

*The Bagnan Story of Women's  
Self Development*



**Administrative Training Institute  
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**Supported by  
Department of Administrative Reforms &  
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# ***The Bagnan Story of Women's Self Development***

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## **Foreword**

Poor women face the double burden of gender related deprivations and poverty. The benefits of various development programmes, including those targeted towards the women, have failed to produce desired impact leading to continuation of substantial gender gap in social and economic development of the country. One of the major problems of implementation of programmes targeted to benefit the women has been the lack of participation of the women as the controller of their development and rather they acted as prescribed by the implementing machineries treating them as objects of development. The generally accepted solution has been to organize and empower the women so that they work out their own development as the controller of the process. However, this is easier said than done and in most cases the development process is still dictated by the government following given blueprint of the relevant programme.

The present case is a unique one where the women of Bagnan Block area of Howrah district of West Bengal have organized themselves to a very strong organization exclusively engaged in welfare of the poor women. This was possible through exceptionally good leadership and organizational innovation at the local level and acquiring managerial capabilities over the years. The journey started when few groups were formed under the programme “Development of Women and Children in Rural Areas” and those groups eventually came together to form a bigger organization, which at present comprises of 1,051 groups with 15,765 members. In the initial days they received due support from the Government and other organizations for building up capacities but they gradually developed self reliance in managing their own affairs and further improving their functioning with little dependence on the Government and the Panchayats. In fact, after gaining critical strength they remained away from the mainstream SHG programme of the Government but managed their own programme for promoting and strengthening the SHG movement and pursuing socio-economic development of their members within their area of operation. The women of that area have developed an excellent bond among them in working together through a well run organization and are much liberated from their status of helplessness and burden of poverty. The present case study describes the process of transformation of the women of Bagnan.

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## **The Bagnan Story of Women's Self-Development**

### **Background of Development Practice**

The experiences of Third World 'development' practice came in for sharp criticism in the 1950s and 60s. Economic growth and its expected filtering effects had proved to be a failure, and there has been widespread concern about perpetuation of poverty and distributional inequity. There was heart-searching going on among development experts and agencies and a call for an alternative development strategy focusing on decentralization, participation, 'human development' and empowerment as a new strategy to combat the disempowering activities and influences of both the state and the market. The call was for collective mobilization of the socially marginalized groups like women, the poor, and the hitherto 'excluded' sections of society. Triggered by a major paradigmatic shift in development thought and practice, civil society participation, pragmatic use of 'social capital', and empowerment of local communities came to be recognized as key components of sustainable growth, development and 'good governance'. It may now be safely inferred that the promotion of women's self-help groups throughout the developing world by governments, donor agencies, and NGOs has been an important manifestation of this emphasis on participation, 'social capital' and community empowerment. The concept of 'social capital' which has today gained wide currency needs to be defined in our context. Robert Putnam, an eminent Harvard political scientist, while studying regional governments in Italy, stumbled on a unique phenomenon that 'regions enjoying effective government in the 1990s inherited a rich legacy of civic engagement that could be traced to the early middle ages'. As Putnam has put it<sup>1</sup>:

"Voluntary cooperation is easier in a community that has inherited a substantial stock of social capital in the form of norms of reciprocity and networks of civic engagement. Social capital here refers to features of social organizations such as trust, norms, and networks that can improve the efficiency of society by facilitating coordinated actions".

### **Concept of SHG**

The concept of self-help group is based on the principle of micro-finance or micro-credit. The idea of self-help groups gained in popularity starting from the experiment of Bankosol of Bolivia, or Grameen Bank of Bangladesh pioneered by Professor Muhammad Yunus (who was later awarded Nobel Prize), with an intention that given help and training,

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<sup>1</sup> Robert Putnam, *Making Democracy Work: Civic Traditions in Modern Italy*, Princeton University Press, 1993.

poor people, especially poor women, situated in a favourable social situation endowed with the features of 'social capital', could generate enough income to repay their loans.

Three main paradigms of SHG-initiatives have been identified in this context:

- The poverty alleviation paradigm (PAP),
- The financial self-sustainability paradigm (FSP), and
- The feminist empowerment paradigm (FEP).

These are obviously overlapping, and are often found coexisting in specific situations. All the variants of micro-financing are addressed to the basic issue of 'women's empowerment'.

To explain each, PAP conceptualizes micro-finance as an integral part of a poverty alleviation programme. The idea here is that increasing access to micro-finance will enable women to augment household income, and thereby facilitate women's intra-household decision making power.

FSP is addressed to the entrepreneurial ability of women. Here, empowerment is viewed primarily in economic terms.

FEP's approach to micro-finance is conceived in terms of creating entry-points for women's economic, social and political empowerment. Challenging basic issue of 'gender subordination' is at the heart of FEP.

As stated earlier, the institution of Self Help Groups or SHGs emerged on the developmental scene representing a unique approach to 'women's empowerment' via financial intermediation. The approach combines access to low-cost financial services with a process of self-management and development for the women who are, in most cases, the SHG members. SHGs are formed and supported usually by NGOs, or (increasingly) by Government agencies (that seems violative of SHG concept). Linked not only to banks but also to wider development programmes, SHGs are seen to confer many benefits, both economic and social. SHGs enable women to grow their savings and to access the credit which banks are increasingly willing to lend. SHGs can also be community platforms from which women become active in village affairs and organize themselves to address social or major location-specific issues like violence against women, child marriage, agitations against drug abuse and alcoholism, dowry system, school drop-outs etc.

At the same time, as experience tells us, there are also some questions and issues that the SHGs are prone to facing. How effective are the groups in managing their financial transactions? Are the groups sustainable? Do they help in mobilizing women to take social

action? How effective are such actions? Who is really benefiting? Do the poorest benefit, do they not join at all or if they do join, are they more likely to drop out? Without appropriate and timely support for financial planning including advice on productive investments, do the poor families fall into ‘debt traps’? What can be done to save them from such predicament?

These and many other similar questions are being raised by field researchers and the agencies that are directly, in some way or the other, connected with the activities of the SHGs.

### **The Bagnan SHG Story**

The Bagnan SHG is in many ways a unique phenomenon. Its unique properties will be explained later as we proceed on this travelogue.

**Day 1:** To find out the location of the all-women’s bank, you ask anybody in the neighbourhood and pat came the answer: the DWCRA Centre. You will soon be approaching a crème colored three-storey building still carrying the old memory of DWCRA scheme. Thanks to the imaginative and helpful gesture of the then Principal Secretary, Panchayats and Rural Development Department of the Government of West Bengal, the ‘DWCRA” Building gradually became the nerve centre of Bagnan group activities, and gave a real boost to the morale of a regular and systematic movement to ‘empower’ and ‘economically improve’ the status of local women of Bagnan Block.

Since the inception of the DWCRA Group in the late 1990s, the name stuck, and even today, the Bagnan SHG members call themselves DWCRA members. The Group activities have proliferated into

- Training,
- Production,
- Sales and distribution, and
- Employment generation.

