

CHAPTER –VIII

ROLE OF NGOs AS FACILITATORS IN SGSY

8.1 Introduction

Non Governmental Organizations (NGOs) are parallel mechanism in line with the Government mechanism, which provides basic input for the upliftment of society. Initially, NGOs were engaged in projects like literacy, sanitation and healthcare and other social activities. Many of these NGOs previously functioning in different welfare and developmental projects among the poor, have now added microcredit to the list of services they provide.

The new paradigm of microcredit programme in India emphasizes qualitative as well as quantitative outreach to the poor and self sustainability of the micro-finance institution tied with their programmes, advocates the principle of ‘Ohio school of thought’ – savings mobilization and the viability of credit market. Under this programme, many Non-Government Organization enter into the rural credit scene by way of organizing the poor into informal groups for self-help through mutual aid along with the practice of regular saving programmes (Egaitsa, 1988).

Over the last quarter century, a large number of Non Government Organizations have initiated efforts in poverty alleviation through micro-credit programmes. In the new paradigm of microfinance, many NGOs in India also came forward to provide financial services to the poor. In early 1990s NABARD started an experiment with MYRADA-NGO in Karnataka by promoting groups, mobilizing their savings and linking them with banks for credit support. Later on NABARD replicated this projects all over India under the Self-Help Group (SHG) – bank linkage programme and many NGOs came forward to implement this project with the co-operation of this bank. In 1994, following the success of NABARD, Small Industries Development Bank of India (SIDBI) also came forward to provide bulk lending to NGOs for on lending to group/ individuals. The Ministry of Human Resource Development, Government of India established Rashtriya Mahila Kosh (RMK) for providing funds to NGOs to on lend to poor women. Self Employed Women’s Association (SEWA) in the Western Indian state of Gujarat and Working Women’s Forum in the Southern state of Tamilnadu were among the pioneers in this effort. A few others, impressed by the success of microfinance elsewhere, started off as MFIs. Presently well over 500 NGO-MFIs are actively engaged in microfinance intermediation across India through different delivery mechanism.

8.2 Role of NGOs in Micro Finance

NGOs have a pivotal role in group formation, nurturing SHGs in the pre-microenterprise stage, capacity building and enhancing credit absorption capacities. Microcredit organisations very often faced two main problems: (i) the problem of lack of collateral, and (ii) the problem of high transaction costs involved in loan appraisal, monitoring and enforcement. Group-based forms of lending (e.g., solidarity groups, village banking) originated mainly for the benefit of the lender as solutions to aforesaid problems. In theory, the group acts as a set of co-guarantors operating through peer pressure and the group members' incentive to keep each other solvent so that they themselves do not lose the opportunity to receive a loan. The group serves also as a way to get around imperfect information, since homogeneous members of the group stay in the close proximity and know each other. As a consequence, the transaction costs involved in loan appraisal are reduced if not eliminated.

It is here that NGOs play the crucial role in transforming the a typical destitute village woman into a responsible individual with group commitments and group resources. This is a fact replicated in village after village. It is a moot question that whether NGOs empower women in thrift and credit groups but it is an empirical fact that such groups offer effective 'coping mechanisms'. Peer pressure is the best collateral. The banker in India needs to recognize that high repayment rates of SHGs is a commitment to group values but not an innate structural feature of SHGs. The role of NGOs in investing groups with values through human capital is an irrefutable specialization. In the words of economist Bhagwati, J (1997): "Those values (of civil society and of democracy) are better advanced...by the political and financial support of the numerous and growing NGOs, both here and abroad, that work ceaselessly to nudge the world in the right direction."

The various roles played by NGOs in the field of microfinance are; -

8.2.1 Role as SHPI

At the new paradigm of Microfinance, groups are formed by different agencies known as Self Help Promoting Institutions (SHPIs). These could be NGOs, Voluntary Associations, Government Agencies, Panchayati Raj Institutions, Vikas Volunteer Vahini (VVV) Clubs, Banks, Cooperative Societies, etc.

Of late, some of the NGOs are being designated as Self Help Promoting Institutions (SHPIs) as they help in the formation and 'nursing' of SHGs by bringing

together people, explaining the concept to them, attending and helping coordinate a few of the initial group meetings, helping them maintain accounts and linking them with the banks. NGOs provide the leadership and management necessary in forming and running such groups in most cases. They also act as the crucial link between these groups and the formal banking system. One NGO in Jalpaiguri district named Shri Sanchari has done significant job in SHG movement –gathered people for meeting before group formation to explain the concept, extended helping hand to form the group and to maintain accounts, linked them with the banks, imparted training on different types of economic activities for them. It has made great contribution on social awareness creation, sensitisation and women empowerment through active participation against social evils like-alcoholism, dowry system and other harassment. Therefore, performance of NGOs in Jalpaiguri district as SHPI will be assessed in the next section on the basis of random sample of fifteen NGOs.

