

# 2012

## Impact Assessment of TSRDS Focus Self Help Groups



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## **I. Introduction**

Approximately 70% of the population in India live in rural areas. Globalization, the opening of markets and climate change has made this sort of subsistence increasingly more difficult triggering migration to the urban areas. In an effort to provide sustainable source of income and empower the poor, the Government of India launched schemes such as Swarnajayanti Gram Swarozgar Yojana (SGSY) implementing Self Help Groups in the early 70s. Backed up by the government, TATA Steel has been a key player in the initiation and sustention of social mobilisation. Seeking to improve the livelihood of the surrounding rural communities, Tata Steel Rural Development Society (TSRDS) assists the formation, development and strengthening of the SHGs. Adopting the Small Savings and Micro enterprise route, TSRDS aims for financial and social empowerment of the women in the nearby communities. Since the launch of these efforts, more than 773 SHGs have been supervised by TSRDS. In 2009, a new initiative was developed to provide more personalized attention to successful SHGs under the category of Focus SHGs. So far, only one limited study has been done on the subject of this policy initiative by a previous TISES intern in 2011. In view of this gap, the theme of this report “Impact Assessment of TSRDS Focus SHGs”. With the aim of quantifying and recording the correlation between SHGs and financial and social empowerment indicators, the report was entrusted to TISES 2012. In addition, four deliverables were requested. These are:

- 1. Design of a data collection mechanism**
- 2. Composition of Focus SHGs profiles**
- 3. Needs Assessment of Focus SHGs**
- 4. Design of Focus SHGs parameters**
- 5. Modelling of a grading system to qualify financial performance.**

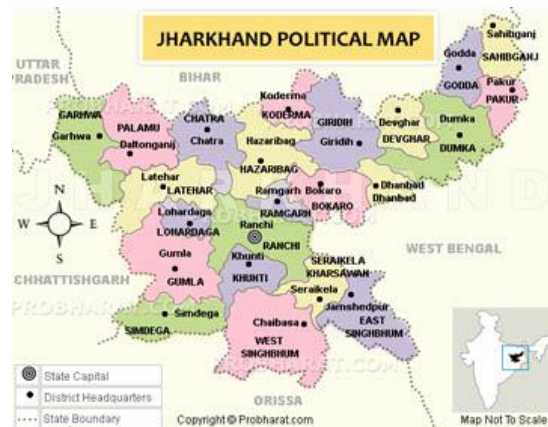
The following report is divided into a background section of purely informative nature. Following, the core of the report is the methodology for each deliverable, the findings and conclusions drawn from the field exercises. The last section is the recommendations product of the information available and collected. At the end of the report, the appendixes contain the format of the surveys, the SHGs profiles and other the pertinent information.

## II. Background

### A. TATA Steel and Jharkhand

Known as 'the land of forests', Jharkhand, in East India is the home of Jamshedpur, where TATA Steel operates since 1909<sup>1</sup>. The nature of this state is a dichotomy. Considered a rich territory dotted with natural resources such as bauxite, iron and coal, remains witness of little redistribution with approximately 40% of its population living below the poverty line<sup>23</sup>. Historically a rural state with high incidence of poverty, accounts for 76% of the population majorly Scheduled Tribes, living in the small villages<sup>4</sup>. Out of a 26 million inhabitants, only 45% have connection to electricity and little over 8,000 villages are connected by roads. This exemplifies the isolated from the government poverty alleviation reach<sup>5</sup>. As for social indicators, 38% female literacy is below the national average and there is persistent child malnourishment (Unicef India 2011, ). Most of these villages, historically tribal, engage in traditional economic practices such as small scale agriculture and animal husbandry. Endangered by the monsoon erratic will, the opening of India's capital markets and globalization, this rural population livelihood has been tested and put at risk.

Figure 1: Map of Jhakarhand



## B. Micro-finance in India

<sup>1</sup> <http://www.tatasteelindia.com/corporate-citizen/corporate-sustainability/jamshedpur-story.asp>

<sup>2</sup> This number varies across different sources, with government data being more optimistic (34%) than NGOs (50%). According to the Planning Commission figures based on the Suresh Tendulkar Committee Report the 2009-2010 Rural Poverty Line as 672.8 rupees per month. The 2011-2012 estimates are supposed to be released in December 2012.

<http://www.thehindu.com/news/national/article3013870.ece>

<sup>3</sup> [http://www.unicef.org/india/state\\_profiles\\_4362.htm](http://www.unicef.org/india/state_profiles_4362.htm)

<sup>4</sup>Census of India Government Data 2011.

[http://www.censusindia.gov.in/Census\\_Data\\_2001/Census\\_Data\\_Online/Population/Number\\_of\\_Households.aspx](http://www.censusindia.gov.in/Census_Data_2001/Census_Data_Online/Population/Number_of_Households.aspx)

<sup>5</sup> Government of Jharkhand website. At Glance. [http://www.jharkhand.gov.in/AboutState\\_fr.html](http://www.jharkhand.gov.in/AboutState_fr.html)

After 1969, considered the post-nationalization period, there was a push for opening the traditional financial sector to the poor, a majority that has been consistently marginalized (Singh, 2005; Reddy & Manak, 5). Out of this reasoning, the birth of the National Bank for Agriculture and Rural Development (NABARD) considered the current government provider of the main micro-credit schemes. Alternative narratives argue that microfinance origins can be traced back to the Self Employed Women's Association (SEWA) in Gujarat where the cooperative bank, Shri Mahila SEWA Sahakari Bank was formed in 1970 (Legatum, 2)

A decade later, the Integrated Rural Development Program (IRDP) was launched as a poverty alleviation credit scheme backing up bank loans and complementing such with subsidies (Reddy & Manak, 5). The success of these efforts was mixed. From these experiences, there was a shift to an emphasis on microfinance and all its benefits rather than just subsidized micro-credits. Unintentionally, in India nowadays microfinance is synonymous with microcredit, defined by the Development and Regulation Bill 2007 as loans between 5,000-20,000 rupees (CRISIL, 2009). In theory, this tool would enable relaxation of credit constraints, access to cheaper credit, changes in intra-household bargaining power and trade-offs between small consumption expenses vs. large investment expenditures (Crespo et al, 2011)

The strategies used to achieve the initial objective of facilitating access to credit market by both private and public sector have evolved through a process of trial and error. One of the innovations at the time was the lending model of using associations such as Self-Help Group, Joint Liability Groups and more informal associations as ROSCAs (Rotating Savings and Credit Associations). In the present, these two organizational structures are dominant in the MFIs sector (CRISIL, 2). In terms of households linked to microfinance, between 1993 and 2006 the average annual growth rate of formation of these institutions was of 82 %, with a 110 % growth rate in terms of credit amounts (NABARD, 2010)

From its humble beginnings the micro-financing industry in India has become a multimillion dollar business. Government, NGOs and private companies alike have engaged in micro-financing with a fair amount of success. Government initiatives such as the Swarnajayanti Gram Swarozgar Yojana (SGSY), core to this report, provides subsidized credit to the poor through the banking sector since 1999 using the Self Help Groups model (Reddy & Manak,5; CRISIL, 2). On the other side of the



spectrum in the private sector, microfinance institutions (MFIs) such as SKS Microfinance Ltd (SKSMPL) and Spandana Sphoorty Financial Ltd (SSFL) have been institutionalized mostly using joint liability group's model (CRISIL, 2). Even though both sectors seek similar objectives, their client base and portfolio growth is different; the private sector being the leader in the industry (Legatum Ventures, 5)<sup>6</sup>

Three decades after the micro-finance boom academics and practitioners are still debating the effectiveness of micro financing as a 'silver bullet'. Even though it has been a topic of intense study, the results are consistently inconclusive and limited (DFID, 2010). Currently, research increasingly suggests that these small loans have limited impact on business productivity. In a randomized controlled trial carried out in Hyderabad it was concluded that liquidity constraints imposed by debt structure hindered investment in high-return but illiquid opportunities limiting the potential impact of microfinance (Banerjee et al, 2010). In other words, it can be expressed that micro-financing is working as an income smoothing mechanism rather than as a social mobility facilitator (Karlan, 2010). From a social perspective, at least in the short-term, researchers findings agree that microcredit does not appear to be a recipe for changing education, health, or women's decision-making (Banerjee et al, 2010; Crépon et al, 2011; Karlan and Zinman, 2010). It has been even debated that micro financing crowds out other investments and could distort or slow down development by indebting the poor (DFID, 2010). The above mentioned conclusions are not encompassing and definitely heterogeneous, varying by setting (urban/rural) and status of enterprise (new enterprise/expansion).

In spite of the marginal effect on enterprises presented by some studies, microloans can have a positive impact even without new business investment or dynamic entrepreneurship (Karlan, 2011). Randomized control trials (RCTs) have found that microloans have a statistically significant effect on business outcomes and the composition of household expenditures (Banerjee et al, 2009; Crépon et al, 2011). Even skeptics such as Jonathan Morduch have asserted the opinion that research has been focusing in the wrong indicators hence the diversity of results. In a study he co-authored in 2009, it is suggested that the role of micro-credit is that of offering a reliable source of income to smooth fluctuations, risk and the day-today hardships of the poor making "the ride less bumpy and stressful"

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<sup>6</sup> According to a report by the Legatum Ventures (xv), between 2008 and 2010 the number of clients of MFIs grew by an average of 61% each year, with loan portfolios growing 85% per year. Compared to SHG government institutions with a 13.6% growth and a 28% respectively. Arguably, the combination of door-step service, easy credit, frequent small-value repayments and the group guarantee is attracting borrowers – who are no longer so naïve that they cannot weigh the attractions of these factors against the lower rates of government programs".



(Yale, 2011). Even if the effect of social indicators is inconclusive, it doesn't mean is negative. Possibly, the indicators that are being measured are not adequate and simplification of the household financial complexity doesn't help. As expressed by Odell (2010), not a single impact assessment can provide a universal answer for microfinance and each new study should be carefully interpreted. For the moment being, research continues to be carried out, for better or worse with many more questions unanswered than those resolved.

