

# MYRADA

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## **FEDERATIONS– How they emerged in Myrada and led to the development of Community Managed Resource Centres.**

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The Community Managed Resource Centres that have emerged in Myrada particularly in areas from where we are withdrawing after working for 10-15 years are drawing increasing attention from Government and NGOs. A regular query we receive is: "How do we start CMRCs or Federations of SHGs?" We try to explain that these institutions do not emerge overnight. Myrada has no direct answer to this query. It can only describe how Federations emerged in Myrada and how they led into Community Managed Resource Centres. Therefore, we have to start with a brief history.

**1983-1985.** The Cooperative Societies organised by Myrada broke down. Main reasons: More powerful members (economically, socially, politically) dominated; dependency of less powerful on others for jobs and/or for urgent loans; no transparency in operations; government control.

The poorer members of these cooperatives came to us in groups of 10-20 and offered to return money borrowed from the Cooperative. We said "it's your money; manage it". To cut a long story short...they sat in a group to decide what to do. They returned their loans to the group. We assisted to set up systems and to train the group to conduct meetings, etc. They decided: only poor will be members (homogeneity), leadership will change yearly (no concentration of power), no participation in party politics; no registration (avoid Government officers). We found that the membership of the groups was based on affinity among members, i.e. relations of trust and mutual support that already existed before we entered.

**Conclusion:** The SHGs were the real cooperatives; the reasons that caused the failure of the regular cooperatives were firmly excluded. By 1986 there were about 300 groups in Myrada which were then called Credit Management Groups, because Myrada decided that in keeping with the groups' decisions to manage their lives, the structure of their group had to ensure that (a) all decisions were made within the group; hence, even decisions related to savings, loans, intervention in society, etc. had to be made by the group; (b) they had to be made in a transparent and participatory manner; (c) it was the management of credit rather than the mere provision of credit that was an empowering tool – hence the group should be participative(inclusive) and not representative. The group was externally facilitated but linked by internal relationships and common/shared social features (homogeneity, affinity)

**1986-1987.** Myrada went to NABARD with a proposal requesting Rs. 3 million to (a) match the savings of the groups, and (b) provide training in institutional capacity building to the

groups. Shri. P.R. Nayak was the Chairman, who knew Myrada well. Why did we go to NABARD? Because (a) we wanted to change policy, and NABARD was identified as the institution best placed to change it; and (b) we already had a contact there who knew of our work, namely Shri P.R. Nayak.

What policy did we want to change: (a) to get Banks to lend to unregistered groups; (b) to get banks to lend without asking for the purpose of borrowing; therefore, one loan to the group as a whole and not to individuals within the group, and (c) to get banks to lend without collateral. The third was the easiest; the first two came through after several meetings and studies organised by NABARD between 1988 and 1990. Myrada received a grant of Rs 1 million from NABARD in 1987 and changed the name of the groups to Self Help Groups as suggested by Shri. P.R. Nayak (to reflect the fact that more than just credit management was happening in them). Between 1988 and 1990, NABARD organised several studies including one, which compared the transaction costs of various models; it also organised exposure programmes for its senior staff; the first was held in Myrada's Kamasamudram Project in 1989.

**1990-1991.** RBI and NABARD came out with policy changes and guidelines related to the three issues mentioned above

**1992:** NABARD launched the SHG-BANK Linkage Programme, first with a pilot of 500 SHGs and then an open ended one. The first training programme for Bankers was organised by NABARD and held in Myrada's Dharmapuri project in 1992; this project was collaborating with the Tamilnadu Women's Development Corporation in the IFAD supported women's empowerment project which had included the SHG strategy in its design – though not in its entirety. The major support it provided was funds for training and strengthening the institutional capacity of the groups.

**1996:** Federations of SHGs began to be organised by Myrada. Reasons: (a) Myrada wanted to get data on the SHGs related to savings, trends in loans purposes, repayment performance, etc. From 1990, Myrada staff had been collecting this data and software was developed to analyse it – to see if there were trends in purposes of loans, size, repayment per purpose, etc. and on the basis of this to intervene in providing support for livelihoods. E.g. if several members were taking loans for buying and selling hides – Myrada brought them together and trained them to do tanning and then chappal making; but they did not form a new group; they went back to their own SHG and took loans to invest in their trades. Since a large number of loans were given for crops in dryland agriculture, Myrada took up major watershed management and minor irrigation schemes to lessen the risk of investment in drylands. But the number of SHGs was growing too fast and Myrada had inadequate staff – hence the federations were required to collect data. (b) They also began monitoring SHGs, resolving conflicts and issues and taking part in organising public demands (dharnas at times) to support social and governance issues. An interesting feature was that the SHGs did not want the federations to manage savings and lending. One reason perhaps was that the SHGs were able to mobilise loans from banks quite easily. The SHGs were free to decide on the size of the federations. Most federations had between 20-25 SHGs as members, and a representative board but no full time staff.