8.2.2 Role as Financial Intermediaries.

Banks participate in microfinance programme to attain their social objective and to cater low cost financial service for income generation through the modified priority sector lending. New paradigm of microfinance focused on the group based lending which needs optimistic co-operation from different stakeholder and close supervision of the activities of stakeholders. In some cases, banks are unable to keep close watch on the activities of SHGs and hence may not know whether the advances are being productively used. Under these situations NGOs are being used as intermediaries, both financial and technical. In addition to motivating groups for not being delinquent, the NGOs often provide technical and consultancy support to make microenterprises viable. When project viability and loan recovery is ensured, banks perceive SHG financing to be of lower risk category, specially when NGOs intermediate.

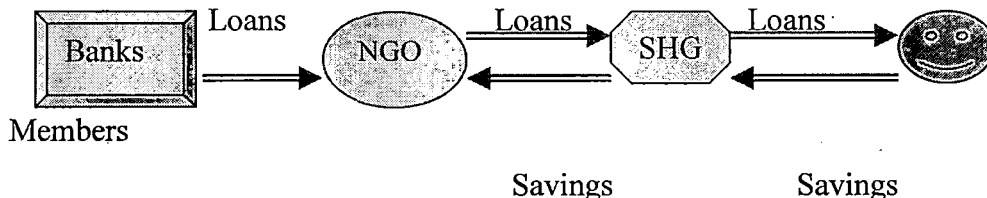
Thus, role of NGOs as financial intermediary is witnessed in many microfinance scheme except under SGSY which involves direct lending to SHGs. Financial intermediation by NGO is quite prominent under NABARD scheme. Most of the NGOs in Jalpaiguri act as SHPIs, whereas one NGO named Centre for the Development of Human Initiatives (CDHI) acts as a federation of SHGs and provides loan to SHGs from this federation. Role of NGOs as financial intermediaries and

different microfinance delivery models, other than direct lending, will be highlighted in the following section.

The financial interaction takes place in the following channels; -

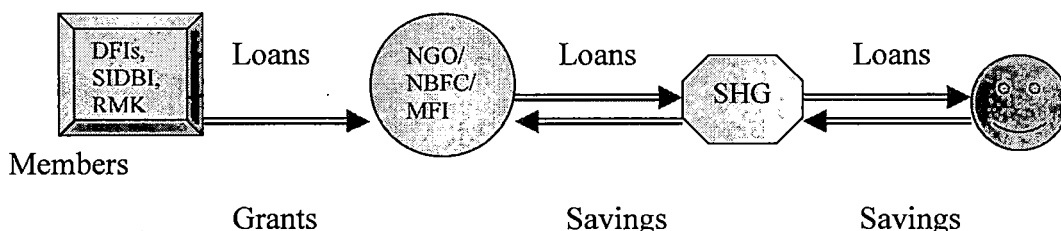
i) With the financial intermediation of NGOs

The NGO itself acts as an intermediary between bank and the SHGs, borrowing from the bank and lending it to (usually multiple) SHGs.



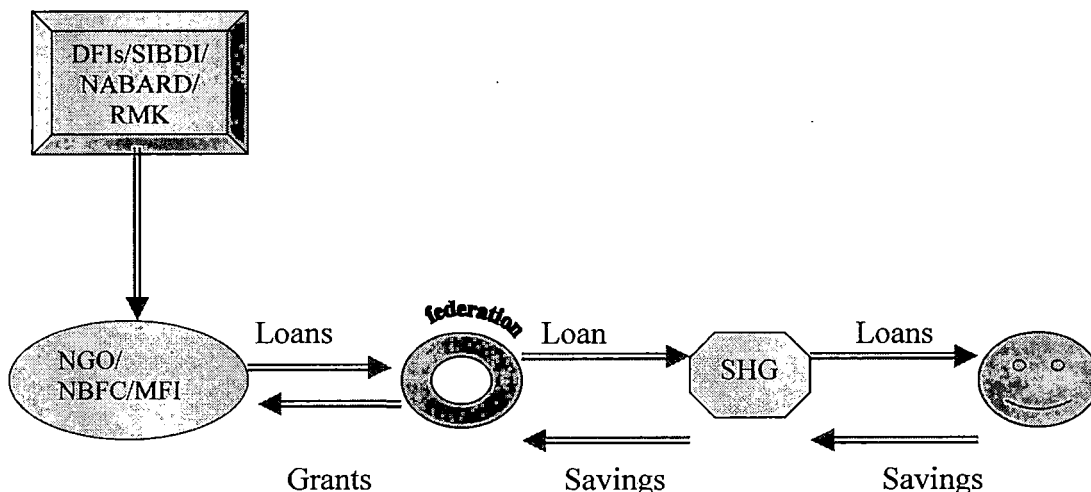
ii) Microfinance institutions (MFIs) / NGO-SHG model

