

ROLE OF RGVN IN MICRO FINANCE SERVICES OF ASSAM

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I. INTRODUCTION

Since the 1950s, various governments in India have experimented with a large number of grant and subsidy based poverty alleviation programmes. The Indian state put stress on providing financial services to the poor and underprivileged since independence. The commercial banks were nationalized in 1969 and were directed to lend 40% of their loan able funds, at a concessional rate, to the priority sector. The priority sector included agriculture and other rural activities and the weaker strata of society in general. The aim was to provide resources to help the poor to attain self sufficiency. They had neither resources nor employment opportunities to be financially independent. To supplement these efforts, the credit scheme Integrated Rural Development Programme (IRDP) was launched in 1980. But these supply side programs (ignoring the demand side of the economy) aided by corruption and leakages, achieved little. Further, 'The share of the formal financial sector in total rural credit was 56.6%, compared to informal finance at 39.6% and unspecified sources at 3.8%. Not only the formal credit flow was less but also uneven. The vacuum continued to be filled by the village moneylender who charged interest rates of 2 to 30% per month (Rural Credit and Self Help Groups- Microfinance needs and Concepts in India- K.G.Karmakar 1999). 70% of landless/marginal farmers did not have a bank account and 87% had no access to credit from a formal source.(World Bank NCAER, Rural Financial Access Survey 2003). The figures show that these mandatory and dedicated subsidized financial programmes, implemented through banking institutions, have not been fully successful in meeting their social and economic objectives.

In this regard ,RGVN a local patron offering capacity building services in the field of microfinance some parts of the country, specially the eastern and the north –eastern region of the country. It is now more than a decade that microfinance has started in Assam and hence it is the right time to evaluate the role of the organization and their concerns.



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2. MAIN OBJECTIVES:

1. To study the growth and development of microfinance in Assam.
2. To examine the role of RGVN in extending micro finance in Assam.
3. To examine the concerning issues relating to operations of micro finance institutions in Assam.

3. RESEARCH METHODOLOGY:

For the purpose of the study on microfinance in Assam and role of RGVN, we have considered exploratory research under which we have done a survey of secondary data available and taken a few case of some NGO/MFIs.

4. SOURCES OF DATA:

The data collected for this study is secondary and to a small extent primary in nature., The primary data are those that are collected from the respondents of the NGO,MFI's,RGVN and the secondary data are those that are collected from published journals and reports of RGVN ,and different websites.

5. MICROFINANCE INSTITUTIONS:

A microfinance institution (MFI) is an organization that provides microfinance services, ranging from small non-profit organizations to large commercial banks. Between the 1950s and 1970s, governments and donors focused on providing subsidized agricultural credit to small and marginal farmers, in hopes of raising productivity and incomes. During the 1980s, microenterprise credit concentrated on providing loans to poor women to invest in tiny businesses, enabling them to accumulate assets and raise household income and welfare. These experiments resulted in the emergence of nongovernmental organizations (NGOs) that provided financial services for the poor. In the 1990s, many of these institutions transformed themselves into formal financial institutions in order to access and on-lend client savings, thus enhancing their outreach. An MFI can be broadly defined as any organization—credit union, down-scaled commercial bank, financial NGO, or credit cooperative—that provides financial services for the poor.

6. PROFILE OF RGVN:

Rashtriya Gramin Vikas Nidhi (RGVN) is an autonomous Non - Governmental Organisation that has been working for the poor and the disadvantaged people in the East, the North East and in parts of Central and South India. It has come a long way since its inception in 1990 as an organisation that was set up to bridge the gap between the poor and the financial institutions to that of being a frontier development organisation in the North East. Headquartered in Guwahati, Assam, it has recently been notified as an agency of national importance by the Government of India.

7. OBJECTIVES OF RGVN:

The objectives on which this organization is formed are:

- i. Promote, support and develop voluntary organization engaged in the social and economic uplift of rural and urban poor, physically and socio-economically handicapped people.
- ii. Improve the pace and quality of economic development, specially relating to the village and decentralized sector.
- iii. Focus attention on groups which are disadvantageously placed in society but have the potential for pursuing socially and economically productive activities.
- iv. Assist the urban and rural poor especially tribal, scheduled caste, women and children for their economic self-sustenance.

8. RGVN's Role in the Social Sector:

As a promoter of livelihood: RGVN actively promotes the livelihood of very poor people through community based organization and people's groups so that the impact percolates down to the grassroot, touching even the remotest belts. The programmes begins with formulating proposal for such organization, assessment of the locales for which they are designed, suitability of the clientele base for the programmes undertaken, financial and technical training, along with Micro Finance loan and outright grants to carry out the livelihood activity. Intensive monitoring is done to see that the programme is running properly and overall assessment is done of the programme.

