

## CONCLUSIONS AND SUGGESTIONS

The aim of this dissertation is to evaluate the role of self help groups in empowering women in Guntur District, Andhra Pradesh. For the purpose of this work 'empowerment is understood as an improvement in socio-economic conditions of women, inculcating participative attitude and decision making power'.

Forming into small groups to help each other had been the oldest activity. The singular aim of these groups was self help. Academic enquiry by the scholars revealed that humans have been engaged in group activity aimed at facilitating their economic needs for centuries. These groups were called Rotating Savings and Credit Associations (ROSCAs). In its pure form, ROSCA comprised of a group of people, who regularly contribute a pre-agreed amount to a saving pot each period. The pot accumulated each period was then allocated to a winner, who is determined randomly. The ROSCA continues with the winner of the pot excluded from receiving the pot in the future. It terminates after each member has received the pot once, and another fresh circle begins

The earliest recorded evidence about these institutions was found in Japan in 1225. Surprisingly, this institution had its origin in India. From India it traveled to China and reached Japan. At present, the presence of ROSCAs is recorded in around 80 countries. Variations of ROSCAs, with commercial nature, either disappeared or broken down or faced many ups and downs. But, ROSCAs survived centuries of changes. Even now employees, house wives, petty traders and other social groups poll up some money to be distributed among them by rotation. The main reason for

this is their social composition. Eversince, ROSCAs came into existence, they were formed as socially homogenous groups - homogenous either by caste, religion, profession, area of residence, and kinship.

When Government of India faced serious problem of credit flow to the rural sector, which was hampering the productivity, Gross Domestic Product, traditional village industries and employment generation, it decided to meet the supply side of the problem with the help of IRDP. Soon it was realized that more appropriate solution would be to create self help groups, train them in entrepreneurial activity and provide necessary finances to carry on the activity. It was also decided to give importance to homogeneity of members while forming the groups. These groups have to act as self help groups for one year before they get bank support. During the first year they have to save money every month, deposit the money with a bank and lend the money to the needy members. Initially, this strategy was called Development of Women Children in Rural Areas and the groups so formed were called DWCRA groups. A number of voluntary organizations also formed self help groups and followed the same structure and procedure.

In late 90s the Planning commission decided to replace DWCRA groups with self help groups. Except the change in the name the structure, rules and regulations were the same. According to National Bank for Rural Development the following are the important characteristics of self help groups.

Self help groups are formed with members of poor and very poor families. Homogeneity shall be considered as vital aspect in forming the groups. The members

of a group shall have similar experience of poverty or similar living conditions or same kind of livelihood or same community or caste or same place of origin.

The self help groups shall maintain Minutes Book, Savings and Loan Register, Weekly Register and Members' Pass books. Training of the members is important for proper functioning of SHGs. The members shall be trained in Basic mathematics, writing of books, scheduling of meetings, social aspects like women empowerment, and basics of lending money, borrowing and repayment.

**Functions of SHGs :**

1. Savings: However small may be the amount, the self help groups shall save money. The savings have to be a regular and continuous. 'Savings first- Credit later' should be the motto of every group member.
2. Internal lending: The savings shall be used as loans for members. The purpose, amount, rate of interest, etc., shall be decided by the group itself. The Group shall keep proper accounts for all financial transactions.
3. Opening savings bank account with bank: This enables the SHG members to obtain loans from banks, and repaying the same

According to a report submitted to World Bank Mission by District Rural Development Agency of Guntur District the following are the objectives, rules and regulations followed by the Indira Kranti Padham in forming and sustaining the self help groups:

1. All White Card holders shall be enrolled in to SHGs.
2. All SHGs shall be enrolled in to Village Organisations.
3. All Village Organisations shall be federated into Mandal Samakhyas.
4. Leadership to be rotated in respective SHGs who are acting as leaders since long time.
5. Office bearers should be changed in all Village Organisations and Mandal Samakhyas in the District and office bearers of Zilla Samakhyas also to be changed in every year.

All SHGs shall follow “*Panch Sutras*” (five principles) viz., weekly meetings, weekly savings, weekly lending, weekly repayments and weekly book keeping. All SHGs shall maintain Sangha Book Keepers (SBKs) through their own funds.

The duties of SHGs are ensuring the group savings and access loans to meet consumption needs and other productive activities.

The duties of village organisations are promoting more SHGs with left over poor, monitoring and strengthening of existing SHGs, providing higher order loans to SHGs and taking up village development activities.

The duties of Mandal Samakhyas are taking up various social development issues, marketing activities, commodities marketing and strengthening of village organizations.

The duties of Mandal Training Centers are meeting the capacity building requirements of SHGs, village organisations, mandal samakhyas, and providing information and access to various facilities including government programmes and market information.

