

## CHAPTER—VII

### PUTTING THREADS TOGETHER

From the time that the first SHGs emerged in 1985 to the inclusion of the SHG strategy in the annual plan for 2000/01 (Government of India, 2000), several important steps were taken by the National Bank for Agriculture and Rural Development (NABARD), the Reserve Bank of India (RBI) and leading NGOs, as well as by multilateral agencies, particularly International Fund for Agricultural Development (IFAD). The SHG strategy is an important component of the Government's overall thrust to mitigate poverty and has been included in every annual plan since 2000.

Both the ‘market’ and the ‘state’ have failed to safeguard the interests of the poor especially women. In recent years, the civil society organizations such as Non - Government Organizations (NGOs), Self-Help Groups (SHGs), Mutual Organizations and some other voluntary organizations have emerged as important links between the poor and the formal system of financial governance. The Self Help Groups and micro-credit organizations have a long history. In Vietnam, Tontines or Hui with 10-15

members involved in financial activities in cash or in kind have been in existence for generations (Abiad, 1995). In Indonesia, credit unions, fishermen groups, village based banks like irrigation groups etc. have been in existence since long. In Bangladesh, the success story of Grameen Bank is well known (Pitt and Khandker, 1998 and Pitt et. al, 2003). Other countries like Thailand, Nepal, Srilanka and India have also experienced the role of SHGs in uplifting the socio-economic conditions of rural poor, particularly women.

Women are an integral part of every economy. All round development and harmonious growth of a nation would be possible only when women are considered as equal partners in progress with men. Empowerment of women is essential to harness the women labor in the main stream of economic development. Empowerment of women is a holistic concept. It is multi-dimensional in its approach and covers social, political, economic and social aspects. Of all these facets of women development, economic empowerment is of utmost significance in order to achieve a lasting and sustainable development of society.

The SHGs, voluntarily formed by women, save whatever amount they can save every month and mutually agree to contribute to a

common fund to be lent to the members for meeting their productive and emergent credit needs. These groups are linked to the banks once their activities are stabilized. Besides focusing on entrepreneurial development of the beneficiaries, the SHGs undertake the responsibility of delivering non-credit services such as literacy, health and environmental issues. Each Self-Help Group consists of 10-20 members. The members of SHGs meet once or twice a month. There is a president, a secretary, and a treasurer in each SHG. The term of office bearers is on rotation basis, normally one year. All the groups maintain the records such as membership register, minutes book, cash book, savings ledger and the loan ledger. They prepare action plans after a detailed discussion of their proposed activities. Every member of the group gets an opportunity to put forth her views. Opinion of the majority is considered while arriving at important decisions. Thus the SHGs have achieved success in bringing women to the mainstream of decision making.

Empowerment is not essentially political alone; it is a process having personal, economic, social, and political dimensions with personal empowerment being the core of the empowerment process. In fact political empowerment will not succeed in the absence of economic empowerment. The Scheme of Micro-

financing through SHGs create empowerment promoting conditions for women to move from positions of marginalisation within household decision making process and exclusion within community, to one of greater centrality, inclusion of voice.

The Self-Help Groups are the voluntary organizations which disburse micro credit to the members and facilitate them to enter into entrepreneurial activities. In India, the Self-Help Groups are promoted by N.G.O.s, banks and co-operatives. The National Bank for Agriculture and Rural Development (NABARD) launched a pilot project for linking SHGs in February, 1992. The Reserve Bank of India advises the commercial banks to participate actively in the linkage programme. Normally, after six months of existence of SHGs and after collecting a sufficient thrift fund, the Group approaches the link banks (either commercial or co-operative) with its credit plan. The NABARD gives 100 per cent finance to the Banks on their lending through the SHGs.

The Commercial Banks, Housing Finance Institutions, National Bank for Agriculture and Rural Development (NABARD), Rural Development Banks, Land Development Banks, Cooperative Banks, are the major formal financial institutions. Urban Cooperative Banks (UCB) Urban Credit Cooperative Societies (UCCS) are the two primary cooperative financial institutions

operating in the urban areas. There are about 1400 UCBs with over 3400 branches in India having 14 million members. Similarly there exist about 32000 Credit Cooperative Societies with over 15 million members with the total outstanding lending in 1990-91 was Rs. 20 billion.