Under this model NGO, VAS, MFIs, NBFCs etc., access funds either from banking system and / or from Developmental Financial Institutions (DFIs) like NABARD & SIDBI for giving loans to SHG either in group or individual modes.



iii) NGO / MFI Federation- SHG Model

Under this model SHGs get financial services, mostly savings and credit, with the help of federations. Federations have been promoted by MFIs like Dhan Foundation, PRADHAN, Chaitanya and SEWA etc.



However, these models are not followed under SGSY, because direct lending is made by banks to the SHGs. However the NGOs are utilised to motivate recovery, ensure project viability act as social intermediaries and help in capacity building.

8.2.3 Role as social intermediaries.

The term social intermediation is meant to suggest that there is another kind of intermediation (other than financial) that institutions can engage in to support microfinance programme. Social intermediation implicitly acknowledges that many poor clients of microfinance are simply not in a position to use loans productively. Social intermediation refers to a range of activities that prepares people to become good borrowers and savers, better manage their own finances or their own financial groups and help them to put whatever 'social capital' they have to more productive use.

Because social intermediation activities imply interacting closely with people at the grass roots, these activities are a good fit with the classic characteristics of NGOs. The trade-off, of course, is that such interventions are not likely to be financially self-sustainable. They need instead to be seen as human capital investments

8.2.4 Role as Capacity builders and Sensitisor.

Training is an important component of modern microfinance by which a rural woman can develop her knowledge and skills. Every significant aspects of SHG movement are discussed in the training. NGO can organise training programme at the grass root level (at the GP or block level) to sensitise rural women with its own resource person either pre-formation or post-formation stage.

Small businesses (rural technology based dynamic micro-enterprises) need to develop managerial and technical skills. NGOs can assist by creating institutions to train and teach, or work with existing institutions to make what they teach more relevant to the clients. Small businesses (and dynamic micro-enterprises) need to

develop the capacity to become and remain competitive. NGOs with good community organizing skills can work to get businesses to pool resources within a sub-sector to develop new products, new product designs, or new techniques for production that make best use of local resources. Policy level constriction at the sub-sector level can be identified by NGOs who know the local market environment, and NGOs can bring these issues to the policy-making table. Other than training, regular and active group supervision by NGO's field supervisors generates social awareness among the members.

8.3. Evidences of NGO intermediation in India's microfinance programme.

Involvement of NGO in the new paradigm of microfinance provides remarkable advantage to all of its stakeholders e.g., the group members, line departments, etc., Different studies have revealed the various unnoticed facts about the pros and cons of NGO involvement in microfinance programme.

Harper (2002) noticed that while the promotion of an SHG takes 12-18 months for NGOs, it takes 6 months on the average for banks. He attributes this trend to the business-like mind of bankers. According to him few NGOs however raised the issue that some banks' branches delay disbursing loans to SHGs promoted by NGOs, for reasons outside the control of NGOs.

Hossain (1988); Mosley and Hulme (1998); Chavan and Ramkumar, (2002) identified the fact that, near 100 percent repayment is a major success of NGO-led microcredit programme. On the other hand, Rahaman (1999) and Bhat and Tang (1998), Chavan and Ramkumar (2002) and Ramchandrand & Swaminathan (2002) suggested that, high repayment rate of NGO- led microcredit programme is directly related to high transaction cost and high rate of interest.