The DWCRA Building and its adjacent areas house a number of activities: (a) banking, (b) training, (c) production activities, (d) an innovative seed museum, (e) a shopping outlet for the products of women’s enterprise, and (f) a canteen for cheap food. Another building, next to the main building, is under construction is close to completion. The plan is to diversify the activities of the centre by setting up a mini- research lab for organic agriculture as also to conduct more training programmes to create necessary expertise and work excellence.

All the women have voluntarily on their own opted for a uniform dress – green sari – the colour of banana leaves which give them a distinctive group character.



Today is the consultation day when the women members gather together and collectively exchange views on their respective activities by way of self-learning. Also, their members – those belonging to different SHGs – have also assembled to have their loan applications processed on the basis of which they would actually be entitled to receiving loans for a variety of purposes.

In the assembly hall, we met the whole group clad in banana leaves (green) saris – extremely self-confident, unusually articulate and proud in their collective strength. Why do they engage in these self help group activities? A loaded question! The answers came from different corners:

- we are fond of it; it is our organization;
- this gives us some income;
- we can improve our general living standard including our houses; in managing the household we have a ‘voice’ now which counts;
- we discuss ‘our’ problems such as health and sanitation, children’s education;
- we organize seasonal ‘tree-plantation’ in our localities to improve environment;
- we come forward in groups to solve family and social problems such as ‘violence’ against women and illicit liquor ‘theks’ (booths) and so on and so forth. We have greatly solved the problem of having loans in times of need, and this way we have

now been able largely to rid our areas of the traditional extortionist ‘mahajani’ (village money lender) system.

The women members assembled exuded a certain pride, strength, and confidence – so clearly discernable in their faces and assertive utterances.

*A snippet:* The fact that in respect of household financial management, women have now a major role to play is clearly discernible in the story of Chhabi Mandal – the housewife of a poor scheduled caste family. Chhabi’s husband is a fisherman. To arrange marriage of their only daughter, they had to take loan from a ‘mahajan’ by surrendering about a bigha of land to the ‘mahajan’ as collateral. When they were about to lose their valuable land, Chhabi mustered courage to approach the Cooperative, through her SHG, for loan. She has not only repaid the loan; she has again taken a small loan and started a small stationery shop in her house. Presently, Chhabi is a role model for all the members in her group. Beyond her family, she takes active part in solving many social problems like caring for the sick, violence against women and so on.

The SHG groups are named after different flowers – marigold, jasmine, rose, lotus etc. Every one in the localities knows the groups by name and respects them. Even at night, we were told, the members in their tell-tale saris, can move around freely without fear of violence or misbehaviour from any quarter.

*A snippet:* At this point, the story of Namita Dolui comes to mind. Namita belongs to an extremely poor scheduled caste family. In their locality, Namity was the first girl to go to school; no other girl in her area has ever been to a school. Her family members would not allow her to do her studies, so much so that when she would sit for her studies at night, the family members felt annoyed and put out the light. However, she was determined to prosecute her studies despite these impediments. When she was in class eight, she got associated with the local literacy movement. She got an opportunity now to teach illiterate women of her area how to read and write. Little children in her area did not go to school. Nor did their families insist on their education. Namita wanted to break this culture. Primarily on her initiative, a Sishu Niketan (Child Academy) has now been set up in the locality. Her perseverance and determination to bring about social change gained universal appreciation. Namita currently holds the position of Secretary to the Grameen Mahila Sammelan – a position she richly deserves.





As we talked to the members, we could sense that every body would feel proud of being a member of one group or the other. Living and working in groups have given them an identity and a new meaning to their life and existence. Among them are those who have been deserted by their husbands, or have lost their husbands, or have been in dire need of income supplementation for the family's survival. Some among them find the job challenging and love to work together and share experiences.

On the question of group solidarity, the members were unanimous in their opinion that the organization has given them social respect and the 'will' to lead a life of dignity. They said in a chorus that whenever they would feel bored, 'Didi' (Mrs. Madhuri Ghosh) could sense this and would take us on an outing to Puri or some other places for recreation and for curing our boredom.

**Day 2:** It was noon time. About 12-15 SHG members, all in the banana leaves saris, assembled in an open space before a small house – partly pucca and partly thatched hut. We were silent listeners. The topics for discussion were varied. On priority basis, the loan applications have been taken up and heard for recommendation. Interestingly, the members took up topics like tree plantation, problems of construction of sanitary latrines due to lack of adequate land, health problems of expectant mothers, children's education, and the problem

of electricity connection and access road. Some of them thought they would approach their head office, particularly Gopal Babu (husband of Mrs. Madhuri Ghosh), to sort out some of these problems. The Group was conscious of the 'model house' norm developed in the course of the movement. We got the impression that the Group was not merely interested in improving their economic status; they seem to be primarily interested in 'togetherness' and in collectively sorting out their individual family problems.

As we reach the main office, it was time for taking out the motor-rickshaw van to the different localities within the Block for selling the 'products' of the women's manufacturing unit. The all-women sales group, clad in yellow saris and precariously settled on the rickety van, set out to visit their members' houses in the adjacent localities where the 'orders' have already been placed 'in advance' by the members' families for their daily necessities like spices, jams and jellies, detergents, cheap saris and other dress materials.

*A snippet:* Listen, in this connection, to the real-life story of Renuka Bauri, a poor, scheduled caste member of one group. At the age of 21 Renuka lost her husband. With a small kid – a son and nobody to look after her, Renuka was struggling to make both ends meet. In desperation, she took up the job of housemaid and with her meagre earning found it hard to stave off hunger and starvation. In 1996 she came to hear about the DWCRA Group, and approached a Group for enlistment. Membership helped Renuka regain the meaning of life, and she was determined now to move forward fuelled by the spirit of group solidarity. Today Renuka is a proud and active member of the roving sales group that sets out daily in a van rickshaw to sell the products of 'DWCRA Group' among the SHG family members in Bagnan Block. Now, she has taken loan from the Cooperative to start her own small business. Her son is now studying in the fifth grade. Her ramshackle dwelling caved in during last monsoon. Initially, she approached in vain the local gram panchayat to avail of house-building scheme fund. Not loosing heart, Renuka on her own tried and succeeded in rebuilding her modest dwelling.



There are many such Renukas working in different groups in Bagnan Block. As we climb up the first floor, we meet a fairly large group – all women – waiting to collect their sanctioned loan amounts from the Bank. One cannot but be impressed by the silent efficiency of the small number of women employees. Proficient in computer-handling, the entire work has been computerized and the different passbooks – deposit, loan, fixed deposit and other types – have been meticulously arranged and preserved to facilitate speedy transaction. The entire banking operation is looked after by a small staff headed by a Manager and assisted by one Accountant, one System Administrator (the lone male member), and eight Cashier-cum-Ledger keepers.



