

Working Paper Series

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**The Idea of a
Federation**

An Idea whose time has not yet come?

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Ajit Kanitkar



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Introduction

This note is based on a series of interactions with development practitioners in the field who are promoting women's institutions at the grassroots in difficult regions of the country. PRADAN is one of the leading self-help promoting institutions (SHPIs) in the country. Its professionals have formed a large number of self-help-groups (SHGs) of women. The SHGs are later federated at the village level, then at a cluster and subsequently at a block level. PRADAN is not the only SHPI. There are at least a hundred or even more such large national and regional level NGOs whose main programmatic intervention has been promoting women SHGs. NABARD has been the main champion of this intervention from early 1990 to date. As the intervention has progressed, many of them by default (and not by design) has facilitated the formation of the cluster-block level federations. With the launch of the National Rural Livelihood Project (NRLP) and the subsequent National Rural Livelihood Mission (NRLM) in all parts of the country, the SHG formation process has accelerated much fold with active support and facilitation of the state governments, the Government of India and donors such as the World Bank. There are more than 100,000 such federations across the country. In 2019, almost no part of the country has remained outside the preview of the SHG movement. While one can assert with reasonable confidence that the 'idea of SHG' has undoubtedly arrived and has demonstrated the potentials and possibilities of SHG as a platform for women for their economic and social empowerment, one is not sure if the same view can be taken about the federation of SHGs. This note attempts to present some of the challenges faced by SHPIs in strengthening and ensuring sustainability of federations that they have promoted.

The note attempts to present the challenges and dilemmas faced by professionals in the field. We also recommend reading of a recent academic paper (Shylendra 2018)¹ "Federating the Self-Help Groups (SHGs) in India: Emerging Conceptual and Policy Challenges". Our note is based on practitioners' perceptions thus together with the above academic contribution, our hope is both the practitioners and academicians would be able to further their understanding about federations and contribute to the knowledge about these entities. The note discusses the following points.

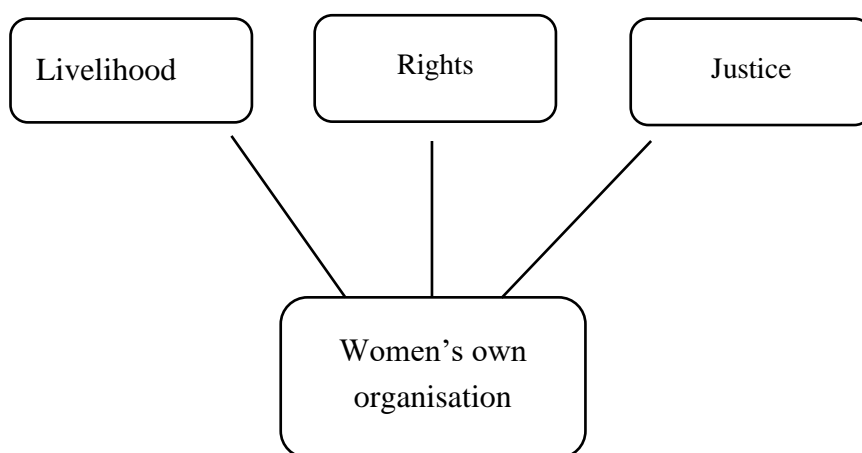
¹ Shylendra, H. S. (2018) "Federating the self-help groups (SHGs) in India: Emerging Conceptual and Policy Challenges" International Journal of Rural Management, 14 (2) 154-181

- Why federation
- The Agenda of a federation
- Members and their linkage with the federation
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- Leadership of federation
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Why federation? The Agenda of the federation

The federations are essentially a ‘promoted’ entity, same as that of a self-help group and its subsequent tiers at cluster and block level. Just as an SHPI has to undertake spearhead work in ‘promoting’ a small group of 10 to 15 women into a stable entity, federations are not ‘*Swayambu*’ entities; these are more than often popped up at the behest of the external entity. The subsequent dynamic of dependence, sustainability, member connectivity are all arising out of this ‘promotional’ design. In a sense, these are not organically evolved entities. As a result, a federation of say 5000 women, formed out of 500 odd SHGs from a cluster of 10 to 15 villages, the agenda evolves over some time.