NGO involvement in group based microfinance programme is to generate income through the available margin. At the time of launching the pilot project, NGOs and banks shared a margin of 3 per cent and 2.5 per cent respectively. Subsequently, share of margin between bank and NGOs have been revised to 4.5 % for banks and 1.5 % for NGO since the Deposit Insurance and Credit Guarantee Corporation (DICGC) premium of 1.5 % was added to the bank's margin and this

reduced the margin of the NGOs to 1.5 %. As the loan amounts were not substantial, it was seen that this margin was not compatible to the efforts put by NGOs. The cost of promotion, documentation and training etc., being substantial, the margin to NGOs needed to be increased or else a mechanism would have to be evolved to ensure that the start-up costs for NGOs were compensated.

Various agencies such as SIDBI, Rashtriya Mahila Kosh (RMK) and Rashtriya Gramin Vikas Nidhi (RGVN), have been providing direct assistance to NGOs for linking SHGs. The rate of interest charged by these agencies was 8.5%. Whereas NABARD has decided to make available revolving fund assistance to a few reputed NGOs for all lending to smaller NGOs. A few NGOs such as Fellowship, PREM and Ankuran text praised bear dissatisfaction over the unhelpful, overcautious and bureaucratic attitude of the bankers and identified that NABARD should come forward to directly finance selected NGOs. If direct financing can be made available, it will leave sufficient margin with an NGO to undertake skill training for SHG members and facilitate marketing tie-ups.

Some of the largest and well known NGOs in the country, such as MYRADA and PRADAN, have focused on the promotion of SHGs as a part of the linking programme but have specifically avoided becoming involved in financial intermediation. These NGOs have emphasised the objective of civil society to ensure that the banking system fulfils its social responsibility of providing financial service to the poor people. Their strategy has been to promote SHGs as autonomous local groups with self-governance capabilities that can act as local intermediaries for the financial services provided by the banking system.

The growing involvement of NGOs in MF programmes and the impact of their intermediation as evident from various studies set the motivation for exploring the role and performance of NGOs in our area of study to a certain extent.

5.4 Role & Performance of NGO in microfinance in Jalpaiguri district

Role & Performance of NGO in microfinance in Jalpaiguri district will be assessed in the light of the findings of previous studies. Firstly, operational dynamics of NGOs in this district will be focused on the basis of data collected from interview with the NGOs. More than 30 NGOs are working with microfinance in this district.

Out of these, fifteen well-reputed and giant NGOs have been selected for interview on the basis of no of SHGs promoted by them.

The following aspects have been covered for the purpose of assessing the role and performance of NGOs mainly in the field of microfinance in Jalpaiguri.

- i) No of SHG formed by them.
- ii) Economic activities promoted for the SHGs by them.
- iii) Trend of 1st SHGs graded with the assistance of NGOs.
- iv) Perception of NGOs about SGSY.
- v) Degree of co operation from different concerned entities in the field of MF
- vi) Pattern of interaction with the banks and SHGs.
- vii) Different sources of fund for NGOs.
- viii) Role of NGOs in Bank Linkage programme.
- ix) Social activities of NGOs for the SHGs.

With the initialisation of DW CRA in this district during mid 80s, NGO started its journey in the field of microfinance. Primarily, very few SHGs have been formed by the NGOs. The contribution of NGOs towards microfinance depends on the vintage of the NGOs in Jalpaiguri district. In order to describe the performance of NGO in this district, the age of sample NGOs is highlighted in the following table.

Table No: 8.4.A
Vintage of sample NGOs in the Jalpaiguri district

Vintage of NGO	Number of NGO
Less than one year	Nil
1-3year	1
3-5year	1
5-7year	1
7-9year	3
9-11year	2
11-13year	2
13-15year	3
More than 15 year	2
Total	15

Source: - Field survey

Above table shows that most of the NGOs in this district have vintage period of more than five years. All the NGOs had been performing their role in the different sectors, other than microfinance, like health, preservation of wildlife, sanitation, HIV, water supply water-shed management etc.

Few of them had changed their direction towards microfinance with the implementation of DWCRA in this district. Sooner or latter, all other NGOs had also changed/ expand their field of operation towards microfinance with the implementation of SGSY in this district during the last quarter of 1999. Presently, more than 80% of total NGOs in this district are actively involved in the microfinance movement. Microfinance movement in this district got momentum by the active participation of NGOs. NGOs are busy in forming new SHG and nurturing them. Performance of NGOs related to group formation will be described in the following section.

Reporting on performance of NGOs is easier said than done, because SHGs are formed by the NGOs through their field workers without making any connection with the government departments. In many cases, Block and DRDC office generally get all about this information only after the completion of their 1st grading, when NGOs put their claim for remuneration. The performance statistic regarding the number of groups formed by the NGOs are available only after the NGOs come in direct contact with DRDC. However the following table given an idea of the share of NGOs in SHG promotion.

