

JOINING HANDS

SSP AND SAVINGS & CREDIT GROUPS

Savings and credit groups are groups made up of about 20 women who meet regularly to save money. The fund created through such savings are lent out to members for consumption purposes, at terms collectively agreed upon by group members. In Latur and Osmanabad the SSP teams work with 842 women's savings and credit groups.

232 groups in Latur have saved a total of Rs.10,67,950 (\$25,427) while 250 groups in Osmanabad have saved Rs.7,10,036 (\$16,905)

How were groups formed?

The groups were formed after women attended information fairs at which they heard about savings and credit groups and interacted with group members. In many cases experienced groups from nearby villages guided the younger groups.

How do groups function?

Group meetings are held on a fixed date every month. All members are required to attend these meetings. They are usually held between the 1st of the month. Each month, each member saves Rs.10 to Rs.50. At the meetings members also make requests for loans. Based on their priorities, the groups decide who should get loans and how large the loan should be.

Groups in Latur and Osmanabad usually lend for a variety of consumption and production needs. The consumption purposes for which loans are taken include medical expenses, school fees, buying rations. The production purposes for which women borrow include buying fertilizers and seeds at the beginning of the agricultural season, buying fruit or vegetable from wholesale markets to sell locally.

So far the 250 groups in Osmanabad have borrowed a total of Rs. 5,08,637 (\$12,110) from their group funds. The 232 groups in Latur have accessed a total of Rs. 13,88,257/- (\$33,053).

What about managing finances?

As the manager of a small fund the savings and credit groups must ensure that all the money flowing in and out of the groups is accounted for by an accountant who attends to its records. SSP provides regular training for group accountants. In November 1998, SSP conducted a social and financial audit of all the groups in order to check on the financial management systems. As the fund size grows, group capacities need to be built in order to manage the fund. Groups also need to have strong financial management systems in order to access and manage external loans from other institutions.

Where do SCG's go for more credit?

As groups evolve they require larger amounts of credit to invest in productive activities. The group fund made of women's small savings can no longer meet the demands of

women who want to expand their economic activities, thus group then have to access credit from other sources.

In India, the SHG-Bank Linkage Programme allows banks to lend to groups. But it is not easy to convince bankers that groups of poor women are capable of managing bank loans and repaying them. Why? Because they have never made loans to informal groups and their past experience with lending to the poor has been disastrous. SSP and the SCGs are working together in different ways to build bridges between SCGs and Bankers.

- Dialogue workshops with bankers provide an opportunity for face-to-face negotiations. Bankers, NGOs and SCGs are given an opportunity to express their difficulties and then find solutions to these problems.
- SSP has been invited to provide information at Block Level Bankers Committee meetings. This is unusual because it is officially a bankers' forum.
- Bankers are invited to visit groups, attend group loan meetings and interact with groups at cluster meetings.
- Action-Research has been undertaken in order to identify and learn from successful partnerships between banks and groups as well as constraints to such partnerships.
- Women's groups are encouraged to open bank accounts and visit banks regularly.

Federation groups

A process of federating groups to form a new institutional structure that will be owned by SCGs is now underway. The federation will be a three tiered structure with groups as the base. Clusters of SCGs as intermediaries and an apex body of leaders at the top.

Clusters

Clusters of groups play an important role in getting groups to exchange information and learning. Clusters also create a sense of institutional identity for the groups because they give groups a feeling that they are part of a larger organisation that extends beyond their village. At cluster meetings groups share information on finances, thus laying the basis for greater accountability between groups.

Why are SCGs a central part of SSP's strategy?

Groups are not only involved in financial activities. The group becomes a space in which women discuss day to day problems. The capacities to manage financial resources and the confidence acquired through such activities become the basis for participation in numerous village development activities. Groups in Latur and Osmanabad are monitoring local primary health centres, primary schools, addressing sanitation, drinking water, food security and access to government schemes.