It is true that sustainability of any development initiative is possible only when the participants change their role from passive recipients to active managers. The experience has proved it through commitment to work with sincere efforts to share the benefits of development and active involvement of several sangam members. The model further proves the fact that poor are bankable and the timely access to credit can bring about changes in the lives of thousands of poor women. The sangams have been successful in obtaining loans on reasonable terms with simple procedures. They have also been instrumental in motivating many members who were earlier idle, in taking up some economic activity. Thus, the experience of this model is a source of inspiration for many other poor women with the similar socio-economic conditions.

The SHGs have made a lasting impact on the lives of the women particularly in the rural areas of Goa. Their quality of life has improved a lot. They could develop their skills and abilities in

various productive activities. There is an increase in their income, savings and consumption expenditure. Increased self-reliance and self confidence have improved the ability of women to mobilize various public services for their benefit. They have become bold and can speak freely in front of a big crowd. They can carry out any type of official work without any fear. The social horizons of the members have also widened. They have made many friends and feel that now they are more popular and socially active. The illiterate and semi-literate women have got a sense of satisfaction and wish fulfillment. Now they have become productive and the important members of the family. They got high self esteem which enhances their capacity to work. With improvements in women's economic opportunities and their ability to take collective action, there has been a significant decline in gender based problems such as domestic violence, dowry, polygamy etc. Interestingly, some of them are motivating other women to form SHGs so that they also can reap the benefits.

The Self Help Groups (SHGs) are not simply the gathering and deliberations of some tribal women, but sociologically much more with special reference to the gender equality, elevating the status of women, fighting for the equal opportunity with their male counterpart and modernizing the tribal culture. There seems to be

the manifold revolution taking place in social structure, culture, functional integration, and accordingly makes it necessary to have a befitting methodology for the tribal sociology.

Micro finance programmes are currently being promoted as a key strategy for simultaneously addressing both poverty alleviation and women's empowerment. Before 1990s, credit schemes for women were almost negligible. There were certain misconception about the poor people that they need loan at subsidized rates of interest on soft terms, they lack skills, capacity to save, credit worthiness and therefore are not bankable. Nevertheless, the experiences of several SHGs reveal that rural poor are actually efficient managers of credit and finance. Availability of timely and adequate credit is essential for them in their enterprises rather than subsidies. Earlier government efforts through various poverty alleviation schemes for self-employment by providing credit and subsidy received little success. Since most of them were target based involving various government agencies and banks.

The SHG-Bank Linkage Programme was slow to take off, but has been speeding along since 1999. It has received unstinting support from RBI, the central and several state governments of India – notably Tamil Nadu, Andhra Pradesh, Maharashtra and Karnataka

– and thousands of NGOs and the banking sector, as well as multilateral agencies, notably IFAD. This paper focuses on the progress of the SHG movement as reported by official documents, which understandably highlight the SHG-Bank Linkage Programme.

India is the 2<sup>nd</sup> most populous country of the world. Still in abysmal and poverty even after more than six decades of independence, majority of the people in our country live in rural areas. It is a country mostly of villagers in which 70 per cent of the total population are living and earning their livelihood mostly from agriculture and other allied activities. Rural communities in India are characterized by their deep rooted vicious circle of poverty and unemployment, and these are the major concern for their low economic development. Socio-economic development involves a complete process of change of the rural pattern and their social ecology which are often responsible for desired improvement in respect of rural income, employment opportunities, income distribution, and rural welfare and the other aspects of rural life.

The strategy of rural development in the post independence period stressed the thrust on the state for planned development at grass root levels. However, there have been considerable shift in the pattern of rural development taking over half a century.

