

## **Institutional Assessment of “Self Help Groups, SHG Federations and other Livelihoods based People’s Collectives”**

### **1. Introduction**

The National Rural Livelihoods Mission in Maharashtra aims at eradication of rural poverty by building sustainable institutions of poor and ultimately leading them to sustainable livelihoods. The basic purpose of National Rural Livelihoods Mission is to put in place a dedicated and sensitive support structure from the national level to the sub-district level which will focus on the poor, build and sustain their organizations at different levels. This will provide the poor a platform for collective action based on self-help and mutual cooperation, build linkages with mainstream institutions, including banks, and Government departments to address the various dimensions of poverty.

For effective implementation of the mission, an independent society named ‘Maharashtra State Rural Livelihoods Mission’ (MSRLM) has been created and has been registered under the Societies Registration Act 1860. The Project shall be implemented in a phased manner. For the initial launching of the mission a total of ten districts viz. Gadchiroli, Wardha, Yavatmal, Osmanabad, Jalna, Ratnagiri, Nandurbar, Solapur, Thane & Gondia have been identified as the pilot districts for the National Rural Livelihood Project (NRLP). These districts have been identified on the basis of geographical location, ranking on the HDI index, IAP districts etc.

### **2. Background of People’s Collectives in Maharashtra**

Maharashtra has a long history of people’s movement’s, aggregation for rights or most importantly for community management of important livelihood resources such as water. The Koli’s of Bhandara District or Ramtek Model or the community-managed phad irrigation system prevalent in north-western Maharashtra, probably came into existence some 300-400 years ago . This was much before Participatory Irrigation Management (PIM) as a concept came into being. The peasant riots in the Deccan in the late 19th Century on account of coercive alienation of land by moneylenders have been some of the earliest recorded instances of people coming together to protect their interests and fight for their rights (Thorat). The policy response of the then British Government to this problem of rural indebtedness was to initiate the process of organization of cooperative societies as alternative institutions for providing credit to the farmers as also to ensure settled conditions in the rural areas, so necessary for a colonial power to sustain itself. In many ways, the success of Pravara Sugar Cooperative in 1949 paved way for a much larger cooperative sugar industry in the country.

Broadly speaking, people’s efforts at collectivization for livelihood promotion can be grouped into two distinct categories, The first being formal which includes the cooperative sector and includes entities that are registered under a state law, the second category consists of the emergence of thrift and credit based collectives which are of more recent origin. One of the major distinct features of these institutions is the involvement of women. It is almost as if the self-help group movement is of, by and for the women. A third possible category may consist of aggregation platforms/collectives such as Mahila Mandals, Development Networks/Vikas Manch spearheaded by the civil society. These institutions have played an important role in community mobilization around important issues that affect their rights and entitlements. However, from the

point of view of livelihood promotion we intend to look at the first two categories viz. the formal cooperative sector and the self-help sector.

*Self Help groups/Federations - Building New age Institutional Platforms of the Poor:* Over the last two decades or so, the Self-help movement has taken deep roots in the rural landscape. This is especially true in Maharashtra, which was one of the first states to work on federating women's self-help groups into federation. A majority of these groups have been formed in regions that are poor and consist of members from vulnerable groups. SHGs have been proved to be an important vehicle in channelizing credit to the poor. However, Livelihood Promotion would require more than credit and this is where the role of other informal (community based groups) and formal groups (such as PACS) become important.

#### Formal Institutions and their contribution in Livelihood Promotion

In the overall context of the state, the institutional framework has impacted the livelihoods of the poor to a great extent. Some of the areas where the impact is more visible are,

- a. Access to Entitlements
- b. Access to Credit
- c. Access to Livelihood Services
- d. Inclusive Value Chains
- e. Community Empowerment
- f. Consumer Protection, and
- g. Sustainable Development

### **3. Objectives of the Study:**

The prime objectives of the study are:

- a. To provide a comprehensive overview of the SHGs, SHG Federations and other livelihoods based Peoples Collective's in Maharashtra
- b. To develop a typology of peoples' collectives based on their structure, functions and service offering
- c. Assess their institutional quality from the stand point of inclusion of the vulnerable groups, their participation in the programs, distribution of benefits and welfare impacts
- d. Assess their organizational, managerial and financial sustainability
- e. Identify opportunities for partnership and/or convergence with the NRLM

### **4. Scope of the Study:**

The study will be conducted in two parts viz. (i) SHGs and SHG Federations and (ii) other livelihoods based peoples' collectives.