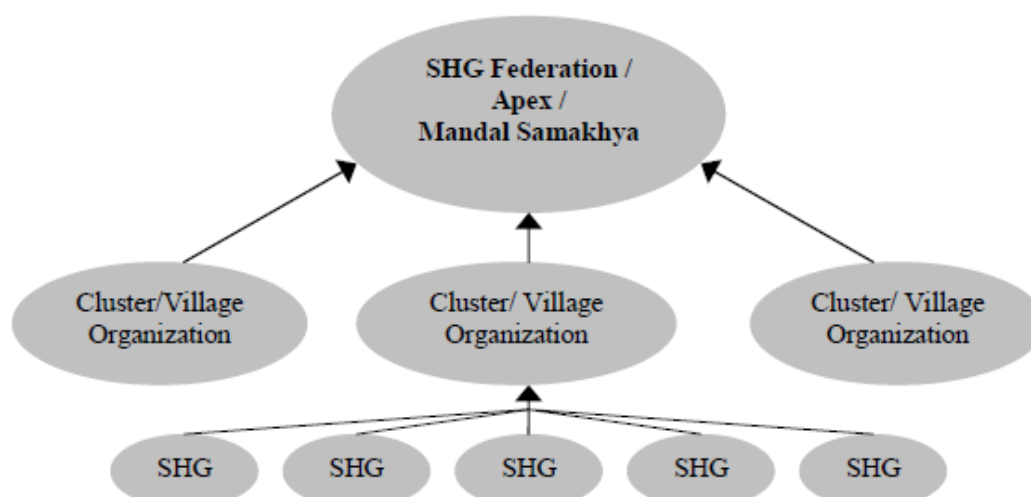
### **C. Self Help Groups (SHGs) in India**

The concept of Self Help Group (SHG) in India was introduced in 1985 with Mysore Resettlement and Development Agency (Fernandez, 6). Nowadays, many rural development programmes as "Swarn Jayanti Gram Swarozgar Yozana" (SGSY), are based on the SHG model (Reddy, 2005). This model is defined as a small voluntary association of poor people from similar socio-economic status. As opposed to the Joint Liability Group model often related to the Grameen Bank, the loan is dispensed to a group and not each individual. This setting enables access to micro-credit with the purpose of enterprising. Although the nature of the composition varies across the country most efforts are currently targeting only women and both Tribal and Scheduled Cast because by experience they perform better and are in most need (Reddy, 2008; CRISIL 2009). In India, the SHGs model represent a unique approach to financial intermediation seeking to effectively combine, access to low-cost financial services with self-management and self-development. Aside from the formation of SHGs by government agencies such NGOs and corporate social responsibility interventions have become leading actors in this field where SHGs have become a national policy to fight poverty (EDA, 2011; Fernandez, 8).

Even though many government efforts are carried out in SHGs, this report solely deals with the Swarnjayanti Gram Swarozgar Yojana (SGSY) scheme which underpins the SHGs TATA Steel is currently engaging with. The SGSY, an initiative by the Indian National Rural Development Ministry aims "to bring the assisted poor families (Swarozgaries) above the poverty line by ensuring appreciable sustained level of income over a period of time". This objective is supposed to be achieved by organizing the rural poor into groups and by providing assistance such as revolving funds, trainings and capacity building (SGSY Guidelines, 2011). Specifically, SGSY focuses on the organization of the poor

at grassroots level through a process of social mobilization and sustainable income generation (Ministry of Rural Development of India, 2011). According to the government guidelines, at least 70% of SHGs must be composed by households identified through Below Poverty Line census<sup>7</sup> (Balchand, 2012). Highly decentralized, the formation of SHGs is under the supervision of District Rural Development Agencies (DRDAs) and is facilitated by organizations such as banks, NGOs and corporations. On the latter, the some worth mentioning are TATA Consultancy Services, Infosys and Reliance Industries Ltd (The Economics Times, 2010)

*Figure 1: Illustrative SHG Federation*



Source: APMAS Report (8)

The latest published estimates from NABARD asserts approximately 1.6 million SHGs have benefited of rupees 69 billion financing (NABARD, 2010). SHGs impact on poverty alleviation and the measurement of positive externalities has been the subject of many studies. Singh (2005) found that a greater percentage of women were impacted positively when being members of SHGs by enabling them to gain self-confidence, social and economic empowerment and possibility of capacity building. Along similar lines, Reddy (2) find positive traits such as increase in propensity to save and improvement of socio-economic status of the woman's family through the new income generating

<sup>7</sup> Poverty Line for Rural areas is approximately 632 rupees a month according to the Planning Commission of India 2010 estimate. The 2011-2012 report with the updated estimates is due to be published in December 2012.

activity. Nonetheless, these views are subject to criticism and scepticism specifically by practitioners of randomized control trials (RCTs) such as J-PAL. The heterogeneous impact of SHGs due to perpetuation of inequality between members, persistence of women poverty in mature SHGs and weak transparency and record keeping are highlighted in a report carried out by the EDA and APMAS (2006). With similar views, a study by the Planning Commission of the Government of India (37) highlights the lack of capability of SHGs for handling savings, the bias in the selection of SHGs eligible for SGSY and the absence of information regarding the benefits of participating in the SGSY. Far from a perfect tool, the SHG model in India has filled a gap and enabled certain processes to take place. As in the subject of micro-financing, creative research is needed to quantify the effectiveness of this model.

### **III. Self Help Group: a brief description<sup>8</sup>**

#### **1. Structure and Logistics**

##### ***a) Composition***

Each SHG has between 10 and 20 female members between the ages of 30-50. Three officers (president, secretary, and treasurer) are elected by democratic vote and are in charge of the executive, administrative and financial duties such as keeping minutes of the meetings and bookkeeping. These are rules stipulated by the by-laws of each SHG.

##### ***b) Organizational Design***

- Level I (group formation): entails the development and strengthening and self-management at the grassroots level. Meeting with the bank and opening the SHG account is expected at this stage.
- Level II: refers to the group stabilization through thrift and credit activity amongst the members.
- Level III: involves the acquisition of the revolving fund from the SGSY scheme.

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<sup>8</sup> This general information was drawn from the Ministry of Rural Development of India, Swarnjayanti Gram Swarozgar Yojana Guidelines (2011)

- Level IV: requires the development of the micro-enterprise for income generation. This phase would include specific trainings related to the choice of activity to facilitate productivity.

Even though there are certain timeframes for each level, there are cases in which SHGs require longer periods in a specific phase. Awareness of this situation would require provision of more personalized attention and trainings to overcome obstacles.

## **c) Grading**

SHGs are considered Grade-I (Level I) after 6 months of establishment. When demonstrated the potential as viable groups, SHGs are categorized as Grade-II according to the stipulated norms under SGSY Guidelines. Once that level is achieved, the group is eligible for economic activity assistance in the form of bank loan and subsidy (Guidelines Ministry of Rural Development, 2011).

## **d) Meetings**

The SHGs can meet up to four times a month in fixed agreed schedules. All three officers and the field animator facilitator must be present and records are kept and made available to TSRDS.

## **2. Sources of group micro-enterprise funding**

### **a) Savings**

The members of the group contribute to the Corpus an agreed and voluntary amount of cash every month for at least a period of 6 months. During level I, this initial amount of cash is deposited in a bank account and can be mobilized through intra-group loans after 6 months. The interest rate for intra-loans, the penalties for late monthly savings deposit and late intra-loan payment are determined by the bylaws of the particular SHGs.

## ***b) The loan***

- SGSY loans are treated as medium term loans with minimum repayment period of five years. Under this scheme, SHGs can be eligible for a maximum of a revolving fund of rupees. 25,000 delivered by financial institutions comprising commercial banks, cooperative banks and regional rural banks.
- After successfully paying for the first revolving loan, in a stipulated period of time, the SHGs can apply for a 2.5 laks loan to further its enterprise endeavours. Under the SGSY scheme, this is the last loan the SHG can apply to. Any other subsequent loan process would be outside the scheme and without a subsidy.

## ***c) The subsidy***

For individual swarozgaries subsidy under SGSY is either 30% of the project costs (maximum of Rs.7500) or 50% (maximum of Rs.10, 000). For groups of Swarozgaries (SHGs), the subsidy is 50% of the project cost subject to per capita subsidy of Rs.10, 000 or Rs.1.25 lakhs, whichever is less<sup>9</sup>

## **3. Distribution of Loans**

Loans distribution and purpose are determined on a need basis and are approved by the group by unanimity. Given the nature of the scheme, the loans are intended to be spent on entrepreneurial endeavours such as: vegetable cultivation, handmade jewelleryes, animal raising, catering etc. Ideally the program scheme suggests that the choice of activity to be funded by the loan should be based on the local resources, the aptitude as well as the skill of the people and an available market (Swarnjayanti Gram Swarozgar Yojana Guidelines, 2011).

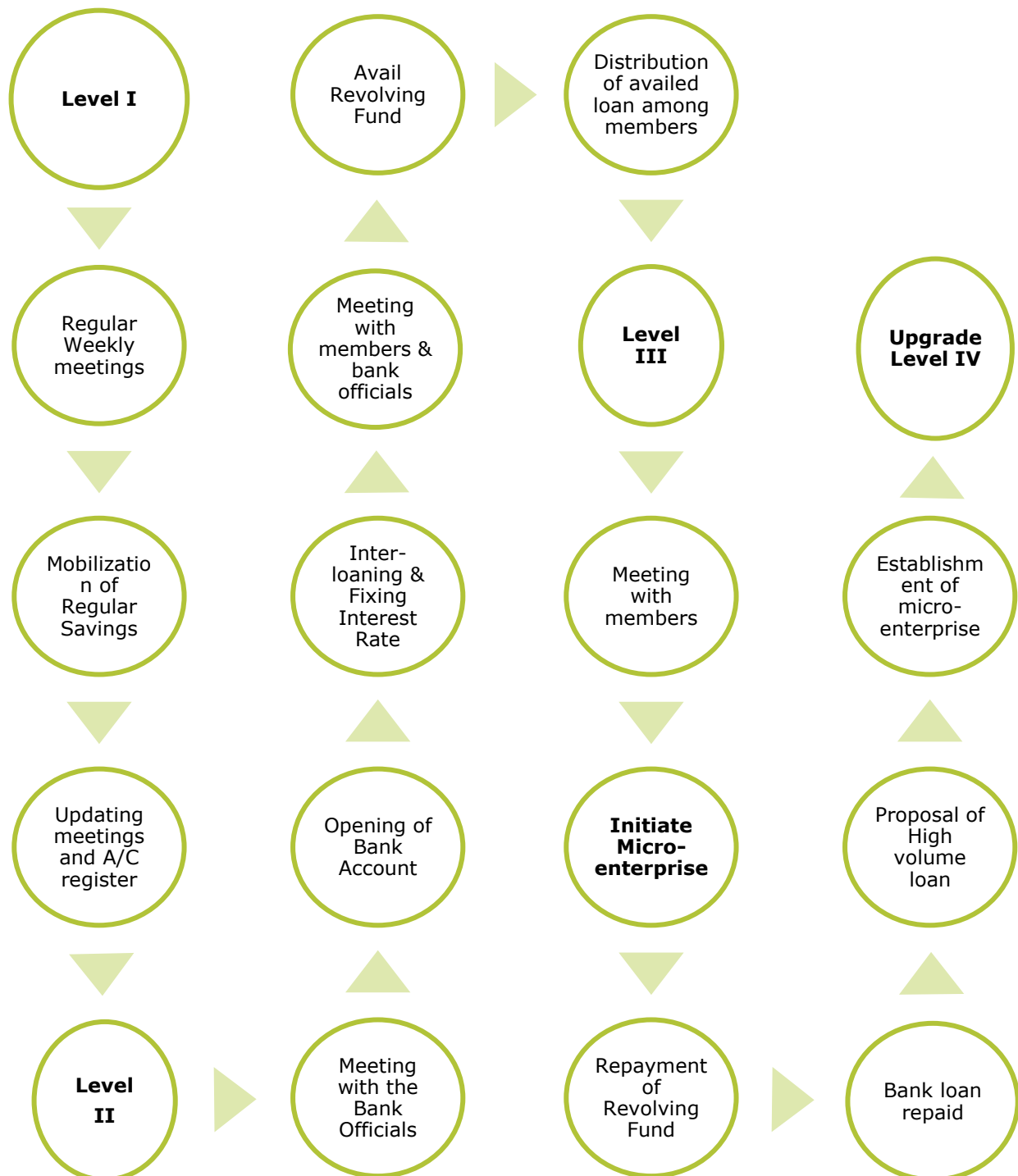
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<sup>9</sup> Swarnjayanti Gram Swarozgar Yojana Guidelines by the Ministry of Rural Development of India, 2011

## **4. Economic activities**

Only after stage II, the SHG is eligible for financial assistance for economic activities. This can be either a loan-cum-subsidy of SGSY to the individuals in a group or a loan-cum-subsidy to the group where a single enterprise or a few are taken by all the members of the group. In both cases, the liability of the loan is owned by the group.