Table No: 8.4.B

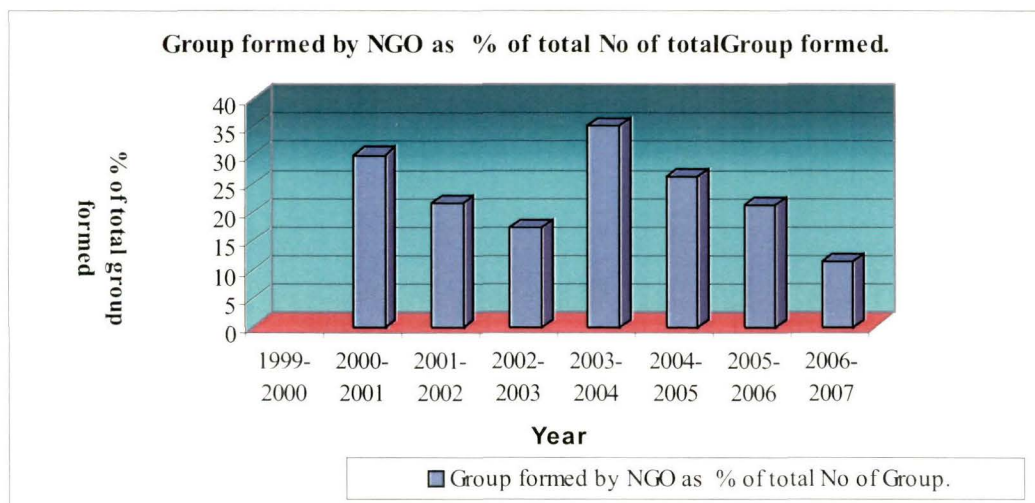
Yearwise total number of group formed by all NGOs in Jalpaiguri district.

Year	No. of SHG formed by all NGOs	Total no of SHGs formed during the year in this district.	Group formed by NGO as % of total No of Group.
1999-2000	Nil	42	-----
2000-2001	34	70	48.57
2001-2002	143	664	21.54
2002-2003	186	1074	17.32
2003-2004	756	2157	35.05
2004-2005	1430	8002	17.87
2005-2006	974	2035	47.86
2006-2007	432	3811	11.34
Total	3955	17855	22.15

Source: - Compiled from DRDC Annual reports (Different Years).

The table depicts that after 8 year of SHG movement in Jalpaiguri district, only 22.15% of total SHGs have been formed by different NGOs. During the first few

years of this movement, large numbers of NGOs were busy in working with other projects in this district. Most of the bigger NGOs have entered into the programme after discussions with DRDC and their own policy makers. Initially, most of the NGOs were in dilemma regarding the pros cons of SHG movement in this district. Significant contribution has been made in the year ended with 31st March 2004, which stood at 35.05% of total SHGs formed in that year. Only 11.34% of total groups of 2006-07 were formed by all NGOs. Respondents argued that government has reduced the remuneration of NGO regarding formation and nourishment of SHGs under SGSY from 2006. The amount of remuneration of NGOs for formation and nourishment of SHGs under SGSY upto 2005-06 was Rs 10000 per SHG. The remuneration was reduced by the Ministry of Rural Development; Government of India to Rs 300 from 2006-07. This change was the main cause of de-motivation for the NGOs. As a result fewer of SHG has formed by the NGOs in 2006-07. On the other hand, NGOs were busy in nurturing the group which they had formed earlier. A graphical representation of the table is given below to show the clear picture about the performance of NGO regarding SHG movement in Jalpaiguri district.



The task of NGO in the field of microfinance is not only confined with the formation of group but also on the sustainability of the group. A significant portion of their time is spend to initiate, train engage beneficiaries and market product related to various kinds of economic activities for the SHGs. Family Planning Association of India of Hamiltanganj, in Jalpaiguri promoted economic activities like, Agriculture,

Piggery. Whereas another NGO named Dhubgram Social Welfare Organisation, Dhubganj promoted Agriculture, Piggery. Mushroom, Piggery, handicraft and bee keeping. The types of economic activities promoted by different NGOs in Jalpaiguri for the SHG is described in the following table.

