

Report on Rural Finance

1. Promotion of SHGs

As on March 2008

District	No. of SHGs			Total	Percentage		
	M	F	Mix		M	F	Mix
Jaintia Hills	35	70	7	112	31.25	62.5	6.25
East Khasi Hills	42	44	96	182	23.08	24.18	52.75
Ri Bhoi	93	87	21	201	46.27	43.28	10.45
East Garo Hills	86	124	21	231	37.23	53.68	9.09
South Garo Hills	62	86	21	169	36.69	50.89	12.43
TOTAL	318	411	166	895	35.53	45.92	18.55

As on June 2007 the project could mobilise only 325 SHGs. MRDS came up with a strategy speed up the process of SHG mobilisation. To set target for SHG mobilisation actual number of HH in the project villages were taken which being divided by 15 (average no of members per SHG) to arrive at actual number of SHGs to be mobilised by MRDS. As on date there are 38623 HH (v AR 29300 hh) thus we arrived at 2575 of possible SHGs to be promoted. Taking into account that some hh do not qualify, or not interested we arrived at 2292 (34380 hh) as actual number of SHGs to be promoted by MRDS.

A massive exercise was carried out in every district with the entire team from September to December 2007. This exercise gave us clear picture of how many SHGs could be mobilised in every project village with time frame for completion of SHG Promotion. This exercise resulted in moving up from 325 June 07 to 895 in March 08 (in the span of 9 month). We are confident by December 2008 we are going to complete to complete (1397 the balance) SHG mobilisation.

District	Project Target	Achievement as on 31/03/08	Balance	Target for Next Nine Months								
				Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
JH	636	112	524	58	58	59	59	58	58	58	58	58
EKH	610	182	428	48	48	48	48	48	47	47	47	47
RB	359	201	158	23	23	23	23	22	23	21		
EGH	372	231	141	20	20	20	20	20	21	20		
SGH	315	169	146	21	21	21	21	21	21	20		
Total	2292	895	1397	170	170	171	171	169	170	166	105	105

To achieve this we have taken the following decisions during the 4th QRM 07-08.

- a) Bethany Society to take up additional SHG mobilization in Khliehriat & or Laskein Blocks in Jaintia Hills
- b) More VLGP's need to be recruited by DMU wherever required – all the districts
- c) MRDS to work in collaboration with Govt. Deptts and Banks for SHG Promotion

- d) To strengthen the instruction issued that functional SHGs should attempt to promote more SHGs in their own villages/cluster as part of their credit plus activities, MRDS will also give Rs.300 per SHG promoted till opening of bank Accounts to the promoter as incentive.

2. Savings...

While credit services have been the focus of many rural developmental agencies saving services gets little or no attention. Credit and saving services are two sides of the same coin. In fact savings precedes credit. By saving services it means one can have access to savings as and when required which is not true is savings services provided by SHGs. MRDS under Rural Finance have made a study on "Market Research for MFIs" in 6 districts of Meghalaya which gives us a picture that more than 90% of rural poor have SHG as only savings service provider. SHG as service provider for savings is not ideal it money cannot be withdrawn by it members as and when required. (The report is in progress)

Currently MRDS is providing savings my members in groups only. The total 985 SHGs have cumulatively savings amount to Rs. 3746422 as 31st March 2008.

SHGs Financial Status

District	No. of SHGs	SHGs with Bank A/c	Savings Amt. ¹	Group Contribution amt. ²	SHGs Other Internal sources of fund ³	SHG External Sources of fund ⁴	Corpus Amt	Cash at Bank	Cash at Hand
1	2	3	4	5	6	7	8 (4+6+7)	9	10
JH	112	40	291482	86265	28886	117615	437983	101725	143600
EKH	182	107	1023672	117050	81715	585481	1690868	330007	214488
RB	201	76	739220	28028	116433	548554	1404207	205557	223550
EGH	231	201	964999	160035	184878	1719317	2869194	1128375	287120
SGH	169	105	727049	63968	31302	384548	1142899	469539	148133
Total	895	529	3746422	455346	443213	3355515	6255684	2235203	1016891

Total savings mobilised by 895 groups amounts to Rs.37,46,422 i.e., on an average of Rs.4186. Group contribution amounts to Rs.4,55,346 is mobilised for meeting management expenses. SHGs have earned Rs.4,43,213 from internal lending, interest earned from bank deposits, income earned from IGAs, fine, donations, etc. SHGs have also mobilised fund from banks, govt. departments and received seed capital and fund for demonstrations from the project the total of which amounts to Rs.33,55,515. All funds from external support agencies go into SHGs accounts directly. Of the total corpus fund 52% is being kept in at hand and bank.

3. Internal Lending

Of the total 895 SHGs only 244 (30.35%) are doing internal lending. Of the total SHG fund available for internal lending (Rs.41,89,635) only Rs. 13,16,338 (31.41%) is use for internal lending. We are facing major difficulties in facilitating SHGs to utilise their fund.. As mentioned above 52% of total SHGs corpus is kept at hand and bank.

District	No. of SHGs	Direct Bank Linkage	Indirect Bank Linkage	Grand Support from FIs	Govt. Contribution			Comty. Contribution
			Rs.	Rs.	SHGs	Rs.	Kind/ amt	Rs.
Jaintia Hills	0	0	0	60000	5	50000		0
East Khasi Hills	13	30451	325000	0		161000		0
Ri Bhoi	14	58761	289630	0		122000		0
East Garo Hills	43	855000	340000	0		818375	1487500	182400
South Garo Hills	19	187000	60000	0	22	594000		0
Total	89	1131212	1014630	60000	27	1745375	1487500	198325

A total of 89 SHGs has been linked to banks for financial assistance. Indirect linkage means fund received under SGSY scheme; which comprises of 40% grant from government and 60% loan from bank which is being channelised through banks to SHGs used as revolving fund for internal loaning.

4. Seed Capital

5. Enterprise Development

6. Support to Rural Finance Institutions

7. Studies

8. Way-forward for – Promotion of SHGs

¹ **Savings** amounts are monthly regular contribution made by members in the group

² **Contribution** amounts are fund collected by SHGs members regularly meant only for SHGs expenses such as travels, stationery, tea/snacks etc.

³ **Other Sources - Internal** are fund earned by groups from group IGAs, interest earned from internal lending as well as bank deposits, fine amounts, donations received etc.

⁴ **SHG External sources of Income** are fund received from external agencies such as MRDS (seed capital & fund for demo), fund from bank, govt. mfi etc.