The increasing population growth rate all over the world predicts that the global food production will create food insecurity by 2025 in the world. According to the United Nations population projection in 2025, the world population will grow to 8.5 billion which can leave a global food deficit of 700 billion tones, if present yield growth rate continues and definitely food insecurity will exist. So, it is high time to think to attend sustainable agricultural productivity and nutritional security as basic elements of a social security; otherwise the human prosperity may be at risk in future. Therefore, when women are involved in high supply of energy giving, protective and body building foods, the empowerment of women for food security is very much essential. The government of women for food security is very much essential (Mishra, Pandey and Das: 2008). The government of India's national perspective plan for women (1998-2000) categorically acknowledges that while rural women have become marginally visible in the anti-poverty programmes that have not been adequately recognized in agricultural development.

Women had to face a variety of problems in the work spot, but the current study shows a change in the trend for both beneficiaries and non beneficiaries. The problem faced at home by the

beneficiaries was not severe but for non beneficiaries they faced much difficulty in combining career with household responsibilities.

At the early stage of rural development, much emphasis had been given on self-sufficiency of the village community supposed to have been in articulation with the Gandhian model of socio-economic development. This rural development paradigm was implemented in the form of community development programmes which were based on extensive services to villagers. However, it was a major departure from the Gandhian model of rural development.

The community development programme introduced in 1952 was the result of an attempt to systematic and integrated rural development in the country. The basic objects of the programme were to serve the rural people through people's participation approach. The program adopted a holistic approach to develop village infrastructure and basic facilities in the village. As the process of development moves, it takes care of each and every category of rural population (Thapiyal: 2002)

The impact of community development was analyzed by a number of social scientists like (Dube: 1958, Lewis: 1958, Taylor: 1958).

They have attempted to assess the nature of impact of such programmes on the life of the rural mass. It was observed that the rural development programmes could not bridge the gap between the rich and the poor, but conversely it widened the gap of the village communities (Singh–1994).

Rural women can learn at their own pace on the basis of availability of time. Technology helps them round the clock access to student support services. In rural India girls and women are largely excluded from education at all levels. Opportunities are not equal. Responsibilities are more; they have to overcome greater odds, less support from their families, early marriage childcare. The members of SHGs are mainly illiterate and do not have access to formal education. In a study it was reported that the members of the groups were not fully literate and were not able to read and write. Many are now able to append their signatures perhaps an outcome of the government-sponsored literacy programme and the compulsion to affix signature on several occasions as members of SHGs. The handicap of literacy would be a hurdle for achieving many desired results. For example they will be unable to follow the accounts maintained by the group and hence remain ignorant about the amount pooled individually and in the group, and would be unable to draft an application to represent their case. It is therefore

essential to provide them education through especially designed modules through distance education that are directly useful as a member of SHG. At this stage they do not need school or university certificate, diploma or degrees. They need improvement in their professional skills and solving their day-to-day problems in the working and functioning of SHGs. They should be explained the advantage of group based strategies in poverty alleviation. It is important to explain that an individual woman is not alone and that such problems are being faced universally. Only by self-help they may fight against their misfortune and improve upon the fate of their family and children.

All these problems, opportunities and chances can be explained the women through short duration training module delivered at their doorstep or work place. At the initial stage we may face certain problems and resistance from the participants.

When the community development programmes were gaining momentum during sixties, the country was passing through the food crisis, and therefore the entire rural development efforts were shifted towards agriculture development resulting green revolution toward and the end of sixties. The country gained self-sufficiency in food production. However, it was observed that the farmers with

small and marginal land holding did not gain much profit, and they remained poor. The benefit of agricultural development did not percolate to the large number of agriculture labours. The introduction of modern farm technology and the use of factory made equipments made the large population of rural artisans Jobless (Maheshwari: 1985 Sign 1994, Thapiyal: 2002)

In order to counter these maladies of the development process, a series of special rural development programs as corrective measures were also introduced during early seventies. The most important among them was Small Farmers Development Agency (SFDA), which directly focused on the small and marginal farmers in 1973-74. Marginal Farmers and Agriculture Labours (MFAL) programmes were introduced to take specific care of the marginal farmers, rural artisans, and agriculture labours. The MFAL which was mainly similar to SFDA program was merged with SFDA in 1976 (Singh, 1994). To provide relief to the rural poor, who were mainly depended on daily wages, a crash employment program was introduced in 1974-75 in some particular selected districts of the country where the concentration of agriculture labours was very high. Again during 1975-76, another wage-employment programme called Pilot Intensive Rural Employment Program (PIREP) was introduced at the Blocks Level which had a chronic unemployment problem (Thapliyal: 2002). Thus towards the late

seventies, a number of programmes aimed at employment generation were under implementation.