Self help groups shall follow community-to-community approach. The purpose of this approach is to build capacities of three community based organisations viz., homogeneous self help groups, village organisations, and mandal samakhyas.

**Objectives of the study:** The objectives of the study are:

1. To understand the importance of women empowerment.
2. To study the socio-economic characteristics of the selected members and the changes that the membership brought into their lives.
3. To identify the difficulties or problems encountered by the members of self help groups while participating in the group activity and running the enterprises.
4. To examine the effectiveness of the current administrative set-up and the organisational structure for the successful implementation of the programme, and
5. To derive some suitable suggestions or corrective measures for effective implementation of self help group programme, on the basis of the data collected from the field and analysis of the same.

**Methodology:**

Primary and Secondary sources have been used to collect the data. Secondary data was collected from the offices of District Rural Development Agency, Indira Kranthi Patham and Mandal Development Officer. The web site of Society for Elimination of Poverty was also used. Information about the groups and financial transactions were collected from this web site and counter checked with the information gathered from other offices and group registers. Primary data has been collected through administering a questionnaire to selected members of Self Help Groups.

**Tools and Methods of Data Collection:**

The tools of data collection include a structured questionnaire for the members and leaders of self help groups. Besides questionnaire, Observation method was also used.

**Sampling:** Multi Stage Simple Random Sampling Technique was used to select mandals and villages. 10 percent of the Mandals (6 mandals out of 57) were selected. At the second stage two villages from each mandal (a total of 12 villages) were selected using simple random technique. . The villages with highest number of self help groups were preferred. At the third stage 25 respondents from each village were selected. Thus a total of 300 respondents were drawn into the sample.

## **Conclusions and Suggestions:**

Largest number of self help groups was formed in Andhra Pradesh and the bank linkage is one of the highest in India. State, district, mandal and village level administrative structures were created and supposed to play active role in organizing, advising, and guiding the self help groups. Academicians generally agree upon that the impact of the self help groups was found not only in economic sphere, but also in social, cultural and political spheres. Review of literature shows that the contribution of the groups was praise worthy. The findings of the present study are:

The positive aspect of the self help groups is that they take the group activity very seriously. 90 percent of the members attend the meetings and the meetings continue for two to three hours. Every member actively participates in the meetings and often the proceedings are vociferous. The tendency of somebody taking the lead and others concurring with them is not found. Every member participates and expresses their opinion and argues on the points of difference. On many occasions it is observed that the leadership of group is treated as mere formality. The tendency of accepting or concurring with the leader of the group is not found. The opinion of the leader is taken as the opinion of any other ordinary member. This is a positive sign, because this ensures participation and involvement, which always strengthens the democratic nature of the activity.

It is found that the loans at reasonable interest rates (three percent interest or *pavala vaddi* ) relived the women and their families from the burden of borrowing from private money lenders and private micro finance institutions at exorbitant rates

of interest. 65 percent of respondents said that the participation in the group activity enabled them to learn the importance of the thrift and debt free life.

Most of the members, i.e. 194 constituting 64.7 percent are relatively young. They belong to 18 to 40 years age group. Given the enthusiasm and guarantee of financial benefits, they can use the group activity as a vehicle to achieve social and cultural ends for which the programme is designed. What they need is an intimate supervision, advice and guidance of the extensive administrative network. It is the precondition to achieve the social and economic empowerment, the ultimate goal of the programme.

It is found that most of the self help groups are social affinity groups. Most of the members of the groups are either close or distant relatives. Those who are not relatives live in the same locality and familiar each other for a longer period.

Not even a single defaulter is found among three hundred selected members. This is remarkable by all standards. On a deeper enquiry it is found that if any member is not able to pay the instalment, other members came to their rescue. One of the reasons may be the social affinity that the members enjoy. The social bond which made the traditional ROSCAs alive and active is also showing the same impact. When the group meetings are held it is observed that most of the members often address other members suggesting one or other relation, a social practice that had been prevalent in all villages. When asked to identify the factor that is crucial for the sustainability of groups, 225 respondents (constituting 75 percent) said that homogeneity and feeling of solidarity is the crucial factor.



The driving force behind joining the group is economic factor. 208 respondents constituting 69.3 percent said that they joined for the sake of credit from bank. 86 respondents said that thrift is the attractive factor that made them to join the groups. Even after five to nine years of experience in groups, 186 members (constituting 62 percent) said that the reason for continuation of membership is bank loans at a cheaper interest rate. 102 members (constituting 34 percent) said that inevitability to save the money is the reason. Only 12 members said that other factors like equal treatment, recognition and social and economic empowerment are reasons to continue in the groups. 215 respondents (constituting 71 percent) said that the major impact of group activity is economic.