NGO, Promotion, Development and Assessment: RGVN since its inception has been actively promoting and developing NGOs and people's institutions. RGVN has also devised a tool for the assessment of NGOs and MFIs enabling categorization and chalked out a development path for NGOs/MFIs.

Microfinance Resource Organization: RGVN is considered as a Microfinance Resource Organization as it provides training and help to organizations treading the MFI route. RGVN develops human resource, build systems, provides training and forges relationships with financial institution and banks.

Women Empowerment: All of RGVN's livelihood programmes have 80% of women clientele as it is RGVN's mandate to develop women's livelihood and make them conscious contributors to society.

Social Impact Assessment: RGVN was involved in Social Impact Assessment and Community Development Plan for Industry. RGVN has Social Assessment Impact on Calcom Cements.

Research and Publication: RGVN has a Gender Budget Analysis Centre (GBAC) which tracks state government budgets of North Eastern States with a view to engendering budgets.

“Professional” in Social Development: RGVN's Volunteer and Fellowship Programmes are designed to create a cadre of development professionals who learn on the job. The programme provides work, summer training and research work.

Food Security: RGVN is involved in promoting System of Rice Intensification (SRI) with 20 NGO partner in Assam since April, 2008, supported by Sir Dorabji Tata Trust (SDTT). RGVN is keen to expand this programme as this would help in addressing the issue of food security in Northeast. It has been found that SRI method is environment friendly as less methane gas is released.

Renewable Energy: RGVN is also concern about the proper electrification in various parts of East and Northeast India, as these parts lacks this basic amenity for a decent and dignified living. RGVN has plans to provide solar lightning in these places. Apart from fulfilling the needs, the solar lights are also environment friendly. RGVN is also making sincere effort in spreading the use of Compact Fluorescent Lamps (CFLs), to conserve electricity.

Hygiene and Sanitation: Decent sanitary conditions and hygienic living conditions is a prerequisite for a reasonably decent quality of life along with sustainable livelihood. So, RGVN has started a low cost sanitation programme on a very small scale.

9. Programmes Undertaken:

Over the last 20 years, RGVN's portfolio of activities has grown to include the following:

A..Core programmes:

1. The NGO Support Programme
2. The Credit and Saving Programme

B. Development Programmes:

1. Capacity Building for NGO's
2. Fellowship Programme
3. Development of the Grassroot Resource Centre
4. Youth Volunteer Programme
5. Rural Innovation Fund
6. NGO Facilitation Centre
7. Livelihood Programme for the Urban Poor
8. Economically Weaker Sections (EWS) Housing Programme
9. Programme for Renewable Energy
10. Programme on Hygiene and Sanitation

Sectors covered by RGVN for grant making:

Sector	Sub-sectors
Animal Husbandry	<ul style="list-style-type: none"> • Piggery-breeding and rearing • Goatery • Dairy • Poultry
Agriculture & Allied	<ul style="list-style-type: none"> • Cultivation of various types of vegetables • Mushroom cultivation • Rice cultivation • Fishery
Handloom & Handicraft	<ul style="list-style-type: none"> • Weaving • Cane & Bamboo Crafts • Jute diversified items • Dolls & other decorative products etc.
Small Business	<ul style="list-style-type: none"> • Grocery & Variety store • Stationery and gift shop • Small tea shops • Vending-vegetables, fish and meat etc • Rickshaw & Thela pulling • Tailoring & embroidery • Garment selling etc.
Village Industry	<ul style="list-style-type: none"> • Eri & Silk thread reeling • Agarbatti making • Carpentry • Brass and allied metal work • Pottery etc.

Though investments for business are small, ranging between Rs 1,000 – Rs 5,000, the returns come in fast and are generally high. The beneficiaries learn to save and at the same time it inculcates a financial discipline. This in turn makes the refund of the returnable grant a lot easier.

Sectorwise Cumulative Disbursements under the NGOSP till December 31st 2009 (in Rs Lakh)

S.N	Region	NER	Orissa	Chhattisgarh	Patna
	Sector	Amt Disbursed	Amt Disbursed	Amt Disbursed	Amt Disbursed
1	Agriculture & Allied	152.03	313.65	11.36	214.485

2	Animal Husbandry	273.99	174.85	09.08	183.525
3	Handloom & Handicraft	427.23	038.33	07.35	18.830
4	Small Business	628.36	671.09	99.51	344.89
5	Village Industries	020.48	031.03	10.87	19.364
6	Others	025.13	009.12	15.42	10.430
	Total	1527.22	1238.07	153.59	791.524

The Small Business sector has been the leading sector with around a 38.6% share in total disbursements. It has been followed by Handloom & Handicrafts with a 26.5% share, Animal Husbandry with 19.12%, Agri-allied with 12.5%, Village Industries with around 1.5%, Relief with 0.06% and others with a share of 1.75% in total disbursements as of 31st March 2009.

