

## Naman inclusive co-operative society

### Summary

Blooming of self help groups nurtured by Naman Sewa Samiti into a cooperative bank is an inspiring journey of those living on fringes working towards collective wellbeing. Forbidden by formal financial institutions and charged hefty interests rates by local moneylenders, the villagers had been living in penury. Today several labourers own farms, waiters have become eatery owners and women are now running their own shops while their children attain better education and wellbeing.

From modest people who saved Rs 20 every month, the members are now the stakeholders in a bank which has Rs 27 lakh in savings. Prosperity has been passed on to the next in line as the bank has disbursed Rs 25 lakh of loan to those in need. There are no full stops to the chain reaction which started a decade back.

Collaborations with nationalised banks and government departments have further amplified the benefits that cooperative members are able to avail whether it is formal credit or training programmes on skill enhancement. The cooperative also acts as an information centre on government policies even for non-members. Thus, instead of being an exclusive asset of the members, the cooperative has emerged as a public service provider.

# ‘Together we shall overcome’

*“When we have money they call us by our names, not our disabilities.”*

This simple quote emphasises the importance of economic empowerment in independent living and social participation for a person with disability. And economic empowerment can only come when livelihood opportunities are generated through skills development and easy line of credit.

People with a disability can experience various barriers including negative attitudes, lack of access to training, information and inaccessible work places which is why livelihood programmes that are disability inclusive can play a valuable role in addressing these barriers. People with a disability may not be able to access small loans or other financial support to start a business and therefore need explicit consideration in microfinance initiatives like self-help groups.

However, most of the mainstream microfinance programmes are not inclusive of people with a disability due to restrictive entry requirements related to education, skills and collateral. Women and girls with a disability face triple discrimination, being female, having a disability and being among the poorest of the poor. Girls and women also act as caregiver when there is a family member with a disability, and can be denied access to education and livelihood opportunities as a result. They are often ignored by government programmes since their commitments to a family member with a disability impact their availability to participate in such programmes.

The self-help groups and savings and credit cooperative supported by Naman Sewa Samiti is a unique initiative in that context. Today the network has spread to over 100 villages, 300 SHGs and a credit and savings cooperative having 3,714 members of which around 800 are persons with disabilities or their family members.

## **The organisation**

Naman as the name suggests is a salutation to the divinity in human beings. Established in 1999, Naman Sewa Samiti has been at the forefront of a movement to ensure equal rights and opportunities to persons with disabilities. The organisation has been able to achieve a lot during a short period of time due to support of the community and its wilful partners. While a cooperative credit and savings bank, a spice processing and packaging unit and organic farms are the tangible resources, a more enduring outcome has been the number of poorest of the poor who are now experiencing better living standards and dignity through these set ups.

From provision of aids and appliances to formation of disabled people’s organisations, inclusive self-help groups and farmers’ federation, the focus of Naman Sewa Samiti has been on mainstreaming of persons with disabilities. In Betul district alone over 1500 persons with disabilities have been empowered to seek their rights and entitlements. In neighbouring seven districts, similar efforts have resulted in reaching out to 3500 persons with disabilities.

Established in 1999, Naman Sewa Samiti started working on issues of health, malnutrition and sanitation in remote areas of Madhya Pradesh. In 2006, it took to financial inclusion of women of

poor families and formed several self-help groups under Swarnjayanti Gram Swarozgar Yojana (SGSY) of the Central government. Though the organisation had been working on issues related to disability under the umbrella of healthcare, the focussed interventions started in 2005. Provision of aids and appliances, surgeries, prevention of disability through proper pre and post natal care were emphasised. Formation of disabled people's organisations and inclusive self-help groups ensured convergence of persons with disabilities with government schemes. The network of SHGs swelled to such proportions that scaling up of the model in form of a federation was felt. The federation soon gave way to a credit and savings cooperative which has over 3,700 members.

### **SHG movement in India**

The best thing about a self help group is that it's not a static institution. It grows on the resources and management skills of its members and their increasing confidence to get involved in issues and programmes that require their involvement in the public and private spheres. This is why many of the SHGs can be seen as promoters of gender equality, child health, participatory governance, non-violence, environment protection and sustainable livelihood.

The formal microfinance movement in India started in 1968 with Myrada, a group based in Tamil Nadu initiating the formation of SHGs, including groups of sex workers, watershed area groups and farmer groups.