In discussion with PRADAN professionals and leadership of federations the agenda of a federation could be articulated as in the following picture:



While organising women is the core function of the federation, its work gets manifested into three broad directions. Promoting and strengthening livelihoods, ensuring the rights of women and securing justice for its women membership are the three anchors around which the work of the federation is articulated. In our meeting with women Board of Directors, the trinity of *Aajivika, Nyaya and Adhikar* was articulated very clearly by all of them.

Thus, the agenda articulated by both the professionals from the SHPI and the women themselves rests on both Transactional and Transformational objectives. Ensuring smooth saving and credit operations of SHGs, auditing and record keeping of books of accounts, learning and disseminating a new package of practice for agriculture, promoting diversified livelihood activities such as backyard poultry are all important activities that promote individual wellbeing of members. Essentially these activities are transaction oriented, members contribute something and in return get tangible benefits. The federation by undertaking some above activities can attract members' interest because as long as the activities contribute to concrete and tangible Private Good, members have the incentive to be an active participant in the running of the federation. The transactional objectives could also be understood as economic objectives directly meeting the economic needs of the members.

The Transformational objectives are by its very nature long-term, promoting intangible benefits and thereby contributing to the overall Public Good that is difficult to attribute to an individual member's benefit but promotes the wellbeing of a large membership. A federation taking up awareness campaign on Violence against Women (VAW) or training programme for education on ill-effects of child marriages are activities that promote a collective or public good. Its benefit is not necessarily tangible, accrued to a single individual and thereby difficult in terms of possibilities to generate revenues for its sustenance. There are high chances that members will contribute for a fee to be able to access a loan and relatively less probable that the federation could charge some fees for a training programme offered on VAW theme. These objectives are also 'political' in nature that challenge existing social and cultural norms.

Agenda and Role of a federation: Perspectives of SHPI and membership

The SHPI and its professional would very much like to see the federation to be undertaking a large canvass of activities embracing both the *Transformational and the Transactional* agenda. It is important for a federation to be involved in concrete, tangible offerings to its members so that it can create a space in the minds of its primary members. Providing audit services, the services of a computer Munshi for book-keeping in PRADAN promoted SHGs, organising

training programmes on livelihoods are some examples. However, SHPIs like PRADAN desire to see their ‘promoted’ federations covering a central space in the lives of its members. That the federations are still peripheral and *not central* to the lives of the women is their constant worry. It is thus also important to see how central and critical the federations in the lives of women are.

We heard two descriptions of the role of the federation in a large SHG programme promoted by a reputed institution in Uttar Pradesh. One women leader of a federation described the role of a federation in Hindi as a “*Suraksha Kavach*” (a protective shield).

The federation, a collective of 4 to 5000 women, provides a sense of solidarity and collective empowerment for its membership. It is this collective strength that individual woman hope to bank upon in times of gross injustice, personal tragedies and patriarchy induced violence rampant in families and society. There have been several instances narrated vividly by women in interactions how a federation has come to their rescue in times of husbands beating wives, continued nuisance of the presence of alcohol addicted male in the family and even cases of witch-hunting and resulting harassment by the community. The federation is thus the collective voice and representation of women in that region.

Typically annual events such as a *MahaAdiveshan* (Annual General Meeting), gathering to celebrate Women’s Day are opportunities for them to demonstrate this solidarity. Such events also ensure the beginning of bonding between a member and the larger institution of the federation.

Federation as an aggregation platform and a pipeline

While the SHPI and women would like to view federation as a representation of the voice of women and space to demonstrate their collective strength, some others especially the government administrative machinery might not necessarily hold the same view. In our interactions with some NGOs as also government functionaries, we observed that in their opinion, a federation was not more than a ‘convenient’ platform (some NGOs call it a pipeline) to push government schemes such as housing, Aadhar card enrollment and pension to name a few. Federations are seen as an ‘easy’, cost-effective and convenient way of reaching out to a large citizen group that otherwise would have inaccessible. Thus federations and its affiliations provide a useful and effective ‘instrument’ similar to the approach followed by wholesale lending institutions in delivering credit to the women via intermediation of the federation. Federations are seen closer to the ground and are a pipeline to reach benefits to the last mile.