Ask any member waiting in silence what is her demand. Ayesha Begum – one Muslim member was taking loan for buying a computer for her son. She has earlier taken loan for an extension to her house. She has since repaid the loan. Another member – Kalpana Dule – wanted loan for her husband’s business. She was emphatic that this would help her to augment her family income. Still another – Parul Baidya – applied for loan for house repair. Her desire was to improve the ‘dilapidated’ home.

Thus, on the face of it, loans were sought after for a variety of reasons. Some are outright consumption loans; some are for improving dwelling; some are ‘proxy loans’ to help

the husband in his business; yet another kind was like an investment in son's educational advancement. The loan applications are processed in the first round at the Group level. The Group members, with the help of Field Organizers, Commission Agents, and Field Supervisors scrutinize the loan demands and educate the members about the pros and cons of loans and how to repay the loans in instalments. Then, it is for the head office to again advise them at a specially convened meeting on a stipulated day. Surprisingly, defaulters have been marginal and repayments, despite occasional instalment defaults, have been the rule rather than the exception.

The third floor houses a small training wing and a seed museum. Costume jewellery, jari work and similar skill-creating and up-grading training programmes are occasionally organized with the help of experts. The seed museum is indeed an innovation. Rare and vanishing rice varieties and seeds of other rare varieties of crops are stored for propagation and publicity. This is still at a formative stage and expected to be further developed with expert help.



There is a plan to develop a full-fledged training wing and an agri-science lab to promote organic agriculture.



**Day 3.** We found the women members busy in production activities which, in the view of the organizers, have great potentialities for expansion. At the moment, the limited items produced are stocked in inadequate spaces and sold through only one shopping outlet located in the main office building and through push-sales in the localities with members going round the localities daily in the ramshackle rickshaw van. The future plan is to diversify productions and increase sales promotion to augment income as also to generate more employment.

### **A Real-Life Story**

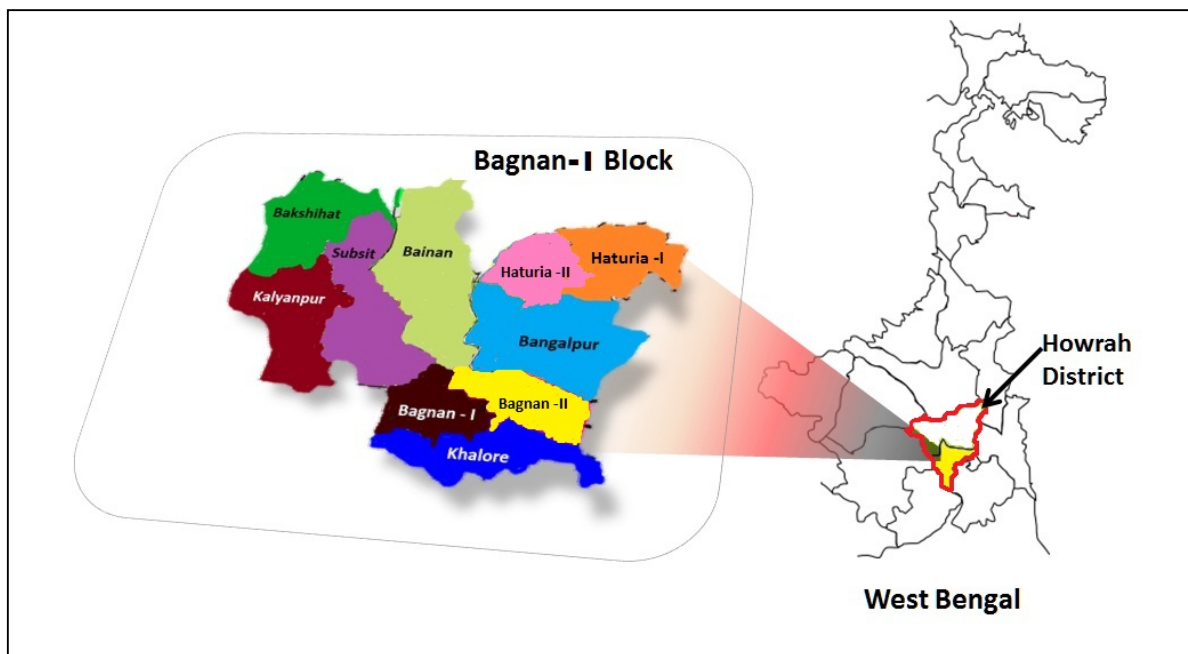
This is a real-life story of an exclusively women-based and women-operated and managed cooperative credit society with three distinct interdependent and interacting wings – each wing supporting and reinforcing the activities of other wings in a way that seems unique and deserves special study for replication elsewhere. The three complementary wings functioning in tandem are (a) an NGO wing with grassroots women’s voluntary groups forming the base, (b) a production-cum-marketing wing catering to the daily necessities of families of participating groups, and a (c) cooperative wing running deposits-cum-investment schemes to promote financial health of participating group members and helping them enhance their family income status.

An attempt has been made in this monograph to document, as faithfully as possible, the inception, growth, and present status of this unique women’s self-managed multi-pronged

effort to bring about socio-economic development of an entire area through a unique women-propelled movement.

### **The Beginning**

At Bagnan I Block of Howrah district, about 65 kilometres from Kolkata, over 22000 rural women of around 80 villages have created an organisation of their own that takes care of their micro financial services and socio-economic upliftment. This organisation today stands as a shining example of self-reliant development. It also provides the model of a leadership that is self-effacing and motivated by the humanitarian values and at the same time demonstrates an urge for learning and creativity.



The story began to unfold with the mass literacy campaign. Madhuri Ghosh, then the headmistress of a local primary school, was elected to Bagnan I Panchayat Samiti of Howrah district in 1993 and became the chairperson of its standing committee on education, culture, information and sports. Mass literacy campaign - a national programme of Government of India – was going on in full swing at that time in the district and as chairperson of the standing committee responsible for education, Madhuri plunged in the programme in full earnestness. In the process, she came into contact with many women, mostly belonging to the poor class, from whom she became gradually aware of not only their economic deprivations, but also of their various non-economic deprivations both within the household and in the society.

Madhuri felt the urge to do something, in addition to imparting literacy, for empowering these women economically and socially. She did not know what to do, when the scheme for 'development of women and children in rural areas' (DWCRA) – a Government of India scheme under IRDP – attracted her attention. DWCRA envisaged formation of women's groups for performing various economic and other activities together. Many neo-literate women of the mass literacy programme welcomed the idea, when Madhuri explained the scheme to them. Under IRDP there was another scheme of government of India known as 'training of rural youth for self-employment' (TRYSEM) under which the District Rural Development Agency (DRDA) of Howrah was arranging for various types of short-term vocational training. Members of some DWCRA groups took advantage of this and some women got training mushroom cultivation, food processing, tailoring, knitting, zari work etc. Initially, 13 groups with 10 to 15 members in each group were formed.

### **Organizational Diversification**

As the groups started working, more and more women expressed eagerness to form groups. Soon need was felt to federate the groups into an organisation primarily for production and marketing of the products and also for coordination among the groups. Accordingly the **DWCRA Group Samannay Samity** was formed in 1996. This was a non-registered Production and Marketing Cooperative of the groups and has remained so till today.