The model was adopted by Gujarat-based Self-Employed Women's Association of India (SEWA) is a trade union for poor, self-employed women workers of India. Around 4,000 women members of SEWA contributed share capital of Rs 100 each to establish the Mahila SEWA co-operative bank in 1974. The bank has till now disbursed loans of over Rs 350 million without the need for traditional collateral.

The importance of SHGs was realised by the government and a SHG-bank linkage programme was put in place in 1992 by RBI and NABARD. However, it was only in 1999 that the government recognised SHGs as tool for poverty alleviation. Till then, various welfare programmes were individual oriented. Though poverty rate saw a drop from 54.9 per cent of the population in 1973-74 to 26.1 per cent in 1999-2000, the number of rural poor did not drop as drastically. Keeping this in mind, a self-employment programme, known as "Swarnjayanti Gram Swarozgar Yojana" (SGSY), was launched with SHGs of rural poor as the unit of assistance. The main premise was that poor can help themselves if encouraged to build on their collective strength.

SGSY was later formalised into National Rural Livelihood Mission (NRLM) in 2012 but SHGs supported by government, NGOs or banks remained its base. Till now, SHGs have reached over 3 crore women in the country.

An overview of the implementation of the SGSY threw a mixed picture. Uneven mobilisation of rural poor, insufficient capacity building of beneficiaries, low credit mobilization and lack of dedicated professionals to implement the programme remained its shortcomings. On the other hand, the mechanism of SHGs as an instrument of social and economic empowerment of rural poor has been

amply validated. It was realised that SHGs have an edge over formal financial institutes and can be a great leverage for socio-economic transformation of the villages.

### **Naman and SHGs**

Naman Sewa Samiti has added another dimension to microfinance by including persons with disability, who remain the core group of any work the Samiti undertakes.

Since persons with a disability are usually among the poorest of the poor, they can be a good indicator of the unprivileged neighbourhoods. These families have the greatest need for economic support and are denied this by the financial institutions. Such neglect makes them turn to informal lenders who charge exorbitant interest rates thus prolonging the poverty status.

Naman encourages persons with a disability or their family members, mostly the female caregivers, to form the SHGs with their neighbours. Naman has not only addressed social discrimination and stigma attached to the capacity of people with a disability, but also challenged perceptions that people with a disability are unable to work. It has adopted a socially inclusive approach to dispel the charitable approach towards disability which is one of the major obstacles in their economic empowerment. The positive contributions to livelihoods made by people with a disability have also helped change negative attitudes and perceptions.

Naman ensures that the poor are provided with requisite skills for managing their groups, link ups with markets, managing their existing livelihoods, enhancing their credit absorption capacity and credit worthiness. Beyond the provision of credit, the organisation also gives importance to development of SHG members' skills to deal with social, political and economic hurdles for overall progress and challenge power equations at the grassroots. SHGs, in that sense, turn into civil society institutions of the poor and help implement policies which promote financial, social and economic inclusion.

The members collect atleast Rs 20 every month and later get priority-based loans from the group at interest rate of 2 per cent. Since members themselves get together to form a group, mutual trust, which is also the most important cause of any group's success, is already built in the SHGs.

The social space constructed by the members also promotes a supportive environment. Studies done in districts with high farmer suicides suggest that the farmers faced the crisis alone. As they are drawn into wider and more extensive chains of dependency on outside financial forces, structures of cooperation within villages weaken. Many a times there own family members are unaware of the level of economic dependency. Betul also faces serious agrarian crisis due to dry land farming and high dependence on rainfall for irrigation. The rising input cost of chemical farming is already reducing the profit margins with the neighbouring Vidarbha region already witnessing highest farmer suicides rate in the country.

The SHGs built on relations of mutual trust provides such farmers with a support system which offers ample flexibility in rescheduling of repayments in case of crop failures. Such leniency is not allowed in banks.

Several studies have shown that only those SHGs have been successful in alleviating poverty which ensure systematic mobilisation of the poor, their capacity building and skill development. Keeping this in mind, Naman regularly organises capacity building trainings of the SHG members. Trainings on how to set up a group, manage savings, maintain records, loan usage and repayment and linkage to banks and cooperative are imparted to the SHG members. The women who come out of poverty by being members of the SHGs also act as resource persons to new groups. They act as guides and role models for other poor individuals and other institutions.

