



## Self-Help Groups: An Effective Tool of Empowerment of Poor

### KEYWORDS

Self-help Groups, NGOs, SHG-Bank Linkage

**Kshirsagar Sunita Kashinath**

3/369, Janai Niwas, Tilaknagar, Kannad, Aurangabad.

**ABSTRACT** *The structure of the SHG is meant to provide mutual support to the participants by assisting one another in saving money, opening up co-operative banking accounts that help women and other people to build credit with a lending institution. The SHG also functions to support members through maintaining consistent contact among group members to aid the individuals, savings goals to help support the creation of these micro-enterprises. Often the SHG helps in the conception of these businesses and even the implementation of these enterprises upon receipt of micro-loan. The Movement of Self Help Group (SHG) as the most effective tools for financial inclusion was started some thirty years ago with NGO's promoting Self Help Group. This has evolved into a national movement with the proactive role of the state governments gaining recognition from all the major stakeholders.*

### Introduction:

In India, usually self help group are women-oriented and most of their activities are concentrated towards savings and credit activities i.e. resource management. Apart from other activities focusing on women's empowerment, health and educational attainment etc. There is a common perception in development literature that increased participation of women in savings and credit activities or economic attainment will empower women. Thus, Self Help Groups are seen as an important tool for empowering women. There is also the perception that economic attainment will empower women's status in family and in the community, giving them more power to participate in decision making process. However, opinions regarding what constitutes empowerment are expectedly divergent.

### Review of Literature:

**Lokhande, M.A. (2008)** observed that microfinance for micro enterprises can be one of the most effective poverty reducing instruments. The need of the hour is to promote more and more microfinance institutions and strengthen them so that provide more service to the needy poor people.

**Lokhande, M.A. (2009)** microfinance programme has a significant role to play in Indian economy for boosting micro entrepreneurial activities for creating productions assets coupled with employment generation. So, in order to cover all the poor households, particularly BPL households there is need for providing full support of the government financial institutions and NGOs SHGs programme.. **Sharma, A. (2000)** represents that, self help groups have a flexibility of approach and working, but they have failed to develop a work culture, which is acknowledged by the tribal themselves. He is of the opinion that better coordination is required from the voluntary agencies and the government departments for its better performance. **Lokhande, M.A. (2010)** observed in his study that, poor discriminated and under privileged women can be empowered financially and socially through SHGs. The study also observed that, there is need of trainings and skill development programmes for women, marketing assistance and regular credit supply. **Lokhande, M.A. (2012)** inferred in the study that, group association and excess to financial services certainly brings positive changes among the group members leading to their socio-economic empowerment. **Lokhande,**

**M.A. (2014)** Financial observed that financial exclusion kept poor masses away from development process for centuries. In order to give momentum to socio economic empowerment of poor the NABARD had started SHG bank linkage programme and recently the government of India Jan Dhan Yojana. **Lokhande, M.A. (2011)** observed that the women do not have their own property and even most of the earning women have no right to spend their own earning. Formal financial system still is averse to provide financial services to women. **Manimekalai, N. and Rajeswari, G. (2000)** analyzed the women self help group formed by the non-Governmental organizations in the rural area of Tiruchirappali district for the purpose of promoting rural women through self-employment. **Kulshrestha, Laxmi (2000)** studied that credit can help women to take up farm-allied activities and the income generated from credit given to women can be expected to be spent for well being of the household. This novel innovative approach of microfinance emphasizes financial intermediation with self-sustainability of institutions.

### Objectives of the Study:

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

1. To study the progress of self- help groups
2. To explain savings and credit linkage of women self help groups

### Methodology:

The paper is based on secondary sources of data. In order to analyze the origin and growth of SHG and to study functioning and governance in SHG.

### Progress of SHG-Bank Linkage Programme:

Analysis of the SHG-Bank Linkage Programme by financing agencies is being presented in this section. The analysis covers the various components of the programme, namely savings, loans disbursed and loan outstanding against SHGs.

