

**GRAMIN VIKAS TRUST
WEST BENGAL**

**Training on
Community Based Micro Finance organised by
Bankers Institute Of Rural Development(BIRD)- Lucknow**



The term “Community Based Microfinance” refers to extending the whole range of financial services starting from savings & credit to micro insurance and micro enterprises and a lot more for the poorer sections of the society at affordable prices at their door steps. The training mainly focussed on the role of Bankers and NGOs in bringing the financially excluded mass under the concept of “financial inclusion”.

Date : 10th to 14th March 2014

Venue : AIUCBOF EDUCATIONAL & DEVELOPMENT INSTITUTE (AEEDI) , Suri, Birbhum, West Bengal.

Participants : 32 numbers of participants from Indian Overseas Bank, Bangiya Gramin Vikash Bank, UCO Bank, SBI, Corporation Bank and senior officials from NGOs like Women Interlink Foundation, BIRD, Gramin Vikas Trust, HOPE and many others.

Organised By- Bankers Institute of Rural Development (BIRD), Lucknow.

OBJECTIVE :

The effectiveness of Community Based Microfinance is better realized by the deprived sections when their capacities are enhanced along with access to financial services. NABARD observed that if traditional approach to extend financial services to the deprived sections through Self Help, could be linked to the financial capacity of Financial Institutions , it could revolutionalise the financial sector in the country and open doors for extension of a variety of financial services to the poor through a structure, owned and managed by the poor themselves. The observation led to the launching of Self Help Group- Bank Linkage Programme where Government and Non Governmental agencies joined hands with NABARD in the year 1992 on a pilot basis.

Gramin Vikas Trust – is operational in West Bengal with a strong determination to enhance the life and livelihood of the resource poor, marginalized /underprivileged community the since the year 1996. A significant numbers of SHGs have been formed and strengthened under the aegis of WADI, Watershed projects and other development interventions. But it has been realized that they require location specific, cost effective delivery mechanism in order to have access to financial capital on the one hand and capacity enhancement to make the “judicious” use of the financial services on the other.

On the basis of the above situation, three officials of GVT- West Bengal participated in a 5 days training on Community Based Micro Finance in order to have a strong knowledge base in facilitating the community members to propagate and inculcate the concept of “Financial Inclusion” in the near future.

TRAINING DETAILS:

Lecture session- (10th March-12th March 2014)

The training started with an entry level assessment of the participants. The major components of discussion were on-

- General concept of Community Based Microfinance Institutions with its models, Best Practices, Issues and various challenges that are being faced.
- Supervision of SHG, with its internal control, Record Keeping, Regulation and supervision for SHG.
- The need for Federation with its sustainability was discussed.
- The need and the concepts of Joint Liability Groups and Producers Organization were discussed in details.
- Along with these, important features of National Rural Livelihood Mission (NRLM) were discussed in short.
- Financial Inclusion with its felt needs and components were given special emphasis. Various Micro Finance Products including, Micro Pension. Micro Remittances & Micro Insurance were also covered under the discussion.

Field exposure/visit and presentation- (13th - 14th March 2014)

Apart from the theoretical discussions Field visit to Barnamala Mahasangha, Illambazar- Birbhum on role of Federation as a Community Financial Institution(CFI) took place where the participants took immense level of interest in interacting with the women members of Federation who were playing the roles both as social activists and bankers in running the federation.





On the same day again 4-5 nos. of SHGs starting from a matured one to a defunct group were studied. Majority of the groups were found to be having very irregular savings with poor loan recovery status. Networking between them was seen to be very low with irregular meetings and poor coordination with the Gram Panchayat Resource Person and the SHG Supervisor. Even those who had the corpus were not yet

financed by the banks. Both individual or group level Livelihood activities were noted to be absent. Absence of alternative Livelihood activities have led to migration of the group members which in turn has affected the continuation of the groups in a proper way. Interlending among them was not seen as a result their low corpus still compels them to remain within the clutches of the money lenders. Suggestive measures like, regularized meeting, savings and interlending with proper coordination with the GPRP and linking themselves to any individual and group level economic activity on the basis of credit facility for their high level of performances were provided by the bankers and NGO Personnel.

Proposed plan for applying the gained knowledge (on CBFI) in GVT-

1. Ensuring the opening of SB A/C for all WADI Committees with 100% Financial Inclusion.
2. Developing Community Based Financial Institution by federating the SHGs, WADI Committees in to an apex body.
3. Strengthening of people's organization like SHGs JLGs Farmers Clubs Watershed Committees, Village Watershed Committees by proper bank linkage- savings/credit, entrepreneurship developing and establishing forward linkages and marketing facilities.
4. Developing Producers Organisation/Co-operatives as exit protocol for WADI & Watershed Projects.
5. Developing Self sustaining livelihood units/ business models through convergence or SHG- Bank Credit Linkage.

Reflection-

1. Community Based Micro Finance has become the most *suitable and cost effective tool for poverty reduction*, now a days.
2. CBMF ensures the provision of *wide range of quality financial service i.e*, savings, credit, micro pension, remittances, KCC, GCC, micro insurance- health, wealth/crop insurance-etc. at an affordable rate, to the door step of the poor.
3. Different CBMF service delivery models/channels (like SHG/FC federation, producers collectives, JLGs, BC/BF—etc) that exists in the rural community, makes an attempt to *reduce the extent of financial exclusion* in the way of improving the possibility of socio-economic inclusion of the poorest of the poor, thus playing pivotal role in preparing the strong foundation for *inclusive growth*.
4. *Poverty targeting* (i.e., hard core poor, very poor, poor, enterprising poor--) by applying location specific participatory and bottom up approach could be done systematically/methodically and effectively through the community owned, community managed MFI/FI's.
5. CBMF provides ample opportunity in *evolving self-propelling and financially, operationally viable livelihood ventures* based on spontaneous participation, enhanced *Financial Literacy* and *Entrepreneurship Management* skills of the targeted community.
6. The *issue of RBA*(Rights Based Advocacy- Rights to organize, rights to development, rights to financial services--etc-) and sustainable development through Convergence and backward/forward linkages could be addressed in a proactive manner under the umbrella/aegis of CBMF/CFI.

CONCLUSION:

The training was really a very strong platform where both the bankers and the NGO Personnel had an ample opportunity to share their ideas and views regarding the problems faced in implementing Community Based Microfinance through SHG, JLG and Producers Organization along with the solutions to the same. It will hopefully be effective both for the Banks and NGOs in realizing their roles and responsibilities in facilitating Community Based Microfinance.