The discouraging aspect is the failure of the members to use the bank loan for productive purpose or to start a new business. Only 123 respondents constituting 41 percent of the total number of respondents used the loan for productive purpose. Rest of the respondents, i.e., 177 respondents used the money for other pressing needs but unproductive. Steps must be taken to ensure that the bank credit shall be invested in one or other productive activity. Then only marked improvement in the economic condition of the members will register a marked change.

Most of the people who are involved in productive activity and producing goods are not able to use formal market facilities. Of the 123 members only 22 members constituting 7.3 percentage are using government market facility. Naturally this eats into their profits because using non governmental market facilities costs more. A natural consequence of this inability to enjoy government market facility is selling the products in the village or nearby mandal headquarters, where the margin of

profit will be less compared to the profits available in District headquarters or larger towns. 87 of the 123 respondents who produce goods sell them in their village or nearby mandal headquarter.

Most of the people, though, borrow as a group, produce individually. The number of the respondents who are involved in collectively producing activity is only 27 out of 123. Another interesting factor is involvement in hereditary business. This made the facility of training and large network of trainers irrelevant. Of the 123 respondents who are involved in business only 22 received training. 101 respondents said that they did not feel the need for any training as the technique of preparing the goods is known to them.

This programme is meant for poor and poor and poor. However, not even a single respondent among the 300, belong to very poor category, if the definition given to the very poor category by the Guntur District I.K.P (MEPMA) is taken into consideration. If we take the Government of India's poverty estimates into consideration only 88 members belong to poor category. Findings of this study corroborate with the findings of Bill Lucarelli(2005), (VOICE (2008), Ninth Report of ARC (2008) CS and Chowdhury (2008). Unless some new guidelines are framed and special effort is made, this programme will become a programme for middle and rich peoples' programme. Since, giving up of "savings first – credit later" is not possible, the monthly savings component can be brought down drastically and the savings period also can be reduced to a minimum. This may encourage the poor of the poor to join the programme.

There is a need to reorient the administrative machinery. The administrators at village, mandal and district level shall first get convinced that this programme is not only a micro credit programme, but also a programme to achieve social and cultural change leading to empowerment. Then only they educate and guide the members in proper way. If the entire administrative machinery is geared up to enrol members into new groups and ensure only repayment, then this programme loses its vital significance. Most of the officers working in the DRDA and IKP told that they are under pressure to show some growth in the number of groups and credit amount. This naturally made the entire administrative machinery to concentrate on forming the groups.

No single village organisation in selected mandals was involved in village development activities, though they are effective in forming groups and monitoring the repayment. Similar the case with mandal samakhyas, as no mandal samakhya involved in social development issues or organising classes and orientation programmes to propagate the importance of equality and empowerment. Mandal training centers are inactive. Capacity building activities are totally neglected by these centres.

Male domination is clearly visible. In most of the cases they take the decisions though the loan was taken in the name of women member of the house. 56 percent of respondents accepted that decisions regarding to financial matters are taken by the head of the family. It is head of the family who takes and spends the loan. However, 34 percent of respondents said that decisions are taken in the group. This is a positive development. Long association and increasing confidence in the ability of

fellow group members would have encouraging them to take the group opinion in to confidence. Findings of this study contradicts the findings of Anjali Sharma, Bikash Roy and Depa Chakravarty (2012).

Economically this is a successful programme. Though meagre, there was some increase in the income of 171 respondents who invested the loan amount in trade and agriculture. Six thousand rupees to ten thousand rupees increase per annum was registered. That amounts to 500 rupees to 800 rupees increase in income per month from a loan amount of 35,000 or fifty thousand. Perhaps, enhancement in loan amount and sincere efforts to train the members in non-conventional and profit making trades may enable them to earn more profit. The findings of this study corroborate with the findings of Abhijit Banerjee (2009), Wen Cong Lu and Hasan (2011), Basheer (2007), and Gaiha and Nandhi and others.

In terms of achieving gender equality, awareness, capacity building, empowerment and other social objectives this programme achieved a little. Findings of this study are in contradiction to the observations made by Zaman (2001), CIDA (1998), Scoggins (1999), Frank Tesoriero (2006) and others. Still, it would be haste to argue that this programme achieved nothing or it is enabling the state from escaping its basic responsibilities as felt by Vasanta Kannabiran(2005).

It would be appropriate to summarise that having proved to be useful programme to give relief in economic issues, this programme has to concentrate on achieving the social and empowerment objectives for which this programme was introduced. A great care must be taken to enroll the poor of the poor and to make members to invest every rupee in productive and profit making activities.