**Table 1. Savings of SHGs with Bank- Agency wise position (as on 31<sup>st</sup> March 2013) (Amt in lakh)**

Sr. No.	Name of the Agency	Total Savings of SHGs with Banks		Exclusive WSHGs	
		No. of SHGs	Saving Amt.	No. of SHGs	Saving Amt.
1	Commercial Banks	4076986 (55.72)	553257.05 (67.33)	3367566 (56.71)	444160.47 (68.17)
2	RRBs	2038008 (27.85)	152710.20 (18.58)	1683036 (28.34)	128054.08 (19.66)
3	Cooperative Banks	1202557 (16.43)	115758.22 (14.09)	887917 (14.95)	79272.43 (12.17)
	Total	7317551 (100)	821725.47 (100)	5938519 (100)	651486.98 (100)

**Source:** NABARD, Status of Micro Finance in India (2012-13).

**Note:** Figures in parenthesis indicates percentage to total.

Table No. 1.02 reveals the Agency wise position of Savings of SHGs with Banks as on 31<sup>st</sup> March 2013. It shows that about 4076986 (55.72%) SHGs had savings with the Commercial banks with an amount of Rs. 553257.05 (67.33%). Of these Women Self Help Groups (WSHGs) were 3367566 (56.71%) with saving amount of Rs. 444160.47 (68.17%). There were about 2038008 (27.85%) saving linked SHGs with RRBs, with saving amount of Rs. 152710.20 (18.58%). Of these WSHGs were 1683036 (28.34%) with saving amount of 128054.08 (19.66). The data also shows that Co-operative banks had 1202557 (16.43%) saving-linked SHGs with saving amount of Rs. 115758.22 (14.09%). Of these about 887917 (14.95%) were WSHGs with saving amount of Rs. 79272.43 (12.17%). Thus, the total number of saving-linked SHGs associated with Commercial Banks, Regional Rural Banks (RRBs) and Co-operative Banks was 7317551 with total savings amount of Rs. 821725.47, of which 5938519 were WSHGs with saving amount of Rs. 651486.98.

**Table No. 1.02: Bank Loan Disbursed to SHGs- Agency wise position (as on 31<sup>st</sup> March 2013) (Amt in lakh)**

Sr. No.	Name of the Agency	Total Loan Disbursed to SHGs by Banks		Exclusive WSHGs	
		No. of SHGs	Loan Disbursed	No. of SHGs	Loan Disbursed
1	Commercial Banks	735577 (60.30)	1338500.70 (65.02)	633234 (61.04)	1148398.30 (64.32)
2	RRBs	312010 (25.58)	562652.22 (27.33)	273835 (26.40)	519987.39 (29.12)
3	Cooperative Banks	172234 (14.12)	157383.52 (7.65)	130333 (12.56)	117045.34 (6.56)
	Total	1219821 (100)	2058536.44 (100)	1037402 (100)	1785431.03 (100)

**Source:** NABARD, Status of Micro Finance in India (2012-13).

**Note:** Figures in parenthesis indicates percentage to total.

Table No. 1.03 represents the Agency wise position of Bank Loans Disbursed to SHGs as on 31<sup>st</sup> March 2013.

It shows that about 735577 (60.30%) SHGs had loan disbursement of Rs. 1338500.70 (65.02%) with the Commercial banks. Of these WSHGs were 633234 (61.04%) with disbursed amount of Rs. 1148398.30 (64.32%).

There were about 312010 (25.58%) loan disbursement by RRBs, amount of Rs.562652.22 (27.33%). Of these WSHGs were 273835 (26.40%) with disbursement amount of 519987.39 (29.12%).