Apart from the economic activities, the thrift and credit activities of the women group members were increasing. Need was felt to have a formal organisation to provide various kinds of financial services to the members of the groups. The DRDA, Howrah advised them to form a cooperative society. Thus in 1997, **Bagnan I Mahila Bikash Cooperative Credit Society** (BMBCS) came into existence. BMBCS is a limited liability credit cooperative registered under the West Bengal Cooperative Societies Act, 1983. The story of BMBCS is told separately in this report.

When DWCRA groups were being formed, the objective was not only to promote economic well being of women, but to strive for their all-round development. Hence activities in various other fields, such as, literacy, education of children, health care, family welfare, conservation of natural environment etc were promoted through the groups. To plan, guide and coordinate these activities, need for a dedicated unit at the central level was felt. This led to the setting up of a central organisation called **Bagnan Gramin Mahila Sammelan** (BGMS) in 2002. BGMS is a society registered under the Societies Registration

Act. All development activities of the women members, other than the economic activities like savings and credit, production and marketing of manufactured products, are being guided and coordinated by BGMS.

Thus, for leading, guiding and coordinating the entire development activities of the members of the women's groups, three federation-type organisations have evolved in course of time, namely the *credit cooperative society*, *group samannay samiti* and *Gramin Mahila Sammelan*. All along in this journey beginning in 1993 with 13 fledgling DWCRA groups and culminating into the present form of development, the leadership has been provided by Madhuri Ghosh. When the activities expanded, her husband Gopal Ghosh, who has retired recently from the post of teacher in a local High Madrasa school, began to provide support. In fact, it was Mr. Ghosh who has practically built up the Mahila Bikash Cooperative Society from scratch. He describes himself as the friend of the movement of Bagnan's women and does not hold any post in any of the above three organisations. Working behind the scene, Gopal Ghosh made tremendous contribution in giving shape to the entire organisation. To the thousands of women members of the women's cooperative of Bagnan, 'Dada' and 'Didi' – as Gopal Ghosh and Madhuri Ghosh are respectively referred to – are practically iconic figures.

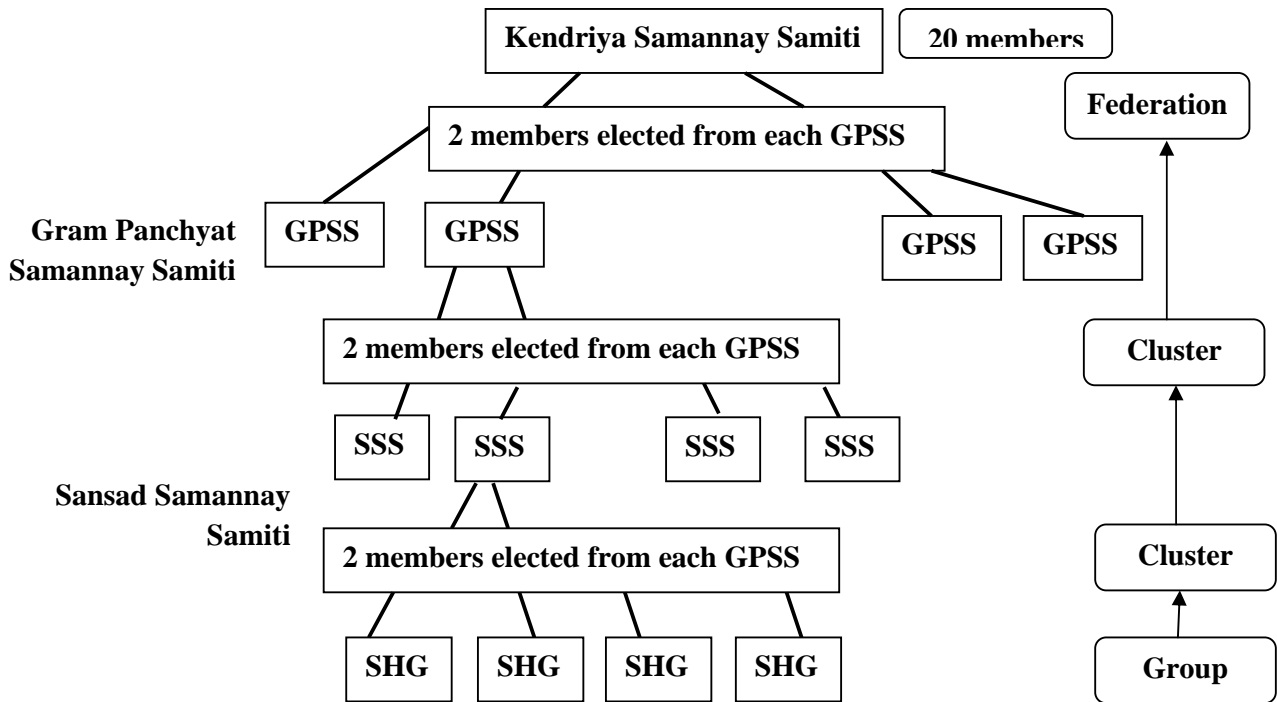
### **Organization structures**

As the above account reveals, the organization structures of Bagnan's women development activities have grown over time and out of the necessity to meet practical problems, as and when they arose. In what follows, this structure is described in detail.

*Basic Structure:* The basic structure of the Associations of women is shown in figure 1. At the bottom there are self-help groups of women who are the principal stakeholders. As of September 2011, there were 1051 groups with 15765 members spread over 80 out of 82 gram sansads in the Block. On an average, each group has 15/16 members.



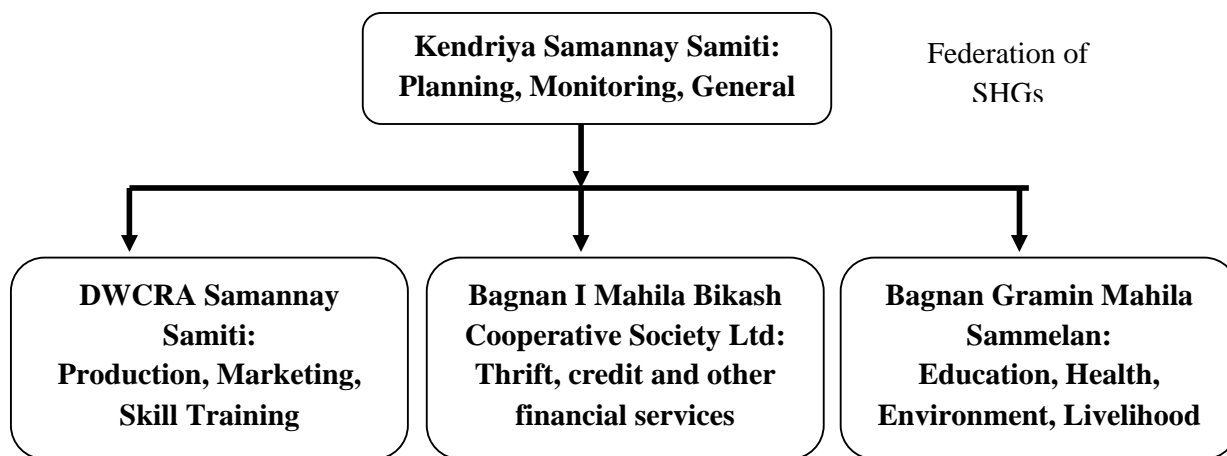
**Figure 1: SHGs, Clusters & Federation**