Another important change that has taken place over time is the gradual shift away from centralized projects towards decentralization, with the stakeholders becoming central to the

projects. Initially RGVN extended financial assistance under this programme to both NGO's and Co-operative Societies, but now as a policy RGVN has stopped extending these facilities to the Cooperative Societies because the profit making objective of the Societies was in absolute variance with the RGVN objectives for providing finance. Subsequently, post 1995-96 RGVN started supporting Self Help Groups (SHG). At the same time, *Repeat Assistance* (even 3rd/4th times) is also being given to the credit worthy and well-performing NGO's. This shift way from a combined responsibility of a group to an individual responsibility has led to a massive improvement in repayments of the grant.

NGO Micro Finance: NGO's which have successfully graduated from the NGOSP are now

being provided bulk grants for onward lending under a version of the NGOSP called the NGO Micro Finance Programme. This programme caters to those NGO's that have been partners of RGVN for at least 5-6 years and have evolved to handle larger credit. Under this programme RGVN provides credit to the NGO's from borrowed funds and grooms them into becoming sustainable Micro Finance Institutions. As of March 2009:

- Rs 1,42,74,000 have been disbursed under the NGOMF
- 206 projects have been sanctioned under the NGOMF
- A total of 1,25,937 Households have been provided support under both NGOSP and NGOMF combined

Cumulative Disbursements under the NGOMF till December 31st 2009 (in Rs Lakhs)

S.No	State	Projects Sanctioned	Amount Sanctioned	Amount Disbursed
1.	Arunachal P.	09	020.82	020.82
2.	Assam	65	665.73	642.73

3.	Manipur	12	051.73	039.75
4.	Meghalaya	00	000.00	000.00
5.	Mizoram	06	007.80	006.50
6.	Nagaland	06	046.95	016.95
7.	Sikkim	0	000.00	000.00
8.	Tripura	31	199.78	184.78
9.	Chhattisgarh	07	050.70	050.70
10.	Orissa	04	015.00	015.00
11.	Patna	86	636.00	600.09
	Total	183	1679.51	1577.32

Sectorwise Cumulative Disbursements under the NGOMF till December 31st 2009 (In Rs Lakhs)

	Region	NER	Orissa	Chhattisgarh	Patna
S.N	Sector / Amt Disbursed	Amt Disbursed	Amt Disbursed	Amt Disbursed	Amt Disbursed
1.	Agriculture & allied	047.10	141.65	2.24	-
2.	Animal Husbandry	125.41	38.85	7.12	-
3.	Handloom & Handicraft	176.32	-	-	-
4.	Small Business	588.70	252.47	41.34	600.095
5.	Village Industries	004.00	99.53	-	-
6.	Others	000.00	-	-	-
	Total	941.53	532.50	50.70	600.095

NGO Revolving Fund: This programme was specifically developed for the Patna Region. Under this programme, new NGO's are provided micro credit for two years. They can avail of a grant ranging anywhere between Rs 50,000 and Rs 1,00,000. Till date 13 proposals have been considered for support under this programme and all 13 have been provided support amounting to a cumulative of Rs 7 lakhs.

Though a large number of organisations do provide credit to NGO's but at RGVN it is done in a slightly different fashion. What makes RGVN stand apart from other donor organisations of a similar kind is its very close involvement with the partner agencies. The RGVN staff have a sense of ownership over each project. They deal with each project sanctioned by RGVN for a partner as if it was its own in house project. In the early stages of its evolution, RGVN staff would even seek out socially enterprising persons, cajole them into forming formal organisations and then go ahead and provide them the complete works including moral and financial support. There are umpteen cases of RGVN staff even helping draft the memorandum of understanding and the bye laws of the organisation, which they then financed. The zeal and zest of the staff

during that era is a legend in RGVN. It is a little wonder then that within 5 years of its inception, RGVN had partnered with nearly 280 NGOs, a figure which reached 400 after 7 years and now stands at over 2000.

The NGOSP has till the end of the financial year 2008-09 reached about 32,563 families, of which 22,744 i.e around 70% are women, touched the lives of around 1.5 lakh human beings, an impressive performance in terms of sheer outreach. Of the total, nearly 50% of the families helped belong to the SC/ST community.