The data also shows that Co-operative banks had linked with 172234 (14.12%) SHGs, having loan disbursement of Rs.157383.52 (7.65%). Of these, about 130333 (12.56%) were WSHGs with amount of Rs. 117045.34 (6.56%). Thus, the total loan disbursed to SHGs associated with Commercial Banks, Regional Rural Banks (RRBs) and Co-operative Banks was 1219821 SHGs with total amount of Rs.2058536.44, of which 1037402 were WSHGs with loan amount of Rs. 1785431.03.

**Table No. 1.03: Loan Outstanding to SHGs - Agency wise position (as on 31<sup>st</sup> March 2013) (Amt in lakh)**

Sr. No.	Name of the Agency	Total Outstanding Bank Loans against SHGs		Exclusive WSHGs	
		No. of SHGs	Loan Outstanding	No. of SHGs	Loan Outstanding
1	Commercial Banks	2643971 (59.39)	2663944.38 (67.66)	2247717 (59.08)	2224398.25 (67.73)
2	RRBs	1327367 (29.82)	1052122.91 (26.72)	1145086 (30.48)	908473.35 (27.67)
3	Cooperative Banks	480096 (10.79)	221462.43 (5.62)	364438 (9.70)	151132.89 (4.60)
	Total	4451434 (100)	3937529.72 (100)	3757241 (100)	3284004.49 (100)

**Source:** NABARD, Status of Micro Finance in India (2012-13).

**Note:** Figures in parenthesis indicates percentage to total.

The above data tabulated in Table No. 1.04 gives the Agency wise position of the Loan Outstanding against SHGs. It shows that, 2643971 (59.39%) SHGs has loan outstanding towards Commercial Banks of Rs. 2663944.38 (67.66%). Out of which 2247717 (59.08%) were WSHGs with outstanding loan of Rs. 2224398.25 (67.73%). In case of RRBs, 1327367 (29.82%) SHGs has loan outstanding of Rs. 1052122.91 (26.72%), of which 1145086 (30.48%) SHGs were women's groups having loan outstanding of Rs. 908473.5 (27.67%). Co-operative Banks has about 480096 (10.79%) SHGs with Rs. 221462.43 (5.62%) as loan outstanding. Of which, 364438 (9.70%) were WSHGs with an amount of Rs. 151132.89 (4.60%). Thus, the total loan outstanding was Rs. 3937529.72 against 451434 SHGs. Out of which 3757241 were WSHGs with loan outstanding of Rs.3284004.49. Women in India, even after 65 years of independence, are victim of socio-economic-cultural disadvantages. Women Self Help Groups (WSHG's) have the potential of bringing positive changes

for strengthening women economically, socially and politically. Hence, there is a need for promotion and nourishment of Women Self-Help-Groups in India. The emergence and rapid multiplication of Self Help Groups (SHGs) based on micro credit is a phenomenon that is gaining increasing importance in the development scenario. SHGs are being viewed by governments and NGOs as a strategy for both women empowerment as well as poverty reduction. SHGs are a conduit for routing a wide range of government-sponsored development messages and schemes. NGOs have increasingly been adopting SHGs as a strategy to bring women together, at a faster pace and larger scale than the collective building processes adopted by them earlier. A number of powerful players like MFIs, NGOs, corporations and donors-all of whom have a significant and growing interest in the SHG phenomenon which centers on poor women have entered the arena. Credit is a right that poor women must have access to. The experience of SHGs has shown that they have provided improved access to credit. Poor women are now perceived by the mainstream financial sector as credit worthy. Women have used savings and credit for needs such as those related to education and health, and in particular for crisis related needs.

#### Conclusion:

The self help groups (SHGs) are informal voluntary association of people formed to attain a collective goal, people who are homogenous with respect to social background, heritage, caste or traditional occupations come together for a common cause to raise and manage resources for the benefit of group members. Thus it may be concluded that, the concept of SHGs generates self confidence, self security and self reliance among the women and hence, SHGs are fast emerging as "Women's movement" throughout the nation.

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