#### *SHGs and SHG Federations*

- i. Identify and assess SHG and SHG Federation models in Maharashtra (brief comparative analysis vis-à-vis other leading models in India).
- ii. Strategies adopted by Self Help Promoting Institutions for mobilizing the poorest and vulnerable groups like PWDs, elderly, destitute, etc.
- iii. Extent of saturation in mobilizing the poorest and vulnerable groups (or social mobilization deficit)

- iv. Quality of SHGs and SHG Federations using the rating tools developed by NABARD, Commercial Banks, etc.
- v. Extent of social capital development for providing support services like social mobilization, capacity building, book keeping, credit facilitation, etc. to SHGs and SHG Federations
- vi. Extent of capitalization and credit linkages of SHGs and SHG Federations with Commercial Banks, MFIs, etc.
- vii. Convergence with livelihoods and other social development programs.
- viii. Identify institutional development requirements of both SHGs and SHG Federations that should flow into the capacity building strategy of MSRLM
- ix. Outline measures for improving the financial viability of the of both SHGs and their federations
- x. Develop a district wise summary of the quality of SHGs and SHG Federations studied.

#### ***Other Livelihoods Based Peoples' Collectives***

- i. Identify and assess community institutions in Maharashtra (apart from SHGs and their federations). These can include producer organizations, cooperatives, common interest groups, and any other type of livelihoods based collective.
- ii. Strategies and organizing principles for mobilizing these collectives, including their structure and functional aspects.
- iii. Extent of social capital development for providing support services like inputs, technology, extension, market information, marketing facilitation, etc.
- iv. Convergence with livelihoods and other social development programs and formal sector linkages with public, private and social sector enterprises, etc.
- v. Identify institutional development requirements of these collectives that should flow into the capacity building strategy of MSRLM
- vi. A separate inquiry into the producer companies in Maharashtra may be carried out as part of this assignment.

#### **5. Sample Size for studying quality of SHGs and their Federations**

Flowing from above, study of quality of SHGs and their Federations is one of the important parts of the assignment. This study will be spread over 12 districts in the state @ 2 per division. There are six divisions in the state. One of the selected districts in each division would be a NRLP district. A tentative sampling plan is proposed as under:

	<b>Total</b>
Total Revenue Divisions in the State <sup>1</sup>	<b>6</b>
Number of Districts to be covered	<b>12</b>
Number of Blocks to be covered per district	<b>1</b>
Number of SHGs to be covered per block	<b>50</b>
<b>Total SHGs to be covered</b>	<b>600</b>
<b>Total SHG Federations to be covered</b>	<b>50</b>
<b>Total No. of Peoples Collectives to covered</b>	<b>50</b>

<sup>1</sup>The Revenue Divisions in the State are, Pune, Nashik, Aurangabad, Konkan, Amravati, Nagpur. Details of Districts are in Appendix

However, the Consulting Agency can also propose an alternative sampling plan that adequately represents various types of SHGs promoted in intensive districts of Maharashtra. Besides, the Consulting Agency will also propose the study methodology for the assessing other livelihoods based peoples' collectives.