Each SHG holds annual general meeting every year and elects two leaders. All these leaders from all the SHGs of a gram sansad constitute Sansad Samannay Samiti. This is a cluster of SHGs within a gram sansad. Each SSS in its turn elect two leaders. All these leaders of all the SSSs constitute an association of clusters known as gram panchayat samannay samiti (GPSS). There are 10 GPSSs and each of them elects 2 members to constitute the federation of SHGs, which is known as Kendriya Samannay Samiti (KSS). It is a 20-member board and it elects from among its members the office-bearers, namely, Chairperson, Vice Chairperson(s), General Secretary, Secretaries etc. KSS is the highest policy making Board and looks after functions relating to planning, coordination and general policy direction.

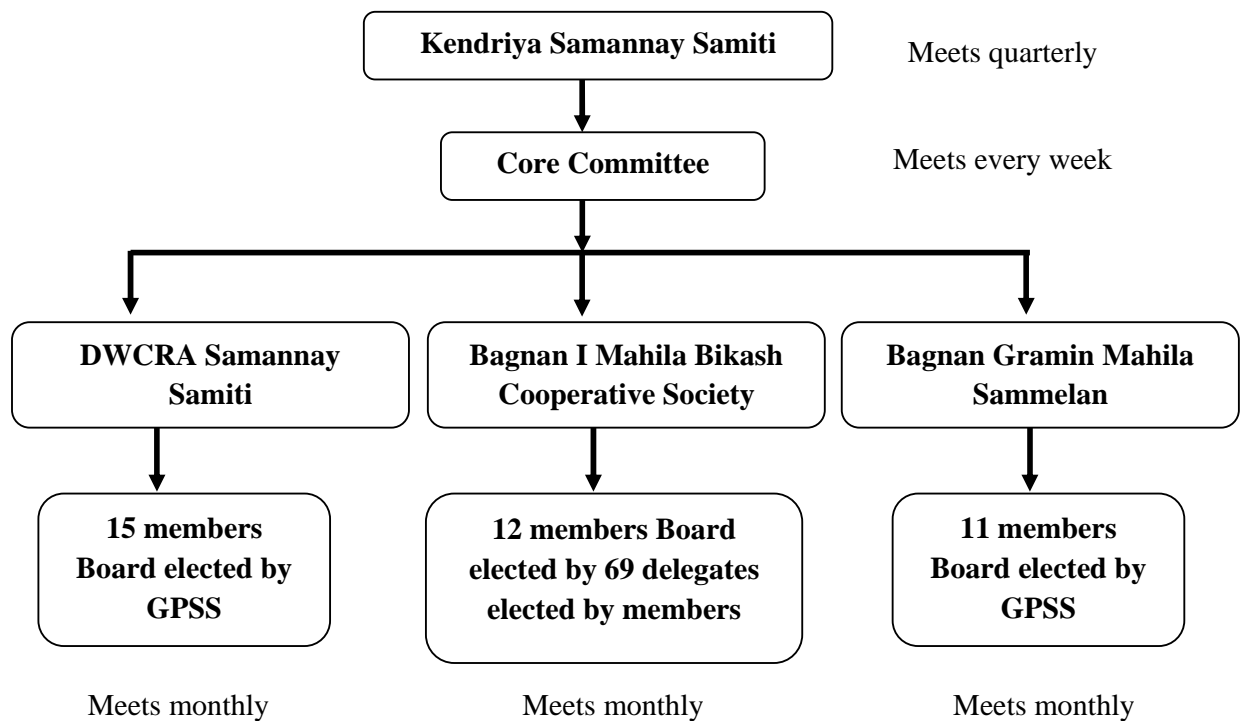
*Organizational Structure:* SHGs and their Associations and federation constitute the organisation structure, which has been indicated earlier. This is visually represented in figure 2.

**Figure : 2 Organization Structure**



As Figure 2 shows, KSS is the central policy making body. The three other bodies are the instruments of action. The central activities of the Association of women are carried out by these three bodies. The *top management structure* of these three bodies is depicted in figure 3. It will be seen that KSS meets once in three months to take stock of the position. The Board members of DW CRA Samannay Samiti and Mahila Sammelan, which has the status of an NGO, are elected by the GP Samannay Samitis of the SHGs. Each GPSS sends one member each to the Board of the Mahila Sammelan. There is one GP which sends two members, as the number of SHGs in that GP is more. The Board of this body is constituted with 11 members. Similarly each GPSS elects one or two members, depending upon the number of SHGs, to the board of DW CRA Samannay Samiti. There are 15 members in this organisation. So far as the cooperative Society is concerned, it has to follow the provisions of the Cooperative Societies Act to elect its governing body consisting of 12 members. In the cooperative society all the members of the SHGs are members. But there are some individual members also who may not have joined any group. The individual members of the cooperative unattached to any group constitute approximately 25% of the total members numbering 22278 as of September 2011. All these members elect 69 delegates, one delegate being elected from among 300 members. These delegates elect the Board members of the cooperative society and the Board.

**Figure : 3 Top Management Structure**



Members elect the office bearers. The election to the Board of the cooperative society is held once in three years, while the board members of DW CRA Samannay Samiti and Mahila Sannelan are elected annually.

For coordinating the activities of the three organisations on a regular basis, a *Core Committee* has been constituted. The Chairperson of the Kendriya Samannay Samiti is its chairperson. Its other members are the chairperson, Secretary and chief manager of each of the three organisations. The committee meets every week and closely monitors all the different kinds of activities.