Figure 2: SHG Implementation Process

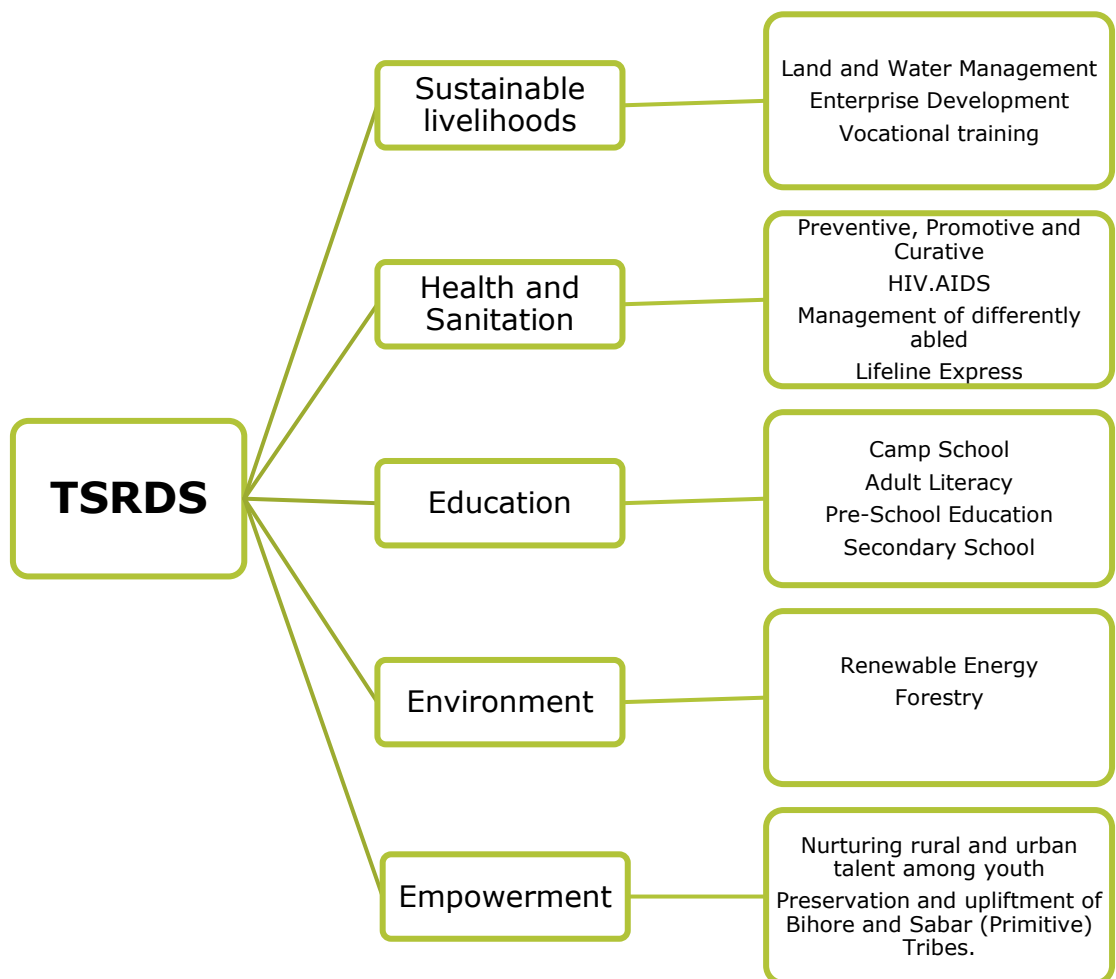




## B. TATA Steel Rural Development Society and SHGs

Over a century ago, TATA Steel set up their head operations in Jharkhand, Jamshedpur giving birth to the Steel City. Known as the first industrial planned city in India, Jamshedpur counted with many amenities foreign to most cities at the time and even in the present such as reliable electricity supply, potable piped water, leisure facilities and relative high standard public service provision. Following the ethos of the company's founding principles, TATA Steel has engaged in organized corporate social responsibility (CSR) through the establishment of TATA Steel Rural Development Society (TSRDS) in 1979.

Figure 3: Tata Steel Rural Development Society



Within the above mentioned policy areas, TSRDS facilitates and supports SHGs under the sustainable livelihood umbrella. Specifically, the efforts are directed towards enterprise development through SHGs. Even though this model is a well-established concept in India, its expansion is not equally distributed across the country. In the adjacent localities to Jamshedpur, where TATA Steel operates, the propensity of SHGs was minimal compared to their spread in southern India (NABARD, 2010). Backed up by the government as a tool for rural development, TATA Steel, in 2005 took action as a key player in the initiation and sustention of this process of social mobilisation for the improvement of the livelihood of the rural communities. Under the Sustainable Livelihood section of TSRDS, it was adopted the Small Savings and Micro enterprise route to empower women and build their capacity to supplement their family income. By supporting SHGs through the four levels of maturity the company seeks to achieve enterprise development in a sustainable fashion. Since the beginning of these efforts, more than 773 SHGs have been reported in one of the four levels of evolution across the areas where TATA Steel operates (TSRDS, 15).

Under direct responsibility of TSRDS, 384 SHGs with about 4017 women are monitored on a quarterly basis with informal information regularly provided regarding performance and needs. With the aim of a more personalized monitoring a small number of “successful” SHGs were designated as “Focus Groups” in 2009. Noting that this is considered a bias, the marginal impact of TSRDS efforts is minimized by working with better performing groups. As for the categorization, this is determined on a relatively subjective set of parameters compiled by the field animator<sup>10</sup> interaction with the SHGs and the financial tracking done by TSRDS. From a modest start of 15 SHGs, TSRDS has increased the number of Focus SHGs reaching the total of 30 SHGs in 2012. So far, TSRDS lacks a systematic tracking system of socio-economic indicators of the SHG members and their functioning. As in the following years the number of Focus SHGs is expected to increase, the development of the deliverables of this report will become useful at delivering more efficient and effective assistance to SHGs

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<sup>10</sup> According to TSRDS the animators collect informal information regarding the performance of SHGs through weekly and monthly interaction with the groups. Animators considered the link between the villages and TSRDS are under the payroll of TSRDS.

## 1. TSRDS SHG initiative: Objectives and approaches

Figure 4: Objectives and Approaches to SHGs.

Objectives	Approach
<ul style="list-style-type: none"> <li>• Build and enhance skill development of SHGs in the chosen enterprise as a supplementary source of family income</li> <li>• Support of SGHs through four levels of maturity through assistance, coaching and training. Provide sustainable livelihood opportunities</li> <li>• Ensure sustainability of the SHG's and its enterprise</li> <li>• Foment women empowerment in the villages through</li> <li>• Better quality of life, income and happiness.</li> <li>• To assist the SHGs in their efforts to augment their income generating activities</li> </ul>	<ul style="list-style-type: none"> <li>• Make the youth employable by teaching them skills in demand locally or fit for an enterprise with minimal input of capital Facilitate the marketing of the products produced by those SHGs at Guesthouses and as corporate gifts.</li> <li>• Through the strong link with the villages TSRDS foments formation of SHGs.</li> <li>• Provide capacity building through trainings on demand with vocational and enterprise focus.</li> <li>• Monitor 30 focus SHGs on a monthly basis through EDP tracking and field animator reporting with the aim of facilitating their goals.</li> </ul>

Source: TSRDS 2010-2011 Annual Report,  
p.3

## 2. TSRDS SHG Monitoring

- TSRDS collects tracking documentation from over 400 SHGs regarding their financial performance on a quarterly basis.
- Regarding the 30 Focus Groups (the subject of this report) TSRDS collects monthly tracking

defined as EPD tracking.

- Informally, field animators report the details of the SHGs performance and meetings to the TSRDS supervisor. In addition, project managers are regularly in the field and have the opportunity to engage with SHGs.

## IV. Deliverables

Deliverables	Approach
Design data collection mechanism to track the performance of primary and secondary objectives of SHGs. The intended indicators should measure: a) Financial empowerment such as enterprise development and savings and b) Social Empowerment exemplified by women role in society, its position in the household and the attainment of education.	Design two separate surveys to collect information regarding the performance of SHGs and its members.
Asses the needs of the Focus SHGs with the aim of producing specific recommendations regarding training and enterprise development.	Collect information from the survey and Focus Groups semi-structure interviews to obtain both descriptive and quantitative understanding
Design a parameter/outcome checklist for SHGs based on Focus SHGs selection qualifications.	Collect information from TSRDS administrative staff and field animators on SHG performance expectations.
Compose the profiles of the Focus SHGs as an exposition of enterprise development efforts.	Descriptive effort of illustrative stories and photos of selected SHGs in the five blocks
Design grading system to qualify the status of SHGs financial performance applicable to non-focus group quarterly tracking.	Collect in situ models on this subject which would be applicable to the TSRDS dynamic and SHGs enterprises

## **V. Methodology**

Impact assessment of micro-financing through SHG model vary from hard-core econometric trials ran by groups such as J-PAL, to collection of observational data, impact assessment, social surveys and semi-structure interviews. As for the source of the data, this report uses both primary and secondary sourced information. The secondary source is limited to mainly financial information and few demographic traits provided by TSRDS. The veracity of this information is doubtful not because of intentional misrepresentation but due to the collection and storage method. The primary source was collected during the period of the scheme with the limitations of a short time frame of 7 weeks, language barriers, selective translation, limited mobility to the field, and lack of data. Evidently, the methodological approach is far from perfect, but admitting such failures is a good start for further research attempts.

The core data collected in this report is drawn from four sources:

1. Survey for Self Help Group members and elected officials.
2. Survey for the administrative personnel of TSRDS working with SHGs.
3. Semi-structured interviews with selected SHGs.
4. Data collected in past years by TSRDS and TISES 2011 intern.