## 6. Key Tasks to be undertaken

The following tasks need to be carried out by the Consulting Agency:

- a. Review of Secondary literature/reports
- b. Field visit for primary data collection from SHGs, SHG Federations and other livelihoods based peoples' collectives as per the agreed sample plan given above. Needless to add these community institutions should have adequate representation of those promoted by various agencies such as NGOs and being supported by Donors, Bilateral Agencies, State and Central Government, MAVIM, World Bank etc.
- c. Discussion with Commercial Banks, NABARD, RBI, Public, Private, Cooperative and social sector enterprises and any other participant that the primary data may identify
- d. Dissemination of study findings by organizing a consultative workshop (s) - A joint consultative workshop with the selected stakeholders (preferably who were part of the study/key informants) to deliberate on the study outcomes as also development of state level action plan. The workshop will be held in consultation with the State Mission. For the proposed consultative workshop, the state mission will facilitate and bear organizing expenses in relation to the same.
- e. Incorporation of deliberations of the consultative workshop in the report/findings
- f. Submission of final report - The final output from the assignment will be a report upto 75 pages in main text, excluding annexes and tables.  
The report will present both an analysis of the current status of the SHGs  
It would recommend actions needed to address the constraints identified as also steps to be taken to improve SHG Bank Linkage situation in the stat  
The recommendations will cover major capacity building needs, steps required to be taken to improve the quality of SHGs, Systems and procedures to be introduced and key indicators to be monitored  
In addition to quantitative analysis, the report should also document sufficient case studies at multiple levels that demonstrate best practices/innovation in practice etc.

## 7. Output and Time Line

The Consulting Agency is required to submit the following reports,

- a) **Inception Report:** Describing the approach and methodology to be followed for the proposed study along with a detailed implementation plan  
The inception report will also include, frequency of interim reports to be submitted along with schedule for the consultative workshop
- b) **Periodic Interim Reports** as per above schedule above
- c) Case Studies, Data Bases and **Draft Final Report**
- d) Facilitation of Consultative Workshop
- e) Preparation of **final report** after incorporating the inputs from the key informants/experts and MSRLM. The final report will also include proceedings of the consultative workshop and recommendations

In addition to the hard copies, the consultants will make available electronic copies of all reports in MS Word file format. All raw data along with relevant summary details will be shared in MS Excel/MS Access at the time of the submission of the draft report.

## 8. Duration of the Study

The duration of the consultancy for the concerning subject should not exceed 20 weeks from the signing of the contract.

Reports	Duration (Week after commencement)
Inception report and Work Plan	1 <sup>st</sup> Week
Secondary Data Review	3 <sup>rd</sup> Week
Field Visits for Primary Data Collection	8 <sup>th</sup> Week
Data Tabulation and Analysis	10 <sup>th</sup> Week
Interim report	12th week
Draft report	14th week
Consultative workshop and final report.	16th week
Final Report	20th Week

## 9. Reporting

The Consulting Agency will report to the Chief Executive Officer, MSRLM or any other office deputed by the Mission. The mission will provide access to all the documents, reports and any other secondary data for the purpose of this study. It shall also facilitate introduction/linkages with other line departments of the government, banks and financial institutions.

## 10. Eligibility Criteria

The interested agency/Consulting Agency should submit all the details (brochures, description of similar assignments, experience in similar conditions, availability of appropriate skills among staff, etc.) with relevant documents which help them to satisfy the eligibility criteria.

The requirements of the eligible agencies / consultants are as follows:

- a) At least 10 years of experience in Micro Finance Research and Consultancy
- b) At least 5 years experience of working with both the public / government and/or private sector including Bilateral/Donor Agencies
- c) An extract of Published Reports would be required to be submitted along with EoI.

## 11. Key Human Resource Requirements with Profile

The Studies to be commissioned have multiple sets of implications such as policy, legal, social, etc., would demand related competencies. The consulting organization would be the one having expertise in social, political, legal and other operational aspects; adequately equipped with required competencies on micro finance research. Given above, the team being suggested by the consulting organization should clearly indicate the staff name and expected roles to be performed. A detailed CVs of the consultants engaged in this assignment are required.