The organization structure of Mahila Bikash activities of Bagnan I Block, as described above, is quite complex with over 1000 informal groups of women, their clusters, Associations of clusters and federation at the apex on the one hand. On the other hand, there are three central organizations two of which are registered and one is un-registered. Yet there is a unifying force that binds and holds them and presents an image of one integrated organization looking after different kinds of developmental needs of women. It seems that this unifying force gets generated through the combinations of several factors. *First*, in the groups and in their Associations at different levels and also in the apex organizations, women are the principal stakeholders and also principal decision makers. The highest decision

making bodies of all the Associations and organizations are constituted with members elected by the primary group members or their own associations. (Even in the cooperative society where there are members who do not belong to any group, the SHG members constitute 3/4<sup>th</sup> of the total members). Through the clusters and their Associations, avenues have been kept open for a two-way communication process (bottom-up and top-down). *Secondly*, all the three organizations have been created to meet all-round development of women. Each of them performs complimentary activities. Thrift and credit services are provided by the Cooperative Society, DWCRA Samiti looks after the promotion of non-agricultural economic activities of women members. The Mahila Sammelan looks after other development needs of women, including education and extension of livelihood opportunities of poor women who have remained uncovered by the SHGs. *Last but not the least*, mention must be made of the leadership provided by the iconic figures (earlier mentioned) of the entire programme, namely Madhuri Ghosh and Gopal Ghosh. There was a time when Madhuri Ghosh was heading all the three organizations. Now she retains only the post of Kendriya Samannay Samiti, while others have taken the positions of chairpersons of the other three organisations. But to the organization members, Dada and Didi are their sources of strength and the allegiance, love and respect for the leaders have contributed in no small measure to the orchestrated and well-integrated operations of the disparate activities of the SHGs of women of Bagnan I Block.

### **The Coperative Bank**

The Bagnan Mahila Bikash Cooperative Credit Society (BMBCS) follows the policy of Savings first, credit later. The BMBCS has shown strong confidence on poor people's savings potential. This organization prefers to work independently and wants to be fully self-sustainable. It is always difficult for poor people to have their savings secured. Aim of the BMBCS is to provide secured savings facility to the poorest sector of the society. This secured savings give the poor not only economic security during times of adversity but also mental strength.

Every member has an individual savings account in the bank in addition to their group account. Table. 1 shows the savings products offered by BMBCS.

**Table 1 : Savings products offered by BMBCS**

Savings Products	Features	Interest Payable by BMBC (pa)
Group Savings	Rs. 10 saved per month per member	7%
Savings Deposit	Rs. 10 minimum transaction amount; like ordinary bank savings	5%
Daily Savings	Rs. 10 saved per day; for women engaged in self-employment	6%
Monthly Income Scheme	Min. deposit Rs 10,000; saved by SHGs collectively	9%
Guarantee Fund	2% of Loan amount deposited in this account	6%
Share Capital	Dividend earnings	6.5%

Note: Above-mentioned interest rates payable by BMBCS are indicative in nature

Table 2 shows the loan products of BMBCS. Loan products offered by the BMBCS are classified in five groups. Short term loan is given for 1 year. The interest rate for this short term loan is 12% per annum. The upper limit for loan amount is Rs 10000/-. Medium term loan is sanctioned for 3 years. There are three types of medium term loans namely medium term poor, medium term distress and medium term general. The medium term loan for the distress is interest free. Interest rate for medium term loan for the poor is 12% per annum and interest rate for medium term general is 15%. Long term loan is for 5 years. Overall upper limit for the loan amount that can be availed is Rs 100000/-.

**Table 2 Loan Products offered by BMBCS**

Loan products	Duration	Amount	Interest charged (pa)
Short Term	1 year	Upto Rs 10000	12%
Medium Term Poor	3 years	Upto Rs 10000	12%
Medium Term Distress	3 years	Upto Rs 10000	Free
Medium Term	3 years	Rs 10000 – Rs 30000	15%
Long Term	5 years	Above Rs 30000	18%

The loan is repaid in terms of EMIs – Equated Monthly Installments. There is a penalty in the form of simple interest on 1.25% for default in payment. However, in order to encourage timely repayment of loan, there is a reward.

Figure 4 shows the amount of loan disbursed during 2009-11. Total amount disbursed during 2010-11 is Rs 662.27 lakh. It has increased by 43.1 % over 2008-09. Medium term loan is the largest component of the loan products. It is found that during the period from 2008-09 to 2010-11, on an average 84.41% of the total loan is sanctioned as medium term loan. 52.34% of the medium term loan has been sanctioned in favour of the poor. 15.57% of the total loan has been sanctioned as long term loan during this period. 0.39% of the total loan has been sanctioned as medium term loan for the distress person during the same period. This loan is sanctioned as free of any interest charges.

**Figure 4: Loan Disbursement during 2009-2011**

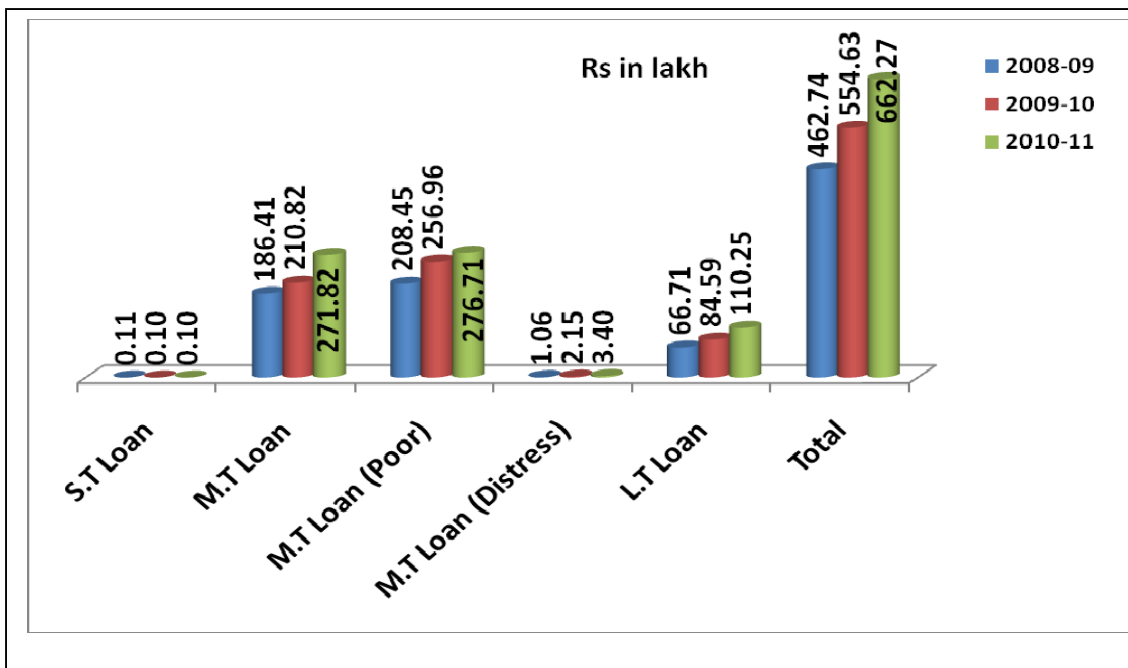
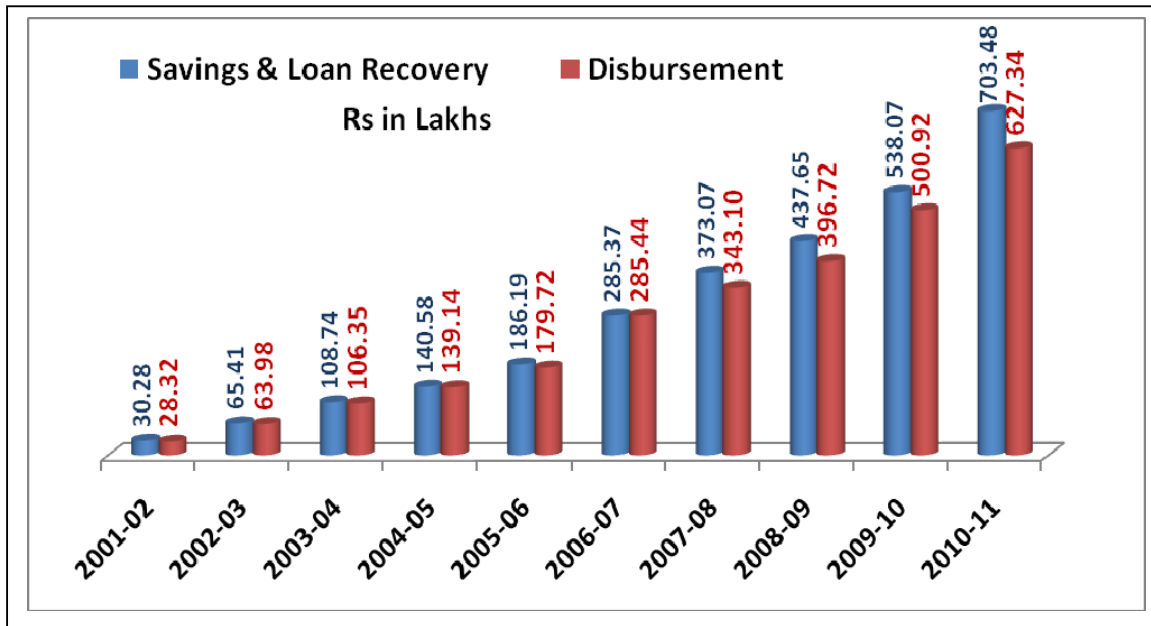