### **A. Survey for Self-Help Group members and elected officials**

This section required much flexibility since it was subject to many variables outside the control of the research efforts and expectations. Ideally, a large representative sample of the focus SHGs would answer a basic survey to collect demographic, financial, social and economic information post-facto. Due to some of the limitations mentioned below such as low literacy rate and transportation difficulties, this method evolved into a reduced sample of the 30 SHGs. The second attempt was the delivery of two surveys. The survey concerning SHGs details was to be answered by an elected official of the SHGs often literate and well informed on the overall health of the group. The second survey was intended to target a few randomly selected SHG members to have a broader picture of the traits of the group. Unfortunately there were several limitations which are listed below that resulted in reducing the sample and number of surveys to 11 in total to be collected by the researcher and the animator.

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Figure 5. Random Sample of Focus SHGs where the surveys are carried out

SHG	Block	Village	Members	Enterprise
Jahergaad Mahila Samity	Patadma	Kolabani	12	Vegetable
Adibasi Koda Mahila Samity	Patadma	Kamalpur	10	Vegetable
Lowadih Mahila Samuh	Patadma	Lowadih	10	Vegetable
Jai Guru Mahila Samity	Jamshedpur	Pipla	14	Vegetable
Jagdatri Mahila Samity	Jamshedpur	Gurma	18	Fishery & Goatry
Maa Mansa Mahila Samiti (previously selected Saraswati Mahila Samity)	Jamshedpur	Gurma	13	Goatry & Vegetable
Shanti Mahila Samity	Gamaria	Kolabera	10	Vegetable & Puffed rice
Maha Laxmi Mahila Samity	Gamaria	Muriya	11	Sewing & Puffed rice
Jagriti Mahila Mandal	Potka	Khairpal	17	Rice, AWC
Maa Laxi Mahila Samiti	Potka	Khairpal	12	Shop
Haro Parwati Swayam Sahayat Samuh	Saraikela	Baxai	10	vegetable and puffed rice

In the presence of all these limitations, the survey was carried out at ten (10) randomly selected SHGs, using an online randomization program which draws a sample out of each of the five blocks (Potka, Gamaria, Saraikela, Jamshedpur and Patadma) approximately proportional to the size of each the block. Twelve surveys were disbursed, one per each SHG. Some were carried out in the presence of the researcher while others were delivered by the field animator during a scheduled SHG meeting, where full attendance was very likely. Unfortunately, the second mechanism renders the process slower because of missing answers and contradictory responses. The limitations mentioned above capture some of the difficulties of using an animator to collect the data.

## **B. Survey Indicators**

The questions representing specific indicators were meant to be reflective of primary outcomes related to the financial and social empowerment objectives of SHGs. These general indicators are drawn from previous research on SHGs and micro-financing, such as the DFID Systematic Review Protocol report (DFID, 2010). Secondary outcomes including labour supply, employment, assets and savings habits were also recorded in this one-time survey. In appendix, the original survey questions can be found in both English and Hindi. For example, some of the indicators of interest are the propensity to save as a SHG member, female political participation and level of debt.

The criteria for judging the information of these surveys are drawn from the DFID Systematic Review Protocol. The main concerns are: reporting bias due to systematic differences between reported and unreported findings and failure to follow the randomized sample (DFID, 2010: p.13). Specifically, only 66% of the surveys were delivered to the designated sample. This is due to failure to follow protocol by part of the animators. If this survey were to be carried out on a systematic basis as recommended that the prevention of other biases should be taken into consideration. The analysis of this survey is in the findings section of this report.



# Impact Assessment of TSRDS Focus Self Help Groups **2012**

Indicators contained in the survey				
Type A	Type B	Financial	Women empowerment	Organizational
Ideal=1	Ideal=1	Ideal=1	Ideal=1	Ideal=1
These are indicators that TSRDS should be looking at from a business perspective which often are overlooked by the current tracking mechanism. These indicators are useful at determining the direction of the efforts of TSRDS	These are current performance indicators concerning TSRDS objectives	These are basic financial health indicators related to the business and its functioning	The indicators are intended to capture women empowerment in the community and in the village	These intend to measure the functioning of the SHG specific to its structure
i.e. training demanded by SHGs	i.e. absence of debt	i.e. profitability of enterprises	i.e. SHG member as village representatives	i.e. labour distribution

## C. Focus SHGs Profiles

For this deliverable, considered more descriptive by nature, the method used was that of semi-structured interviews with the Focus SHG members. In this particular setting, the method of forming a Focus Group is considered the standard for non-quantitative studies. This method entails organizing a discussion created a forum for the groups to express their needs for effective functioning (reference). The procedure followed to collect the information of the profiles, is collected through a similar procedure using semi-structure questions. These questions did evolved in-situ to fit the interviewees. As for the advantages of this method, is better depiction of the human reality of these groups which often is missed in quantitative surveys. In addition, this method directly tackled the difficulties of a mostly illiterate population through the facilities of oral communication and interaction. The nature of the field visits, often unplanned and with little notice highlighted a positive trait, that of random SHG members being present. Without a doubt the approach is not unflawed. Focus Groups Discussions don't have the stringency necessary for drawing causal relations or even correlations. Also, the settings of such discussions are also a hindering trait given that group opinions are the rule, while individual opinion the exception. Certainly, some information is missing in this imperfect process.

As for the selection of the Profile SHGs, this was not random. The following table contains the four (4) of the SHGs interviewed. In the findings section a basic comparison is made between these interviewed groups, highlighting their common factors and differences. In the appendix the profiles of eight SHGs are attached, five of which information was attained in informal conversations and through surveys.

*Figure 6: SHGs interviewed for the profiles*

Interviewed SHG	Village/Block	Enterprise
Lowadih Mahila Sawati	Lowadih/Patadma	Vegetable cultivation
Pagda Mahila Samiti	Pagda/Patadma	Goatry
Adibasi Mahila Samiti	Kamalpur/Patadma	Vegetable cultivation
Haro Parwati Swayam Sahayat Samuh	Baxia/Saraikelela	Leaf plates and puffed rice

## **D. SHG grading system for TSRDS**

For TSRDS, grading can be a tool for creating desire in members of SHGs incentivizing high standards of performance. Such incentive requires consciousness of good performance standards, an exercise of benchmarking SHGs to the expected standards, and finally assistance to reach improvement (APMAS, 30). Grading, itself is not absent from the system. As part of the industry, banks use grading tools to make decisions on whether or not to provide loans. Same theory applies the provision of finance to SHGs. In parallel, NABARD has evolved and prescribed certain procedures to assess the quality/performance of SHGs known as the Critical Rating Index (CRI) (APMAS, 33). On this initiative, the District Rural Development Authority (DRDA) assessed SHGs with the help of animators, to know the quality of groups measuring bank-linkage, capacity building, revival of groups, etc. From a different perspective, private sector efforts such as the one carried out by APMAS (2005) attempt to classify these groups as good, average and poor depending on the researcher's impressions of maintenance of books, meetings, internal lending, leadership, bank linkage and overall functioning of the SHGs. A few interesting points of this study by APMAS is the fact that 1/3 of the interviewed SHGs were aware of a grading system. These findings highlight the importance of TSRDS drive for awareness of this knowledge (APMAS, 2005).

For this deliverable a combination of previous grading systems and TSRDS opinions are combined. In addition, to previous grading systems which are not obligatory or universal in nature, there was a survey carried out at the TSRDS administrative level. This was an online anonymous survey using monkeysurvey.com delivered to six members of the TSRDS that are directly engaged with the SHGs<sup>11</sup>. Through this method it was collected information regarding desirable Focus SHGs outcome and performance indicators. Interesting enough, there was much divergence in opinions between the members. The results are described in the findings and results section.

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<sup>11</sup> The staff provided with survey was Dilith Castleton, Mahima Chandra, Shalini Kundra and Smita Verma. Debtoot Mohanty and Rukmani Purty.

## **VI. Limitations of methodology**

- The visits to the SHGs were ad-hoc determined by transportation and personnel availability. Unfortunately, from an initial 30 visits, this number was reduced to 5 field visits out of 14 scheduled visits with a total of 7 SHGs visited.
- On average only 50% of SHG members are illiterate. This required increased personnel availability from TSRDS since all surveys had to be read by the animator or the TSRDS staff member.
- The presence of men in the meeting affected the quality of the answers and in the surveys carried out by the animator this information was not recorded hence there is the possibility of a bias.
- Unequal participation and voice of the Focus SHG members could leave some women unrepresented.
- Previous data of similar nature collected before the formation of the SHG as which could be used as control was inexistent.
- The quality of the surveys varied by method of collection. When carried out independently by the animator, the instructions of the survey were not followed.
- Elimination of questions 6, 21, 22 and 24 of the survey limited the data. This was due to the fact that the animator had difficulty conveying the meaning of some questions and the presence of a basic translation error missed by TSRDS proof-reader. For the missing information, the data was drawn from secondary sources (TSRDS data).
- Failure to randomize due to the collection of information of one non-random SHG by one of the animators.
- Presence of detection bias meaning a systematic differences between groups in how outcomes are determined (DFID, 2010: p.13)
- Reporting bias referred as the systematic differences between reported and unreported findings (DFID, 2010: p.13).

# Impact Assessment of TSRDS Focus Self Help Groups **2012**

## 1. Limitations with the deliverables

Deliverables	Original target/population	Approach	Status
<b>Design data collection mechanism to track the performance</b> of primary and secondary objectives of SHGs. The intended indicators should measure: a) Financial empowerment such as enterprise development and savings and b) Social Empowerment exemplified by women role in society, its position in the household and the attainment of education.	30 Focus SHGS.	Design, translation and delivery of a survey to randomly selected members of Self-Help Groups. Two surveys were designed: A. for a random member of the SHG B. for an elected official of the SHG	From 30 SHGs, the target was diminished to a random sample of 11 SHGS representing all blocks. Some questions and surveys were eliminated due to incongruences and lack of reliability. Current total: 10 SHGS
<b>Design grading system to qualify the status of SHGs financial performance</b> applicable to non-focus group quarterly tracking.	30 Focus SHGs performance information	Surveys and data from semi-structured interviews.	The original deliverable has been reduced. Currently, there are 10 surveys from the 11 random sample. 5 field visits 7 SHGs with different quality of data collected.
<b>Compose the profiles of the Focus SHGs</b> as an exposition of enterprise development efforts.	30 SHGs profiles	Semi-structured interviews and field visits	9 profiles are completed. This is based on: 8 interviewed SHGs. 5 field visits. Unfortunately, 11 field visits were cancelled during this period.
<b>Design a parameter/outcome checklist</b> for SHGs based on Focus SHGs selection qualifications.	Based on the experience of 30 SHGs.	Data from an online survey delivered to 6 TSRDS staff members on July 22 <sup>nd</sup> .	Only 3 out of 6 surveys were completed. I will try to complement this information with research.