Community wise break -up of the families supported under the NGOSP till December 31st 2009

Region	Gender	Caste			Total
		SC	ST	Others	
North Eastern Region	Men	1,219	2,089	6,865	10,173
	Women	2,350	8,634	12,630	23,614
Chhattisgarh	Men	143	297	174	603
	Women	961	1,039	1,952	3,952
Orissa	Men	376	2643	1038	4057
	Women	10622	20247	11032	41901
Patna	Men	875	273	1412	2650
	Women	7336	2031	8598	17965
Total		23,882	37,253	43,701	104,915

Assam has been the largest beneficiary under this programme with more than 500 projects sanctioned followed by Tripura and then Sikkim in the North East Region. The same holds true for both returnable and non returnable grants. The cumulative no. of projects, amount sanctioned & disbursements for the same are given below:

Cumulative Disbursements under the NGOSP till December 31st 2009 (In Rs Lakhs)

Sr. no.	State	Projects Sanctioned	Amount Sanctioned			Amount Disbursed		
			RG*	NRG**	Total	RG	NRG	Total
1.	Arunachal P.	68	88.45	2.37	91.92	37.44	0.56	38.00
2.	Assam	539	783.89	62.04	845.93	714.56	48.214	762.774
3.	Manipur	47	137.02	8.12	145.14	124.95	6.86	131.81
4.	Meghalaya	46	26.64	2.30	28.94	22.21	1.49	23.70

5.	Mizoram	69	72.73	5.03	77.76	57.85	3.21	61.06
6.	Nagaland	33	105.92	5.63	111.55	94.50	4.49	98.99
7.	Sikkim	124	125.33	7.57	132.90	111.61	4.97	116.58
8.	Tripura	191	240.64	11.30	251.94	173.66	9.42	183.08
9.	Orissa	248	555.15	47.88	603.03	689.44	46.70	916.14
10.	Andhra P.	89	276.90	25.68	302.58	314.75	70.49	338.54
11.	Patna	396	707.40	84.11	791.52	662.17	75.78	737.96
12.	Chhattisgarh	54	111.27	5.61	116.88	97.90	5.00	102.90
	Total	1904	3231.34	267.64	3500.09	3101.04	277.184	3511.534

*RG: Returnable Grant **NRG: Non Returnable Grant

The NGO Support Programme has had three major outcomes. These are:

- Firstly, the clean no nonsense approach of RGVN towards disbursement of grants has done away with the bureaucratic hurdles faced by NGO's and in the process has created a tremendous amount of goodwill and appreciation for RGVN and the role it is playing to support the NGO's.
- Secondly, the NGOSP has contributed hugely in institutional development. By supporting the unproven, RGVN has helped catalyse new grassroots agencies, by providing them with opportunities in the form of wherewithal to develop their own programme of work, establish credibility and once that is established to generate more funds from the mainstream lending organisations.
- Finally, RGVN has been able to help small organisations to broad base their work and re-orient their programmes towards those that help in the reconstruction of communities, with a very small requirement for funds.

Each situation is unique and differs in a thousand details from the other and being conscientious and close to the field, the RGVN staff have all the details on their finger tips. The projects taken up by RGVN with partner NGO's are based on simple and robust ideas which are easily seen to be workable. RGVN has successfully been able to meet head on the challenge of making good grants for livelihood generation by carrying out apriori analysis of the socio economic setting of the NGO's domain and incorporating such analysis into the design of the grant. Instead of working with complicated organisational devises, RGVN prefers to work with organisational structures that are aimed at preserving group solidarity and aimed at making simple norms self enforcing. Yet despite this there are so many improbables that affect the actual progress of a grant, that after all the analysis is done there is still a big element of human factor and chance. Good grant making for livelihood generation is therefore an art and it could not be an overstatement to claim that RGVN has mastered this art.

The Credit and Savings Programme (CSP)

The Credit and Saving Programme (CSP) was initially started as an Action and Research Pogramme of RGVN in May 1995, to experiment with the suitability of starting interventions based on micro credit, a concept which had little been explored in the North East till then. Popularly known as RGVN's retail microfinance programme, this strategic instrument organises people into self sustaining groups. Besides

organising them into a regular periodic saving and credit regime, RGVN's main input in the CSP is the credit support provided by it to the participants in this programme to expand their livelihood options. Despite the fact that this is being carried out only in 2 States of the North East - Assam and Meghalaya, it has achieved such a tremendous response from the NGO's in general and the individual beneficiaries in particular that now, RGVN is finding a network of

- 7 area offices
- 50 field offices
- Over 300 staff members

insufficient to meet the demand for micro credit through this programme.