During the 1978-1979, SFDA and other beneficiary oriented programs were merged into one, and the new programmes for self-employment were called Integrated Rural Development Program (IRDP) which was introduced in 2000 Blocks. Initially, provisions were made to bring 300 Blocks under this programme each year. Similarly, all programmes aimed at wage employment were merged together and brought under the Food for Work Programme in 1980. IRDP was more expanded to all the Blocks in the country and simultaneously Food for Work Program was also recognized as National Rural Employment Program (NREP) and extended to all blocks of the country. Later on, two sub-programs, namely Training of Rural Youth for Self-Employment and Development of Women and Children in Rural Area (DWCRA) were mainly added as component of IRDP to provide self-employment to rural youths and women respectively. A number of evaluative studies of these programs have been conducted by social-scientists. (Rath: 1995, Maithani and Singh: 1987).

In case of daily labours employed, the Rural Labour Employment Program (RLEP) was launched in 1983 as a subsidiary of NREP to provide guarantee of 100 days of employment to the family members who are landless. This programme was expanded in 2005 by the Central Government under National Rural Guarantee Act, now it is known as Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA).

By the end of nineties, all the six self-employment programmes, namely IRDP, TRYSEM, DWCRA, MSW, and GKY were merged into a programme called *Swaranjayanti Swaraj Yogana* (SGSY). The SGSY was designed to make self-employment programmes more effective and to eliminate confusions arising out of the multiplicity of programmes. One of the major focuses of this programme was the emphasis of group schemes through Self-Help Groups.

The success of Development of Women and Children in Rural Areas (DWCRA) group in the some parts of the country, particularly in southern states, strengthened the belief that the rural poor perform better in groups particularly if it is organized into Self-Help Group (SHGs) and their chances of success seem to be

much more than the individual poor without group. Trainings were organized to develop skills, capacity buildings, inculcating the habit of saving and micro financing of the members for their various needs. For this purposes, the banks, NGOs, and DRDA have joined hands at Taluka level to extend their coordinated efforts to organize SHGs. Hence, the adoption approach to the implementation of rural development programme is a major shift in rural development paradigm since the initiation of the new economic policy in 1991. This approach was also the result of similar kind of experiments in other developing countries particularly the success of Gramm Bank projects in Bangladesh in 1975. The village women of Bangladesh earn their livelihood by making *biri* and bamboo products. Women, as they are poor, borrowed money from money lenders at higher interest rates and were able to get benefit of 20 per cent per day. Professor Yunish, Dacca University, Bangladesh, lent out a total of \$25 to \$43 to villagers in the same situation at the moderate rate of interest. According to Professor Yunish, "If they worked for themselves rather than for others, they could retain the surplus interest with themselves." This led him to resort to his personal fund and the borrowers duly returned the money.

And thus began the Grameen Bank Project in the village Jobra in 1976. The program was developed over a few years, and in 1983, the Government by an ordinance instituted the *Grameen* Bank. The bank prefers women clients to launch door to door service and propagate the self help scheme to the isolated villages rather than sitting in an office with an urban commercial setting.

The bank tried to deliver services to the poorest of the poor by giving due respect to the poor and their capabilities. As per the data available, the payment rate was 98 per cent. The Grameen Bank as a pioneer in the field of Self-Help Group surpasses the sector in terms of active membership with respect to saving and total disbursement of loan (George : 2000).

The poor have been covered by a few services of the formal banking system in India. It is more so in the case of rural poor. Also, it is a widely recognized fact that the spread of the rural credit system in India since independence has not really helped the rural poor to get themselves out of the clutches of the total money lender (Karmakars, 1999:216).

SHGs are basically small informal groups. The members pool their saving and lend within the group to meet the credit needs of the members. Fund generation in the initial stage of formation may be low in the groups, but such funds though meager will be supplemented by external sources, namely loan from banks or grants given by NGOs which promote them. The members of SHGs are offered preliminary banking services cost effectively.