# Impact Assessment of TSRDS Focus Self Help Groups

2012

<b>Asses the needs of the Focus SHGs</b> with the aim of producing specific recommendations regarding training and enterprise development.	Based on the performance and experience of 30 SHGs.	Data from survey and semi-structured interviews.	The original deliverable has been reduced. Currently, there are 10 surveys from the 11 random samples. 5 field visits 7 SHGs with different quality of data collected
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## VII. Findings and Results

### A. Focus SHGs Surveys

The summary of the findings and its limited attempt to analyse SHGs ex-post facto are described in a table below. Followed there are some relevant graphs that seek to exemplifying the core highlights of this survey. Given the extent of the questions of the survey, this section will address the most relevant findings in a brief manner. In the appendix, the full analysis of the survey can be found with relevant comments and implications.

*Figure 7: Survey Indicators*

Indicators contained in the surveys				
Type A	Type B	Financial	Women empowerment	Organizational
Ideal=1			Ideal=1	Ideal=1
These are indicators that TSRDS should be looking at from a business perspective which often are overlooked by the current tracking mechanism. These indicators are useful at determining the direction of the efforts of TSRDS	These are current performance indicators concerning TSRDS objectives	These are basic financial health indicators related to the business and its functioning	The indicators are intended to capture women empowerment in the community and in the village	These intend to measure the functioning of the SHG specific to its structure



## 1. Demographics

All the Focus SHGs are women-only groups. Of such, 70% of the SHGs in the sample are members of the Backward Cast. All the members of the SHGs are mothers with 2 to 3 children. The average age range is between 30-35 even though there are exceptions in this particular trait. The measurement of female literacy rate is inconclusive but through interviews is evident that the formation of SHGs has not been a driver of improvement of education for its members. As for the positives, all eligible children are enrolled in an education institution, irrespective of gender.

### *Implications*

*SHGs are limited to specific population. Arguably, younger women cannot join because if unmarried they will end up moving to their husband's village, therefore the investment in this membership is short-lived. Another argument put forward was that younger women have the choice of going to college and could not participate in the SHG.*

## 2. Women Empowerment

The key findings are:

- **Female literacy** is low often reaching 40% in some of the interviewed groups. Comparatively to husbands who are mostly literate, women are in disadvantage. Little improvement in this area seems to be made after joining the SHGs. Truth be said, in interviews, when given a choice a training, literacy was never selected over vocational and agricultural trainings
- **Women Labour costs** are included as labour costs in the profit and loss analysis (56%), however, little over 50% of those that responded positively provided an amount for the cost of labour per hour. The range of the given wage was between 15-25 rupees per hour.
- **Women as political representatives** are not the norm. While there have been some advances in cultural norms, with women attending village meetings, going to the market and participating in the decision making of family expenditures, they remain heavily unrepresented in the political sphere. Only 2 of the SHGs members are elected village representatives.

### *Implications:*

*The difficulty of this characteristic is tied to its cultural pigmentation and lack of measurable indicators. The survey and the data analysis found at in the appendix indicates the measurements used. Given the findings, is evident that some positive changes have been accomplished through the SHGs. The mechanism discussed in the interviews was that of increased self-confidence and peers confidence resulting from women position as income earners. A positive externality discussed is the interviews are the ability for women to pay for their children's education fees when husbands are unwilling.*

### **3. Organization**

- **Attendance**, by far the best traits of the SHGs. On average, 92% of the meetings schedule has full attendance. As for the last meeting recorded by each SHGS, 80% had full attendance.
- **Cohesion** varies across SHGs as opposed to the understanding that all SHGs have excellent interpersonal and intra-group relations.
- **Enterprise decision making** on the type of enterprise it seems to be that is not always a smooth process with difficulties and moderate discussion 65% of the time. In reality, this finding cannot be isolated or assigned to a specific trait.
- **Labour distribution** is unproblematic 100% of the responses asserting that labour distribution was equal across members.
- **Membership** is stable with the initial and current membership of the SHGs being unchanged. This could be interpreted as a positive sign of group strength.

#### *Implications*

*Expansion of the size of SHGs seems to be a difficulty due to coordination of opinions within the SHG. Similar findings are evidenced when deciding which enterprise to engage in. While labour distribution is uncontroversial, there is much disparity between hours invested in one enterprise and its profitability which depends on the type of industry.*

#### 4. Type A Indicators: Business perspective

- **Fixed Costs are expensive** with 83% of the SHGs rent the machinery they use for their enterprise. Another indicator shows that 60% of the SHGs purchase raw materials in bulk.
- **Profitability is a common language.** Interesting enough, SHGs have an excellent understanding of businesses that are profitable and those that are not. Unfortunately, most have to engage in 2 enterprises which one of them is unprofitable.
- **Trainings can be improved** the survey portrayed two kind of groups. One group, the SHGs engaged in vegetable cultivation as a primary enterprise without any interest on starting a new enterprise assert the need for agricultural training such as SRI. The other group, SHGs interested in a new enterprise as an alternative source of income expressed interest in vocational training such as jutee bags, candle making and jam confection.
- **Entrepreneurship drive is not the rule** with 78% of the responses evidence women position as entrepreneurs by need. Most of them argued that being an employee gives them more security and removes the risk intrinsic of any business.

#### *Implications*

*TSRDS efforts can make significant impact by approaching more efficiently the fixed costs. Also the trainings even though mostly under the responsibility of the government, are a great niche for catering to specific needs at low costs. The facilitation and active push for of a second enterprise might be necessary to overcome the lack of entrepreneurship creativity. Finally, TSRDS could re-evaluate profitability of the current SHGs enterprises.*

#### 5. Type B Indicator: TSRDS performance

- **Trainings in the short term provided are satisfactory.** 67% of the sample SHGs has received a training from TSRDS in the past 6 months.
- **Trainings provided in the long term are too sparse.** 55% of the SHGs said they had at least 2 trainings in the past year which gives the impression of TSRDS one time investment instead of a continual built-up of skills.

- **Contact with TSRDS** is achieved. Over 60% of the SHGs meet with a TSRDS staff once a week.
- **Profit and Loss Analysis is misunderstood and misused.** Even though mandatory, only 50% of the SHGs admit doing a profit and loss analysis.

## *Implications:*

*The amount of trainings doesn't mean that these are fruitful at improving the functioning of the SHG and/or the enterprise. Due to lack of ante-facto records, this cannot be measured. As for the contact between TSRDS and the SHG, the animator is the link between TSRDS and the members. This brings upon the question of the distancing of TSRDS from the SHGs as part of the delegation process. Possibly, information is lost in the communication process and the needs of SHGs are not catered. Seems to be that ad-hoc post-symptoms treatment are the rule rather than preventive measurements.*

## **6. Financial**

- **Expansion versus new enterprise is preferred.** Is in the interest of most SHGs to expand their business rather than start a new one. In the interviews the argument put forward for the delay of this action is the unwillingness to attain an unsubsidized loan.
- **Labour Investment in enterprise is diverse.** There is much variation between types of enterprises. Vegetable cultivation is by far the most time consuming enterprise, unfortunately is the one with the highest risk as well.
- **Debt is inexistent.** Positively, there is absence from other debt sources besides SHGs and banks. This portrays an image of debt consolidation and absence of moneylenders which more often than not cripple financially families.
- **Savings can be improved.** The numbers on these indicators are not ideal since there is divergence in responses due to the person delivering the survey. Nevertheless, from semi-structured interviews, it is evident that most SHGs members engage in savings after the formation of the SHG. Nonetheless, not all members have savings accounts, especially those engaged in vegetable cultivation.

## *Implications*

*SHGs members have a decent understanding of business terminology and concepts. As intended, debt from expensive sources has become inexistent. Unfortunately, this fear of debt has limited access to reliable capital such as banks. While the nature of micro-enterprises is large marginal returns, with small and one off investment these will never reach full potential. Engagement in savings is a positive trait that can be improved by the holding of bank accounts that limit the extracting such monies, increasing the propensity to save. Finally, the cost of labour while conscious of its presence is not taken into consideration hence the risk of running enterprises which are not profitable under the current monitoring.*

## **B. SHG Profiles**

Using information collected through semi-structured interviews, this report presents 6 SHG profiles from the five working areas (footnote: Jamshedpur, Polka, Saraikela, Patadma and Gamaria) where TSRDS is present. Three of the conducted semi-structured interviews are found below with a section of comparative nature. The marketable profiles are attached at the end of the report as appendixes.

# Impact Assessment of TSRDS Focus Self Help Groups **2012**

## 1. Profile description: Lowadih Mahila Sawati

Indicator	Description
<b>Size</b>	13 women
<b>Literacy rate</b>	Approximately 38% of the women are literate though all know how to sign.
<b>Age range</b>	Unavailable due to lack of official documentation such as birth certificates. It was conveyed that the age range was between 30-40 years old
<b>SHG enterprise</b>	Seasonal vegetable cultivation. During monsoon they produce okra and pumpkin.
<b>Income per member from enterprise</b>	Peak season: 10,000 rupees per month. Non-peak season: 3,000 rupees
<b>New income expenditure distribution</b>	Education Marriage Savings Groceries
<b>Woman contribution and decision making</b>	Expressed that the income is either given in totality to the in-laws or discussed with husband regarding the expenditure distribution.
<b>Land ownership</b>	All members expressed owning the land where the enterprise is carried out.
<b>Enterprise assets breakdown</b>	Land: limited but own by the families Machinery: rented Labour: hire extra labour seasonally
<b>Entrepreneurship</b>	Women expressed they rather be employed than own an enterprise. The reason put forward was that enterprises such as theirs require much physical work.
<b>Expansion of enterprise</b>	The members expressed interest but they argue the costs of expansion are too high specifically since they are not eligible for another subsidized loan under the SGSY scheme. There seems to be no concept of economies of scale.

<b>Saving habits</b>	All women say they save money now as compared to before the formation of the SHG. Before the SHG they said that they would spend any cash available without having a saving habit or even the income flexibility to do savings.
<b>Debt</b>	None of the members are holding an outstanding debt outside the loan taken by the SHG as a group or inter-SHG loans.
<b>Interest in trainings</b>	Agriculture techniques, SDI and Sanskrit

## Comments and remarks

*In these semi-structure interviews, it was visible that women felt comfortable voicing their opinion. Nonetheless, only 3 or 4 of the present women were the most vocal individuals. The language spoken was Bengali and it required the animator and two staffers<sup>12</sup> to convey a question. There is much argument before expressing an answer evidence of lack of individual and distinct answers being uncommon. In addition, as expressed before in the methodological section of this report, unfortunately much is lost in translation.*

<sup>12</sup> TSRDS employees Smita Verma and Shalini Kujmar assisted with the translation.