In the first stage of the entire process of initiating the Programme in a particular area, the RGVN field staff helps communities set up groups of (no more than 30 members) very poor people who are interested in joining a CSP. The staff then carries out a twin analysis, one of their behavior, maturity and integrity and another one which looks at their credit and business needs. A detailed study of the informal funds that may be available to the group in that particular area is also carried out. Once this process is complete, the staff then goes on to explain the rules of the Credit and Savings Group. After this, the group starts taking shape. A training schedule for book keeping and recovery follows. At the end, the group is made aware of the technicalities of the refinance scheme by the RGVN staff.

The second stage of this Programme entails carrying out a Group Recognition Test to ascertain whether all the members have understood the RGVN objectives and procedures and also to see whether there is leadership from amongst the group so that the norms of financial discipline can be maintained by the group in terms of accounting and depositing savings in the banks. After this the process of assessing the credit worthiness of each member is carried out.

The next stage is that in which credit is actually provided to the members of the group. Depending on their credit worthiness, the amount of finance provided to each member is limited to a maximum of Rs 2,000 per person or Rs 60,000 per group. Simultaneously, the group is explained the repayment schedule. For getting credit under the CSP, it is mandatory for the group to have a bank account through which all the transactions are carried out. RGVN charges a flat rate of 12% interest. The group lends to its members @ rate of interest of 15%.

Types of Groups under the CSP

Groups for men and women are formed separately. Though it has been observed that both the groups are regular in their repayments, women's groups tend to be more stable. There are

four types of groups that are generally formed under the CSP. These are:

❖ **The Haat Association**

The members of this group may belong to different villages or even different communities but they meet once every week at the Haat.

❖ **Village Groups**

The members of this group belong to the same village and are known to each other very closely due to their long years of association. This is the most common type of a group and the most widespread.

❖ **Registered Societies**

These are small time NGOs which are supported by RGVN to run their own credit programmes.

❖ **Individual Credit Retailers**

Sometimes individuals take the responsibility of retailing credit under RGVN norms without the formation of groups. The recovery of dues is entirely their responsibility. At times they even provide RGVN with post dated cheques at the very beginning of the programme.

A number of groups in a particular area form a cluster. Group leaders of each cluster meet the group at least once a month to review the progress and to discuss the problems associated with their respective projects. Group leaders of all the clusters in an area also meet once a month to discuss the area level issues and to find solutions to the nagging problems that they may be facing.

The reason for the success of this programme lies in a very simple tenet- that of ownership. Individual borrowers faced with a rigorous repayment discipline and exhorted by the pride of ownership feel for the project and the sense of belonging to a group, giving their best to make their micro enterprise a success.

Over the years CSP has continuously reinvented itself by offering new loan products and financial services based on the need of the hour that is dictated by the local needs.

Variations under the CSP

The most recent additional programmes being undertaken by RGVN under the CSP are:

• **Employment Generation Mission**

RGVN CSP has tied up with the Government of Assam to generate employment opportunities amongst the youth under the employment generation mission. Under this programme, training is being provided to entrepreneurs. Of the 500 entrepreneurs who have been trained during the year 2008-09, 274 have been credit linked under various activities like animal husbandry, agriculture and allied activities, handloom, handicrafts and petty trade. This programme will go a long way in helping the State meet the challenge of creating adequate employment opportunities and help arrest the problem of unemployment.

▪ **Insurance Cover under the CSP**

With the intention of extending value added services to protect them in times of distress and emergency and to cover risk bearing uncertainties, RGVN now extends insurance cover to the clients under the CSP. Even though it is difficult to decide upon what type of a policy is best suited for such a large segment of widely spread clients undertaking various kinds of livelihood activities, yet insurance companies like LIC and Birla Sunlife have come forward to extended a helping hand in this venture. Now all the people who have availed of grants under the CSP have been bought under insurance cover.