## **12. Terms of Payment**

The payment schedule for the study will be based on Milestones to be achieved. These would be as follows,

- a) **Milestone 1 – Inception Report and commencement of Study**
  - I. First instalment will be released to the agency after signing of the agreement and submission of the Inception Report subject to acceptance by the review committee. The amount of first instalment will be 25% of the total study amount
- b) **Milestone 2 – Completion of Field Visits and Secondary Research, Submission of Interim Report**
  - I. Second instalment will be released after submission of midterm report subject to acceptance by the review committee. The amount of second instalment will be 25% of the total study amount
- c) **Milestone 3 – Submission of Draft Final Report**
  - I. Third instalment will be released after submission of draft report subject to acceptance by the review committee. The amount of second instalment will be 25% of the total study amount
- d) **Milestone 4 – Completion of Study and Submission of Final Report**
  - I. The last and final instalment will be released after submission of the final report subject to acceptance by the review committee. The amount of the last and final instalment will be 25% of total study amount.

**Annex 1 – Administrative Divisions in Maharashtra State**

<b>Division</b>	<b>NRLP District</b>	<b>Non NRLP District</b>
Nagpur	1. Gondia	1. Nagpur
	2. Gadchiroli	2. Chandrapur
	3. Wardha	3. Bhandara
Amravati	4. Amravati	4. Akola
	5. Yavatmal	5. Washim
		6. Hingoli
		7. Buldhana
Aurangabad	6. Jalna	8. Aurangabad
		9. Ahmednagar
		10. Nanded/Latur
		11. Osmanabad
		12. Parbhani
		13. Hingoli
		14. Beed
Konkan	7. Ratnagiri	15. Mumbai, Mumbai Suburban
	8. Thane	16. Raigad
		17. Sindhudurg
Nashik	9. Nandurbar	18. Pune
	10. Solapur	19. Satara
		20. Sangli
		21. Sangli
		22. Kolhapur
		23. Dhule
	24. Jalgaon	

**Annex 2 - MSRLM – Coverage, Intensive and “Resource” Blocks**

<b>District</b>	<b>Number of Blocks</b>	<b>No. of Blocks identified in first phase</b>	<b>Name of Identified Block</b>	<b>Name of the resource block</b>	<b>Name of the block to be developed as a resource block</b>
Gadchiroli	12	4	Dhanora, Kurkheda, Aheri, Etapalli	Kurkheda	Aheri, Etapalli
Gondia	8	3	Salekasa, Arjuni (Morgaon), Tirora	Salekasa	
Jalna	8	3	Jalna, Bhokardhan, Ghanasawangi	Jalna	Jalna, Bhokardhan
Nandurbar	6	3	Akkalkua, Shahada, Dhadgaon	Akkalkua	Akkalkua, Dhadgaon
Osmanabad	8	3	Osmanabad, Tuljapur, Lohara	Osmanabad	
Ratnagiri	9	3	Ratnagiri, Sangameshwar, Lanja	Ratnagiri	
Solapur	11	4	Mohol, Sangola, Malshiras, Barshi	Mohol	
Thane	13	5	Talasari, Jawhar, Shahapur, Palghar, Bhiwandi	Talasari	
Wardha	8	3	Wardha, Seloo, Deoli	Deoli	
Yavatmal	16	5	Kalamb, Ghatanji, Babhulgaon, Ralegaon, Pandharkawada	Kalamb	Kalamb, Ghatanji



## Appendix 1 – History and Context of SHG Movement in Maharashtra

The history of rural credit, poverty alleviation and microFinance are inextricably interwoven (Thorat). Maharashtra has had a long history in self-help. SHGs and Cooperatives have been at the forefront of providing financial services to the poor, marginalized birth in urban and rural areas. The concept of SHG is not new to Maharashtra. Beginning with a tiny amount of only 25 paise, the women of Maharashtra from Amaravati District had established one SHG long back in 1947. Almost two decades ago in 1988, ‘Chaitanya’ GraminMahilaBalYuvakSanstha started promoting SHGs in Pune District.

The Maharashtra model is unique in many ways. Empowerment is key to the growth of the movement. The movement has been NGO led in close partnership with the State Government (MAVIM) and NABARD. The SHGs not only cater to the economic needs of the participants, but also involved in the process of social development. Increasingly, SHGs are emerging as a primary tool of access to financial services in the state.



### SHG Outreach in the State

The State has MahilaAarthikVikasMahamandal (MAVIM) as an apex body for various development schemes promoted by the Central and State Government. It acts as a liaison between SHGs, financial institutions, voluntary organizations and the concerned Government departments.