## 2. Profile description: Pagda Mahila Samiti

Indicators	Description
<b>Size</b>	13 women
<b>Literacy rate</b>	Approximately 60%. 12 out of 13 know how to sign
<b>Age range</b>	Age range is between 30-40
<b>Tenure of SHG</b>	?
<b>SHG enterprise</b>	Goatry and Ration shop
<b>Income per member from enterprise</b>	Max: 280,000 rupees per month. Min: 20,000 rupees
<b>Expenditures increase due to new income source</b>	Education, health, marriage.
<b>Woman contribution and decision making</b>	Expressed that the income expenditure distribution of the SHGs profit can be spend as they wish.
<b>Land ownership</b>	N/A
<b>Enterprise assets breakdown</b>	Land: N/A Machinery: N/A Labour: N/A
<b>Entrepreneurship</b>	Two enterprises: the goatry and the shop run under a government scheme. Arguably this is only for the purpose of providing subsidizes staples to the community, therefore they business breakeven.
<b>Expansion of enterprise</b>	There would be interested in expanding to other industries. Specifically, they want to start producing jams and preserves during peak season with the aim of marketing them during non-agricultural season. This would be considered a seasonal enterprise. Interest in loans only if it was subsidized such as the SGSY scheme.
<b>Saving habits</b>	All women say they save money now. Most of them have saving accounts in the bank and use the money for emergencies and festivities

Debt	Expressed that none are holding an outstanding debt outside inter-loans and the group SHG
Interest in trainings	Jam and preserve making skills

### Comments and remarks

*Previous the instalment of SHGs, the women expressed house ownership was inexistent and that the attitude was one of survival often with nothing to eat. After the instalment of the Samiti. Regarding female empowerment, one of the expressions are that of not having to cover their head and stay at home as tradition dictates. They can also afford cosmetic costs without having to ask for money from their husband. In the back of the room I hear a TV.*

## 3. Profile Description: Adibasi Mahila Samiti

Indicators	Description
<b>Size</b>	10 women
<b>Literacy rate</b>	Approximately 60%. Though all know but one woman how to do a signature
<b>Age range</b>	Age ranges between 30-40 years old. Smita would ask the question though.
<b>Tenure of SHG</b>	N/A
<b>SHG enterprise</b>	Agriculture: okra, pumpkin, etc.
<b>Income per member from enterprise</b>	Peak season: 12,000 rupees per month. Lean season: 2,000- 3,000 rupees (pm, per member)
<b>Expenditures increase due to new income source</b>	Education, health, marriage.
<b>Woman contribution and decision making</b>	They expressed that they discuss with their husbands the distribution of expenditure. This is hardly an honest answer since the husband of one of the women was there.
<b>Land ownership</b>	yes
<b>Enterprise assets breakdown</b>	Land: N/A Machinery: N/A Labour: N/A
<b>Entrepreneurship</b>	They rather are employed than are entrepreneurs. Same expectations for their children.
<b>Expansion of enterprise</b>	There would be interested in expanding only if there is a subsidy. This is not possible under the SGSY scheme.
<b>Saving habits</b>	No, women do not have saving accounts and do not engage in personal saving.
<b>Debt</b>	Expressed that none are holding an outstanding debt outside the inter-loans and the group SHG.

### Interest in trainings

Group training, accounting, not interested in enterprise focused training.

### Comments:

Mainly the spokeswoman was the Mukia, the political representative of the village which also is a member of the SHGs. Within the members, the secretary of the Samiti was also present. Unfortunately, the presence of the men in the surroundings hindered somewhat the freedom of expression of the members. Specifically, when the question regarding their income expenditure came up, the first answer expressed was mutual family agreement. Once the men left, they confirmed that in some households, their contribution is given in a whole to the in-laws for them to decide. This is evidence of one of the traits SHGs and TSRDS wished to improve. While when asked about the benefits of the SHGs, some pointed out that they have engaged in saving money and feel more empowered within the village. Positive anecdotes such as independent trips to other villages when SHGs block meetings take place. This was a big step considering that before the SHG they were unable to leave the front of their house. In addition, one of the officials of the SHG is also an elected representative of the village, indicative of women empowerment. In sum, while the indicator would show that this SHG can check some of the boxes, it is unfortunate to see that their hard worked income is not always distributed taking their opinion into consideration.

## **4. Analysis: Comparing SHG profiles**

### ***a) Common denominators between SHGs interviewed***

#### Desire for Enterprise expansion: access to capital is worth it even if it's not subsidized

All groups expressed desire to expand their enterprise but were set back by the lack of subsidized loans available after the SGSY scheme. If this desire is present, TSRDS can dedicate efforts to facilitate knowledge on credit and access to alternative sources of finance. While subsidized credit is economical for the SHG, their marginal profit is not being maximized. A profit and loss exercise would prove useful in this occasion. This is a step where TSRDS can intervene and make a difference with financial literacy courses.

#### Desire for training: skills allow empowerment and sustainability

All groups expressed interest in specialized trainings for the current or consequent enterprise. According to the interviews, they have not received any training in the past 6 months. The impression was that they were not aware of this possibility which is supposed to be at the core of the services provided by SGSY.

#### High illiteracy rate

Illiteracy rates in the interviewed groups range between 38-60%. Even though common for the region and the population (female and rural), there is not effort in this front. This is worth exploring as it could be that there is lack of interest or actually lack of access. Given the number of literacy courses ran by TSRDS it appears to be that there is no lack of expertise in this area but only a coordination of meeting interests.

### ***b) Sources of variation between SHGs***

#### Savings: healthy habits

There is divergence in this area of interest. Some SHGs assert that they engage in the practice of savings but such as not a widespread practice even within an SHG. While savings account is not as

easily accessible, it has been proven to be very useful for income smoothing and lack of debt. TSRDS is not primarily concern with this indicator. However, it has been proven by researchers the effectiveness of saving in livelihood sustainability. It's not only about facilitating bank account but about information that facilitates a change of habits.

### Diversification of income: theory but not practice

Few Focus SHGs diversify their sources of income by engaging in multiple enterprises. Only one of the groups had two enterprises. All other groups didn't event present the idea of such endeavour. While one SHG had a strong desire for another enterprise, seems to be that either the desire or the lack of tools is the hindering factor.

### Women empowerment: definition and promotion

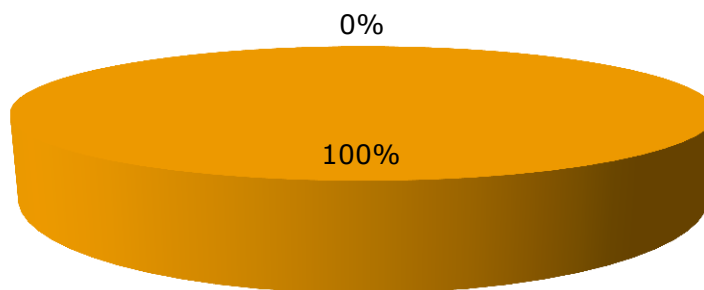
While all groups express a feeling of more empowerment, there is much variation within these indicators. The simplistic understanding that political position is representative of such empowerment could be insufficient. Other factors such as the way women income is spent, male vocal opposition and sabotage to SHGs endeavours, and female illiteracy should be taken into consideration when talking about women empowerment. Trainings in group cohesion, workshops directed towards men of the village and sessions on women empowerment would speed the positive impact of SHGs in these societies.

## **5. Online Survey: Focus SHGs parameters guidelines**

The survey, distributed to six employees of TSRDS which are working or familiar with SHGs was composed of 9 closed ended questions and a 10<sup>th</sup> open ended question. Unfortunately, the results and the analysis only counts with 3 surveys since the remaining individuals failed to deliver their answers in a 4 week period. Below are the tables with the results of the survey.

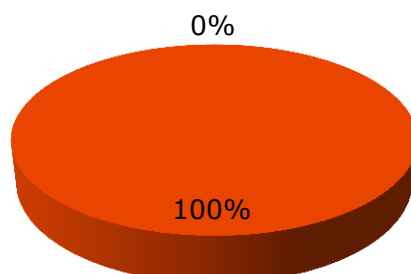
### **How many enterprises a Focus SHGs should engage in?**

■ one enterprise ■ more than one enterprise ■ doesn't matter



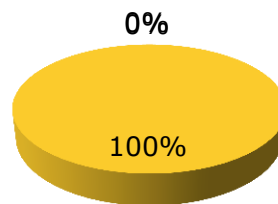
### **Is the state of an SHG booking relevant its success?**

■ yes  
■ No, we don't keep tracking of bookeeping quality



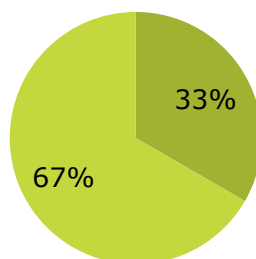
## How many times should a SHG meet each month?

- once a month
- twice a month
- more than twice a month



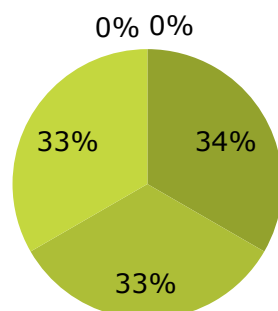
## How often do you visit non-Focus SHGs?

- once a month
- twice a month
- more than twice a month



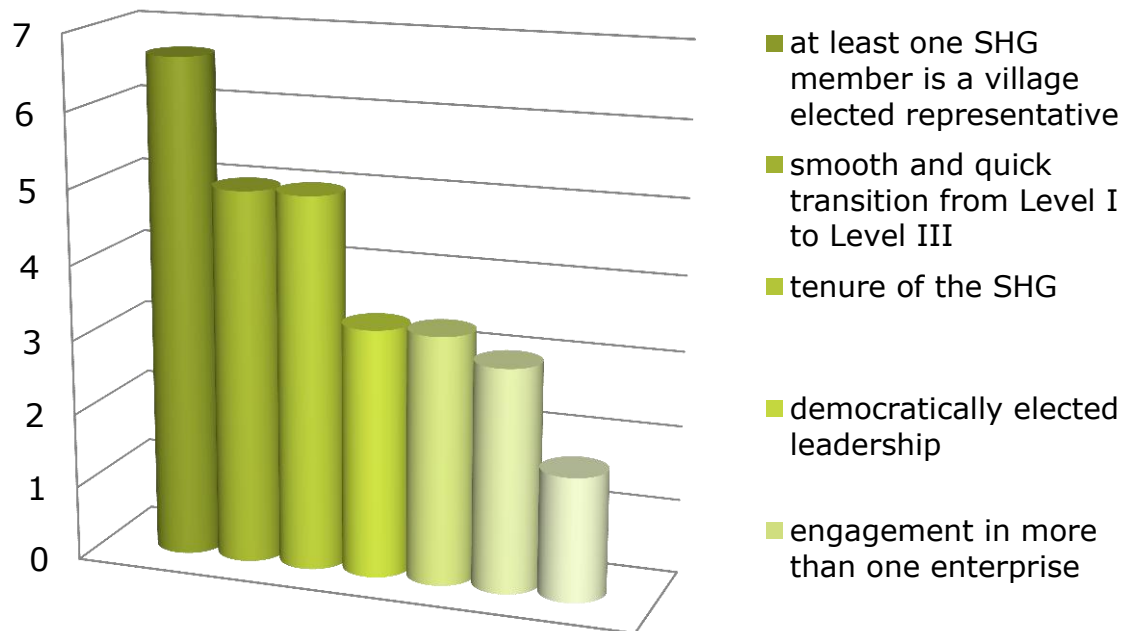
## How often do you visit Focus SHGs?

