

*Advancing Development*

**National seminar on  
Sustainability of SHG Federations**

27 September 2007



***Madurai Symposium***  
Thamukkam Grounds, Madurai

## Background

The growth of Microfinance sector in India has been significant over last one decade. There exist different approaches and models of microfinance; the most predominant in operation among them is the Self Help Group (SHG) model. The SHG interventions in the country have reached out to more than 17 million households becoming the largest microfinance endeavours in the world in terms of outreach. The Indian microfinance experience is unique in its diversity and has involved the stakeholders such as NGOs, microfinance intermediaries, donor agencies, NABARD, SIDBI, commercial banks, insurance providers, Self Help Groups (SHGs) and their federations, research and academic institutions and the government. The apex financing institutions and commercial banks have played a critical role in the tremendous growth of microfinance in India through the SHG-Bank linkage programme. The state governments have shown keen interest in microfinance as part of their development agenda and they support large scale microfinance programmes.

Despite the remarkable growth and feats of the SHG movement in the country, sustainability of the SHGs continues to be a major concern. It has now been well established that access to a range of microfinance services through SHGs can bring about significant changes in the lives of poor. SHGs are proved to be a good tool for organising the unorganised and building social capital. The

impact of SHGs has been well demonstrated on the aspects such as arresting leakages in household cash flows, increasing income, enhancing asset status, building self-esteem and confidence of women, improving leadership qualities etc. However it should be understood that these are mere beginnings and there is a lot to be done and accomplished. Considering the complexity of poverty issues there is an enormous need to retain and take these achievements forward through generations for comprehensive poverty reduction. But the SHGs in India remain to be the 'populist' programmes of state governments supported by larger bilateral donors and when there is a set back in these factors the very existence of these groups becomes an issue.

In view of addressing the issue of sustainability there is an increasing consensus among the stakeholders that the formation of federation would be an ideal alternative. Many NGO's and Government agencies involved in the SHG movement have realised the need. However, when it comes to practice there are very few examples in the country on federating the SHGs, mainly attributed to diversity of perspectives and institutional capacity among stakeholders on the issue. By many, sustainability is still perceived as mere financial self sufficiency ignoring other vital factors such as governance building, transformation of roles between the promoting organisation and people, creating institutional systems and processes, resource mobilisation and

management, building alliances with other partners etc. On the other hand there is a serious need for capacity building of SHG promoting organisations to impart 'know-how' on federating SHGs and establish mechanisms for achieving sustainability.

There is a great need for taking stock of experience of different stakeholders in the sector, significant achievements and critical challenges in promoting and sustaining SHG federations to take the movement forward. In this backdrop, DHAN Foundation hosts a National seminar on 'Sustainability of SHG federations' on 27 September 2007, as part of Madurai Symposium 2007. The seminar will not only assimilate learnings from the existing experiences, but also identify issues and areas of future action for growth of microfinance in India.

### **Objectives**

The seminar would focus on the following objectives

- To share the learning of initiatives in sustaining SHGs and their federations
- To identify and appreciate the best practices of efforts taken on promoting and sustaining SHG federations
- To discuss the elements of sustaining the SHG federations
- To chalk out future directions and areas of advancement in sustaining the SHG federations

### **Participants**

The seminar invites participation from NGOs, people's organisations, microfinance institutions, government organisations, policy makers, microfinance networks, commercial banks, donors, research and academic institutions, and all other individuals and organisations involved in microfinance.

### **Programme content and structure**

The seminar, drawing from the recent developments in the field will focus on four major modules namely

- Appropriate institutional structures and processes for SHG federations
- Promotion of suitable financial products and services for SHG members for poverty reduction
- Strengthening governance practices in SHG federations
- Building linkage with mainstream and networking of SHG federations

The seminar would be moderated by a panel of eminent personalities from the microfinance sector. Papers will be presented by resource persons from various organisations. Papers are also invited from the participants. The paper presentations will be followed by sub-group discussions on the four modules. The medium of seminar deliberations will be English.



*For Communication, please contact*

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