**Weaknesses of federations:** As they began taking on new functions on their own, the federations found that they were not able to cope because (a) they needed full time staff and an office to cope with increasing demands; (b) they needed to increase in size of membership

and undertake new functions in order to pay for the staff, etc.; (c) their organisational capacity was not adequate to cope with the new demands, and (d) the federations worked on an informal basis – while the new demands required the presence of a full time secretariat. Alongside, many SHGs got together to mobilise inputs for agriculture and to take up drought relief works; these SHGs often came from different federations, hence the committees managing these ad hoc activities comprised members from different federations.

**2000.** Myrada began withdrawing from two major projects where we had worked for 10-15 years in agriculture, on-farm and off-farm activities, health, education, habitat (housing, sanitation). We began looking around for people's groups who would stay in the area and provide support as required by emerging needs. We discussed this with the SAGs. (a) They decided to join together so that the number of groups increased from 20-25 to 100-150 groups; they also decided to include groups they were not formed by Myrada but under various Government Programmes. (b) Myrada proposed that it would keep an experienced staff to manage this larger institution, but they would have pay his/her salary as the CMRC's resources increased; (c) they decided to elect a Board Of Directors and later to register it. (d) they decided to charge for all services. (e) Some CMRCs wanted to start lending money; but Myrada discouraged them from doing so until they had exhausted other sources like Banks. To distinguish between this new organisation and the old federations, Myrada suggested that the new one be called Community Managed Resource Centres. In some Myrada Projects the Federations still function even though they are amalgamated into CMRCs; their role is to monitor the SHGs and collect data monthly. In other Myrada projects the CMRCs have taken over all functions of the Federations.

There are now 88 CMRCs in Myrada Projects. Their membership includes SHGs formed by other institutions including Government provided they are up to standard. Many Watershed Management Associations have also joined. They have offices and equipment given by Gram Panchayats, Myrada and raised from local resources. They have telephones, fax, internet and 14 have V-SAT systems (supported by ISRO; plans to increase this to 40 CMRCs have been made) through which Myrada runs a programmes every day for different audiences invited by the CMRCs. 30 of the 88 CMRCs raise enough funds to be able to pay the salary of the Myrada staff who is the Manager of the CMRCs, and to pay for services of the Community Resource Persons. A brief report on the variety of activities they are engaged in is attached. It emerges that the CMRCs are performing many of the Secretariat functions that the Gram Panchayaths could be doing but have not been able to do for one reason or another. Though CMRCs are based on SHG membership, their services are offered even to non-members. On an average, each CMRC serves its members and others living in an area covered by 3-5 GPs. Myrada envisages that the CMRCs will gradually develop enough support and confidence to influence governance in the GPs so that the latter become more transparent and accountable.

Does Myrada withdraw from the area when CMRCs emerge? Myrada scales down its programmes, but does not withdraw entirely from the area. Myrada has set up a major training centre in each of its projects called Centres for Institutional Development and Organisational Reform (CIDOR). Due to the heavy demand for training, they are able to meet with all their overhead costs. The CIDORs have taken up the responsibility of supporting the CMRCs. Myrada steps in if its services are requested for by the CMRCs or CIDORs.

**Summary:** What emerges from this history is that (a) the formation of federations and CMRCs has been a facilitated process, and the focus of Myrada has been on the process; thus, it has involved time (years, not months or weeks), hundreds of meetings with the base groups,

training programmes on understanding federations before going ahead with federating, enabling the groups to understand the choices before them and what are the implications of their choices, and then strengthening each federation to discharge its functions. (b) Each federation did not become a CMRC; several joined together; (c) Federations emerged only after a period of 5 to 8 years and not in the first stage or year. However in new projects we have started discussing CMRCs right from the beginning; but is it important to ensure that the SHGs are well established before starting federations. (d) The CMRCs in Myrada include SAGs formed by any NGO/Government programme; they also include Watershed Management Associations; (e) the CMRCs / Federations require some support and monitoring from institutions in the area like the CIDORs.