▪ **Loan for Joint Liability Group Clusters**

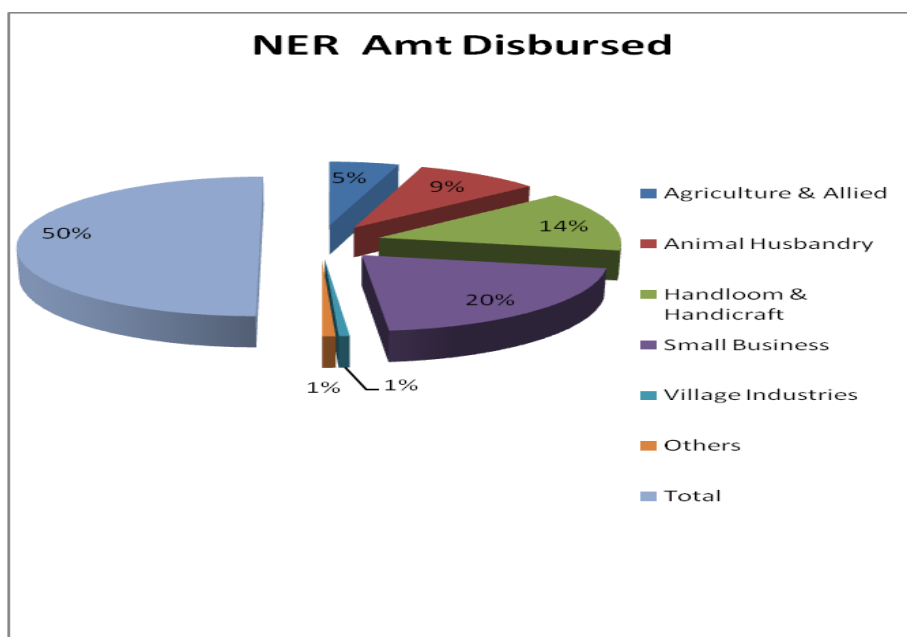
Recently RGVN has introduced a new loan product “JLG clusters” for the very small traders (petty vegetable vendors, thela pullers etc). Disbursements of these loans are made in cash and range between Rs 500 to Rs 2,000 at a flat rate of 7% interest that is payable weekly/monthly within 3-6 months. This loan carries a service charge of 3 %.

Now further enhanced loans are being provided to those borrowers who have already gone through a couple of loan cycles to a maximum loan of Rs 15,000 for Self Help Groups, Rs 30,000 for JLG's , Rs 40,000 to Entrepreneurial Development Programmes and Rs 50,000 to Micro Enterprises. Special loans are also being provided to members of JLG's/SHG's who have gone through at least 3 loan cycles from RGVN under the CSP and have a 100% repayment track record. These special loans have had a cent percent rate of return and a 100% on time recovery.

Achievements of the CSP

Despite the obstacles and challenges, CSP's outreach, financial stability and client composition are some of the indicators of its success. In its 14 years of existence, the CSP has disbursed a total of Rs 15,059.55 lakhs to a whopping 1,66,799 households for livelihood generation activities. It has a repayment rate of 98% of all the funds loaned out by it. As of 31.03.2009 its active borrower base was 65,052 with an outstanding loan of Rs 3,712.47 lakhs. Its success can be gathered from the fact that what was started as a pilot project 14 years back is now in the process of being converted into an independent entity - A Non Banking Financial Intermediary.

RGVN AT A GLANCE



Sector wise cumulative disbursement under (NGOSP) 2008-2009

The Small Business sector has been the leading sector with around a 38.6% share in total disbursements. It has been followed by Handloom & Handicrafts with a 26.5% share, Animal Husbandry with 19.12%, Agri-allied with 12.5%, Village Industries with around 1.5%, Relief with 0.06% and others with a share of 1.75% in total disbursements as of 31st March 2009. Though investments for business are small, ranging between Rs 1,000 – Rs 5,000, the returns come in fast and are generally high. The beneficiaries learn to save and at the same time it inculcates a financial discipline. This in turn makes the refund of the returnable grant a lot easier.

RGVN's programmes are being taken up to boost the livelihood programmes and provide holistic development and food security, leading to better quality of life through programmes like Capacity Building of NGOs, Building Grassroot Centres, Fellowship programme, Youth Volunteer programme, Gender Budget Analysis Centre and System Of rice Intensification

Building Grassroot Resource Centres: RGVN supported the project of building 10 Grassroot Resource Centres (GRCs). As within northeast there are areas which are very remote for effective expansion of its programmes, they went for developing these through the assistance of other broadbased organisations already established there. RGVN has identified 10 credible NGOs in NorthEast making them specialist in livelihood generation and to act as resource centres for the smaller organisations nearby.

The programme entails three main components:

- i) Motivation, intensive capacity building, and skill upgradation support to the NGOs.

- ii) Strengthening the MIS and infrastructure of the NGOs.
- iii) Creation of pool of trainers and local leaders.

Fellowship Programme: The “fellowship” was conceived with an idea to provide some amount of financial support for a certain period (6 months to 2 years) to socially motivate youth who show an aptitude for developmental activity and are keen to work in areas which have far reaching effects on the lives of the poor. Eg: design inputs for handicrafts or handloom.