Table No: 8.4.C
Types of economic activities promoted by the NGOs in Jalpaiguri district

Sl.No.	Types of key activities	No. of NGOs which promoted these activities.
1.	Diary	6
2.	Agriculture	15
3.	Poultry	15
4.	Piggery	12
5.	Mushroom	7
6.	Handloom	4
7.	Handicraft.	7
8.	Forest nursery.	3
9.	Other	5

Source: - Field Survey.

The table depicts the clear picture about the types of economic activities promoted by the different NGOs in Jalpaiguri district. The table highlights the facts that, economic activities like agriculture and poultry have been promoted by all the fifteen surveyed NGOs. Since the rural tribal women are acquainted with piggery, and it has high demand in the locality as well as nearby villages, most of the NGOs promoted Piggery as a viable key activity. People of hill region of this district use mushroom as an item of their regular dish. So, mushroom has high demand in the hill region of this district. In order to meet this demand, NGOs of that region have promoted mushroom cultivation for their SHG.

Rural tribal women (specially Mech & Rava community) of this district make traditional wear like Mekhla, San, etc. It has high demand in the locality as well as in the nearby states like Assam. To meet this high demand of special handloom products, local NGOs provide all kind of financial, technical and marketing assistance for their SHGs. Few SHGs were involved in the production of various kinds of handicraft products like, hand boutique, fascinating jute items, different types of hand made bags and decorative umbrellas. A significant number of NGOs were involved to

promote different kinds of woodwork and seashell products. The performance of economic activities of the group depends upon its existence in the same trade with adequate assistance.

The NGOs have been consistently working to upgrade the groups promoted by them to the 1st grade. As a host of financial, training marketing support facilities are available after 1st grading the performance of the NGOs can be gauged from the number of groups they have been successful in promoting to grade I.

Table: 8.4.D

Yearwise distribution of 1st graded SHG assisted by all NGOs in Jalpaiguri district

Year	No of 1st graded groups formed by all NGOs
1999-2000	Nil
2001-2002	Nil
2002-2003	10
2003-2004	24
2004-2005	264
2005-2006	1382
2006-2007	1548
Total	3228

Source: -Compiled from Annual Report of DRDC Jalpaiguri (Different Years)

Above table depicts that grading activity for the SHG of different NGOs have been started during 2002-03. Till the end of 31st March 2004, only very few SHGs had qualified for 1st grading. Maximum numbers of SHG had qualified 1st grading during 2005-06 and 2006-07. Till the end of 31st March 2007, cumulative number of 1st graded SHG reached at 3228. During that couple of year, total number of 1st graded SHG in the entire district had grown at approximately 64% and 48% respectively. The survey reveals the fact that, during 2005-06 and 2006-07, a large chunk of SHG had completed their vintage of more than one year. At the same time, Government. also wanted to achieve a new standard in respect of 1st grading of SHG. In order to reach this goal, DRDC had given priority to increase the number of 1st graded group. Another significant reason can be noticed that, after the credit linkage of a SHG (which was formed and nurtured by NGO), the respective NGO is entitled to get remuneration of Rs2000 from DRDC. In few cases, NGOs have given marketing

support facilities for the marketing of SHG products. NGOs collect final products from the groups and sell it to the outside market. This activity generates substantial income for the NGOs. Another few cases, NGOs provide training facilities for the group members at a relatively low cost. NGOs in Jalpaiguri district have organised adequate Basic Orientation Programme (BOP) at the GP office or at the nearest Swanbhar Bhaban for their group members. If there was lack of co-operation between NGOs and respective Gram Panchayat, in those cases NGOs organised BOP at the convenient places of the group members. Well trained NGOs resource person impart practical training- interest calculation of loans, record keeping, drafting of resolutions, filling up of withdrawal and deposit forms of concerned bank. In some cases, trainers use problem-solving methods to build the knowledge of the trainees. NGOs provided required inputs for the group economic activities that a group can start after its 1st grading.

As stated earlier in this chapter that, NGOs play a catalytic role in the new paradigm of microfinance programme. The field supervisors are found to be consistently involved in group formation and in the process of nurturing them properly. All the field supervisors perform their activities in different areas as directed by their head office. Those supervisors visit the group at regular intervals. This regularity helps the groups to solve their operating and strategic problems. A table is given below to highlight the regularity of visit by field supervisors of the fifteen sample NGOs to different SHGs.

Table No: 8.4.E

Distribution of NGOs on the basis of frequencies in group visit.