All governments always emphasize the task of reaching to the last mile. But often, most of the government agencies find it hard to accomplish given its meagre and depleting staff strength over the years on the one hand and a plethora of new schemes of both the state and the central government forcing them to reach out to the last mile.

Running a federation viably

A major challenge before SHPIs is to ensure that federations are viable both financially and institution wise. There are two broad categories of services (and therefore income streams-fees) that a federation can offer to its membership. The fund based services potentially offer opportunities to retain some interest if the federation has chosen to be facilitating financial institutions, by channeling huge volume of funds to its members and ensuring repayment of the same, the federation is in a position to levy a certain service charge. The interest spread (wholesale loan rate and interest rate for its members) is sufficient to generate significant revenue for the federation to manage its operations, staff expenses, office rent and so on.

SHPIs who have decided NOT to be in financial intermediation the challenge is lack of any significant revenue stream for meeting even routine expenses of the federation. Thus while federations might have a grand vision for its functioning, the vision is probably not matched by adequate financial resources. The fee-based activities of the federation are thought to be a solution to generate resources. However, the ground level experience suggests that there is a major reluctance to part with fees for even, services that are seen to be adding value to the members. Fee-based revenue stream does not generate sufficient vibrancy in the organisation.

Member Connect and Member Centrality

To what extent, the federation assumes a central space in the minds of each of its 4-5000 members? If the federation were to remain non-existent, would it in any way impact the membership?

The same question needs to be asked regarding the functioning of the SHGs and its members. In the case of the SHGs, individual's member relationship is intimate with the SHG. Credit and savings transaction plus other services bind members together. The member-connect with higher level institution tend to get weaker especially if the federation has consciously decided *not* to be in financial on-lending business. In the absence of day-to-day transactions, how does a member's life get impacted by the working of a federation?

The above is a chicken-egg situation. If the federation does not offer something that is ‘central’ and critical to the lives of its members (other than private goods and economic transactions), the member tends to lose interest in the affairs of the federation. Weaker the member's’ connectivity, lesser the chance of the federation in a position to first understand members needs and then be in a position to respond to those needs. A ‘*MahaAdiveshan*’-gathering of 5000 women held once in a year, ten to fifteen cases of gender violence addressed by the federation’s sub-committee in a year and a few more rallies around social issues need not necessarily keep the interest of all the members alive in the functioning of the institution. It certainly has then implication on the governance and management functions of the federation.

The challenge to be responsive to the members’ needs is a complex one. If the federation leadership decides to take up issues that directly affect economic wellbeing of members, for example supplying quality seeds, providing marketing support for crops, introducing new technology for agriculture (essentially livelihood services), and the federation needs to have both financial and human capacities to be in a position to offer such services. Also, members should be willing to pay for these services because then only the federation can offer these services sustainably. In the absence of specific technical knowledge and expertise around livelihood services within the federation, even if such opportunities exist, it might not be immediately possible to provide those. Ideally, the NGO professionals aspire to see the federation substituting them and taking over all the functions that they initially provide to the federation but somehow struggle to ensure that happening given above challenges.

Thus, lesser the provision of tangible services, higher the possibilities of a weak member connect with the federation.

In addition to the absence of managerial and human capacities, the member-connect on issues other than financial services tend to get weak as it happens in a typical communication exercise also known as the Chinese whisper. The message in the communication channel gets completely distorted as it travels from the first member to the last member in that exercise. The Board members are supposed to communicate all key messages to their membership and are also expected to bring above the concerns of the members. The SHPIs have observed that there are many gaps both ways in this process resulting in a weak member connect.

Rotational leadership in a federation: Challenges and dilemmas

Leadership function assumes a critical role in the running of a federation. Typically, in the initial years, when SHPI is more active in promoting new SHGs and federating them into a

higher tier, a few women from the community tend to take leadership roles. These women also help the SHPIs to build cluster/block level federations. Many of these women demonstrate a strong sense of voluntarism, motivation to 'extend' oneself in the service of others (also called as extension motivation), qualities of fearlessness, self-confidence and articulation despite adequate educational background or exposure. Empathy and altruism are the driving factors for these women to assume leadership roles in an emerging organisation where rewards and remuneration are not too many. They face resistance, scorn and many times run the risk of challenging the existing power structure within and outside the family at great personal risk.