The SHGs have several characteristics as follows:

- Members create a common fund by their own regular contribution.
- The groups involve in flexible systems of working.
- Sometimes with the help of NGOs, SHGs managed to appropriate the pooled sources in a democratic way.
- Loan requests of the members are considered in periodic meetings and competing claims on limited resources are settled by consumers.
- Loans are given on trust with minimum documentation and without sufficient security.
- The loan amounts are small, frequent for short duration and mainly for unconventional purposes.

- The rate of interest varies from group to group and the purpose of the loan. Usually the rates are higher than the bank rates but lower than that of money lenders.
- The minimum members of SHGs consist of minimum ten (10) and maximum 20 members.
- At regular intervals, social and economic issues are discussed besides the recovery of loan amount.

The Self Help Groups have emerged as the most effective instrument in the process of participatory development and women empowerment. A self help group is a voluntary association of either male or female members with a common goal. Most of the members have a similar identity, heritage, caste and /or unique traditional occupations and come together under a common goal and merged resources for the benefit of group members. These groups provide mental as well as psychological support to individual members in emergency situations. The groups serve a wide range of objectives and help the members to escape from the clutches of money lenders.

In this research study an attempt is made to highlight the structure and functioning of the SHGs of Dharampur Taluka of Valsad in Gujarat. The study assessed the socio economic conditions of the SHGs on the particularly beneficiaries.

#### MAJOR FINDING

In the state like Gujarat, the emergence of SHGs is an effective step for women empowerment. The micro-finance through SHGs is now a vital weapon for the rural poor to fight against poverty. The self-help groups should get micro-credits as it proves to be one of the components of solution to accelerate the socio-economic development particularly of the disadvantaged, vulnerable, and poor women in the state.

The SHGs in Dharampur Taluka of Valsad District experienced a new chapter of emancipating the rural poor women from the credit institutions that used to exploit the poor by charging exorbitant rate of interest and keeping them in the extreme chain of poverty. The SHGs were not only benefited by bank finance but also benefitted by the grass-root participation that ensured their involvement in the process of project implementation, which in turn helps to achieve successful results. The SHGs with the active corporation of district

administration, banks, NGOs concerned could bring out sea change in this field. Hence, the final success of the SHGs scheme needs integration.

### SUGGESTIONS

On the basis of the finding of the present study, the following suggestion can be prescribed for the development of SHGs:

- 1) The member of SHGs should be more active and dynamic to mobilize more saving money through SHGs.
- 2) Arrangement should be made by the Rural Development Department to provide various types of training and guidance to the members of SHGs groups and to coordinate various development projects to mobilize resources by the group activities.
- 3) At the Taluka level, maximum SHGs are formed by the ladies. The NGOs and Government agencies concerned should promote the male member of the village to form SHGs groups.
- 4) Some sort of encouragement and benefits may be given to the agencies and persons involved in motivation and supervision work of the SHGs.
- 5) The members of women SHGs may be given opportunities to visit different successful SHGs at different places.

- 6) One or two successful SHGs may be taken as a model in each taluka, and they may be given chances to exchange the views and idea as they are able to correct planning by interactions.
- 7) Though most of SHGs were formed by government agencies in Dharampur taluka, there is a need to establish linkages between SHGs and government programs.
- 8) A few SHGs beneficiaries trained by NGO and government agencies still need to pay proper training for SHGs members.
- 9) There must be follow-up action, and the implementing machinery of SHGs entrepreneurship should provide training programmes taluka wise, village wise and SHGs wise.
- 10) When the SHGs will be formed by the government or NGOs, they must take care that the poor people (at or under BPL category) should be included in the group.
- 11) In the Dharampur taluka, women are not given time for SHG activities as they devote their entire time for agricultural activities. So, they should be paid in time according to government policies.
- 12) In case of inter-loaning system, the amount of credit should be less, and it helps the group to deal with recovering of the loan in proper time. The rules and regulation must be same

for all members, and the members should follow the same terms and conditions.