For economic empowerment, it is necessary for a woman to have access to and control over productive resources and to ensure some degree of financial autonomy. Congregation of women plays a dominant role in women empowerment. SHG is a good medium to congregate women. By the end of December, 2011, 7.89 lakh women from 12,243 villages were participating in 61,072 SHGs. The total savings of these women was about ` 176 crore and the total internal loan was ` 493 crore. Loan received from various banks to SHGs was ` 384 crore. ‘Tejaswini, Maharashtra Rural Women Empowerment Programme’ is being implemented in the State since July, 2007 with the help of International Fund on Agricultural Development for social, political and economic empowerment of poor women.

As on 31 December 2011, there were over sixty thousand Self Help Groups (SHGs) promoted under various schemes by MAVIM. Table 1 provides the detailed break up.

**Table 1 – MAVIM - number of women SHGs and members therein (as on 31st December, 2011)**

Particulars	SHGs	Members						Total
		SC	ST	OBC	Minority	NT	Other	
1. SGSY	9,690	20,187	21,308	33,803	3,407	13,030	25,469	117,204
2. Swayamsidha	3,123	3,290	16,478	10,654	1,883	3,049	6,570	41,924
3. MAVIM-SCSP Fund	18,001	210,619	4,672	9,049	1,931	4,429	3,800	234,500
4. NGO- SCSP Fund	3,897	43,972	643	1,087	380	1,034	545	47,661
5. MAVIM-TSP	5,568	941	64,589	1,688	156	802	263	68,439
6. RSY	2,001	2,940	4,279	14,278	517	1,916	1,568	25,498
7. KrushiSapta	286	462	422	2,002	143	635	2,492	6,156
8. MSN	197	260	210	477	339	358	1,482	3,126
9. Tejaswini	14,128	12,466	13,004	70,613	8,534	20,121	59,562	184,300
10. Others	4,181	6,707	9,433	25,923	1,463	5,132	11,499	60,157
Total	61,072	301,844	135,038	169,574	18,753	50,506	113,250	788,965

**Source:** MAVIM, GoM, SGSY – Swarnajayanti Gram Swarajya Yojana SCSP- Scheduled Caste Sub-Plan, TSP- Tribal Sub-Plan RSY – RamaiMahilaSakshamikaran Yojana MSN – MahilaSwavalambanNidhi.

**SHG bank linkage progress in the state, achievements**

According to NABARD, Maharashtra ranked with Lakshwadeep, Mizoram, Tripura and West Bengal when it comes to number of households that have been covered under SHG-Bank Linkage Programme.

Rural Household Coverage Range (per cent)	States
0-20	Bihar, Haryana, J&K, Jharkhand, MP, Nagaland, Punjab, Sikkim and Uttar Pradesh
21-50	Arunachal Pradesh, Assam, Chhattisgarh, Delhi, Gujarat, HP, Manipur, Meghalaya, Rajasthan and Uttaranchal
51-75	Lakshwadeep, Maharashtra, Mizoram, Tripura and West Bengal
76-100	Goa and Odisha
Greater than 100	Andaman and Nicobar Islands, AP, Chandigarh, Karnataka, Kerala, Pondicherry and Tamilnadu

The SHGs in the state have three principle agencies for meeting their financial service's needs. These are Commercial Banks, Regional Rural Banks (RRBs) and Cooperative Banks.

Savings - As on March 31, 2011 there were 4.20 lakh SHGs that banked with Commercial Banks and had collective savings of Rs. 311.72 Crore. The corresponding figures for RRBs was Rs. 33.51 Crore (52,685 SHGs) and for Cooperative Banks Rs. 302.56 Crore (2.87 Lakh SHGs)

Lending – The amount lent by the commercial banking system to SHGs stood at Rs. 241.51 Crore (21,800 SHGs). The corresponding figures for RRBs was Rs. 1,435.40 Crore (13,098 SHGs) and for Cooperative Banks Rs. 1,583 Crore (28,398 SHGs).