- 1 visit
- 2 visits
- 3 visits
- 4 visits
- >4 visits

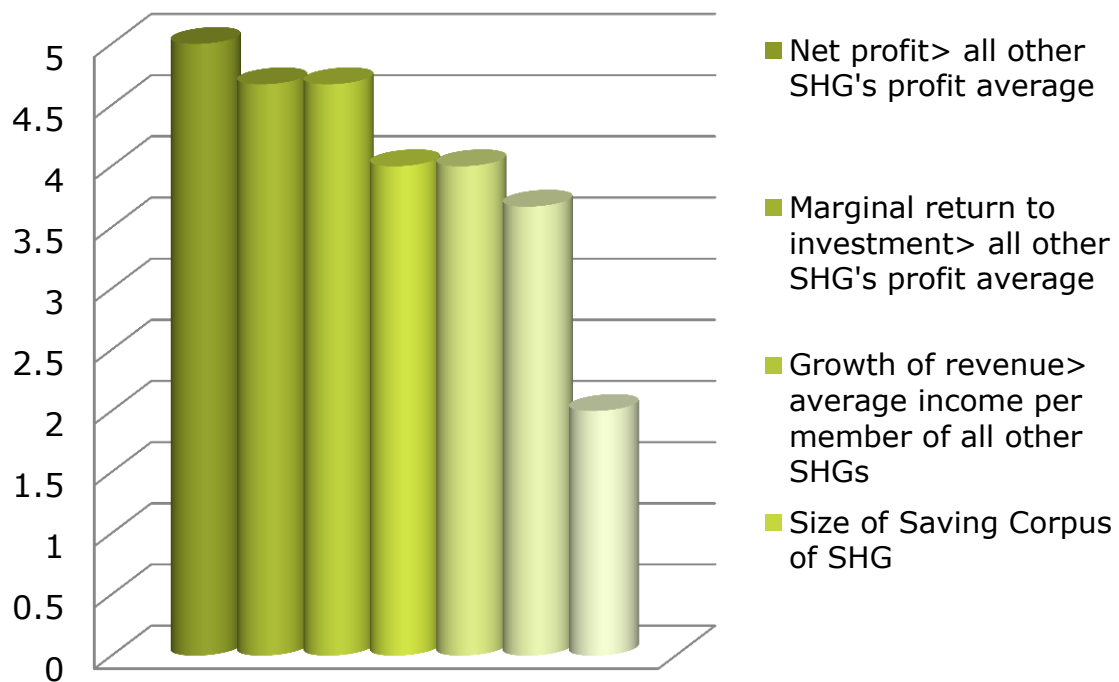




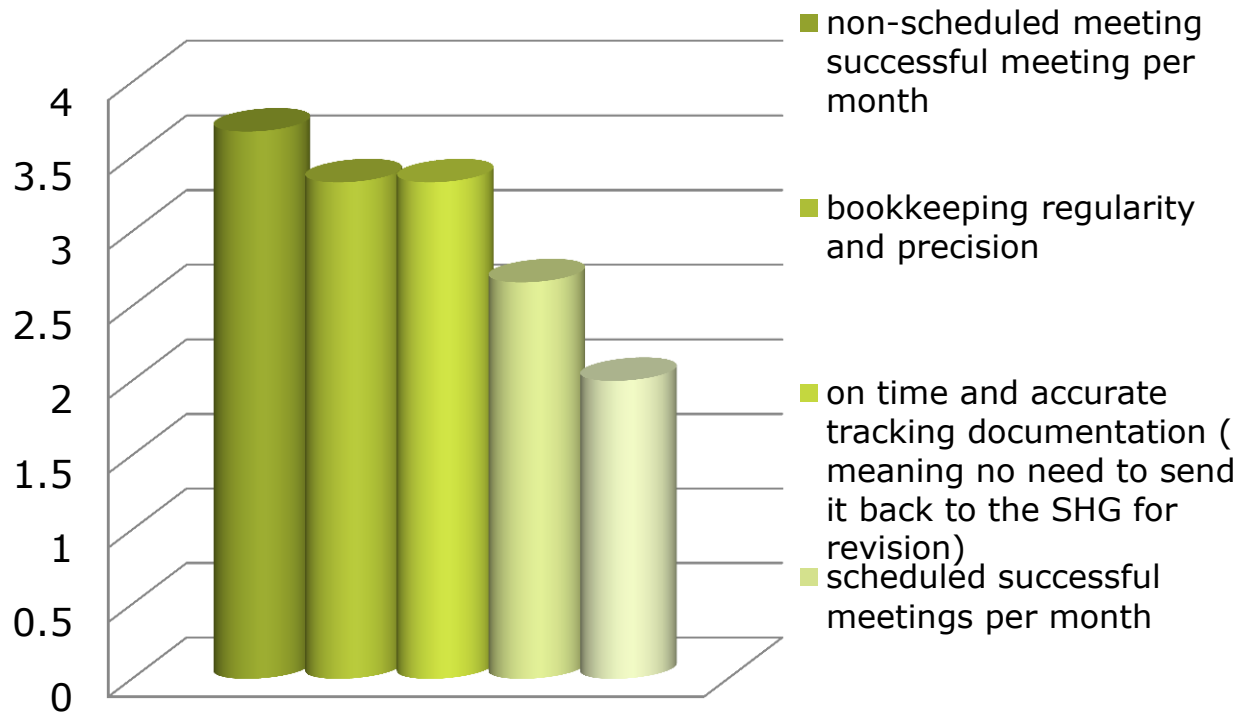
### Group Cohesion



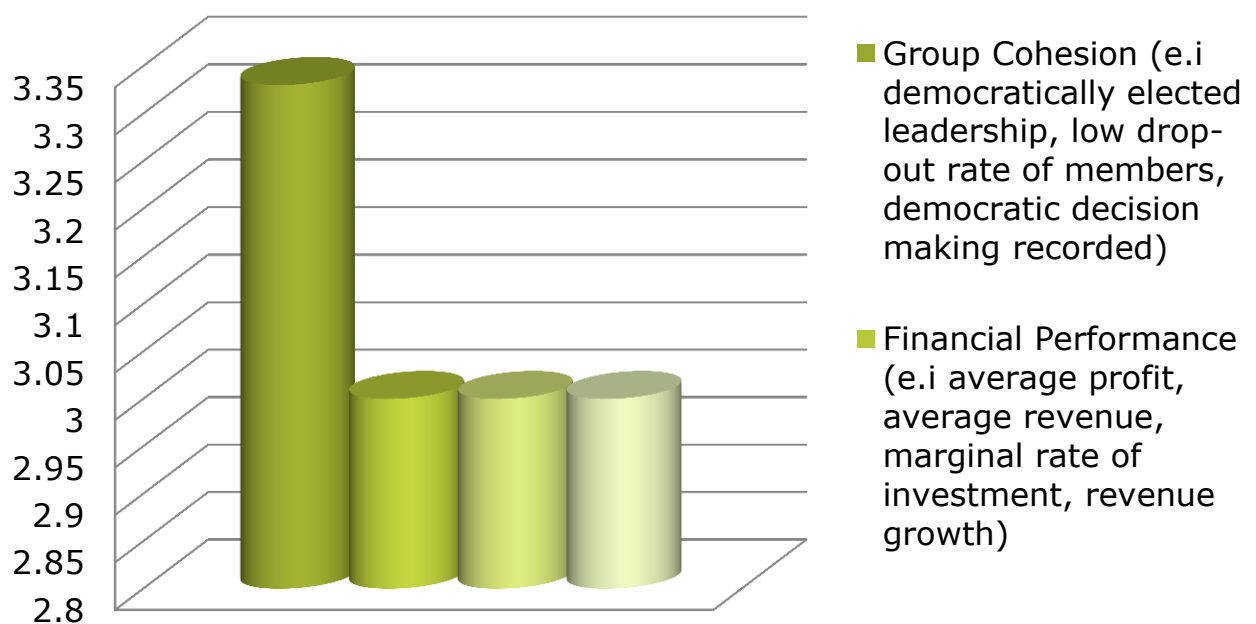
### Financial Indicators



## Organizational Indicators



## Relevance of traits



<i>General</i>			
<b>Indicator</b>	<b>two enterprises per SHG</b>	<b>more than 2 meetings per month</b>	<b>bookkeeping relevant for success</b>
<b>score</b>	100.00	100.00	100.00
<b>Reality</b>	There is a small number of Focus SHGs engaged in a single enterprise. Also, often the second enterprise is not as profitable. There is interest of some but not all SHGs to start a new enterprise.	It's safe to say that all SHGs are able to meet this requirement	measurement/monitoring problem
<b>Suggestion</b>	Design goals for the next six months to help SHGs initiate a second enterprise	N/A	Adequate accounting courses plus organizational definitions such as the role of the bookkeeper on a rotational basis might improve the quality of this task. Monitoring of the books by TSRDS might be defined as a priority.

<i>Group cohesion</i>			
Indicator	at least one SHG member is a village elected representative	smooth and quick transition from Level I to Level III	tenure of the SHG
Score	6.67/7	5 out of 7	5 out of 7
Reality	small minority of the Focus SHGs have this trait	no data on this subject	Tenure of the SHGs is not always correlated with sustainable enterprises specially if the enterprise is labour intensive and women are aging.
Suggestion	leadership trainings for SHG members	Given that is considered such an important trait, better definition of smooth transition would be determined. Tentative proposals would be related to time-frame or the size of the savings corpus.	Maturity of the SHGs is only valid after the second revolving loan. Afterwards, internal characteristics rather than tenure will be better determinants of success

# Impact Assessment of TSRDS Focus Self Help Groups **2012**

<i>Financial</i>			
Indicator	Net profit> all other SHG's profit average	Marginal return to investment> all other SHG's profit average	Growth of revenue> average income per member of all other SHGs
Score	5 out of 7	4.67 out of 7	4.67 out of 8
Reality	Net profit is the difference between total revenue and total costs. Unfortunately, especially in the Focus SHGs enterprises with intense labour such as vegetable cultivation, the risks are high, economic costs are not accounted for and labour costs are not included. Net profit could be at risk of being artificial because labour costs are not existents. Consequently, the enterprise would be unprofitable.	Marginal return to investment is each extra monetary unit produced by one unit increase or decrease in investment. This is relevant because microenterprises often have high marginal returns which are neglected by low investment product of capital constrains.	This would imply that the change in growth of revenue of the enterprise is changing at a faster rate than the income of the SHGs member. Again this would ignore the costs of the enterprise.
Suggestions	There is need for more comprehensive financial indicators which capture the nuances of these micro-enterprises. Some are suggested at the end of this table.		