Every day	Every week	Every month	Bimonthly	Quarterly	As & when required
Nil	Nil	3	4	2	6

Source: - Field Survey

Above table depicts that, in most of the cases NGOs visit the group quite frequently. Respondents of the sample NGOs stated that rural illiterate women are

unaware about the SHG as a new concept and its operating system. Consequently, group members were not able to select the way of achieving group goal. Rural women live with various kinds of social evils like, dowry, alcoholism, and physical abuse, et. Proper and regular counselling is required to solve those problems. So need based supervision is very necessary to solve frequent problems. NGOs are not only concerned about the internal problems of the group but take steps to discuss various problems of the groups with the banks and government agencies. The field supervisors of the NGOs need to keep close contact with different bank branches in order to provide emotional support to the group members those who have disputes and problem which arises with the bank. The field supervisors also visit the banks in different time. Following table shows the frequency of bank visits by the supervisor of sixteen sample NGOs in Jalpaiguri district.

Table No: 8.4.F

Frequency of bank visits by the supervisor of sample NGOs

Every day	Every week	Every month	Bimonthly	Quarterly	As & when required
Nil	Nil	4	3	1	7

Source: - Field Survey

Above table depicts that, in most of the cases NGOs supervisors visit the banks according to the requirements of the group/bank. The respondents of NGOs have identified the fact that many group members are illiterate; they are unaware about their right and duties with the banks. Consequently, members are demotivated in many instances to carry out their transaction with banks. So need based supervision is very much necessary by which both, bank as well as SHGs will be benefited. At the same time, bankers will be able to build confidence among the group members through the cooperation of NGOs which will help them to sustain in the future. In this respect NGOs have to play significant role in the bank linkage programme. NGOs make a bridge between main streams-bank and SHGs. After the formation of group, the representatives of the group along with the supervisor of NGOs come to the bank to open the bank account in the name of their group. The group members save in this account at regular interval and draw from this as per the requirements of the members.

Some times, the members fail to repay their group loan on time. The concerned NGO then plays an active role to recover the loan from the defaulter members.

Large numbers of NGOs have entered into the world of microfinance along with their main other activities like, water supply, sanitation, watershed management project, health care etc., NGOs perform the duties of asocial engineering through the public relations with the different sectors of the society and direct involvement in social activities. Policy makers of NGOs always formulate dynamic strategies to attain social objective along with the other objectives. NGOs have ample opportunity to maintain a good relationship with the rural communities which help them to fight against social evils like- alcoholism, addiction of lotteries and other speculative games etc. NGOs organise meetings in several occasion to generate social awareness among the group members which established the role and responsibilities of a member against different kinds of social evils. As an outcome of awareness generation meeting, group members collectively raised their voice against loto centre (online lottery) in different places in Jalpaiguri district. In most of the cases collective strength of group members have also destroyed all equipments of the different “loto centre” as well as alcohol factories in the nearest areas. The group members had actively participated in pulse- polio, rural literacy campaign, health care & vaccination campaign against malaria in the malaria prone areas of Jalpaiguri district and various other kinds of social activities. An NGO named KREDA, operating in three blocks of this district has separate health care section with two doctors to provide health care facilities for the group members. The respondent of KREDA viewed that if the group members are not free from disease they will not perform their activities effectively.

However for effective implementation and success of the schemes implemented through NGO intermediation, it is essential to know how the NGOs perceive the chance of success of their effort via the SGSY system.

8.5 Perception of NGO towards the SGSY.

In this section the perception of the NGOs are tested on the basis of five-point scale. Strongly agree, somewhat agree, cannot say, somewhat disagree and strongly disagree. Scores of 2,1,0,-1 and -2 are assigned to the aforesaid point respectively.

Mean scores were calculated in the following table to find out the importance of one attribute of the perception test in relation to the other.

Table No: 8.5.A

Perception of NGO towards the SGSY in Jalpaiguri district (N=15)

Statement	Strongly Agree (2)	Some what agree (1)	Cannot say (0)	Somewhat Disagree (-1)	Strongly Disagree (-2)	Mean Score
i) SGSY will be successful in promoting micro enterprises	4	9	2	Nil	Nil	1.13
ii) SGSY will be successful in raising income of the beneficiaries	3	7	2	3	Nil	0.67
iii) SGSY will be successful in raising wealth of the beneficiaries.	2	6	3	2	2	0.27
iv) SGSY will be successful in socially empowering women.	6	5	3	1	Nil	1.07

Source: - Field Survey

The maximum mean score possible for any statement is 2. It can easily read from the list of scores in the table that scores of three statements are above 0.50, which means the perception or even confidence towards SHG are somewhat above average.