Volunteer programmes: RGVN has designed a programme for young boys and girls who are desirous for working for the community. It entails 3 years of learning on the job-as apprentices to RGVN offices or its supported NGOs. It entails capacity building programmes so that at the end of three years the volunteers are trained for developmental work. The idea is to train human resource for the sector. Presently there are 14 volunteers working under this programme in various parts of North East.

Gender budget Analysis Centre (GBAC): GBAC has been initiated to bring about in a more systematic effort towards “gender”. GBAC analyses budget of different developmental programmes of the govt. to see how the welfare of the women is targeted and how much finance has been allotted to the different sectors of the economy with a view to constructively examining programmes, making suggestions, information gathering and dissemination. The ultimate objective is to work towards a more inclusive growth and a more equitable society.

SRI Research and Demonstration wing: RGVN began a research and Demo wing on System Rice Intensification (SRI) and has promoted SRI in 26 districts of Assam. 10 master trainers have been identified and trained to provide training to farmers on SRI method of farming.

NGO Meets: NGO meets facilitate interaction among the NGO’s and CBO’s, help them learn from each others experience and identify best practices thus encouraging transparency and self appraisal. Organisations are better able to identify problems and concerns that are common to all the participants and find solutions to these through brainstorming sessions. It helps them explore the potential of additional livelihood generation opportunities that they may have missed or overlooked.

Peer Learning Workshops: Peer learning workshops are conducted for the organisational development of the NGO’s. These are held on various topics which enhance capabilities of the NGO’s. These workshops are essentially used for training organisations in accounting procedures. Training is provided by Chartered Accountants who act as resource persons. They provide inputs on the maintenance of various books of accounts and on statutory matters.

Sectoral Training: Sectoral training is provided keeping in mind the various sectors supported by RGVN for livelihood generation programmes. The biggest share in sectoral training goes to Self Help Groups / group formation and credit and saving activity. During training the existing NGO’s doing good SHG work are showcased and used as resource institutions in creating awareness and spread of the SHG concept. To name a few, training is held for animal health and SHG awareness, SHG management, on pig rearing, design and quality development, training in handicrafts, mulberry cultivation and rearing etc.

Training Sponsorships: Training sponsorships to NGO partner personnel complement the capacity building strategy for the region. These help bring in fresh ideas, learning and experiences and end up in creating a pool of information, which can then be drawn upon by the entire RGVN network.

As a result of all these interventions in capacity building, NGO’s have been able to understand the value and impact of collective action. Constant monitoring has resulted in good governance and transparency in organisations, many of which have even adopted best practices in their areas of operation. RGVN has successfully been able to inculcate financial discipline and accountability in NGO’s supported by it and has led to a transparent and an accountable NGO movement in its operating area.

The Low Cost Housing Programme: Pursuing the aim of improving the overall quality of life of the poor, RGVN diversified its portfolio by launching the Low Cost Housing Programme in partnership with the Housing Development Finance Corporation (HDFC) in the year 1997-98. The HDFC provided a line of credit to RGVN @ interest of 7% for onlending to NGO's to take up construction or renovation of houses for the rural poor with an upper ceiling of Rs.35,000/- each. RGVN acts as a facilitator by identifying suitable implementing agencies and regulating disbursement and repayment of loans to individual borrowers through the implementing NGO's at 9% rate of interest, keeping a mark-up of 2% to meet operating expenses. The beneficiary has to contribute 10% of the total unit cost, either in cash or in kind and the rest 90% is made available as a loan. The loan amount plus the service charge has to be paid back in equated monthly installments, (EMI), within a period of 15 years. The credit risk is borne by RGVN.

So far, 6 (six) organisations have received financial assistance under this programme. The NGO's have been identified on the basis of their: -

- ❖ Past record
- ❖ Performance on implementation of programme supported both by RGVN and by other agencies
- ❖ Organisational structure
- ❖ Rapport with community

An amount of 83.54 lakhs has been disbursed so far and 231 houses have been constructed till date. This programme is being implemented in Assam, Manipur, Tripura, Nagaland and Bihar.

State wise details of disbursements in the LCHP as on 31st March 2009 (In Rs Lakh)

State	Sanctioned Amount	Disbursement	No. of Houses	EMI Received
Assam	28.35	28.35	090.00	11.81
Manipur	49.95	49.95	126.00	07.86
Nagaland	02.00	02.00	005.00	00.19
Tripura	03.15	03.15	010.00	01.68
Bihar	34.66	36.66	005.00	20.37
Total	118.11	120.11	236	41.91

Livelihood Programme for the Urban Poor:The livelihood programme for the urban poor is being implemented by the RGVN NER - 1 Branch in collaboration with the Government of Assam. This is a pilot project that was started in the year 2004-05 in partnership with the District Urban Development Agency (DUDA) Kamrup. Under this programme financial support is provided to those poor entrepreneurs residing within the limits of the Guwahati Municipal Corporation Region, who have organised themselves into Self Help Groups. The pattern for financing under this scheme is slightly different. 80% of the project cost is provided as a returnable grant, 15% of the cost is provided as an outright grant and 5% has to be raised by the beneficiaries themselves. Till now over Rs 34 lakhs have been disbursed under this programme of which as much as Rs 18 lakhs was disbursed in the year 2007-08 itself.