Exposure visits to other groups and microfinance organisations, showcasing of best practices and interactions with government officers are arranged. SHG members also attend trainings offered by government departments and financial institutions.

### **Scaling up**

As the SHG network swelled, the Samiti decided to form a federation in 2006 which could give bigger loans and hence amplify the economic potentials. Seed money of Rs 1 lakh was given by Naman Sewa Samiti to the federation. A woman representative from every SHG became member of the federation to ensure equal representation and participation.

However, it was soon realised that even the federation is unable to meet the aspirations of the SHG members who had tasted the much-desired economic emancipation and were now willing to touch the ceiling. To their frustration, the formal financial institutions remained as inaccessible as ever. This desire to reach further heights gave birth to the Naman Sawayat Sakh Sahkari Samiti, a savings and credit cooperative, on January 25, 2010.

Today, the savings and credit cooperative has a total saving of Rs 27 lakh (approx). It has also disbursed loan of Rs 25 lakh (approx) for various activities including farming and dairy, small-scale food processing, grocery shops, restaurants and vegetable carts etc.

Naman offers an environment which recognises people's initiatives of self help and builds on it. For, the cooperative has members of the SHGs on its panel and the panel decides on the purpose and size of loans, interest rates and on the repayment schedule. The main premise was that self-sustaining institutions which set their own agenda and mission provide the members with a launching pad to gain confidence, skills and power to promote their interests.

The loan is also given to individuals who are not members of any SHG but fulfil the criteria for extension of financial support. The loan can be availed after six months of the SHG or the individual opening an account with the cooperative. A comprehensive appraisal of the member's family, occupation, assets and income and expenditure is done before release of the loan amount. Three guarantors of the applicant's SHG are also required to ensure repayment and the loan given is three

times that of SHG or individual's account balance with the maximum limit being Rs 25,000 and the minimum Rs 5,000. No withdrawal from the account is allowed till the loan amount is returned.

Naman has also linked the SHGs to its spice unit and organic farming programmes thus adopting a holistic approach to poverty alleviation.

Thanks to sound safeguards on ground in form of SHGs and comprehensive appraisal done by the cooperative staff members, there has not been a single case of loan default thus making the cooperative a resounding success story.

### **Financial literacy and convergence**

Conventionally, SHGs are seen as a final link to deliver government schemes. This is why financial institutions as well as government departments seek SHGs to meet the targets of loans disbursed, trainings imparted and entitlements given. Naman Sewa Samiti has capitalised on this need to dovetail it with the requirements of the rural poor.

