

REJUVENATING LIVES

Narratives of success among farming communities that integrated sustainable systems and strategies



THE SELF-HELP GROUPS OF WESTERN MADHYA PRADESH

Pathways out of poverty

In the villages of Barwani, Jhabua, Ratlam, Alirajpur and Khargone, the collectivisation of farmers, men and women, into self-help groups (SHG) has transformed them into catalysts of change, charting a new socio-economic landscape for the villages and helping them break out of the vicious cycle of poverty and oppression.

These SHGs are not only pioneering savings and credit but are increasingly become active participants in local self governance and aware of their rights and entitlements.



Quick facts

- **4998** SHGs formed by ASA
- **4946** women SHGs formed by ASA
- **62953** SHG members
- **62008** women members in SHGs
- **₹4,68,34,441** total savings mobilized
- **₹3,21,68,338** total internal loans
- **524/₹3,79,59,917** bank loan received (no./amount)

● (Cumulative data as on March 2015; data is for ASA's entire operational area across the states of Madhya Pradesh, Chhattisgarh, Bihar and Jharkhand)

The Idea of Self Help

An SHG is a village-based financial intermediary committee usually composed of 12-15 local women or men where the members make small, regular savings contributions over a few months until there is enough capital in the group to begin lending. Funds may then be lent back to the members or to the others in the village for any purpose. The SHGs promoted by Action for Social Advancement (ASA) are in due course of time 'linked' to banks for the delivery of micro-credit.

Inter-loaning: The Lynchpin

Inter-loaning is an essential procedure of the SHG. It offers an alternative credit system to the members to avoid exploitation by local moneylenders. The group formulates its own norms for disbursing and criteria for selecting the beneficiaries and fixes the interest rates. Initially, the members take small-sized loans for purposes such as medical care, education and agriculture.

Gradually, the loan size increases and members start to access loans to supplement their requirements for other needs as well. As the group progresses, the aspirations of the members also grow. The members develop the need to access larger loans. However, their saving does not permit any large-size loans.

Online Financial Data Management

ASA has developed software for SHG financial data management. All financial transactions at the SHGs are recorded in the software after every fortnightly meeting. This helps ASA staff to monitor and manage the programme well and provides qualitative analysis to the SHG members for utilization of their savings, management of loan and defaulters, if any.

The Self Help Experience: Visible Impact

A fair source of credit

For the men and women in the farming community in the rural hinterland, the SHG is a safe and fair source of credit that brings relief from the exploitative practices of the sahukaar or local money lender. While the sahukaar could charge anything between 5% and 10% month as interest, the SHG levies as less as 2% per month.

Although the savings of group members, small in nature, do not attract high returns, these are still popular due to security reasons for getting unsecured loans without much formalities and collaterals at lower rates as compared with that available from local moneylenders.





"We never used to step outside our homes but after we formed SHGs, we have travelled to Bhopal, Mehsana, Thandla and other towns and cities. In February 2014, our SHG took membership in the Gram Sangathan as part of the convergence with National Rural Livelihoods Mission. On August 15, 2014, we submitted applications for building toilets in the village."

— Madhi Ranjhor, village Samui, district Jhabua

Support for agricultural inputs

Members of SHGs have been able to secure support for agricultural activities, such as necessary funds to purchase seeds, fertilizers and insecticides and for repair works such as parapets of wells. Although loans are taken throughout the year, a majority are taken during June and July so as to pay for agricultural inputs for the *kharif* crop. The loans are repaid after the crop is harvested in October and sold in November.

Additional avenues of livelihood

Credit availability has encouraged several farmers to convert their backyard spaces and even small-scale homesteads and patches near their dug wells and other water bodies into vegetable gardens. Members take loans from the SHG for purchase of inputs. ASA also conducts capacity building of these SHG members to promote new and efficient techniques such as drip irrigation-based and raised bed vegetable cultivation.

Vegetable gardens have emerged as an additional source of income in these lands where income from agriculture is meager. Besides, these families are now nutrition-secure.

Correcting gender asymmetries

The saving and credit groups provide a base for poor women to organize themselves, expand options for livelihoods and to participate actively in development. A control over financial assets has resulted in greater decision-making power of women in the household and community. The SHGs also provide a platform for women to become functionally literate, to sharpen their communication and conflict-resolution skills and acquire skills.

Corollary benefits

Credit assurance has given many a farmer in this poverty-ridden region of western Madhya Pradesh a new lease of life. Migration has reduced. Education of children is now considered by several even as they are able to afford it. A sense of security prevails.



"With support from my SHG, I was able to repair my dug well. It cost ₹50,000 of which ASA contributed ₹22,000 and the SHG loaned me the remaining amount. I now grow wheat on my 3.5 acres now irrigated by the well. Last season, I harvested 25 quintals, of which I sold 15 quintals at a rate of ₹14,000 per quintal. The rest I stored for household consumption. I also constructed a pucca house for my family."

— Tepi Devi, village Ekalbara, district Barwani

Stories of Change

The story of SHG Meher Sagar in Samui, a tribal village in Jhabua district, is an inspiring one. The group was formed in May 2014 and comprises 11 women of the Patiliya tribe. Each of them contributes ₹100 per month, and the SHG saves the amount in the local branch of Narmada Jhabua Grameen Bank. The members decided to buy a motor to pump water from two ponds in the village. This decision was well thought out.

"We decided to spend our joint savings on a motor that we would jointly own. The motor pumps out water from the ponds into the fields for irrigation. This has helped save money that we spend on hiring diesel engines individually. We save on the rent, on labour and on electricity," says Ramila Pratap Singh

The motor cost a total amount of ₹25,000 of which ₹18,000 was contributed by the SHG and ₹7,000 by individual farmers. The motor is better than the diesel engine in more ways than one. The diesel engine requires labourers to specially carry it from the lender into the fields. Moreover, the electricity bill on the jointly owned motor too is shared by the members. Nearly 24 acres of land is being irrigated by this motor. The members of Meher Sagar say they next plan to build toilets.



In a distant village called Ekalbara in district Barwani, women from the tribe Barela are also being instrumental in transforming their lives through their active membership and participation in the SHG named Krishna. The SHG boasts of a total savings of ₹29,000 in a local bank and ₹79,000 of loan given out to its members. Most of the SHG members have borrowed money from the group for agriculture and to cultivate vegetable gardens.

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