Programme on Renewable Energy:Concerned with the issue of global warming which ultimately impacts the poor especially the women, RGVN has taken up a programme in collaboration with Bajaj, an Indian manufacturer of electronic systems to provide CFL bulbs to the poor at a discounted rate.

Despite India achieving a growth rate of 7 to 8 %, yet sadly basic amenities have still not been provided to a large part of our populace who continue to live a miserable life, especially in the villages, which provide the food security to the cities, that finally guarantees this growth rate. Even today many parts of India especially in the East and the North East lack electrification which is a very basic amenity for a descent and dignified living. In most of the rural areas, the supply is either absent or at most intermittent. Concerned with this issue RGVN has taken up a programme on providing Solar Lighting. It is in the process of exploring partnerships and collaborations in this regard. If successful, this intervention will lead to greater development as RGVN hopes it will help artisans, weavers and craftsmen to work longer hours and at their convenience thus mitigating their hardship to a large extent. Apart from fulfilling the need for light, solar lights are environment friendly and addresses the concern for climate change and environmental degradation.

Programme on Hygiene and Sanitation:In a bid to facilitate overall development, RGVN has recently taken small but sure steps in trying to provide decent sanitary and hygienic conditions through its low cost sanitation programme. As of now there are not very many development institutions working in this area. Since the areas covered is widespread and there already exists a well developed network of NGO's, CBO's and SHG's, RGVN hopes to use this to its advantage to help provide decent sanitary conditions which are a prerequisite for a reasonably decent quality of life.

10. MAJOR FINDINGS:

1. Although lately, microfinance has took its pace in the north-east states, share of microfinance is negligible in comparison to other region. NE region shares 4% of SGs linked, 2.28% of Savings and 2% of loan of all India figure.
2. The growth rate of SHG formation in Assam is 31% in the year 2008, whereas overall India figure of SHG-Bank Linkage dipped down to -16%.
3. RGVN sanctioned a cumulative amount of Rs. 292.36 lakhs in the year 2008-2009 under NGOSP out of which Rs.236.05 lakhs was disbursed. 211 NGOs and 10786 households were covered. Under NGOMF Rs. 1056.71 lakhs was sanctions and Rs.795.32 lakhs was disbursed.118 NGOs and 19404 households were covered. Again under CSP Rs.5657.69 lakhs was disbursed. The repayment rate is 96%.
4. The total amount of money sanctioned for SHG formation, promotion and credit linkage is Rs.214.91 lakhs,out of which Rs.51.89 lakhs is disbursed yet and projects generally takes a period of 3-4 yrs for their completion.
5. Total no.of closed projects of NABARD in Assam is 44. The total amount of sanctioned money for that was Rs.107.82 lakhs,out of which Rs.94.25 lakhs was released. The total no. of SHG's promoted under the closed projects is 7845.no.of SHG's with sb a/c is 7376 and no.of SHG's credit linked is 5229.
6. The maximum no. of beneficiaries' i.e the NGO/MFI's are from KAMRUP district, mostly in rural areas.
7. Grant is sanctioned for formation of minimum 50 SHG's and a maximum of 1000 SHG's.

11. CONCLUSION:

There is a great deal of discussion as to whether microfinance reaches the so-called 'poorest of the poor', and whether, if it does, it benefits them. It seems to be generally agreed that the main beneficiaries of microfinance are 'the economically active poor'. It is not clear whether the SHG system reaches very poor people as effectively as the more internationally familiar Bangladesh Grameen Bank system, which is of course also being used in India and is growing, albeit from a smaller base, as rapidly as the SHG system. It appears most probable, however, that it does not. There is even less evidence as to whether the distribution of benefits within SHGs is equitable. Poorer people in some SHGs have taken loans, either because they were nervous of the debt or had no profitable investment opportunities, and were doing no more than lend their savings as free collateral for loans taken by their less poor fellow members. Although banking with SHGs is slowly coming to be appreciated as profitable business, but the original and still the over-riding aim is to provide poor people with access to formal financial services.

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