Figure 5 highlights savings and loan recovery and disbursement during 2001-02 to 2010-11. Savings and loan recovery indicates the inflow of fund in the bank. It increased from as low as 30.28 lakhs in 2001-02 to as high as 703.48 in 2010-11. The annual compound growth rate is 41.8%. The disbursement of has also increase proportionality during the period. Interestingly there is always surplus in inflow and outflow of fund.

**Figure 5: Savings and Loan Recovery & Disbursement**



### **Loan Recovery Process**

BMBCS has a remarkable track record of timely loan recovery and, in consequence, of very low default figure. This is due to a number of steps taken by the management from the very first step of loan sanction. The process is as follows:

- i. holding of pre-sanction ‘conscientization’ camps with a view to familiarizing the prospective loanees with the rules and regulations regarding payments and the possible ‘problems’ they might face after contracting the loans;
- ii. using the SHG as base-line loan recommending body as also making the SHG, from the very beginning, responsible for supervising the task of loan repayment;
- iii. besides SHG supervision, the Commission Agent visits the loanee’s house (after loan sanction) every week to remind her about timely repayment;
- iv. to encourage timely repayment, the loanee is rewarded with 5 percent (of the total interest payable) interest exemption, and in case of default in payment, imposition of 1 percent additional interest as punitive measure;
- v. salary of Commission Agents is conditional on the achievement in respect of repayment collection;
- vi. sanction of fresh loan made conditional on the record of prompt repayment;
- vii. close and regular supervision and evaluation of the job of employees charged with the responsibility of repayment collection

- viii. it benefits the loanee when she has to pay less interest, and per contra, it benefits the Society if the loanee pays more interest. Still, it is the policy of the Society to encourage the loanees to make loan repayments with less interest;
- ix. in exceptional cases, the Society, on an appeal made by a loanee in great financial distress, stops taking interest on the loan;
- x. as a matter of policy, efforts are constantly made by the Society to keep the interest as low as possible.

**Policy of Avoiding ‘Debt Trap’**

One major complaint against the SHG-system has been that it often lands poor members in a vicious ‘debt trap’. Lured by the prospect of easy loan availability and without any help regarding proper financial planning to augment real income, the poor women often get trapped in heavy burdens of loan which they find it difficult to repay.

Being fully conscious of this danger, BMBCS has adopted certain ‘policy’ decisions collectively, involving all members of the SHGs. These are as under:

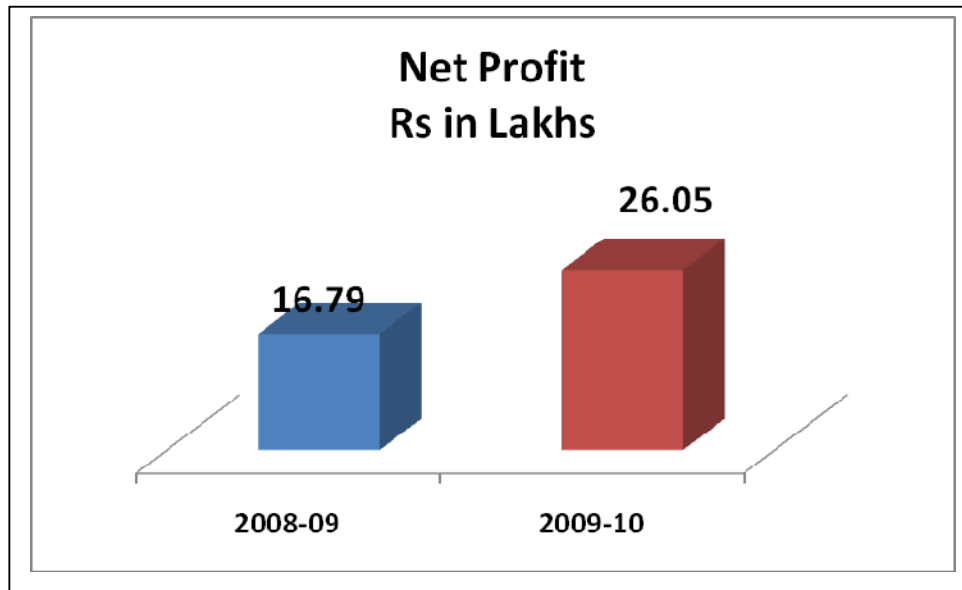
<b>How Members are ‘conscientized’ about ‘LOAN BURDEN’</b>	<b>What BMBCS actually does</b>
Loan is a BURDEN. Before taking this burden on the shoulder, beware of strength of your shoulder	A principle has been worked out to determine a Member’s entitlement to a certain loan amount (quantum), based on assesment of her capacity to repay. In no case can this amount be varied
Loan should be taken not only on consideration of ‘need’, but also on consideration of one’s ‘capacity to repay’	Small loan is normally repayable in a year which may be burdensome for some poor members. Loanee is then given option to repay in one, three or five years. Poor members can thus make repayments of even large loans in much less instalments
Loan is not only a BURDEN, it is also a ‘TRAP’. Anybody can fall in this trap without considering one’s ability to repay	In place of originally fixed interest, interest being fixed on daily basis on the principle of gradually decreasing rate, many can make repayments with small interest payment
Once ‘trapped’, a large portion of one’s income will go to loan repayment, landing a normal family in a bankrupt situation	Reward of 5% exemption on total interest also reduces interest burden
Loan repayment involves both ‘principal’ and ‘interest’ payments. ‘Principal’ is ‘income’, ‘interest’ is ‘expenditure’. An intelligent person will always try to minimize ‘expenditure’. Following this principle, everybody should try to lessen interest burden	Despite fixed repayment period and fixed monthly instalment, a Member can make repayment at any time. This reduces interest burden



### **BMBCS's Net Profit**

Figure 6 shows the net profit of the bank. As can be seen from the figures below, net profit has increased consistently over the years.