		<b>Commercial Banks</b>	<b>Regional Rural Banks</b>	<b>Cooperative Banks</b>	<b>Total</b>
	<b>State</b>	<b>Average Amount Per SHG in Rs.</b>			
Savings	Maharashtra	7,417	6,361	10,534	8,522
	<i>All India</i>	<i>9,784</i>	<i>7,237</i>	<i>11,695</i>	<i>9,403</i>
Bank Loans disbursed	Maharashtra	1,10,785	85,852	55,747	80,932
	<i>All India</i>	<i>1,45,199</i>	<i>1,07,746</i>	<i>70,794</i>	<i>1,21,623</i>
Bank Loans outstanding	Maharashtra	49,829	50,457	29,541	44,874
	<i>All India</i>	<i>71,646</i>	<i>57,980</i>	<i>42,228</i>	<i>65,224</i>

Although economically, Maharashtra is one of the leading industrial states in the country, the penetration of banking in rural areas as is reflected in the above table indicates that on Cooperative Banks in the State continue to drive the SHG-Bank Linkage programme and are primary source of access to financial services.

Access to required finance at affordable interest rate and at convenient terms of repayment is critical for poverty reduction. Repeated doses of credit are essential to help the poor to ease consumption and support investments in livelihood assets (acquisition, renewal and expansion). The state mission recognizes that making poor the preferred clients of the banking system is core to the NRLM financial inclusion strategy.

The Mission also recognizes that as against 8 Lakh SHGs in the state that have been promoted by various agencies only about a third of them have been so far linked to formal financial institutions. Hence there is a case for understanding the current status of the micro finance sector as a whole and SHGs in particular.

## **Appendix 2: Peoples Collectives, Institutions and Livelihoods**

Maharashtra has a long history of people's movement's, aggregation for rights or most importantly for community management of important livelihood resources such as water. The Koli's of Bhandara District or Ramtek Model or the community-managed phad irrigation system prevalent in north-western Maharashtra, probably came into existence some 300-400 years ago<sup>2</sup>. This was much before Participatory Irrigation Management (PIM) as a concept came into being. The peasant riots in the Deccan in the late 19th Century on account of coercive alienation of land by moneylenders have been some of the earliest recorded instances of people coming together to protect their interests and fight for their rights (Thorat). The policy response of the then British Government to this problem of rural indebtedness was to initiate the process of organization of cooperative societies as alternative institutions for providing credit to the farmers as also to ensure settled conditions in the rural areas, so necessary for a colonial power to sustain itself. In many ways, the success of Pravara Sugar Cooperative in 1949 paved way for a much larger cooperative sugar industry in the country.

Broadly speaking, people's efforts at collectivization for livelihood promotion can be grouped into two distinct categories. The first being formal which includes the cooperative sector and includes entities that are registered under a state law, the second category consists of the emergence of thrift and credit based collectives which are of more recent origin. One of the major distinct features of these institutions is the involvement of women. It is almost as if the self-help group movement is of, by and for the women. A third possible category may consist of aggregation platforms/collectives such as Mahila Mandals, Development Networks/Vikas Manch spearheaded by the civil society. These institutions have played an important role in community mobilization around important issues that affect their rights and entitlements.

### **The Cooperatives<sup>3</sup>**

Co-operation is a movement registered under co-operative societies act, which is initiated and managed by group of people called members to carry out economic and social activity to generate surplus/profit / benefits which are shared by them. The co-operation movement in the State has shown remarkable progress in various sectors. viz. agriculture, agro-processing, dairy, fisheries, storage, sales, marketing, credit & banking, housing etc. As on 31st March, 2011 there were about 2.24 lakh co-operative societies operating in the State, with about 560 lakh members. Out of the total co-operative societies, 9.6 per cent are engaged in agriculture credit, 10.4 per cent are engaged in non-agriculture credit and rest 80 per cent are engaged in marketing, production, lift irrigation, electric supply, water supply, transport, social sectors etc.

Almost all the major subsectors of the economy of the state (Sugarcane, Cotton, Grapes, Fisheries, Dairy, Poultry, Credit etc) have a robust institutional set up reflected in the number of registered formal entities.