Two significant statements, i.e. No. 1 and No. 4 have scores above 1. This clearly points out that all the NGOs perceive that SGSY will be successful in promoting micro enterprises as well as in socially empowering women. Another significant aspect is that perception and knowledge of all NGOs about the success of SGSY in raising income of the beneficiaries is above average. Whereas, the perception about the success of SGSY in raising wealth of the beneficiaries is below average. This phenomenon signifies that, NGOs perceived that SGSY will be successful in raising income for their beneficiaries but this will not enough to increase the wealth of the beneficiaries. This is because they think that, the income generation level of the micro entrepreneur is not so high to accumulate the residue for the capital formation in future. All NGOs perceive that SGSY would be able to empower the rural women through the awareness creation and continuous interaction with the external environment.

8.6 Issues in Co –operation of stakeholders of SGSY with NGOs.

SGSY is one umbrella programme, in which different stakeholders like, banks and blocks are involved. Active participation and strong co operation from its all stakeholder is the secrete of success of this programme. Bank is a significant entity which deliver low cost financial resources to the bonafide users with the co-operation of other concerned entities of SGSY programme.

The bankers should accept that this is a role which the NGO, as a loyal social engineer, is better suited to perform. The bankers also maintain qualities of empathy, humanism, and social engineering. But the obvious truth is that there is a need for a sensible division of labour. If bankers truely want to reach the vulnerable section the society with financial services, they need to co-operate with NGO-who can fill up an important void in quality at the grass roots level which helps the poor not only to borrow but also to become good investments for banks. This will help boost business at rural branch level and cover up inadequacies and constraints that might hamper a banker with the conflicting demands of his workload. Many banks and FIs have acknowledged the role of NGOs and have developed co-operative policies accordingly.

The justification of co-operation lies not only with the bankers, but with other players like the IRDP officials, and local people. In absence of the co- operation from these people it would be difficult for NGOs to understand the problems at the grass root levels and also offer viable solutions to these problems.

In this section the degree of co-operation from the stakeholders of SGSY are tested on the basis of four-point scale. Very co-operative, somewhat co-operative, indifferent and non co-operative. Score of 2,1,0 and –1 were assigned to the aforesaid point respectively. Mean scores were calculated in the following table to find out the importance of one attribute of the co-operation test in relation to the other.

Table No: 8.6.A

Co-operation from the different stakeholder of SGSY with the NGOs (N=15)

Different players	Very Co-operative (2)	Somewhat co-operative (1)	Indifferent (0)	Non co-operative (-1)	Mean Score
DRDC	4	7	2	2	0.87
Banks	6	4	3	2	0.93
Panchayats	3	4	3	5	0.33
SHG	7	4	1	3	1.00
Local People	5	5	2	3	0.80

Source: - Field Survey

The maximum mean score possible for any statement is 2. It can easily read from the list of scores in the table that most of score are near about 1, which means the degree of co-operation from the stakeholders with NGOs is somewhat above average.

Above table depicts that all the parties involved in the SGSY programme co-operate with NGOs, though the level of co-operation of Gram panchayat with the NGOs is below average. This phenomenon was explored through informal discussions with NGO workers. NGO personnel viewed that in most of the Gram Panchayats, the local political cadres have obstructed them on several occasions. In some cases, NGOs were not able to continue their activities for long time. They had stopped their activities even after the formation of few groups in some G.Ps. On the other hand, some panchayat members of the respective villages argued that, field supervisors of respective NGOs perform their activities to increase the earnings of NGOs. These supervisors always try to increase the number of groups formed without consideration about the norms and guidelines of SGSY. In some cases, supervisors had formed few groups but they did not visit the group next time. This phenomenon demotivates the group members to sustain their activities. This situation also creates great hindrances for NGOs for interaction with the banks and SHGs.

8.7 Conclusions

NGOs, as active partner in SHG movement, play crucial role in human resources mobilisation. It channelises formal credit to its clientele through innovations so as to meet the overall needs of socio-economic empowerment NGOs can substitute the developmental role of government machinery. Many rural development schemes like-rural sanitation, rural housing, water supply, watershed management, pulse polio, family planning etc. have been implemented with the active participation of NGOs. Other than these activities of NGOs, microfinance is become a significant task for them. So NGOs play tactical role of social engineering to change the socio economic status of rural society.



SHG members at the end of a day's training session at Khoirdanga Swambhar Bhawan.



SHGs have led to making of shawls and mekhlis on a larger scale.