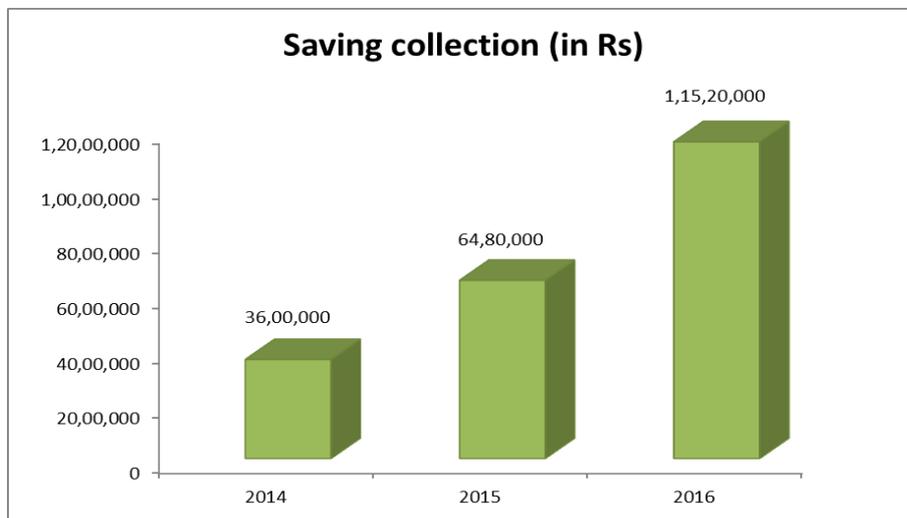
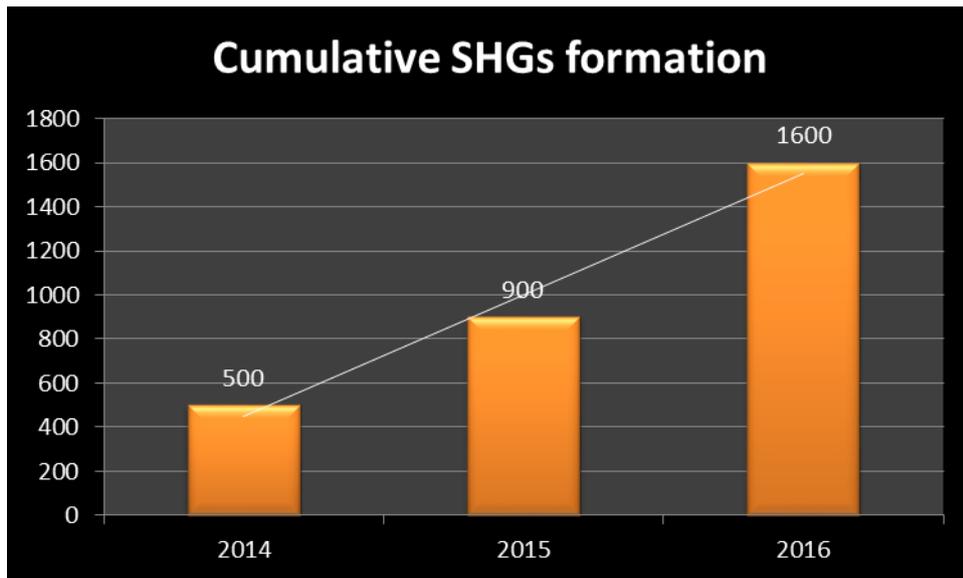
The most important outcome of a cooperative has been inclusion of neglected and ignored rural poor into the formal financial network. They have understood loans, utilisation of money to further their personal goals and importance of the returning policy. The SHGs so trained get easily assimilated into the formal network as financial institutions are always keen on adopting the groups which can help them reach the targets of loan disbursement. Naman has collaborated with the Central Bank of India to achieve this objective since it ensures that SHGs receive an additional source of credit besides other benefits of a banking system like government subsidies. The SHGs are free to choose between the banks and the cooperative and many have taken loans from both.

These SHGs also act as promoters of the Central Bank's self-employment training institute which offers free vocation training to youngsters from poor households. NABARD has also emerged as a valuable partner for Naman as it is providing financial support for formation of new SHGs.

### **The way forward**

Naman plans to cover 20,000 families and 5,000 persons with disability by 2016 in Betul district. By 2020, 1 lakh families and all persons with disability will be covered

Number of SHGs will reach 1,600 in 2016 from 500 today while the number of panchayats covered will be 250 in 2016 from 75 today. The amount of saving collected will reach around Rs 20 lakh in 2016 from Rs 6 lakh today.



S.N.	Particulars	Years		
		2014	2015	2016
1	No. of working district	01	01	01
2	No. of working blocks	03	05	7
3	No. of Panchayat covered	75	150	250
4	No. of Branches	03	06	10
5	Cumulative SHGs formation	500	900	1600
6	House hold outreach	6,000	10,800	19,200
7	Share collection	6,00,000	10,80,000	19,20,000

8	Saving collection @ Rs. 50/Month/member *12 Months	36,00,000	64,80,000	1,15,20,000
	80% Disbursements of saving	28,80,000	51,84,000	92,16,000
9	No. of SHGs groups disbursed (80% of saving 60,000/SHG)	48	87	154
10	Loan Requirement from other sources to 50 % SHGs	202	600	1250
11	Other sources (Rs.60,000/SHGs)	1,21,20,000/-	3,60,00,000	7,50,00,000
12	Total Yearly Disbursement 250-600-1250	1,50,00,000	4,11,84,000	8,42,16,000
13	Second Dose 1,80,000/- to 1 <sup>st</sup> year SHG in 2015 & to 2 <sup>nd</sup> year SHG in 2015	-	4,50,00,000	12,35,52,000
14	3 <sup>rd</sup> Dose to only 600 SHGs @ 5 lacs/SHG	-	-	32,50,00,000