The following table gives the detailed summary of the cooperative structure in the state.

### **Summary of Cooperative Structure in the State<sup>4</sup>**

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<sup>2</sup> Source: <http://www.rainwaterharvesting.org>

<sup>3</sup> Arthik Pahini 2011-12, GoM

Sector/Society	Number	Membership
Agriculture Credit – District Co-operative Agriculture Rural Multipurpose Development Banks	29	11 Lakh
PACS	21,451	150 Lakh
Lift irrigation Societies/Water Users Associations	2,989	
Agro Processing Cooperatives	48,848	75.62 Lakh
Sugar Factories	202	21.22 Lakh
Cotton Ginning and Pressing	164	2.25 Lakh
Spinning mills	167	5.23 Lakh
Handloom	685	8.87 Lakh
Power loom	1,378	5.07 Lakh
Dairy – Primary Collection	27,110	16 Lakh
Dairy Union – Processing	78	0.78 Lakh
Fisheries – Primary Coop Societies	3,186	NA
Fisheries Coop Unions	37	NA
Fisheries Federation	2	NA
Cooperative marketing Societies	1,779	15 Lakh
Non Agricultural Societies – Urban Banks and Cooperative Societies	23,434	253 Lakh
Housing Societies	85,335	21.86 Lakh
Consumer Federation, Wholesale and Primary Co-operative Consumer stores	3,030	21.71 Lakh

The financial institutions directly associated with agricultural finance at grassroots level in the State are Primary Agricultural Credit Co-operative Societies (PACS) extending short-term crop loans to their cultivator members. The PACS include Farmers Service Societies and Adivasi Co-operative Societies. As on March 2011, there were 21,451 PACS Societies with an estimated membership of 1.50 crore. Almost half of these societies (10,469) were functioning at a loss as is indicated by the aggregate amount of losses pegged at Rs. 712 Crore. High overdue, inadequacy or non-availability of funds and lack of capability to mobilize resources are adversely affecting functioning of PACS.

Under the Participatory Irrigation Management Scheme, water user associations have been formed in the state covering almost all the important river basins. However, few of them have actually signed an agreement with the department for regulating water use among the members.

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<sup>4</sup>Source: Economic Survey of Maharashtra 2011-12

The agro-processing co-operatives provide means for reasonable returns to cultivators and also promote growth of rural industries. The State Government provides financial assistance to these societies for setting up processing units. Co-operative sugar factories, cotton ginning & pressing, spinning mills, handloom & powerloom, dairy societies & dairy unions and fisheries societies are the major constituents of agro-processing co-operatives.

Maharashtra has a third (32%) of the sugar factories in the country which accounts for over 60 per cent of the national crushing capacity. The cooperative ginning and pressing sector (164 units) support cotton which is a major crop in Vidarbha and Marathwada. In the textiles subsector, there are close to 700 cooperative handloom and 1378 power loom societies in the state. These provide employment opportunities to the poor. A majority of these units are located in the textile clusters of Bhivandi, Kolhapur and Ichalkaranji.

Dairy subsector is robust and has developed excellent forward and backward linkages. There are over 27,000 cooperative dairy societies in the state which procured milk valued at Rs. 108.27 Crore. There are over 3,000 primary fisheries cooperative societies. A majority of these have membership from the bhoi/koli community that have traditional fishing rights. However, a majority of them are running at losses.

Co-operative marketing societies have a three-tier organizational structure. The Maharashtra State Co-operative Marketing Federation Ltd. is the apex body, the District Co-operative Marketing Societies are functioning at district level and the Primary Co-operative Marketing Societies are functioning at village level. These have the potential of playing an important role in distribution of vital agriculture inputs.

Maharashtra State Co-operative Federation is the apex body which controls the functions of the wholesale consumer stores working at district level. These wholesale consumer stores distribute goods to primary consumer stores working at village level. Retail subsector is an important activity and can be taken up by the self help groups or federations. These can play an important role in ensuring quality and quantity to the rural poor.