**Figure 6: Net Profit**

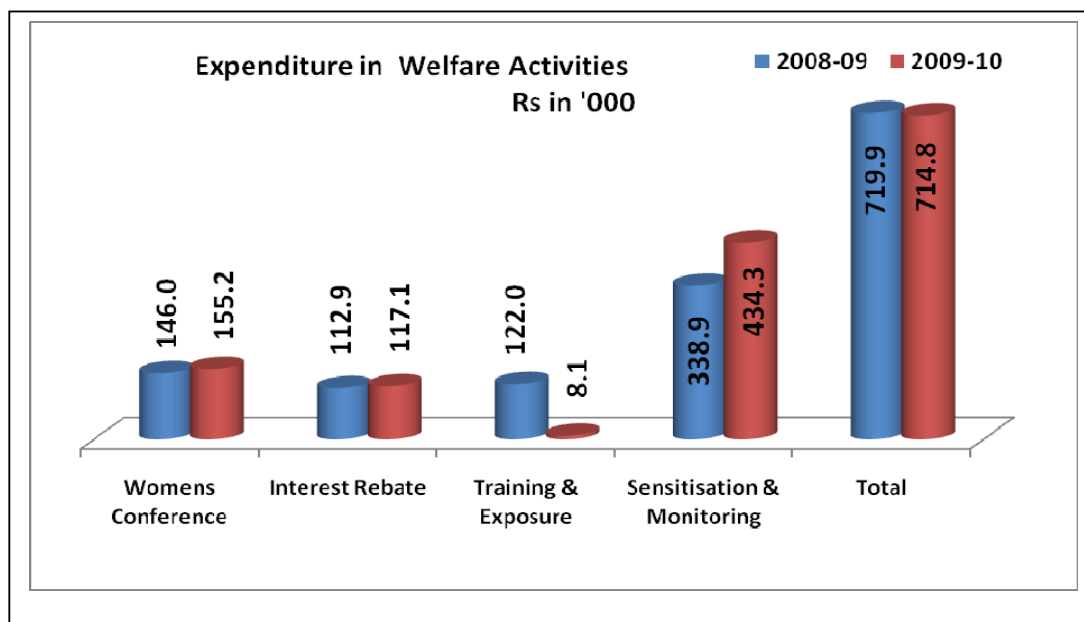


### **Income-Generating Projects (IGP)**

Another important activity of BMBCS is related to small loans (IGP) sanctioned for the purpose of income-generating projects. The projects covered under this scheme are linked to:

- cottage industry such as 'jorry work', knitting work, food processing etc.
- floriculture and flower trade
- vegetable and fish trades
- stationery shops
- trading in clothing and dress material.

**Figure 7: Expenditure on Welfare Activities**



### **BMBCS's Welfare Activities**

As can be seen from the figures 7 above, BMBCS has been consistently allocating more funds to various welfare programmes. There has been an attempt in recent times to further expand this sector by including more hands-on skill-creating training programmes, opening of model schools in poorer localities, and setting up of agri-lab for the spread of organic agricultural cultivation.

### **Unique Features of BMBCS**

In concluding, certain unique features of the BMBCS deserve special mention.

- A. One striking feature of BMBCS is its pure and unalloyed 'Civil Society' character. Apart from receiving some occasional grants from Government (building grant) and the UNICEF and CARE (for equipment etc.), the BMBCS has sedulously kept itself aloof from Government. In a true sense, it is an exclusively civil-society driven enterprise.
- B. The other unique feature is its all-women character. With the exception of one System Administrator, and a Driver of the motor rickshaw van for sales purposes, the entire organization is run by women – women of considerable competence and showing exceptional camaraderie.

- C. The BMBCS is an amalgam of three activities: (a) economic (banking-related), (b) manufacturing, production & sales and (c) social development including managing of SHGs and their social development activities in such fields as education, public health, family welfare, and environmental improvement. The way these three ‘wings’ of the BMBCS is coordinated and synchronized to produce harmonized action needs show-casing.
- D. Although we did not do any specific study of BMBCS’s contribution to ‘social cohesion’ as such, we came across sufficient evidences of different communities and castes mixing freely and conducting all the activities as one integrated team. Caste and Minority (Muslim) status does not seem to have any divisive effect on ‘work’ which is shouldered equally by every one erasing all notions of social distinctions in the larger ‘Society’.
- E. Managerially speaking, one unique feature of BMBCS is what can be termed, following management jargon, sound ‘environmental management’ of its total business. This particular aspect seems unique in the sense that the track record of BMBCS’s continued success reveals an unusually sound, albeit anonymous, managerial genius. In this respect, certain sterling features deserve special mention.
- i. ‘Politics’, which is a known spoilsport in West Bengal and which is difficult to avoid in this State in any sphere of life, does not seem to have any effect whatsoever on the running of the BMBCS.
  - ii. BMBCS’s management has been extremely technology-savvy. The entire work process has been computerised. Field collections are immediately relayed to the head office through a newly acquired digitized calculator. The crop-seed museum is an example of real innovativeness. A new proposal under implementation is an agri-lab to lend scientific support to organic farming as also to help poor families to improve their earnings through small household productions.
- F. To augment income, BMBCS is currently considering diversification of its activities including pisciculture through its own ponds or ponds taken on lease, and expanding further its production and sales activities. A diversified programme of hands-on trainings on specific demand-driven themes such as costume jewellery, organic farming, tailoring etc. is being actively pursued. For this purpose, a new Annexe is being built which is close to completion.

- G. Increased attention on ‘production’ and ‘sales’ diversification is another aspect of BMBCS’s work being contemplated at this moment. For this purpose, BMBCS is exploring possibilities of ‘restructuring’ of the organization within the cooperative framework.
- H. BMBCS is also expanding its ‘welfare’ activities by allocating more ear-marked funds for such activities as more skill-based training, children’s education especially in poorer areas of the Block, and setting up of agri-labs for the spread of organic agricultural production.
- I. G. Last but not the least, a faceless, wholly committed ‘leadership’ has been BMBCS’s fortuitous asset. The Maduhri-Gopal ghosh combination has hardly any parallel in social development sphere. It is their silent and almost anonymous ‘leadership’ that keeps thing moving, lends dynamism to the entire organization, and sustains group solidarity.