development and management in the country would be invited to provide technical support for the promotion of diary cooperatives of women SHG members in a big way in Orissa.

The State Level CBI would develop institutionalised coordination mechanisms with all the existing Capacity Building Institutions in the state of Orissa.

The task of capacity building of thousands of SHGs and other mF players envision adequate resource allocation. With Mission Shakti as coordinating body, government would consolidate resource allocations for mF and mE promotion.

Different means of engaging with the markets would be thought about. While participation in exhibitions and sale through 'show rooms' may have their own use, the larger markets have to be tapped whether within the Government e.g. the Mid-Day Meal scheme or the wholesale markets in private sectors or the export markets in different commodities. This calls for efforts both in the GO / NGO sector.

HOW ???

7.3 Projections of outreach and Resource requirements

In all, the state is poised to achieve an outreach of over 250,000 SHGs in the coming three years. This would require CB investments of Rs.10 crores, which need to be augmented through government resources and others.

A loan fund of Rs.1000 crore is estimated for the coming three years.

By the end of 2008 each revenue village would have at least one self help group credit-linked with banks.

HOW ???

7.4. Institutional Arrangements for coordination

Government, with the support of technical agencies, would develop institutionalised coordinating mechanism for ensuring systematic growth of and support to the mF sector. The role of the government would be to facilitate promotional activities, fund support, institutionalised mechanisms for MIS sharing and systems development.

Mission Shakti would be the focal point of all activities in the mF sector in the state. It would further evolve, as an umbrella under which WSHGs promoted by all agencies will thrive. Creation and strengthening of district and block level Mission Shakti Coordination Committee would be ensured. Periodical review Meetings, data gathering, its analysis and dissemination, CB initiatives, establishment of market tie-ups and all activities incidental to the promotion and strengthening of mF movement in the state would be responsibility of Mission Shakti Directorate at State Level and Mission Shakti Coordination Committee at the district level. A trained officer duly designated by the government in each district would be assigned with an overall responsibility of effecting coordination among all stakeholders.

With heart within and God over head we hope that all goals laid down in the Mission Statement released by the Honorable Chief Minister on March 8th 2001 and reiterated in this Vision Document would be achieved.

UNVEILED VOICES

008		<p><i>"More loan and training to the Federation members is required. Government should take necessary steps in this regard"</i></p> <p>Utara Khatoi, Maa Bhagabati Self Help Co. Ltd., Karamagaon, Konark, Puri</p>	014		<p><i>"Government should take necessary step for giving at least Rs.10,000/- loan to each member and provide required capacity building support to the members on IGA. The Government should also provide marketing support to the SHGs".</i></p> <p>Suprabha Satapahy, Maa Banadurga SHG, Jagannath Prasad, Ganjam</p>
009		<p><i>"Government should provide infrastructure to the newly formed cooperatives and see that all the members become literate. More loan should be given to the SHG members."</i></p> <p>Basanti Biswal, Talasuna Self Help Co. Ltd., Talasuna, Kurujang, Konark, Puri</p>	015		<p><i>"Each group should get a bank loan of at least Rs.50,000/- and the members should be provided with required IGA training. They should also be provided with capacity building support on IGA. SHGs should be involved in effective monitoring and management of Anganwadi centers in each village".</i></p> <p>Sashi Rekha Sabat, Pulkayee SHG, Chandanpur, Puri</p>
010		<p><i>"Government should take steps in increasing literacy level of women and making them aware about women rights and entitlements. Groups should be trained on financial management and encouraged to save 5 to 7 times of the present savings".</i></p> <p>Reeta Rani Patro, Maa Santoshi SHG, Nuagada, Surada, Ganjam</p>	019		<p><i>"Government should take steps in imparting more training to SHGs on Book Keeping, Leadership and Decision Making. Government should support for the procurement of raw materials and marketing of the SHG products. For marketing tie-up state level federations should be formed."</i></p> <p>Tarubala Bastia, Sukanya SHG, Chandanpur, Puri</p>
011		<p><i>"More financial support should be provided by the SHG members from Bank, Government and NGOs. They should be provided with required skill training. Government should take necessary steps for marketing the SHG products so that each member would earn Rs.2000 to Rs.3000/- per month."</i></p> <p>Subasini Behera, Lurdu Mary SHG, Dantlingi, Asurbandh, Surada, Ganjam</p>	020		<p><i>"Government should facilitate in formation of Women Cooperatives and Federations and provide support in marketing of Forest produces without involving the middlemen. Policies in this regard should also be brought in. A minimum of Rs.50,000/- loans should be made available to each SHG. Further, SHG members are not allowed to participate in the Palli Sabha and Gram Sabha. They should be allowed to participate and consulted for the identification of Indira Awas Yojana Beneficiaries".</i></p> <p>Kalabati Bhoi, Mahasakti Foundation, M.Rampur, Kalahandi</p>