There arise multiple challenges when the activities of SHPI get 'accepted' in the region; SHGs and their federations grow in numbers and 'stabilise' in their functioning, and the SHPI in its wisdom expects 'rotation' of leadership roles in order to encourage newer and even inexperienced members to take over from the initial promoters and women leaders. Interactions with professionals and practitioners in SHPIs suggest that while 'rotational leadership' is a desirable governance practice and largely imposed by the SHPI, in reality, this practice leads to some governance and management challenges.

Experienced (and sometimes entrenched) leadership does not easily give way for new representatives. Often leadership rotation results in ego clashes and disheartenment among existing and new leaders, leading to a dysfunctional functioning of the federation. Younger and inexperienced leaders find it challenging to govern and manage the affairs of the federation thereby continuing to be dependent on (entrenched) experienced staff (who are most likely to be men) or professionals of SHPI, thereby continuing the dependence for even day-to-day decision making. Those women leaders with more ambitions and 'political' aspirations leave federations to choose to pursue electoral politics at a local level (such as contesting for village panchayat election). Some have been offered employment opportunities as field-level programmes staff of other development programmes such as the Community Resource Person (CRP) or a block coordinator.

A professional summed up the two unintended consequences of rotation in leadership, "Now most of the leaders in the federation are women with old age, mostly illiterate and with limited financial skills. Those who had potentials and ambitions have left. The rotation has also thrown up the role of volunteerism. Earlier, many women saw working with a voluntary spirit for the community as a preferred option. Now that is no more perceived as a desired option. Many women want to become a CRP because while they do want to work for the community, they

receive compensation for the tasks performed. Nothing wrong in that but women sometimes prefer to be interested in the later as being a board member of a federation is seen both a non-remunerative and time-consuming responsibility.”

An idea whose time has not yet come?

To conclude, we seemed to have reached an intellectual dead-end regarding our aspirations of a federation that is governed and managed by women-members and the reality unfolding in practice. On one hand we (meaning outsiders, and generally those from the SHPIs) see the need and importance of an apex structure that large number of SHGs affiliating to a higher tier such as federations, but we are not sure how these structures will be meaningful in the lives of the women for whom they are ‘created’ by outsiders like us. We as development interventionists have ‘promoted’ federations with a hope that eventually these will replace us, but we are unsure how even after fifteen to twenty years of external support from SHPIs, these federations would continue to function both in letter and spirit. We see evidence of tremendous ‘social capital’ that is built in each part of the country, but we also feel rather tentative about ensuring that this social capital does not deplete/erode over a period in the absence of weak member connect and tenuous governance and management capacities in many of these entities. Finally, federations have channelised huge spirit of ‘voluntarism’ across hundreds of women, but how long can one sustain these feeling of altruism. So one leaves with a rather unfinished agenda on federations and wonders whether this is an idea whose time has not yet come and if we as SHPIs need to reorient our functioning as a SHPI if we want to see vibrant and independent federations.

The note is based on a series of interactions with professionals from PRADAN. These interactions were organised by PRADAN in Delhi, Ranchi and Bhubaneshwar from 2016 to 2018. More than thirty PRADAN professionals participated in these workshops facilitated by the author and Dr Sanjiv Phansalkar of VAF and Madhu Khetan of PRADAN. The objective of the workshop was to evolve a nuanced understanding of federations and their work. Many of these federations have been promoted by PRADAN in its work area, some from as early as 1993 onwards. There were similar interactions with professionals from SRIJAN in Delhi on the same theme in 2019.

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Mailing Address:

VikasAnvesh Foundation,
6th Floor, Galore Tech Lohia- Jain,
LMD Chowk, Bavdhan,
Pune - 411021

Email: info@vikasanvesh.in

Website: www.vikasanvesh.in