

DECCAN HERALD

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# Spectrum



The Karanji Lake in Mysore's a beautiful picnic spot - Page II

# Managing money: Ask Koppal's women



Families like these in Koppal district have benefited.

Nearly 3,000 women from Koppal region, 400 of whom are *devadasis* are now part of 186 self-help groups and are able to manage their own money.

In these days when microfinance is the *mantra* for reducing poverty, donors and the government are investing a lot of money in creating 'financially sustainable' microfinance or-

ganisations (MFOs).

Many NGOs who started small microfinance activities have now already transformed themselves into profit-making MFOs. In this scenario, there are precious few who continue to invest in the people who are most important to microfinance: the women themselves.

Sampark is an organisation that has had a clear vision and strategy for its microfinance programmes. It has chosen a different path, a more difficult path, the one to building women's own financially and managerially sustainable organisations.

The implications: profits of microfinance must ac-

crue to the women themselves. Women must manage their own money. They must take own decisions about the use of money. And, just as it is important that NGOs do not make money off women's operations, it is equally important that women not make money out of each other's ignorance and lack of capacity. This means that women must also know how to hold each other accountable, and how to maintain transparency in their accounts and financial management.

## 186 SHGs

If you think that this is a tall order for illiterate poor women, then visit Koppal.

Pic for representational purpose

Situated only an hour away from Hospet, close to the World Heritage site of Hampi, are 32 villages where women's financial empowerment can be witnessed.

Sampark has organised 186 women's self help groups here, covering about 3000 women, of whom 400 are *devadasis*, women who have been dedicated to god and have lost the right to marry.

They meet every week and collect Rs 10 to 20 per week per person. This means that every week, their own capital increases by Rs 30,000 to 40,000. Over Rs 1.6 lakh per month.

A commercial microfinance organisation would have collected these savings from the women. In Koppal though, the women keep these savings, rotate it among their group members. The interest is earned by the groups, and adds to their own working capital. Interest rates are kept at two per cent per month, but as its their own profit, they retain or share it at the end of the year, and can also reduce it when they feel the need. As of today, the groups are managing over Rs 1.2 crore of their own savings and interest earnings.

What happens when a group needs more money than the meagre savings of poor women? The first option is that

they approach banks. If banks are able to link up with an officially subsidised scheme, the group can get from Rs 1 to Rs 2.5 lakh, with a requirement to pay back only a proportion of this.

However, each year, only a few groups can get such subsidised credit. Others have an option to take unsubsidised bank credit, thanks to the presence of Pragathi Grameen Bank and the state banks. These have realised over time, that poor women are good credit risks, they take and use the money well, and they make 100 per cent repayments on time.

## Credit to over 100 SHGs

They are willing to offer money to women's SHGs, and currently have disbursed credit to over 100 Sampark SHGs, and the current outstanding loan is about Rs 1.2 crore. They charge an interest of one per cent per month, and so the groups get to retain one

per cent for their own costs.

Women's credit needs can be even higher. Banks give loans for asset purchases and businesses, but women often need money for paying school fees and medical expenses.

To meet some of these needs, and additional credit requirements, the groups still approach Sampark.

Sampark has extended credit which it has raised from individual contributors, in India and Switzerland. Friends of Sampark in Switzerland are committed to providing revolving credit fund to women's groups. Individual groups, however, are not attractive to large investors.

They like to give bulk funds, and relate to a few leaders, whom they can trust.

## Cluster associations

In order to build these capacities and sustain the primary credit organisations: the Self-Help Groups, Sampark has organised them into first level federa-

tions, called cluster associations (CA).

Typically, a CA has 12 to 20 groups. Two members from each group are elected as representatives to the CA. Thus a cluster can have 20 to 48 women leaders.

Totally, this means that Sampark nurtures a leadership process for 350 women. There are 10 clusters, of which six are already registered as mutually aided co-operatives under the Karnataka Souharda Act.

The work of the CA is not just financial linkages with banks or other organisations.

They work primarily towards getting the member households out of poverty and attaining sustainable livelihoods. Each CA works through five committees. The education committee follows up with schools, to ensure that children are learning well, not losing interest, and not dropping out of school.

## Committees for various needs

The health committee organises health and mental health awareness and support programmes in the village and monitors health related indicators and behaviour with the families. The micro credit committee decides the loans, monitors credit utilisation and repayments. The Income Gener-

ating Programmes (IGP) committee identifies those who wish to have skill training, and works with them to select the right trades, and to get employed or self employed.

The administration committee has the overall responsibility for supervising each activity and the staff of the CA.

While the women themselves are largely illiterate, the staff are educated, and are recruited and report directly to the women themselves.

In addition to managing money and investing in a large range of economic activities, these women have been able to reduce school dropouts drastically, and have also improved their health and mental health support.

These 3,000 women have shown by example that rural women, however illiterate or poor, have in any case the innate ability to manage their own lives and resources, and if investments are made in their leadership, then they can create very powerful and empowering organisations on the ground.

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(The authors have a first-hand experience of working with women in the region.)

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