012		<p><i>"SGSY scheme need further improvement because it is only given to Grade-1 group. Each group should get a bank loan of Rs.100,000/- to initiate a group based economic activity"</i></p> <p>Gauri Nayak, Maa Sarala SHG, Panchubati, Jagannath Prasad, Ganjam</p>	027		<p><i>"Government should take necessary steps to change the attitude of the Bankers and required business training should be provided to all the SHGs. To fight the against the issues of women atr16ocities legal counseling center should be opened and functional in each and every district."</i></p> <p>Baijayantimala Brahmachari, Swayasmhree, Cuttack</p>
023		<p><i>"More loans should be made available to the Members and Government should take necessary steps in strengthening the newly formed cooperatives. Government should take necessary steps to give contract to the SHGs through block / Panchayat for construction of road, school building etc."</i></p> <p>Kamala Sahu, Mahasakti Foundation, Madanpur Rampur, Kalahandi</p>	030		<p><i>"Government should take necessary steps in promotion of micro-enterprises. Equipments should be provided to the SHGs on subsidized rate through various Government schemes for initiating IGA."</i></p> <p>Mandakini Das, Swayasmhree, Cuttack</p>
025		<p><i>"More loans should be made available to the members of SHGs and Government should take necessary steps to involve all the SHGs in economic activities"</i></p> <p>Debaki Bhoi, Patapali SHG, Patapali, Chairpur, Sambalpur</p>	032		<p><i>"Market Outlet for selling of SHG Products should be opened by the Government at the Block Level."</i></p> <p>Sovanani Beja, Ma Singidei Sanchaya Samiti, Maniancha, Nimapara, Puri</p>
026		<p><i>"Government should take steps to involve all the women in all the villages in Self help Groups. The quantum of loan at present is too small to initiate a profitable business, hence more loan should be given to the SHG members. Government should take steps in forming federation in each district."</i></p> <p>Maithili Rana, Upperpada Mahila Sanchayika Sangha, Hotapali, Chairpur, Sambalpur</p>	034		<p><i>"Government should take steps in involving poor and backward women and facilitate taking-up issues on women rights through federations."</i></p> <p>Guna Sahoo, Maa Phulakeswari Sanchaya Samiti, Budhei, Nimapada</p>

035		<p><i>"SHGs / cluster level federation would manage PDS more efficiently than Panchayat. Government should do something in this regard. Government should provide matching grant to the SHGs and take necessary steps for the security of the members' savings. Each SHG member should be issued with a ID card like that of Voter card."</i></p> <p>Salila Mohapatra, Puravikash Parishad, Salia Sahi, Bhubneswar</p>	041		<p><i>"For GP level federation, Government should take steps to provide office infrastructure and group loan should be increased".</i></p> <p>Urmila Biswal, Kalyani Mahila Mandal, Siyapada-A, Rajakanika</p>
036		<p><i>"Government should take necessary steps in opening Mahila Banks through out the State, which would provide need based individual loan to the members and also facilitate insurance of all SHG members in the state."</i></p> <p>Swarnalata Biswal, Kalyani Mahila Mandal, Rajkanika, Kendrapara</p>	046		<p><i>"In my area, each group should be provided at least Rs.200,000/- to purchase stone crasser machine to start group based activity."</i></p> <p>Sarmila Rout, BMASS, Hinjlicut, Ganjam</p>
037		<p><i>"Each member should be given Rs.10,000/-. Apart from this, Government should provide loan in kind (machine, raw materials etc.)"</i></p> <p>Basanti Mallick, Kalyani Mahila Mandal, Joral, Ayatan, Rajkanika, Kendrapara</p>	047		<p><i>"The loan amount should be increased. Each member in the group should be provided with a loan of Rs. 50,000 to Rs. 60,000/-. In the rural areas, Kerosene dealership should be given to the SHGs."</i></p> <p>Saila Gouda, BMASS, Hinjlicut, Ganjam</p>
038		<p><i>"Bank should give loan each member at least Rs. 20,000/- under SHG Bank Linkage programme in the next 2 to 3 years. Cooperation between Bank, Government, NGOs and SHGs should be strengthened."</i></p> <p>Sulochana Sia, Kalyani Mahila Mandal, Jinkiria-A, Junapanga, Via-Rajnagar, Kendrapara</p>			

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