<i>Organizational traits</i>			
Indicator	<b>non-scheduled meeting successful meeting per month</b>	<b>bookkeeping regularity and precision</b>	<b>on time and accurate tracking documentation ( meaning no need to send it back to the SHG for revision)</b>
<b>Score</b>	3.67 out of 5	3.33 out of 5	3.33 out of 5
<b>Reality</b>	Informal meetings also take place between SHGs. Such a high score is not backed up by any of the previous research	Lack of definition and monitoring	More often than not, Focus SHGs are able to meet these requirements. Nonetheless, the monthly tracking is not impeccable and its documentation can be cumbersome.
<b>Suggestions</b>	Record should be kept on the number of returned documents due to faulty recorded by the SHG. In addition, the books should be revised with certain regularity to assure that they are in order.		

# Impact Assessment of TSRDS Focus Self Help Groups **2012**

<i>Suggested traits</i>					
Completion of trainings and certification	Installation of new enterprise 6 months after completion of the training	Expansion and improvement of original enterprise	Involvement in the community and village	Engagement in personal savings	Diversity of enterprises to protect against risk
reasoning	reasoning	reasoning	reasoning	reasoning	reasoning
<b>the higher the amount of trainings attended by the women, independent of TSRDS, grants them more and better tools for sustainable development</b>	Trainings, specially vocational, are not effective if the installation of an enterprise is unsuccessful	Entrepreneurial creativeness allows enterprises to succeed. The installation of a second enterprise will be more solid once the initial enterprise was taken to a level of profit maximization.	SHGs are acting as the core and soul of many villages. Through multiple identities (mothers, wives and daughters, entrepreneurs) women as a group have the strength and voice to address and attempt to solve problems within their village.	As not all women engage in personal savings, this should be a priority. Savings allow to smooth income shocks. Personal bank accounts have proven to be an excellent system because it decreases the facility to access money for banal activities.	High risk enterprises such as animal husbandry and vegetable cultivation can be paired with off-season or less risky enterprises to minimize shocks.

## **6. Self Help Group Grading System**

The clarity of the features to be expected is fundamental for incentivizing SHGs. This report provides a tentative model of criteria for grading of the groups with appropriate weightage for various parameters. The proposed grading system is a product of research on the subject, the specific traits of the SHGs involved in the report and TSRDS goals and deliverables. Seeking to be as encompassing as possible, while maintaining a pragmatic design, this three tier colour system seeks to deliver a better understanding on the SHGs health as income generating machine. Tentatively, this wouldn't be limited to reviewing the current Focus SHGs performance. More importantly, it would assist in the monitoring of non-Focus SHGs, by far the population in most need of attention, guidance and assistance.

### **a) Coding:**

Indicator can and should be value as yes or no. For the excel sheet "yes" is coded as one (1) and "no" is coded as zero (0). With a total of 12 points, a given SHG can score as many points as possible in this scale according to its traits. The points allow a grading system of three colours which are indicative of the status of SHGs under TSRDS monitoring. Green, the highest score describes SHGs that can be considered Focus SHGs having attained good financial and empowerment records. Yellow, describes SHGs which are in the process of arriving to a green stage. Such SHGs might require guidance in specific areas to improve their scores. Finally, red is the colour which indicates groups which are far from desired performance. These might require more personal and specialized training and monitoring. Ideally, there should be an agreed timeframe to allow transition from one colour to another. That will be at the discretion of TSRDS.

This is not to say that there are not shades in between these indicators and that nuances are always captured. This is the curse of any grading system that can be often blamed as unfair or minimalistic. There was an attempt to avoid this negative trait in this exercise. In reality, only practice with continual evaluation of the grading system will allow it to evolve into a more organic system. Until then, the colour grading would be subject to the traditional deficiencies of arbitrary designation.



## **b) Indicators**

Using as a base the information gathered by the dispensed surveys, the online survey and the semi-structured interview, key indicators found in the table below were selected

Indicators	Source
Personal Savings Practice With Or Without A Savings Account	Survey Data
Savings Account	Online Survey Suggestion
Diversification Of Enterprises Between Different Industries	Online Survey Suggestion
Expansion/ or Improvement Of Original Enterprise	Online Survey Suggestion
Installation Of New Enterprise after The Last Training	Online Survey Suggestion
Marginal Profit>Marginal Benefit	Research
Marginal Return Of Enterprise 1	Research
Full Attendance In Last Meeting	Survey Data
More Than 2 Meetings Per Month	Online Survey Suggestion
Up-To-Date Bookkeeping	Online Survey Data
SHG Leadership Within The Village	Survey Data
SHG Acting As A Financial Institution In The Village (Community Involvement)	Survey Data And Interviews
Total	12 points

Indicators value		
yes	1	
no	0	
total value	12	
>12	Green	Status: Focus
>5	Yellow	Status: working
< or= 5	Red	Status: not ready

## **VIII. Conclusions**

SHGs represent an opportunity for bottom up social mobilization for a group often suffering from double marginalization due to its economic status and gender. While, women's financial and social empowerment, have been at the core of the expectations of this model, other positive externalities have resulted from this practice. While the former is plausibly measurable, such as the increase in saving practices, absence of crippling debt and increase in family income, the latter remains an intangible and controversial in a traditional and patriarchal society such as it is in India (EDA, 17). Women selection as political leaders, gender neutral education opportunities and expenditure decision making are few of the indicators that can be recorded. The purpose of this report was to fill in a knowledge gap through a combination of research, field visits, surveys and semi-structured interviews with the goal of enabling TSRDS specific information on the health of their Focus SHGs. Aware of the limitations of this report, as presented in the methodology section, the data gathered to its best effort, portrays a comprehensive picture of SHGs and its members which goes beyond numbers on a spread sheet. The additional deliverables such as the grading system, the SHGs profiles and the checklist were a product of the processes engaged for this report. Indeed, the general picture is not flawless. With many strong points but also many shades between Focus SHGs. More importantly, with room for improvement, this report sought to tailor recommendations to each of the issues observed during the research exercise with the aim of improving the services provided by TSRDS to its community.

## IX. Recommendations

### Focus SHGs parameters

Redefine and institutionalize the parameters of Focus SHGs to more tangible measures. At the moment, the targets of TSRDS regarding SHG performance are vague and almost subjective to the administrator and animator. This change would enable TSRDS to know which groups are ready to become Focus (using the grading system proposed). More importantly, this checklist will enable non-focus SHGs to know if they are on the right track in order to become a Focus SHG.

#### *Action to be taken:*

- **The implementation and test-drive of the tentative design checklist** found in the appendix entails both financial, social empowerment and organizational indicators. This enables self-evaluation on a regular basis without much difficulty. The table contains relevant indicators drawn from the online survey and general survey as distinguishable traits of the Focus Groups. Given the emphasis in focus groups, which are considered to perform at the highest level, there is much to be learned from their success. Knowledge that can be used to form an effective plan of action to foment improvement in weak and average SHGs.

### Trainings

- **Trainings should be scheduled and not determined on an ad-hoc basis.** This would allow a more fruitful collaboration with other involved parties by scheduling trainings throughout the year a specific dates. The more time there is for preparation, the better the quality of the trainings. Also, it would enable SHGs to plan ahead of time what sort of enterprise they wish to engage in or what trainings would be beneficial to maximize profitability.
- **There should be a follow up of the trainings;** the evidence suggests that trainings rarely translate into new enterprises or the improvement of the original enterprise. For this reason, these shouldn't be considered a one-time investment of TSRDS. Follow-up by TSRDS in combination with assistance should enable SHGs to translate knowledge into actions.

- **Trainings should be combined in a way to maximize time and effort of the parties involved.** Trainings of practical nature should be combined with financial trainings to grant SHGs the tools to transform skills into businesses. These sessions could be considered as one-on-one meetings where actual business proposals are designed and can be ready for implementation at the end of the training program.

### Enterprise and entrepreneurship

- **Profit and Loss analysis should be carried out from scratch** for all the enterprises of the Focus SHGs. There seems to be an opposing discourse in the evidence regarding the practice of P&L. This should be a standardized template which is updated on a regular basis.
- **Profit and Loss should include labour costs.** Such seem to be hidden costs in the current setting and could be rendering artificial profitable enterprises. In addition, it would boost women empowerment by putting value to their work.
- The push for new enterprises should be an **engagement done after profit maximization of the original enterprise**. While diversification of enterprises is ideal to reduce risk, underperforming enterprises is more of a drain to new enterprises. The initial push for TSRDS is to assure that the original enterprise has reached its profitability peak.
- **Design a program which targets the entrepreneurial spirit of SHGs.** The majority of the sample expressed desire to acquire a loan and either expand the current enterprise or engage in an alternative enterprise to diversify the source of their income. The main hindering factor was the inability to request a loan outside the SGSY. SHG members seem to be unaware of the benefits of increasing the capital and distrustful of regular unsubsidized loans.

### Financial Indicators

- **Other financial indicators should be included in TSRDS tracking and deliverables. As mentioned before in the report,** the annual required deliverables of minimum income per SHG member (an average 15,000 rupees per year) is a limited indicator of business performance and wellbeing. Moreover, this type of financial indicator is limited in scope since averages often hide nuances of SHGs composition and enterprises. The new desired

deliverables, number of new enterprises, might be more ambitious but it can possibly neglect the health of installed enterprises. A combination of both indicators, number of enterprises and average income is a step forward but not necessarily sufficient. Therefore, the proposal of a tentative checklist that includes other financial and social indicators as proxies. While this report doesn't have the expertise in micro-business indicators, it is safe to say that other characteristics such as marginal profit, reduction of costs, marginal rate of investment are worth exploring.

### Marketing and Branding

- **Exploit the role of TSDRS in SHGs performance.** This is an untapped source of publicity. Compared to the efforts of other TATA companies, such as TATA chemicals, TSRDS is lagging behind. The manageable size of Focus SHGs should be exploited and use as a cornerstone of Corporate Sustainability in Jharkhand.

#### *Action to be taken:*

Design an interactive website with information on few Focus SHGs. This shall include pictures, profile and financial details. TSRDS should advertise with an online calendar the upcoming trainings and events concerning SHGs. This effort can be carried out with the assistance IT college students through an informal internship or collaboration.

### Non-Focus SHGs

- This was an untouched population in this report. The assumption is that if there were difficulties within Focus SHGs, non-Focus must be struggling with more basic problems. Understandably, the number of non-Focus groups is too large to have a personalize monitoring and assistance. Nonetheless, alternative arrangements can be made to assure that this population reaches its full potential.

*Action to be taken:*

**Update the grading system proposed.** SHGs, in particular, need to be helped to understand and define their performance, so that they internalise self-assessment processes and practices. Given the emphasis in focus groups, which are considered to perform at the highest level, there is much to be learned from their success. Knowledge that can be used to form an effective plan of action to foment improvement in weak and average performing SHGs.

**Pairing up focus SHGs with non-focus on the same village to take advantage of peer education.** Peer education in this setting can be proving to be practical and affordable.

## I. Appendixes

Due to the current TSRDS environmental policy, the appendixes can be found in the TSRDS file.

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