Issues for discussion/consideration: In the context of Government planning to promote Federations on a big scale and the initiatives taken in some States to register Federations as Cooperatives/Societies on a mass scale:

1. Structure: Who should be members of the Federations? Individual members of SHGs or SHGs themselves? We recommend SHGs. But not any SHG. Only those whose performance has been assessed and they are found to be functioning well. We also recommend an annual appraisal of each member SHG and those falling below required standards should be asked to withdraw until they come up to the mark.
2. Why is the Government promoting Federations? What roles does the Government have in mind for them? Federations should not be viewed as part of the delivery chain of Government or of any other promoting agency. They are not the last link in the delivery system. They need to develop their own mission and functions.
3. Investment is required to build the capacity of the Board of Directors of the Federations as well as of the weak SHGs.
4. The quality of the facilitators must be assured; using government officials at lower levels to do this does not work as has been found in States where the GP Secretary has been entrusted to form and train SHGs. Federations will absorb the weaknesses of the facilitating institutions.
5. Politicisation (including caste affiliations) is the biggest threat to the federations. This does not mean that they should not get involved in public issues; but they should avoid party politics (including capture by staff, some members of the Board, ...)
6. Who will manage the formation and role development of Federations? Every organisation develops and grows depending largely on how well it is being monitored, mentored and held accountable for its actions as well as what it has to report on; Hence, there should be a clear system of regular monitoring on the basis of mutually acceptable parameters (developed transparently, in complete consultation with the federations and SHGs), and a clear system of regular reporting (to whom?).

In closing, it is necessary to reiterate that the objective of forming people's institutions - including federations and CMRCs - is to strengthen the people and their institutions and not to control them. The rural poor are handicapped on account of poverty, isolation, illiteracy, lack of access to information, and lack of investment in their capacity building. If these gaps are filled, then our experience has proved that they have enough practical sense to make their choices and achieve their objectives at a time and pace of their choice.

**Myrada CMRC Data - Comparison between same Quarter over 3 Years**

Sl.No.	Particulars	April to June 2005	April to June 2006	April to June 2007	Notes
<b>1</b>	<b>Membership and Staffing</b>				
1.1	Total number of CMRCs	70	82	87	By end 2006 there were 89 CMRCs. 1CMRC was merged with another, 1 CMRC opted to function without Myrada facilitation, and 1 CMRC was handed over to RUDSETI for further facilitation, bringing the total down to 86. A new CMRC was added in Apr.Jun. qtr. of 2007 - total 87.
1.2	Total Executive/Management Committee members	989	1,153	1,223	
1.3	Total children's representatives in EC/MC	9	15	28	The children are not expected to handle responsibilities but are included so that their views are taken into account (mainly on PLAN-partnered Projects).
1.4	Total full time workers (including CMRC Manager)	208	263	284	The number includes computer operators, accts.assistants, office help, field work promoters, etc. More than 100 are paid by the CMRCs out of their own earnings.
1.5	Total CRPs/Volunteers on call	797	875	751	Paid on 'per-job' basis. The number fluctuates depending on need and availability.
1.6	Total 'Special Projects' workers	80	69	166	Engaged through CMRCs to work on particular tasks as part of programmes mobilised by Myrada.
1.7	Total Myrada SAGs currently members	6,552	7,332	7,719	Groups that joined but did not continue (e.g. asked to leave, chose to leave, dissolved on completion of programme, became defunct, etc.) have been excluded from these numbers.
1.8	Total Myrada WDAs currently members	140	126	179	
1.9	Total Myrada other CBOs currently members	16	19	20	
1.10	Total non-Myrada CBOs currently members	160	507	796	
<b>1.11</b>	<b>Total current membership in CMRCs</b>	<b>6,868</b>	<b>7,984</b>	<b>8,714</b>	
<b>2</b>	<b>Trainings / Camps / Campaigns</b>				
2.1	No. of trainings conducted for Myrada CBOs	1,975	1,895	1,410	
2.2	No. of trainings conducted for Myrada CBO book-writers	176	243	240	
2.3	No. of trainings conducted for Myrada CRPs, Volunteers, etc.	165	152	122	
2.4	Trainings conducted for non-Myrada CBOs/persons	593	530	318	
2.5	Any other trainings conducted/facilitated for CBOs / Public	248	190	156	
2.6	No. of general health camps facilitated	28	31	31	
2.7	No. of RCH/STI/HIV-AIDS camps and campaigns facilitated	137	393	130	

2.8	Other special health related camps and campaigns facilitated	87	91	48	
2.9	No. of legal awareness trgs. / camps / campaigns conducted	42	818	630	
2.10	No. of animal health camps arranged	33	35	30	
2.11	Any other camps and campaigns facilitated	102	54	14	
<b>3</b>	<b>Information Support / Advice / Networking</b>				
3.1	No. of persons visited CMRCs for information and advice	14,886	18,285	26,889	
3.2	No. of persons visited CMRCs for legal advice / support	505	1,078	1,467	
3.3	No. of persons visited CMRCs for help to write applications	3,214	4,731	4,571	
3.4	No. of persons visited for help with office visits / networking	3,498	3,953	2,988	
3.5	No. of persons visited for any other support services	4,594	9,726	11,335	This includes people coming for a wide range of reasons from wanting to use internet to seeking support to resolve personal/group problems.
<b>4</b>	<b>Loans and Schemes</b>				
4.1	No. of Bank/Sanghamithra/Other loans arranged for CBOs	931	782	990	
4.2	No. of gas connections secured for individuals	2,254	395	442	In 2005, the bulk came from Mysore due to promotion by the Forest Department
4.3	No. of toilets / bathrooms assisted for individuals	727	1,170	1,055	
4.4	No. of safe water / taps / filters / fluoride mitigation assisted	200	19	3	In 2005, the bulk came from Chitradurga due to promotion of fluoride mitigation filters.
4.5	No. of housing assistance mobilised (construct, repair, improve)	446	726	179	
4.6	No. of rainwater harvesting systems supported	106	93	131	
4.7	Farm inputs (agri., AH., etc.) mobilised (No. of CMRCs)	14	16	15	
4.8	Community programmes mobilised/supported (No. of CMRCs)	-	3	14	
4.9	Support to get insurance (people / livestock)	4,766	3,590	2,644	
4.10	Support to settle insurance claims (people / livestock)	166	132	166	Also includes settlement on maturity of time bound schemes.
4.11	Any other	35	5	304	The bulk is student scholarships under an LIC scheme.
<b>5</b>	<b>Books / Audits / Grading / Etc.</b>				
5.1	No. of CBOs given book keeping assistance	4,359	4,513	4,971	
5.2	Audits arranged for CBOs (No. of CBOs)	2,591	2,519	2,894	
	CBO grading arranged /				

5.3	conducted (No. of CBOs)	1,168	838	2,534	
5.4	Monthly financial statements collected from CBOs	5,700	6,980	7,486	
5.5	Mobilising local contributions for programmes (No. of CMRCs)	2	3	7	
5.6	Any other financial services	67	119	220	This includes bank acct. opening under 'financial inclusion', interest sharing under Indira KranthiPatham, etc.
<b>6</b>	<b>CMRC Managed Utilities / IGP / Public Services</b>				
6.1	No. of CMRCs having telephone for public use	31	36	45	
6.2	No. of CMRCs having fax for public use	2	4	7	
6.3	No. of CMRCs having e-mail/internet for public use	15	13	19	
6.4	No. of CMRCs having Xerox facility for public use	5	12	12	
6.5	No. of CMRCs facilitating sales of consumer items	17	16	18	
6.6	No. of CMRCs giving building / equipment on rent to others	10	13	13	
6.7	Undertaking SHG books printing and distribution	42	54	61	
6.8	Running creche / tuition / school / hostel for children	3	9	9	
6.9	No. of CMRCs conducting computer classes	16	16	29	
6.10	No. of CMRCs conducting other skill training classes	20	28	33	
6.11	No. of CMRCs having regular access to doctor	27	34	36	
6.12	No. of CMRCs having regular access to lawyer	25	35	46	
6.13	No. of CMRCs with library/reading room	-	4	6	
6.14	No. of CMRCs assisting for bill payments, tax collection, etc.	2	3	12	
6.15	No. of CMRCs managing manufacturing enterprises	2	4	4	
6.16	V-SAT connectivity / community radio	1	14	14	
6.17	Any other service/facility for public use (No. of CMRCs)	3	1	19	
	<b>Training to CMRCs by Myrada</b>				
	No. of training programmes facilitated for CMRCs	65	57	38	
	<b>Remarks</b>				
<b>Note:</b> Training provided to non-Myrada CBOs / persons also includes faculty support given to CIDORs when required.					
<b>Note:</b> Community programmes are where the benefit is for the entire community.					
<b>Note :</b> "Persons visited for other support services" under the sub-heading 'Information/Advice/Networking' refers to people coming in to use internet, check on bank repayments, problems occurring in their groups, etc., etc.					
<b>Note :</b> "Farm inputs mobilised" under the sub-heading 'Loans and Schemes' - due to a wide variety of inputs, only the no. of CMRCs facilitating mobilisation has been taken. The same is the case for 'Mobilising local contributions', 'Supporting community programmes', etc.					

**Note:** Skills training programmes have been excluded from this statement but can be made available on request.

**Note:** HIV-AIDS training programmes under Soukhya, CDC, Charca and other programmes have been included under line 2.7 wherever specified.

**Note:** There is data overlap in the number visiting the CMRC for various purposes.

**Note:** *All the data in this table may only be regarded as indicative and not exact.*